

## ALASKA LEASE AGREEMENT FOR COMMERCIAL SPACE

This 5 year Lease agreement, entered into effective April 1, 2016, by and between Lee Craft/Storage, Marcus and Faith Lee owners with its principal property located at 3872 Halibut Point Rd, Sitka, Alaska and Lessee Jeremy Erickson. Lessor Lee Craft/Storage provides as follows;

Lessor warrants and represents that it owns that certain parcel of land and building located in Sitka Alaska, more particularly described as 3872 Halibut Point Road attached to this Lease and incorporated for the purposes of description and;

Lessor will to lease to Lessee and Lessee will lease from Lessor, under the terms and conditions of this agreement, approximately eight hundred and fifteen square feet of commercial space in the Storage Building;

Therefore, the parties agree as follows:

1. The Premises. Lessor hereby agrees to lease to Lessee, and Lessee hereby leases from Lessor, the following described premises:

That a certain 815 square feet of floor space on the ground floor of the storage Building, hereto and made a part of this lease for description purposes, more commonly known as Bay One of Storage Units, which floor space shall be completed by Lessee for his use to start a business of which the purpose is a standard marijuana cultivation facility.

2. Term. The term of this lease shall commence on the date of occupancy of the Premises by Lessee, and shall continue for a period of 5 (five) years thereafter, unless sooner terminated as provided in this Lease by mutual consent.

3. Rent. Lessee agrees to pay Lessor a minimum monthly rent during the term of this Lease in the amount of \$ 650 per month, payable on the first day of each month during the term of this Lease, with payments to be made by personal delivery, no later than the tenth day of each month during the term of this lease.

4. Escalation of Minimum Monthly Rent and Additional Rent. On the first day of the 2nd calendar year during the term of this lease, beginning April 1, 2017 the

minimum monthly rent may be increased to match local commercial rental rate, and every other year thereafter.

- a. The term "lease year" as used in this lease means the period of one (1) year between the date of commencement of the term of this lease and the first anniversary of the commencement, and thereafter the term shall refer to each similar one (1) year period commencing with an anniversary of the date of commencement of this lease and ending with the last day of the one (1) year period following that date.
  - b. Lessee shall pay the entire total storage bay 1, building electrical operating expenses for the lease year. The term "building operating expenses" includes but is not limited to the following costs and expenses incurred in the cost of operating and maintaining the building: unit electrical consumption.
5. Possession. Lessor promises to place Lessee in peaceful possession of the Premises, and Lessee, by taking possession of the Premises, will have acknowledged that the Premises are in satisfactory and acceptable condition.
  6. Use. Lessee shall use the Premises as a standard marijuana cultivation facility and shall not use or permit the Premises to be used for any other purpose.
  7. Compliance with Laws. Lessee agrees to observe all laws and governmental regulations applicable to its use of the Premises, together with all reasonable rules and regulations that may be promulgated by Lessor from time to time.
  8. Alterations by Lessee. Lessee agrees that except for the tenant improvements contemplated in this Lease, Lessee will make no alterations to the Premises without the prior consent of the Lessor.
  9. Hazards. Lessee shall not use the Premises, nor permit them to be used, for any purpose which shall increase the existing rate of insurance upon the Building, or cause the cancellation of any insurance policy covering the Building, or sell or permit to be kept, used, or sold in or about the Premises, any article that may be prohibited by Lessor's insurance policies.

- a. Lessee further agrees that except for the tenant improvements contemplated in this Lease, Lessee will not install or construct within the Premises or Building electrical wires, water or drain pipes, machinery, or other permanently installed devices, including, but not limited to, alarm systems, private music systems, or special ventilation, without the prior consent of Lessor.

10. Care of the Premises. Lessee agrees to take good care of the Premises.

11. Liability. Lessee agrees that Lessor shall not be liable for any damage or injury to persons or property arising out of the use of the Premises by Lessee, its agents and employees, invitees, or visitors except that occasioned by the negligence or act of Lessor, its agents, employees, servants, contractors, or subcontractors.

- a. Lessee will indemnify and save Lessor harmless from all liability and loss on account of any such damage or injury; but Lessee shall not be liable for any damage or injury occasioned by any failure of Lessor to comply with its obligations under this Lease or by reason of the negligence of the Lessor, its agents, servants, employees, contractors, or subcontractors.
- b. Lessee shall furnish to Lessor a certificate of liability insurance, and a certificate of renewal of such insurance from time to time throughout the term of this lease, insuring Lessees against liability for personal injury and against liability for property damage.
- c. Lessee agrees that Lessor shall be entitled to post any notice of non-liability required by its insurance carrier or mortgagee in a space that complies with any ordinance or insurance policy approved by the State, throughout the term of this lease.

12. Destruction of Premises. If at any time during the term of this lease, the Premises or any part of the Building or Parcel shall be damaged or destroyed by fire in a way that does not render the premises unfit for the conduct of Lessee's business or that does not injure Lessee's business, Lessor shall promptly and through the exercise of reasonable diligence repair the damage and restore the premises..

13. In the event any part of or interest in the Premises, Building, or Parcel is condemned, this lease shall terminate at the option of either Lessor or Lessee as of the date title or actual possession vests in the condemner, whichever first occurs, and rent under this Lease shall be payable only to that date. Lessor shall return to Lessee any rent paid beyond that date.

14. Lessor shall give Lessee written notice promptly after receiving notice of any contemplated condemnation and Lessee shall have thirty (30) days after receipt of the notice to terminate this lease, provided the contemplated condemnation will render the Premises unfit for use by Lessee in the ordinary conduct of its business or will in Lessee's opinion injure Lessee's business.

15. Assignment and Subletting. Lessee may not sublet or assign its interest under this Lease without the written consent of Lessor, except to a business entity that is owned or controlled by Lessee.

16. In the event that this Lease is terminated as permitted under the terms of this Lease, Lessor shall refund to Lessee any prepaid rent accrued as of the date of damage or destruction, less any sum then owing Lessor by Lessee. If Lessor is required under this Lease to repair and reconstruct the Premises, the lease term shall be extended by a period of time equal to the period of time reasonable required completing the repair and reconstruction. This lease shall stand in effect for a minimum of 5 years even in the event of death of the Lessors; their estate will honor this timeline to Lessee.

17. Default by Lessee. Should Lessee at any time be in default with respect to payment of rent for a period of ten (10) days after written notice from Lessor; or should Lessee be in default in the performance of any other of its obligations under this Lease for thirty (30) days after written notice from Lessor specifying the particulars of the default; or should Lessee vacate and abandon the Premises; or if a petition in bankruptcy or other insolvency proceeding is filed by or against Lessee, without dismissal within thirty (30) days of filing; or if Lessee makes any general assignment for the benefit of creditors or composition; or if a petition or other proceeding is instituted by or against the Lessee for the appointment of a trustee, receiver, or liquidator of Lessee or of any of Lessee's property pursuant to laws for the benefit of creditors; or if a proceeding is instituted by any governmental authority for the dissolution or liquidation of Lessee; then and in any such events, Lessor, in addition to other rights or remedies it may have, shall have the immediate right of reentry in the Premises, and after five (5) days prior written notice to Lessee and

Alcohol & Marijuana Control Office, may remove all persons and property from the premises, does not include marijuana as defined in AS 17.38.

- a. The property may be removed and stored in a public warehouse or elsewhere at the cost of, and for the account of, Lessee.
- b. Should Lessor elect to reenter, this lease shall be deemed terminated; provided, however, that Lessor shall be entitled as against Lessee to the measure of damages provided by law, namely the difference between the rent for the balance of the term of this lease following the day of reentry and the amount of rent Lessor receives during that period from any subsequent tenant of the Premises.
- c. Lessor shall in such event have no obligation to relet the Premises.

18. Should Lessor at any time terminate this lease under Lessor's express rights set forth in this Lease for any breach, Lessor may, in addition to any other remedy it may have, recover from Lessee all damages incurred by reason of the breach, including the cost of recovering the Premises.

19. Redelivery of Premises. Lessee agrees to redeliver to Lessor the physical possession of the Premises at the end of the term of this Lease, or any extension of this Lease, in good condition, excepting reasonable wear and tear, and damage by fire or from any other cause not attributable to the willful or negligent act of the Lessee, or its employees, agents, invitees, or visitors.

20. Attorneys' Fees. If either party is required to place the enforcement of all or any part of this Lease, the recovery of possession of the Premises, or damages in the hands of an attorney, or if legal proceedings are commenced by either party against the other party to protect or enforce rights or obligations under this Lease, the prevailing party, whether as Plaintiff or Defendant, shall be entitled to recover its reasonable attorneys' fees and costs.

21. Time of Essence. Time is of the essence in this lease.

22. Mutuality. All covenants and conditions in this Lease are mutually dependent.


23. Refurbishment's. Paragraph 12 notwithstanding, Lessor shall be responsible

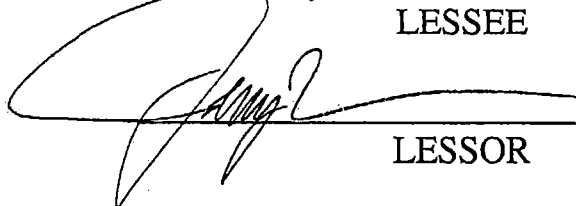
for returning the Premises to its original storage unit layout.

24. Option to Renew. Lessee is hereby given an option to renew this lease for an additional term of two (2) years by giving Lessor notice on or before ninety (90) days before the expiration of the primary term of this lease. The renewal lease is to be upon the same terms, covenants, and conditions contained in this Lease except as to Rent as provided in Paragraph 3 above and Tenant Improvements.

This instrument is executed as of the above date in multiple counterparts, each of which shall constitute an original.

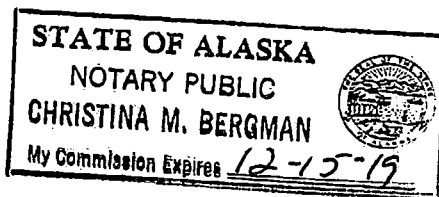
 Faith Lee  
LESSEE

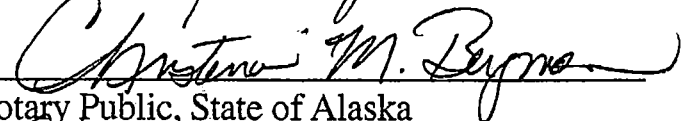
 Marcus Lee  
LESSEE

 Jeremy Erickson  
LESSOR

State of Alaska

This instrument was acknowledged before me on July 18, 2016 by  
Faith Lee, Marcus Lee & Jeremy Erickson



  
Notary Public, State of Alaska  
Christina M. Bergman  
Notary's typed or printed name

My commission  
expires: 12-15-2019

[or Notary's Stamp]