

**AMENDED AND RESTATED  
LEASE AGREEMENT**

between

Palo Verde LLC,

a Colorado limited liability company

as Tenant

and

NHC Edibles LLC,

a Colorado limited liability company

as Landlord

Dated July 1, 2018

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**EXHIBITS AND SCHEDULES**

Exhibit A	Depiction and Legal Description of the Premises
Exhibit B	Landlord Improvements
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Exhibit D	Memorandum of Lease
Exhibit E	Tenant Startup Loan
Exhibit F	Deferred Rent

**AMENDED AND RESTATED LEASE AGREEMENT**

THIS AMENDED AND RESTATED LEASE AGREEMENT ("**Lease**") is entered into between NHC Edibles LLC, a Colorado limited liability company ("**Landlord**") and Palo Verde LLC, a Colorado limited liability company ("**Tenant**") as of 1st day of July, 2018 ("**Effective Date**").

**RECITALS**

**WHEREAS**, Landlord and Tenant are parties to that certain Lease Agreement dated July 23, 2014 and amended on December 16, 2014, August 31, 2015, December 17, 2015, August 31, 2016, and April 18, 2017 for land and improvements thereon, a portion of which contains the Premises (defined below) (altogether "**Original Lease**");

**WHEREAS**, Tenant has had and maintains possession of the Premises pursuant to the Original Lease;

**WHEREAS**, Landlord and Tenant both desire and agree to amend and restate the terms of the Original Lease as provided herein;

**WHEREAS**, Tenant is a regulated marijuana business establishment licensed and operating pursuant to Article XVIII of the Colorado Constitution, the Colorado Retail Marijuana Code, the Code of Colorado Regulations 1 CCR 212-2, and local and municipal regulations pertaining to the licensing and operation of regulated marijuana establishments, all as amended from time to time;

**WHEREAS**, Landlord, by virtue of this Lease, has no right to control Tenant or Tenant's decisions in the operation of such marijuana business;

**WHEREAS**, Landlord and Tenant wish to amend and restate the Lease Agreement dated the 18<sup>th</sup> day of April 2017 on the terms and for the purposes stated below as follows:

**LEASE**

**1. FUNDAMENTAL TERMS, DEFINITIONS.** The following is a summary schedule of certain fundamental terms and definitions of this Lease.

(a) "**Additional Rent**" means all sums due from Tenant to Landlord under this Lease, except Base Rent. Additional Rent is to include Tenant's reimbursement for property taxes and expenses paid by Landlord. Other expenses to be included as Additional Rent would be those expenses mutually agreed to between Landlord and Tenant.

(b) "**Address of Premises**" means 78 N Silicon Dr. Pueblo West, CO 81007, consisting of the 10,000 square foot building, referred to as "**Building 4 of 4**" and the 5,000 square foot building, referred to as "**Building 3 of 4**" on Pueblo County property card;

(c) "**Base Rent**" for each Lease Year shall be as follows:

<b>Lease Year</b>	<b>(i) Base Rent /mo</b>	<b>(ii) Base Rent/yr</b>
Lease Year 1	<b>\$1.00</b>	<b>\$12.00</b>
Lease Year 2	<b>\$1.00</b>	<b>\$12.00</b>
Lease Year 3	<b>\$1.00</b>	<b>\$12.00</b>

(d) **"Change in Control"** means any of the following transactions or series of related transactions involving the Tenant:

(i) Merger or reorganization. Any merger or consolidation of the Tenant with or into any other corporation, entity or person, or any other corporate reorganization, in which the members of the Tenant immediately prior to such merger, consolidation or reorganization own less than fifty percent (50%) of the voting power of the surviving or successor entity immediately after such consolidation, merger or reorganization; or

(ii) Asset disposition. Any sale, lease or other disposition of all or substantially all the assets of the Tenant. Tenant shall give written notice to Landlord not less than 15 days prior to such disposition.

(iii) Voting power transfer. Any transaction or series of related transactions to which the Tenant is a party and in which in excess of fifty percent (50%) of the voting power with respect to the management of Tenant is transferred. Tenant shall give written notice to Landlord not less than 15 days prior to such change in voting power transfer.

(e) **"Effective Date"** has the meaning set forth in the preamble.

(f) **"Extension"** means an extension of the Lease Term as defined in Section 3 of this Lease.

(g) **"Landlord Improvements"** means the work to be undertaken by Landlord prior to the Rent Commencement Date as set forth in Section 7(a).

(h) **"Landlord Improvement Cost"** means the actual costs incurred and paid by Landlord to complete the Landlord Improvements set forth on Exhibit B. Landlord Improvement Cost shall include all costs, fees, charges, and expenses incurred by Landlord related to the development of the Premises for Tenant's use, including architectural fees, engineering fees, contractor and subcontractor fees, cost of materials, maintenance expenses, utilities connection fees and periodic charges, permit fees, inspection fees, management fees, and taxes.

(i) **"Lease Year"** means the twelve (12) month period during the Lease Term, defined below, commencing on April 18, 2017 ("Commencement Date") or any anniversary thereof, as may be applicable; provided, however, that if the Commencement Date is a day other than the first day of a calendar month, then the first Lease Year shall include that period of time from the Commencement Date up to the first day of the next calendar month and the following twelve (12) months, and any subsequent Lease Year shall be the twelve (12) month period beginning on the anniversary of the first day of the next calendar month following the Commencement Date.

(j) **"Premises"** means (i) a portion of lot or parcel of land as described on Exhibit A, attached hereto and made a part hereof, in Pueblo West, Colorado ("**Land**"), together with the easements, rights and appurtenances thereto, (ii) Buildings 3 and 4 as indicated on the Pueblo County property card (collectively, "**Buildings**"), and other improvements now existing or hereafter constructed or reconstructed on the Land which are directly related to the Buildings, excluding Building 1 as indicated on the Pueblo County property card, the Tenant's Equipment (hereafter defined) (collectively with the Buildings, the "**Improvements**"); and (iii) all lighting (including lighting controls), electrical, mechanical, plumbing, irrigation (including irrigation controls), heating, ventilation, air conditioning, air circulation and climate control systems, security systems, equipment, fixtures and any other greenhouse automation systems used primarily in connection with the operation of the Buildings, Land and Improvements together with all additions and accessions thereto, substitutions therefor and replacements thereof provided by Landlord under this Lease (collectively, the "**Building Equipment**"), excluding, however, the personal property, manufacturing equipment, tools and trade fixtures purchased, installed by and belonging to Tenant (collectively, "**Tenant's Equipment**").

(a) **"Primary Term"** means April 18, 2017 through April 30, 2020. The Primary Term is also referred to herein as the **"Lease Term"**.

(b) **"Use"** shall mean the use of the Premises for the operation of a licensed medical and/or adult use marijuana establishment in accordance with the laws and regulations of the State of Colorado, as such may be in effect from time to time and at any time, including medical and/or retail cultivation, harvesting, infused product processing, display and sales of medical and/or adult use marijuana buds, trim, shake and infused products, and office and warehouse space, for which Tenant shall, at its sole cost and expense, obtain all necessary licenses and permits.

**2. GRANT OF LEASE.** In consideration of the mutual covenants contained herein, Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises for the Use during the Primary Term. This Lease shall become effective upon the Effective Date, and shall expire at the end of the Primary Term, with the intent that Tenant's leasehold interest in the Premises shall be uninterrupted. This Agreement supersedes all previous leases and amendments and commences upon the date of signing.

**3. EXTENSIONS.** Tenant and Landlord may enter into an amendment mutually executed to extend the Term of this Lease.

**4. RENT.**

(a) **Monthly Payment of Rent.** All sums required to be paid by Tenant to Landlord under this Lease, including Base Rent and Additional Rent, shall be referred to herein collectively as **"Rent"**. From and after the Effective Date, during the Lease Term, Tenant agrees to pay to Landlord, Base Rent as described in Section 1(c), in equal monthly installments. Rent shall be payable in advance, with the first payment of Base Rent delivered no later than the first day of the calendar month following the Effective Date, , and each subsequent payment of Rent on the first day of each and every calendar month during the Lease Term.

(b) **Deferred Rent.** Notwithstanding Section 4(a) above, all Rent due hereunder shall be deferred and accrue (**"Deferred Rent"**) until August 1, 2018; thereafter, Tenant shall pay all Rent as set forth in Section 4(a) above and all Deferred Rent as provided on Exhibit F shall be paid on August 1, 2018. As of the Effective Date, Tenant is not in default for unpaid rents prior to the Effective Date.

**5. DELIVERY OF PREMISES AND QUIET ENJOYMENT; LANDLORD RIGHT TO INSPECT.**

(a) **Delivery and Quiet Enjoyment.** Landlord agrees to deliver the Premises to Tenant in the condition required under the terms and conditions of this Lease. Subject to compliance with all the terms and provision of this Lease, any Subordination, Non-Disturbance and Attornment Agreement to be executed pursuant to Section 19, and Tenant's compliance with all applicable governmental laws, codes and rules pertaining to the conduct of Tenant's business on the Premises, as of the Commencement Date, Tenant will have peaceful and quiet possession of the Premises for Tenant's intended Use for the duration of the Lease Term. For purposes of clarity, Tenant and Landlord acknowledge that Tenant shall have access to and possession of the Premises as of the Effective Date to the extent required for Tenant to apply for, renew or maintain in good standing all of Tenant's state and local permits and licenses.

(b) **Landlord Right to Inspect.** At any time during the Lease Term, Landlord shall have the right to enter upon the Premises for the purpose of executing or overseeing any of the Landlord Improvements or the general inspection or maintenance of the Premises (including Building Equipment) leased hereunder; provided, however, that prior to entering any Limited Access Area (as defined below), Landlord, its employees, contractors and representatives must comply with all Limited Access Area access procedures, badge requirement and rules required by the Colorado Marijuana Enforcement Division. **"Limited Access Area"** means any room or

other contiguous area located within the Premises where marijuana may be cultivated, stored, weighed, packaged, sold or processed. Tenant shall, at all times, control the access to any Limited Access Area on the Premises.

**6. UTILITIES.**

(a) **Availability.** Landlord shall ensure the Premises is serviced by utility service connections (all with smart meters where available) for water, electricity, natural gas, 4" sanitary sewer connection, 3 phase power as required, internet through broadband, terrestrial internet service (fiber, cable and DSL are acceptable) (the "**Utilities**") at locations designated by Tenant, with capacities sufficient for Tenant's intended use of the Premises, and Landlord shall cause such Utilities to be separately metered.

(b) **Costs.** Tenant will pay for all Utilities provided to the Premises throughout the Lease Term. Any costs for Utilities paid for by Landlord shall be charged to Tenant as Additional Rent.

**7. LANDLORD'S IMPROVEMENTS.**

(a) **Improvements.** Landlord shall construct or cause to be constructed such improvements to the Premises as set forth on the Landlord Improvements Construction Plan attached hereto as Exhibit B (the "**Landlord Improvements**"). Landlord and Tenant may amend or supplement Exhibit B from time to time to implement additional Landlord Improvements as may be mutually agreed upon by the parties in writing. Additionally, Landlord may, at any time, construct any improvements it deems necessary on Premises, and site improvements required per local zoning review requirements

(b) **Delivery of Premises and Utilities.**

(i) Landlord will use commercially reasonable efforts to complete all Landlord Improvements on the timelines outlined in Exhibit B.

(ii) At such time as the Landlord Improvements (or any phase thereof) have been Substantially Completed a notice shall be delivered to Tenant. Within ten (10) business days after the delivery of the notice, Tenant and Landlord shall inspect the Landlord Improvements together at a mutually agreeable time within such ten (10) business day time period (the "**Walk Through Inspection**") to determine those items, if any, that Landlord and Tenant determine to be unfinished, but which do not materially impair Tenant's ability to commence its use of the Improvements (the "**Punch List Items**"). Landlord shall promptly thereafter complete the Punch List Items; it being understood that Landlord shall use commercially reasonable efforts to so complete those Punch List Items within thirty (30) days after the Walk Through Inspection.

(iii) Any disputes as to the nature or existence of any Punch List Item or as to the Substantial Completion of the Landlord Improvements shall be resolved by reasonable and joint decision of the general contractor responsible for the Landlord Improvements and an engineer selected by the Landlord. For the purposes of this Lease, "**Substantial Completion**" (or any grammatical variation thereof) shall mean completion of construction of the applicable improvements, subject only to minor, non-material Punch List Items..

(iv) After the Landlord Improvements are completed to the satisfaction of Landlord and Tenant, the dollar amount of any additional Landlord Improvements shall be added to the Base Rent to be amortized over the period of 24 months over the total gross square footage of the Premises.

(c) **Signage.** Landlord, at no cost to Landlord, will consent to Tenant's application for sign permits. Tenant shall be entitled at its election without Landlord's consent, but subject to governmental requirements, as aforesaid, to replace any and all of its signs with signage reasonably consistent with Tenant's then-current prototypical sign plans, or other signage that is professionally designed.

## 8. TENANT STARTUP LOAN

(a) **Generally.** In connection with this Lease, Landlord (or Landlord's affiliate), agrees to loan certain funds to Tenant for operations, and startup costs associated with the establishment of Tenant's business located at the Premises pursuant to the promissory note and loan agreement set forth on Exhibit F (the "**Startup Loan**"). Tenant shall repay amounts owed pursuant to the Startup Loan in accordance with the terms set forth therein.

(b) **Cross-Default.** Tenant's uncured breach or default of its obligations under the Startup Loan shall also be considered a default of Tenant under this Lease.

## 9. TAXES.

(a) **Real Estate Taxes.** Tenant shall pay directly to the taxing authority before delinquent, all taxes and assessments which may be levied upon or assessed against the Improvements situated on the Land (collectively, "**Real Estate Taxes**").

(b) **Personal Property Taxes.** Tenant shall pay directly to the taxing authority before delinquent, all taxes levied on or assessed against the personal property of Tenant situated on the Premises ("**Personal Property Taxes**"), subject always to Tenant's right to offset taxes and assessments as may be provided for elsewhere in this Lease or in any other agreement between Landlord and Tenant. Tenant shall provide Landlord written evidence of the payment of the Personal Property Taxes prior to delinquency in the form of a paid tax receipt within ten (10) days after the due date of such Personal Property Taxes.

(c) **General Provisions.** Any taxes or assessments, which may be levied or assessed for a period beginning before the Effective Date or ending after the termination hereof, shall be paid by Landlord. Nothing contained in this Section 9 shall require Tenant to pay (i) corporation, franchise, income, estate, gift and inheritance taxes, or other similar taxes, charges or impositions which may be levied or assessed against Landlord, any fee owner, or their successor in title, (ii) income tax or other taxes imposed on Rent or profits or other similar taxes, assessments, charges or impositions which may be levied or assessed against Landlord, any fee owner, or their successor in title, (iii) Real Estate Taxes on easement parcel(s), or (iv) any late charge or fee imposed upon Landlord or the Premises due to Landlord's late payment of any Real Estate Taxes or other acts or omissions of Landlord. Notwithstanding the foregoing, Tenant shall pay monthly, concurrently with its payment of Rent and additional charges, any governmentally imposed rental tax thereon.

## 10. INSURANCE.

(a) **Tenant.** Tenant shall maintain the following insurance on the Premises: (i) commercial general liability insurance that includes bodily injury and property damage and contractual liability in an amount of not less than \$1,000,000.00 per occurrence and aggregate that lists Landlord as an additional insured with respect to this Lease; (ii) special form coverage insurance on the Premises against loss or damage by fire and customary extended coverage on a one hundred percent (100%) full replacement cost basis in an amount equal to one hundred percent (100%) of the full replacement cost of all Improvements; (iii) workers' compensation insurance that meets statutory amounts in the state in which the Premises is located, and employers liability insurance with limits of not less than \$500,000 per employee incident, per disease; and (iv) insurance covering all of Tenant's trade fixtures, merchandise and personal property in an amount equal to their full replacement value. Tenant shall obtain and keep in force a policy or policies of insurance in the name of Landlord with loss payable to Landlord and Landlord's lender, if any, which policy or policies shall provide coverage for the loss of the full Rent for such length of time as would be required with the exercise of due diligence to rebuild, repair or replace the damaged or destroyed Premises (commencing with the date of damage or destruction). Tenant shall deliver to Landlord a certificate from its insurer declaring such insurance policies to be in full force and effect prior to the



Effective Date and at least annually thereafter, that names Landlord as certificate holder, names Landlord and any Landlord lender as additional insureds and is underwritten by companies maintaining no less than an A-VIII rating under A.M. Best.

(b) **Landlord.** Landlord may choose to purchase separate or additional insurance at Landlord's expenses.

(c) **Waiver of Subrogation.** To the extent that waiver of subrogation is permitted under each of Landlord's and Tenant's respective insurance policies, Landlord and Tenant and all parties claiming under them mutually release and discharge each other from all claims and liabilities arising from or caused by any casualty or hazard, covered or required hereunder to be covered in whole or in part by insurance on the Premises or in connection with property on or activities conducted on the Premises, and waive any right of subrogation which might otherwise exist in or accrue to any person on account thereof. Upon written notice from the other party, each party will deliver to the other a certificate from its insurer acknowledging such release and waiver of subrogation.

## 11. INDEMNIFICATION.

(a) **Landlord's Indemnification.** Landlord hereby indemnifies and holds harmless Tenant and its officers, directors, agents, employees, partners, members, managers, successors, assigns, affiliates, subsidiaries, franchisees, parent companies and invitees (collectively, "**Tenant Indemnified Parties**") from and against any and all Losses (as defined below), suffered or incurred by Tenant or any of the Tenant Indemnified Parties as the result of any negligent, willful or intentional acts or omissions of any of the Landlord Indemnified Parties (as hereinafter defined). In the event any action or proceeding shall be brought against Tenant by reason of any such claim, Landlord shall defend the same at Landlord's expense by counsel reasonably approved by Tenant. The term "**Losses**" shall mean all claims, demands, expenses, actions, judgments, damages (actual, but except in connection with third party tort claims, not indirect, special, consequential, or punitive), penalties, fines, liabilities, losses of every kind and nature, suits, administrative proceedings, reasonable costs and fees, including, without limitation, reasonable attorneys' and consultants' reasonable fees and expenses, and the costs of cleanup, remediation, removal and restoration, that are in any way related to any matter covered by the foregoing indemnity.

(b) **Tenant's Indemnification.** Unless specifically set forth in this Lease, Tenant hereby indemnifies and holds harmless Landlord and its officers, directors, employees, agents, partners, members, managers, successors, assigns, affiliates, subsidiaries and parent companies (collectively, "**Landlord Indemnified Parties**") from and against any and all Losses arising out of (i) the conduct or management of the Premises or any business therein, or any work or alterations done, or any condition created by any or all of Tenant and the Tenant Indemnified Parties in or about the Premises during the Lease Term or during the period of time, if any, prior to the Commencement Date that Tenant has possession of, or is given access to, the Premises; (ii) any act, omission or negligence of any or all of Tenant and the Tenant Indemnified Parties; and (iii) any accident, injury or damage whatsoever occurring in, at or upon the Premises and caused by any or all of Tenant and Tenant Indemnified Parties. In the event any action or proceeding shall be brought against Landlord by reason of any such claim, Tenant shall defend the same at Tenant's expense by counsel reasonably approved by Landlord.

## 12. HAZARDOUS MATERIALS.

(a) **Definitions.**

(i) "**Environmental Laws**" means all federal, state or local laws, statutes, rules, regulations and / or ordinances pertaining to health, industrial hygiene or the environmental or ecological conditions, including but not limited to each of the following (and their respective successor provisions and all

their respective state law counterparts): the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), as amended, 42 U.S.C. § 9601, et seq.; the Resource Conservation and Recovery Act of 1976 ("RCRA"), as amended, 42 U.S.C. § 6901, et seq.; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. § 2601, et seq.; the Clean Air Act, as amended, 42 U.S.C. § 7401, et seq.; the Federal Water Pollution Control Act ("Clean Water Act"), as amended, 33 U.S.C. § 1251, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. § 5101, et seq.; the Solid Waste Disposal Act, Subchapter IX, Regulation of Underground Storage Tanks, 42 U.S.C. § 6991, et seq.; and the rules, regulations and ordinances of the U.S. Environmental Protection Agency ("EPA") and of all other agencies, boards, commissions and other governmental bodies and officers having jurisdiction over the Premises.

(ii) **"Hazardous Materials"** means a hazardous, explosive, radioactive, or toxic substance, material, or waste which is or becomes regulated by any local government authority, the State of Colorado, or the United States Government. The phrase includes, but is not limited to, any material or substance that is: (A) defined as a "hazardous substance," "hazardous material," "toxic substance," "pollutant," "hazardous waste," "regulated substance," or "solid waste" in any Environmental Law; (B) listed in the U.S. Department of Transportation Hazardous Materials Table, 49 C.F.R. § 172.101, as may be amended from time to time; (C) listed by the EPA (or any successor agency) as hazardous substances, see 40 C.F.R. § 301, et seq., as may be amended from time to time; (D) qualified as an "unlisted hazardous substance" pursuant to 40 C.F.R. § 302.4(b), as may be amended from time to time; (E) asbestos; and (F) any petroleum product.

(b) **Landlord's Representations and Warranties.** To Landlord's actual knowledge, Landlord represents and warrants to Tenant that (i) the Premises does not presently contain any and is free of all Hazardous Materials; (ii) the Premises has not, in the past or prior to the delivery of the Premises to Tenant, been used for storage, manufacture or sale of Hazardous Materials or for any activity involving Hazardous Materials; (iii) Landlord has not transported, or caused to be transported, any Hazardous Materials on, to or from the Premises; and (iv) Landlord has not received and is not aware of any notification from any federal, state, county or city agency or authority relating to Hazardous Materials on the Premises.

(c) **Landlord's Indemnity.**

(i) Landlord shall indemnify, defend and hold harmless Tenant, and its officers, directors, employees, agents, partners, members, managers, successors, assigns, affiliates, subsidiaries, franchisees and parent companies from and against any and all Losses arising from any and all claims, demands, penalties, fines, liabilities, settlement damages, cost or expenses of whatever kind or nature, including reasonable attorneys' fees involving the presence or suspected presence of Hazardous Materials on, under or in any portion of the Premises, unless such presence is due solely to the acts of Tenant, its agents, employees or contractors.

(ii) Without limiting the generality of the foregoing, Landlord's indemnity shall specifically cover fines, penalties, sums paid in settlement of claims or litigation, reasonable fees for attorneys, consultants and experts and reasonable costs for investigation, clean-up, testing, removal or restoration. If at any time during the Lease Term, Hazardous Materials are discovered on or under the Premises in violation of any Environmental Laws, and Landlord is to indemnify Tenant for such violation pursuant to this Section 12 ("**Landlord's Environmental Violation**"), then in addition to Landlord's indemnity, upon notice of the same from Tenant, Landlord shall promptly remove or otherwise eliminate Landlord's Environmental Violation in accordance with Environmental Laws ("**Landlord's Remedial Action**") and without cost to Tenant or interference with Tenant's intended use. If Tenant's business operations are materially and adversely affected by Landlord's Remedial Action or Landlord's Environmental Violation, then Tenant shall not be required to pay Rent until such time as Landlord has completed Landlord's Remedial Action, and Tenant can resume its normal business operations.

(d) **Tenant's Representations and Warranties.** Tenant represents and warrants that Tenant's occupancy, use and/or possession of the Premises during the Lease Term will be in compliance with Environmental Laws.

(e) **Tenant's Indemnity.**

(i) Tenant shall indemnify, defend and hold harmless Landlord, its officers, directors, employees, agents, partners, members, managers, successors, assigns, affiliates, subsidiaries and parent companies from and against any and all liability arising from any and all Losses involving any breach of the representations and warranties of Tenant contained in Section 12(d).

(ii) Without limiting the generality of the foregoing, Tenant's indemnity shall specifically cover fines, penalties, sums paid in settlement of claims or litigation, reasonable fees for attorneys, consultants and experts and reasonable costs for investigation, clean-up, testing, removal or restoration. If at any time during the Lease Term (or after if it is determined that the presence of Hazardous Materials was the result of the actions of Tenant), Hazardous Materials are discovered on or under the Premises in violation of any Environmental Laws, and Tenant is to indemnify Landlord for such violation pursuant to this Section 12 ("**Tenant's Environmental Violation**"), then in addition to Tenant's indemnity, upon notice of the same from Landlord, Tenant shall promptly remove or otherwise eliminate the Tenant's Environmental Violation in accordance with Environmental Laws, in a manner reasonably approved by Landlord, and without cost to Landlord.

### **13. REPRESENTATIONS AND WARRANTIES.**

(a) **Landlord.** To induce Tenant to execute, deliver and perform this Lease and without regard to any independent investigations made by Tenant, Landlord represents and warrants to Tenant on and as of the Effective Date as follows:

(i) On the Effective Date, Landlord will own the indefeasible, fee simple title to the Premises.

(ii) There are no third party consents or approvals required to effectuate the provisions of this Lease, including without limitation the construction of the Improvements (other than governmental approvals) and/or operation of Tenant's business on the Premises.

(b) **Tenant.** Tenant represents and warrants to Landlord as follows:

(i) Tenant has full capacity, right, power and authority to execute, deliver and perform this Lease and all documents to be executed by Tenant pursuant hereto, and all required action and approvals therefor have been duly taken and obtained. The individuals signing this Lease and all other documents executed or to be executed pursuant hereto on behalf of Tenant are and shall be duly authorized to sign the same on Tenant's behalf and to bind Tenant thereto. This Lease and all documents to be executed pursuant hereto by Tenant are and shall be binding upon and enforceable against Tenant in accordance with their respective terms.

(ii) With respect to the Premises and the Use, Tenant shall comply with all applicable laws, rules, regulations and requirements of all governmental authorities and obtain all licenses, permits, and consents required thereby; provided, however, that Tenant shall not be required to comply with Federal rules and regulations related to prohibition of marijuana under the Controlled Substance Act.

### **14. MAINTENANCE, IMPROVEMENTS & ALTERATIONS.**

(a) **Tenant's Obligations.** Subject to Sections 15 and 16 below, and Landlord's express obligations hereunder, Tenant covenants and agrees, at its sole cost and expense, to maintain in good condition and repair, in a first-class manner, and replace, as necessary, glass walls, glass windows, structural components of the Buildings (including walls, foundation and roofing systems) and Building Equipment (including but not limited to lighting systems, security equipment and services), all of which shall be accomplished promptly with materials of comparable or better quality than those repaired or replaced, by reputable contractors, in a good and workmanlike manner, in compliance with all applicable laws. Tenant shall keep the Premises in clean and orderly condition, and shall provide for snow removal, groundskeeping, maintenance of rubbish receptacles and related gates and enclosures, and solid waste removal, in compliance with all applicable laws. To the extent that any repair or maintenance obligation of Tenant hereunder is covered or reimbursable by a warranty held by Landlord, Landlord shall use its best efforts to have such warranty pay for such repair or maintenance directly or otherwise reimburse Tenant for its expenses up to the amount paid to Landlord by such warranty.

(b) **Modifications; Fixtures, Furniture and Equipment.** Other than as explicitly provided for herein, Tenant shall not modify the Premises without Landlord's prior written consent. Tenant may only install equipment and fixtures on the Premises upon Landlord's prior written consent.

(c) **Landlord's Obligations.** Except in the case of casualty loss or damages caused by the negligent or intentional acts or omissions of Tenant, Landlord at its cost and expense, shall repair or replace, as reasonably necessary the following portions of the Premises: all transmissions lines, sewer lines, parking lots, walkways, fences and driveways. All of the aforesaid repairs or replacements shall be accomplished promptly with materials of comparable or better quality than those repaired or replaced, by reputable contractors, in a good and workmanlike manner, in compliance with all applicable laws.

## 15. DESTRUCTION OR DAMAGE.

(a) **Tenant's Obligation to Repair.** In the event that, at any time during the Lease Term, Tenant's Building or other Improvements on the Premises shall be destroyed or damaged in whole or in part by fire or other casualty, then, except as otherwise provided in Section 15(b), Tenant shall, using due diligence, cause such damaged or destroyed elements to be repaired, restored, replaced or rebuilt within a period of time which under all prevailing circumstances is reasonable, at Tenant's sole cost and expense.

(b) **Landlord's Option to Terminate.** Landlord may elect to terminate this Lease if (i) the Premises are rendered wholly untenable or damaged as a result of any cause which is not covered by either insurance policies that are payable to Landlord; or (ii) the Premises are damaged or destroyed in whole or in part during the last two (2) years of the Lease Term hereunder. In any of the above events, Landlord shall give Tenant notice of its election to terminate the Lease pursuant to the above within one hundred twenty (120) days after the occurrence of the applicable event. If such notice is given, the Lease shall terminate as of the date of such notice, and Rents shall be adjusted as of the date of such termination. Tenant hereby waives any statutory rights of termination which may arise out of partial or total destruction of the Premises which Landlord is obligated to restore.

## 16. CONDEMNATION.

(a) **Total Permanent.** From and after the Effective Date, in the event of a taking of the entire Premises, this Lease shall terminate upon the date that Tenant surrenders possession to the condemning authority (the "**Taking Date**"), at which time Rent shall be apportioned through such Taking Date, Tenant shall pay all amounts due to Landlord to the Taking Date, and the parties shall be released from liability hereunder except as otherwise set forth in this Lease.

(b) **Partial Permanent.** In the event of a taking of less than the entire Premises, Tenant shall have the option (exercisable by written notice to Landlord at any time within thirty (30) days after the taking of possession under any such proceeding) to terminate this Lease as of the Taking Date if (i) the area of the Premises taken eliminates Tenant's ability to operate in accordance with the Use; or (ii) the gross floor area of the Buildings is reduced by more than twenty percent (20%). In the event that there is a taking of any portion of the Premises and this Lease is not terminated pursuant to this Section 16(b), Base Rent shall be proportionately reduced by the ratio of the total square feet of the Buildings taken to the total square footage of the Buildings before the taking.

(c) **Apportionment of Award.** Except as specifically provided in subsection (b), above, upon a taking, all sums awarded, including, without limitation, compensation for damages and interest for the taking of the land or Landlord's fee simple interest in the land shall be the property of Landlord. If business damages are separately available to Tenant, Tenant may recover business damages from the condemning authority.

## **17. ASSIGNMENT AND SUBLETTING.**

(a) **Tenant.** Tenant shall not voluntarily, involuntarily or by operation of law assign, sublet or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or in the Premises, including by Change in Control, without first obtaining Landlord's express written consent.

(b) **Landlord.** Landlord shall have the right to transfer, assign and convey, in whole or in part, any or all of the right, title and interest in the Premises, provided such transferee, assignee or grantee shall be bound by all terms, covenants, obligations and agreements herein contained, and in writing shall expressly assume and agree to perform all covenants, obligations and agreements of Landlord herein contained.

**18. MECHANICS' LIENS.** Tenant shall allow no liens to be filed against the Premises as a result of work performed at the request or on behalf of Tenant. Tenant shall indemnify and save harmless Landlord against all loss, liability, costs, attorney fees, damages and interest charges incurred as a result of any mechanic's lien or any other claim filed against the Premises, or Tenant's leasehold estate therein as a result of acts or omissions of Tenant or its agents, contractors and employees. If any lien or notice of lien on account of an alleged debt of Tenant or any other claim is filed against any part of the Premises, Tenant shall, within thirty (30) days of the filing thereof, cause the same to be discharged of record by payment, deposit, bond or other security acceptable to Landlord. Tenant shall have the right at all times and at its own expense to contest and defend on behalf of Tenant or Landlord any action involving the collection, validity or removal of any such lien upon giving adequate security to Landlord for discharge of such lien.

**19. SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT.** Landlord shall not mortgage or financially encumber the Premises from and after the Effective Date unless Landlord obtains for the benefit of Tenant a Subordination, Non-Disturbance and Attornment Agreement from the beneficiary of the encumbrance in substantially the form set out in Exhibit C.

**20. ABANDONED PROPERTY.** Notwithstanding any provision of this Lease to the contrary, Landlord may sell, lease or encumber Tenant's property if Tenant's property remains upon the Premises upon the expiration or termination of this Lease (in such case, Tenant's property shall be deemed "**Abandoned**"). In the event Tenant's property is Abandoned, title thereto shall pass to Landlord (except title to any marijuana plants, products, or other inventory where such title would violate applicable statutes or regulations shall not pass to Landlord), and Tenant and any secured party shall thereafter have no right to assert title or claim thereto.

**21. ESTOPPEL CERTIFICATE.** Tenant and Landlord agree at any time and from time to time, upon not less than twenty (20) days' prior written request from the other party to execute, acknowledge and deliver to the

requesting party a statement in writing concerning the status of this Lease, in form and content reasonably acceptable to the party executing such estoppel certificate. It is intended that any such statement delivered pursuant to this Section 21 may be relied upon by any prospective purchaser, lender, subtenant, assignee or any entity which is a party to a potential merger, consolidation with or to the acquisition of substantially all of the assets or stock of Landlord or Tenant. Tenant's failure to execute and deliver such instruments shall constitute an acknowledgment by Tenant that the statements contained therein are true and correct.

**22. TERMINATION OF LEASE BY ENFORCEMENT OF FEDERAL LAW OR CHANGE IN LAW.**

In the event that either Landlord or Tenant receives a cease and desist letter or other form of notice from the United States Department of Justice or any other federal governmental entity declaring Tenant's Use is in violation of law or that federal enforcement priorities materially change in a way that is likely to have an adverse effect on either the Use or the Premises (a "**Governmental Use Action**"), or any change in state or local law that prohibits the Use, or makes the Use impossible, impracticable, or infeasible, ("**Change in Law**"), the parties agree to immediately notify the other of such notice or change. The parties thereafter agree to meet within ten (10) days of said notice for purposes of (i) determining whether administrative remedies or hearings are available, (ii) discussing near and long term strategy for assuring continued operations and mitigating any damages as a result of the possibilities or requirements of winding up operations prematurely, (iii) discussing legal strategies regarding the same, and (iv) scheduling a meeting with the government agency responsible for the Governmental Use Action. The parties agree to use best efforts to continue operations until it is clear, as determined by the mutual agreement of the parties, that all legal and administrative remedies are exhausted, including all appeals thereof ("**Exhaustion of Available Remedies**"). If it becomes clear that Tenant must cease and desist operations pursuant to the Change in Law or Governmental Use Action, either Tenant or Landlord may terminate this lease with thirty (30) days written notice.

In the event of Exhaustion of Available Remedies, Tenant shall vacate the Premises as soon as is reasonably practicable and in any event not later than thirty (30) days after Tenant or Landlord delivers written notice to the other of termination due to the Exhaustion of Available Remedies and this Lease shall automatically terminate with neither party having any liability to the other for such termination. Following Exhaustion of Available Remedies, Tenant shall comply in all respects with any requirements, demands or instructions of any governmental entity with respect to the Use.

Notwithstanding the preceding paragraphs in this section 22, if seizure of the Premises appears imminent, as determined by Landlord in its reasonable discretion, Landlord shall have the right to immediately terminate the Lease and remove Tenant and Tenant shall vacate the Premises immediately and shall comply in all respects with any requirements, demands or instructions of Landlord and any governmental entity.

**23. TENANT'S DEFAULT.**

(a) **Default.** Tenant shall be in default in the event of any of the following:

(i) Tenant fails to pay any Rent within 10 days of when due; provided that Landlord has sent written notice to Tenant and Tenant fails to pay such undisputed amounts of Rent plus a late fee equal to 5% of the sum of the delinquent Rent to Landlord within 15 days of Tenant's receipt of such notice.

(ii) If Tenant shall vacate or abandon the Premises or fails to continuously occupy and conduct Tenant's business in the Premises.

(iii) Any failure by Tenant to remove any lien or notice of lien on account of an alleged debt of Tenant within the time period provided for in Section 18.

(iv) Tenant (1) files a petition commencing a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law; (2) makes a general assignment for the benefit of its creditors; (3) files an application for, or consents to, the appointment of any receiver or a permanent or interim trustee of Tenant or of all or a substantial portion of its property; (4) files a petition seeking a reorganization of its financial affairs or to take advantage of any bankruptcy, insolvency or similar law, or files an answer admitting the material allegations of a petition filed against it in any proceeding under any such law; (5) takes any action for the purpose of effecting any of the foregoing; or (6) is the subject of a decree or order for relief by a court having jurisdiction over Tenant in any involuntary case under any applicable federal or state bankruptcy, insolvency or similar law.

(v) Tenant fails to conduct its activities in compliance with applicable state and local laws (beyond all available cure and appeal periods) or, in the event the Use becomes legal under federal laws, Tenant fails to conduct its activities in compliance with applicable federal laws (beyond all available cure and appeal periods).

(vi) With the exception of items (i) through (v) above, a failure by Tenant to observe or perform any other covenant, term, condition, provision, rule or regulation of this Lease on the part of Tenant to be kept or performed and such failure shall continue for a period of twenty (20) calendar days or more after written notice thereof given to Tenant by Landlord (excepting any such failure that cannot reasonably be cured within said twenty (20) calendar day period, provided that Tenant, within said twenty (20) calendar day period, has promptly commenced to proceed with diligence and in good faith to remedy such failure).

(b) **Remedies.** Upon the occurrence or continuation of any default set forth above, Landlord may, at its option, and in addition to any and all other rights and remedies provided Landlord in this Lease or at law or in equity, immediately or at any time thereafter and without demand or notice (except as provided herein):

(i) Apply all or part of the security deposit, if any, to cure such default, without waiving the default, and Tenant shall, on demand, restore the security deposit to its original amount; or

(ii) Apply any overpayment of Rents to curing such default, without waiving the default, in lieu of refunding or crediting same to Tenant; or

(iii) If the default pertains to work or other obligations (other than the payment of Rents) to be performed by Tenant, without waiving such default, enter upon the Premises and perform such work or other obligation, or cause such work or other obligation to be performed, for the account of Tenant, and Tenant shall, on demand, pay to Landlord the cost of performing such work or other obligation plus fifteen percent (15%) thereof for Landlord's administrative costs; or

(iv) Terminate this Lease by written notice to Tenant.

(c) **Damages and Other Obligations Upon Default.**

(i) Notwithstanding any termination of this Lease or termination of Tenant's rights to possession, whether by summary proceedings or otherwise, Tenant shall pay and be liable for (on the days originally fixed herein for payment thereof) all Rents as if this Lease had not been terminated, whether the Premises are relet or remain vacant in whole or in part. However, in the event the Premises are relet by Landlord, Tenant shall be entitled to a credit in the net sum of Rents received by Landlord in such reletting after deduction of all expenses incurred in reletting the Premises and in collecting such Rents.

(ii) In the event of a reletting, Landlord may apply the rent therefrom first to the payment of Landlord's reasonable expenses, including, but not limited to, attorney fees incurred, expenses

attributable to reletting, repairs, brokerage fees, subdividing, renovation or alteration of the Premises and then to the payment of Rents and other sums due from Tenant hereunder, and Tenant shall remain liable for any deficiency thereof.

(iii) Landlord shall use commercially reasonable efforts to relet the Premises and mitigate damages; provided, however, that Landlord shall not be obligated to offer the Premises to a prospective tenant that does not have experience operating a state-regulated marijuana establishment. Landlord shall not be obligated to lease the Premises to a substitute tenant for less than the current fair market rental then prevailing for similar uses in the marijuana industry in the same market area as the Premises, nor shall Landlord be obligated to enter into a new lease under other terms and conditions that are unacceptable to Landlord under Landlord's then current leasing policies. Further, Landlord shall not be obligated to enter into a lease with any proposed substitute tenant that does not have, in Landlord's reasonable judgment, sufficient financial resources or operating experience to operate the Premises in a first-class manner.

(d) **Repeated Default.**

(i) Notwithstanding anything to the contrary set forth in this Lease, if Tenant shall be in default in the timely payment of any Rents due Landlord from Tenant, or the payment of any other charges due Landlord from Tenant under the terms of this Lease, and any such default shall be repeated two (2) times in any period of twelve (12) consecutive months, then, notwithstanding that such default shall have been cured within the period after notice as provided in this Lease, any further similar default within said twelve (12) month period shall be deemed to be a "**Repeated Default**".

(ii) In the event of a Repeated Default, Landlord may, in addition to any other rights and remedies provided Landlord in this Lease or at law or in equity, and without notice to Tenant and without affording Tenant an opportunity to cure such Repeated Default, terminate this Lease forthwith.

(e) **Waiver of Rights of Redemption.** Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future applicable laws in the event that Tenant is in the process of being evicted or dispossessed for any cause, or in the event Landlord obtains possession of the Premises by reason of a violation by Tenant of any of the covenants or conditions of this Lease or otherwise.

**24. LANDLORD'S DEFAULT.**

(a) **Default.** Landlord shall be in default if Landlord fails to perform any of the terms or provisions of this Lease and Landlord fails to cure such default within thirty (30) days after receipt of written notice from Tenant stating the nature and extent of the default, or, if such default cannot reasonably be cured within such thirty (30) day period, then Landlord fails to perform the same within such additional time as may be reasonably necessary to cure such default or during such additional time Landlord fails to diligently and continuously pursue such cure.

(b) **Remedies.** From and after a Landlord default pursuant to Section 24(a), Tenant may enforce the provisions of this Lease and may enforce and protect the rights of Tenant hereunder by a suit or suits at law, or by a suit or suits in equity, including without limitation, a suit for the specific performance of any covenant or agreement contained herein. In no event shall Landlord be liable to Tenant for consequential, special, incidental or punitive damages by reason of a failure to perform (or a breach or default) by Landlord under this Lease.

**25. TERMINATION BY LANDLORD.** Notwithstanding anything in this Lease to the contrary, Landlord may terminate this Lease for any reason or for no reason at all, in its sole discretion, upon thirty (30) days prior written notice to Tenant. Upon such termination, Tenant must vacate the Premises not later than thirty (30) days



after Landlord delivers written notice to Tenant of termination.

**26. DEFAULT INTEREST.** Upon the occurrence of any default, any amount due shall bear interest at the Default Rate from the date of notice of such default or from such earlier date as is set forth in this Lease until paid in full. As used herein, the "**Default Rate**" means a rate per annum equal to the lesser of (i) twelve percent (12%) per annum or (ii) the highest rate permitted by law.

**27. NOTICES.** All notices, demands, or other communications of any type, whether required by this Lease or in any way related to the transaction contracted for herein, shall be given in accordance with the provisions of this section. Notices shall be legible and in writing and shall be delivered personally, emailed (with a notification of receipt), faxed, sent by a recognized overnight courier service for next day delivery, or sent by United States certified mail, return receipt requested, postage prepaid and addressed as set forth below. Notices sent in compliance with this Section 27 shall be effective (a) upon receipt or refusal if delivered personally, emailed (with verification of receipt), or faxed; (b) one (1) business day after deposit with a recognized overnight courier service; or (c) three (3) business days after deposit in the mail if mailed. Either party hereto may change the address for notice and the addressee to whom notices are sent by giving the other party ten (10) days advance written notice of such change of address or addressee.

Landlord:	<b>NHC Edibles LLC</b> 77 King St W, Suite 2905 Toronto, ON M5K 1H1 Phone: 647-985-6727 Fax: 416-765-0029 Email: <a href="mailto:dposner@nutritionalhigh.com">dposner@nutritionalhigh.com</a> Attn: David Posner
With a cc to:	<b>Branson Corporate Services Inc.</b> Phone: 416-840-3798 Fax: 416-765-0029 Email: <a href="mailto:kmiller@bransonservices.com">kmiller@bransonservices.com</a> Attn: Kookie Miller
And with a cc to:	<b>Husch Blackwell LLP</b> 1700 Lincoln St., Suite 4700 Denver, CO 80203 Phone: 303.749.7200 Email: <a href="mailto:Steve.Levine@huschblackwell.com">Steve.Levine@huschblackwell.com</a> Attn: Steve Levine
Tenant:	<b>Palo Verde LLC</b> 78 N Silicon Dr. Pueblo West, CO 81007 Phone: 303-564-9525 Email: <a href="mailto:pipermod@gmail.com">pipermod@gmail.com</a> Attn: David Stafford Johnson
With a cc to:	<b>Greenspoon Marder LLP</b> 1401 Lawrence St., Suite 1900 Denver, CO 80202

Phone: 720.370.1120  
Fax: 954.771.9264  
Email: [kristen.morris@gmlaw.com](mailto:kristen.morris@gmlaw.com)  
Attn: Kristen Morris

**28. HOLDING OVER.** If Tenant continues to occupy the Premises after the expiration of this Lease without Landlord approval, Tenant shall hold the Premises as a tenant from month to month, subject to all the other terms and conditions of this Lease; provided that Base Rent shall increase to an amount equal to one hundred fifty percent (150%) of the Base Rent payable during the last month of the Lease Term and Landlord shall, upon such expiration, be entitled to the benefit of applicable laws relating to the speedy recovery of the possession of lands and tenements held over by Tenant.

**29. COMMISSION.**

(a) **Landlord.** Landlord represents and warrants to Tenant that Landlord has not had any dealings with any real estate brokers, finders or agents in connection with this Lease. Landlord shall indemnify and hold harmless Tenant from and against any liability and cost which Tenant may suffer in connection with real estate brokers claiming by, through or under Landlord seeking any commission, fee or payment in connection with this Lease.

(b) **Tenant.** Tenant represents and warrants to Landlord that Tenant has not had any dealings with any real estate brokers, finders or agents in connection with this Lease. Tenant shall indemnify and hold harmless Landlord from and against any liability and cost which Landlord may suffer in connection with real estate brokers claiming by, through or under Tenant seeking any commission, fee or payment in connection with this Lease.

**30. RECORDING.**

(a) **Recordable Short Form of Lease.** This Lease shall not be recorded; however, a Short Form of Lease (the "**Short Form of Lease**"), suitable for recording in the office of the County Recorder of the county in which the Premises is situated, substantially in the form attached as Exhibit D, shall be executed by all parties simultaneously with the execution of this Lease. Tenant may cause a copy of said Short Form of Lease to be recorded. The Short Form of Lease shall incorporate a complete and correct legal description of the Premises, and such provisions as are necessary to provide record notice of the existence and priority of this Lease without changing its terms. If this Lease terminates, Tenant will deliver, in recordable form, a termination of this Lease and the Short Form of Lease.

**31. MISCELLANEOUS.**

(a) **Confidentiality.** Landlord and Tenant shall use commercially reasonable efforts to keep the terms of this Lease confidential except to the extent disclosure is reasonably necessary in the conduct of each party's business or is otherwise required by law.

(b) **Survival.** All representations, warranties and indemnities contained in this Lease shall survive the termination or expiration of this Lease.

(c) **Merger; Severability.** No rights are conferred upon either party until this Lease has been executed by both parties. Any and all representations and agreements by either of the parties or their agents made during negotiations prior to execution of this Lease and which representations are not contained in this Lease shall not be binding upon either of the parties. If any covenant, term, condition, or provision under this Lease shall, for

any reason, be held to be invalid or unenforceable, it is the intention of the parties that any such covenant, term, condition, or provision may be modified or amended by a court to render it enforceable to the maximum extent permitted by the laws of the State of Colorado. If such modification or amendment is not practicable, it is the intention of the parties that such covenant, term, condition, or provision be severed from this Lease with no effect upon the remaining provisions of this Lease.

(d) **Interpretation.** All terms and words used in this Lease, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Lease or any portion of this Lease may require, the same as if such words had been fully and properly written in the number and gender. The headings to the sections of this Lease are inserted only as a matter of convenience and for reference, and in no way confine, limit or proscribe the scope or intent of any section of this Lease, nor in any way affect this Lease.

(e) **No Joint Venture or Partnership.** Landlord and Tenant are not and shall not be considered joint venturers or partners, and neither shall have power to bind or obligate the other except as set forth in this Lease.

(f) **Modification of Lease; Successors and Assigns.** No modification, alteration or amendment of this Lease shall be binding unless in writing and executed by both parties hereto. This Lease shall be binding upon and inure to the benefit of the parties, any subtenants and their heirs, administrators, executors, successors and permitted assigns.

(g) **Time of the Essence; Business Days.** Time is of the essence in this Lease and each provision hereto; provided, however, if the final (but not any interim) day of any period set forth herein falls on a Saturday, Sunday or legal holiday under the laws of the United States of America, the final day of such period shall be extended to the next business day.

(h) **Force Majeure.** In the event that either party hereto is delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, military or usurped power, sabotage, terrorism, bioterrorism, unusually severe weather, acts of God, fire or other casualty or other reason (but excluding financial inability) of a like nature beyond the reasonable control of the party delayed in performing work or doing acts required under the terms of this Lease, then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of the delay.

(i) **Governing Law.** This Lease shall be governed by and construed and interpreted in accordance with the laws of the state in which the Premises is located.

(j) **Litigation.**

(i) To the extent permitted by law, Landlord and Tenant each hereby waives all right to trial by jury in any claim, action, proceeding or counterclaim by either Landlord or Tenant against the other with respect to any matter arising out of, or in any way connected with, this Lease, the relationship of Landlord and Tenant, or Tenant's use or occupancy of the Premises.

(ii) If either party hereto be made, or becomes a party to, any litigation commenced by or against the other party involving the enforcement of: (1) any applicable laws against such other party; or (2) any rights or remedies of such party hereunder, then in either of such events, the prevailing party in any such litigation, or the party becoming involved in such litigation because of a claim against such other party, as the

case may be, shall receive from the other party all costs and reasonable attorney fees incurred by such party in said litigation.

(iii) Any litigation commenced by Landlord or Tenant against the other with respect to any matter arising out of, or in any way connected with, this Lease, the relationship of Landlord and Tenant hereunder, or Tenant's use and occupancy of the Premises, shall be brought only in the courts of the State in which the Premises is located and the parties hereby consent to the jurisdiction of said courts.

(iv) If either Landlord or Tenant institutes any action or proceeding against the other related to the provisions of this Lease or any default hereunder, the non-prevailing party in such action or proceeding shall reimburse the prevailing party for the reasonable expenses of attorney fees and all reasonable costs and disbursements incurred therein by the prevailing party, including, without limitation, any such fees, costs or disbursements incurred on any appeal from such action or proceeding.

(k) **Counterpart Execution.** This Lease may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute but one and the same instrument.


(l) **Conformance of Agreement to Regulatory Conditions and Approval.** The Landlord and Tenant hereto acknowledge and agree that the terms of this Lease are subject to the approval of the Colorado Marijuana Enforcement Division and the applicable licensing authorities. In the event that the MED and applicable licensing authorities provide notice that this Lease must be reformed, the Landlord and Tenant shall negotiate in good faith to conform this Lease to any guidance provided.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, Landlord and Tenant have caused this Lease to be executed as of the date first set forth above.

**LANDLORD**

NHC Edibles LLC,  
a Colorado limited liability company

By: \_\_\_\_\_   
Name: David Posner  
Title: CEO

**TENANT**

Palo Verde LLC,  
a Colorado limited liability company

By: \_\_\_\_\_  
Name: David Johnson  
Title: Manager of CBiz LLC, which is the Sole Member and Manager of Palo Verde LLC

**IN WITNESS WHEREOF**, Landlord and Tenant have caused this Lease to be executed as of the date first set forth above.


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By:  \_\_\_\_\_  
Name: David Johnson  
Title: Manager of CBiz LLC, which is the Sole Member  
and Manager of Palo Verde LLC

**EXHIBIT A**

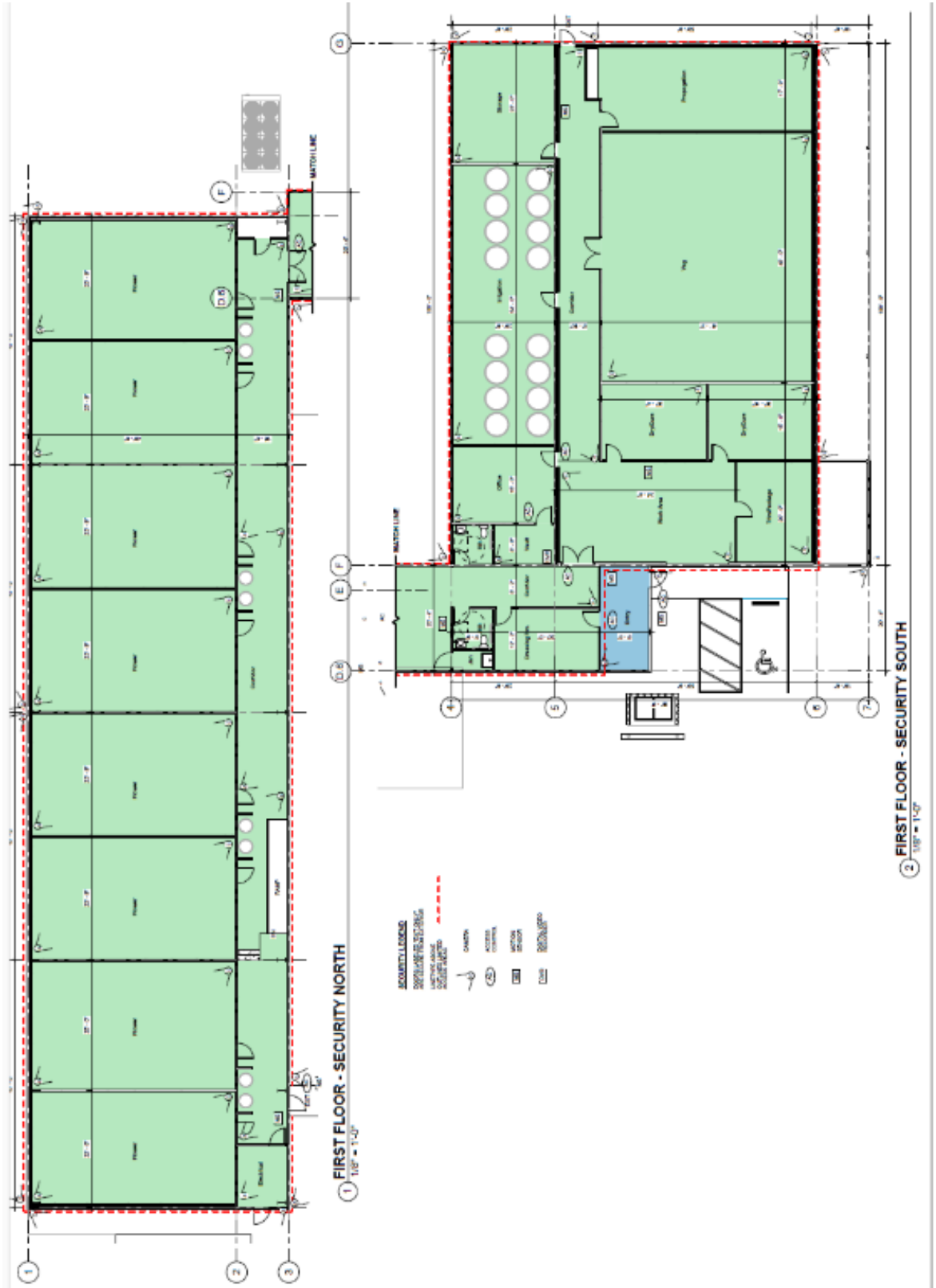
**DEPICTION AND LEGAL DESCRIPTION OF THE PREMISES**

PAR A LOT LINE VACATION #98-12 FORMERLY 05-060-12-007 THRU -009

Known as: BUILDING 3 OF 4, 78 N SILICON DR PUEBLO WEST, CO 81007 AND BUILDING 4 OF 4, 78 N SILICON DR PUEBLO WEST, CO 81007

## EXHIBIT B

The Landlord shall commission the leasehold improvements necessary to allow for installing an indoor cultivation facility at Building 3 of 4 and Building 4 of 4, which such work shall commence no later than thirty (30) days following the receipt of approval of the Use from the MED and local authorities, and shall be completed within nine (9) months of receipt of the approvals.





**EXHIBIT C**

**SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT**

THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT (the "**Agreement**") is made and entered into this the \_\_\_\_ day of \_\_\_\_\_, 2018 by and among \_\_\_\_\_, a Colorado limited liability company ("**Tenant**"), \_\_\_\_\_, a \_\_\_\_\_ ("**Lender**") and \_\_\_\_\_, a \_\_\_\_\_ ("**Landlord**") a Colorado limited liability company.

**RECITALS:**

A. Landlord and Tenant executed a Lease dated as of \_\_\_\_\_, 2018 (the "**Lease**"), a memorandum of which may be recorded simultaneously herewith, covering a certain Premises therein described located on a parcel of real estate, a legal description of which is attached hereto and incorporated herein by this reference as Exhibit A (said parcel of real estate and the Premises being sometimes collectively referred to herein as the "**Premises**").

B. Landlord has executed a \_\_\_\_\_ (the "**Mortgage**") dated \_\_\_\_\_, 20\_\_ and recorded on \_\_\_\_\_, 20\_\_ at Volume \_\_\_\_, Page \_\_\_\_, of the \_\_\_\_\_ Records of \_\_\_\_\_ County, \_\_\_\_\_ in favor of Lender, payable upon the Lease terms and conditions described therein.

C. It is a condition to the Mortgage that the Mortgage shall unconditionally be and remain at all times a lien or charge upon the Premises, prior and superior to the Lease and to the leasehold estate created thereby.

D. The parties hereto desire to assure Tenant's possession and control of the Premises under the Lease upon the Lease terms and conditions therein contained.

For and in consideration of the mutual covenants and property herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed by the parties hereto, the parties hereto do hereby agree as follows:

1. The Lease is and shall be subject and subordinate to the lien of the Mortgage, and to all renewals, modifications, consolidations, replacements thereof, and to all future advances made thereunder.

2. Should Lender become the owner of the Premises, or should the Premises be sold by reason of foreclosure, or other proceedings brought to enforce the Mortgage which encumbers the Premises, or should the Premises be transferred by deed in lieu of foreclosure, or should any portion of the Premises be sold under a trustee's sale, the Lease shall continue in full force and effect as a direct lease between the then owner of the Premises covered by the Mortgage and Tenant, upon, and subject to, all of the Lease terms, covenants and conditions of the Lease for the balance of the Lease Term thereof remaining, including any Extensions therein provided. Tenant does hereby agree to attorn to Lender or to any such owner as its landlord, and Lender hereby agrees that it will accept such attornment.

3. Notwithstanding any other provision of this Agreement, Lender shall not be (a) liable for any default of any landlord under the Lease (including Landlord), except that Lender agrees to cure any default of Landlord that is continuing as of the date Lender forecloses the Premises within thirty (30) days from the date Tenant delivers written notice to Lender of such continuing default, unless such default is of

such a nature to reasonably require more than thirty (30) days to cure and then Lender shall be permitted such additional time as is reasonably necessary to effect such cure, provided Lender diligently and continuously proceeds to cure such default; (b) subject to any offsets or defenses which have accrued prior to the date of foreclosure, unless Tenant shall have delivered to Lender written notice of the default which gave rise to such offset or defense and permitted Lender the same right to cure such default as permitted Landlord under the Lease; (c) bound by any Rent that Tenant may have paid under the Lease more than one month in advance; and (d) responsible for the return of any security deposit delivered to Landlord under the Lease and not subsequently received by Lender.

4. If Lender sends written notice to Tenant to direct its Rent payments under the Lease to Lender instead of Landlord, then Tenant agrees to follow the instructions set forth in such written instructions and deliver Rent payments to Lender; however, Landlord and Lender agree that Tenant shall be credited under the Lease for any Rent payments sent to Lender pursuant to such written notice.

5. All notices which may or are required to be sent under this Agreement shall be in writing and shall be sent by certified or registered U.S. mail, postage prepaid, return receipt requested, and sent to the party at the address appearing below or such other address as any party shall hereafter inform the other party by written notice given as set forth above:

Tenant: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_

Lender: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_

Landlord: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_

All notices delivered as set forth above shall be deemed effective three (3) days from the date deposited in the U.S. mail.

6. Said Mortgage shall not cover or encumber and shall not be construed as subjecting in any manner to the lien thereof any of Tenant's improvements or trade fixtures, furniture, equipment or other personal property at any time placed or installed in the Premises. In the event the Premises or any part thereof shall be taken for public purposes by condemnation or transfer in lieu thereof or the same are damaged or destroyed, the rights of the parties to any condemnation award or insurance proceeds shall be determined and controlled by the applicable provisions of this Lease.

7. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their successors in interest, heirs and assigns and any subsequent owner of the Premises secured by the Mortgage.

8. Should any action or proceeding be commenced to enforce any of the provisions of this Agreement or in connection with its meaning, the prevailing party in such action shall be awarded, in addition to any other relief it may obtain, its reasonable costs and expenses, not limited to taxable costs, and reasonable attorney's fees.

9. Tenant shall not be enjoined as a party/defendant in any action or proceeding which may be instituted or taken by reason or under any default by Landlord in the performance of the Lease terms, covenants, conditions and agreements set forth in the Mortgage.

*[Remainder of Page Intentionally Left Blank]*

The parties hereto have caused this Subordination, Non-Disturbance and Attornment Agreement to be executed as of the day and year first above written.

**TENANT**

\_\_\_\_\_

a \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**LENDER**

\_\_\_\_\_

a \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**LANDLORD**

\_\_\_\_\_

a \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

State of \_\_\_\_\_ §  
County of \_\_\_\_\_ §

The foregoing instrument was acknowledged before me on \_\_\_\_\_, \_\_\_\_, by \_\_\_\_\_, \_\_\_\_\_ of \_\_\_\_\_ on behalf of the corporation.

\_\_\_\_\_  
Notary Public

Commission expires: \_\_\_\_\_

State of \_\_\_\_\_ §  
County of \_\_\_\_\_ §

The foregoing instrument was acknowledged before me on \_\_\_\_\_, \_\_\_\_, by \_\_\_\_\_, \_\_\_\_\_ of \_\_\_\_\_ on behalf of the corporation.

\_\_\_\_\_  
Notary Public

Commission expires: \_\_\_\_\_

State of \_\_\_\_\_ §  
County of \_\_\_\_\_ §

The foregoing instrument was acknowledged before me on \_\_\_\_\_, \_\_\_\_, by \_\_\_\_\_, \_\_\_\_\_ of \_\_\_\_\_ on behalf of the corporation.

\_\_\_\_\_  
Notary Public

Commission expires: \_\_\_\_\_

**APPENDIX A**

**TO SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT**

**LEGAL DESCRIPTION OF THE PREMISES**

PAR A LOT LINE VACATION #98-12 FORMERLY 05-060-12-007 THRU -009

Known as: BUILDING 3 OF 4, 78 N SILICON DR PUEBLO WEST, CO 81007 AND BUILDING 4 OF 4, 78 N SILICON DR PUEBLO WEST, CO 81007

**EXHIBIT D**

**FORM OF MEMORANDUM OF LEASE**

Recording requested by and return to:

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE is entered into between NHC Edibles LLC, a Colorado limited liability company ("Landlord") and Palo Verde LLC, a Colorado limited liability company ("Tenant") as of \_\_\_\_\_, 2018 ("Effective Date")

RECITALS

WHEREAS, Tenant and Landlord have entered into that certain Lease Agreement of even effective date herewith with regard to the Premises described below ("Lease"); and

WHEREAS, Tenant and Landlord agree to record this Memorandum of Lease to provide record notice of the existence of the Lease.

AGREEMENT

For valuable consideration, and pursuant to the terms of the Lease, Landlord does lease unto Tenant and Tenant does hereby accept from Landlord the following Premises:

PAR A LOT LINE VACATION #98-12 FORMERLY 05-060-12-007 THRU -009

Known as: BUILDING 3 OF 4, 78 N SILICON DR PUEBLO WEST, CO 81007 AND BUILDING 4 OF  
4, 78 N SILICON DR PUEBLO WEST, CO 81007

The Term of the Lease is from the April 18, 2017 through April 30, 2020.

All the terms, conditions, provisions and covenants of the Lease are incorporated herein by this reference for all purposes as though written out at length herein, and both the Lease and this Memorandum of Lease shall be deemed to constitute a single instrument or document. The definitions of the capitalized words and phrases in this Memorandum of Lease shall be the same as the corresponding definitions in the Lease. This Memorandum of Lease is not intended to amend, modify, supplement, or supersede any of the provisions of the Lease and, to the extent there may be any conflict or inconsistency between the Lease and this Memorandum of Lease, the Lease shall control.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed as of \_\_\_\_\_, 2018.





**EXHIBIT E**  
**TENANT STARTUP LOAN**

**EXHIBIT F**  
**DEFERRED RENT**

<b>Month</b>	<b>Amount</b>
April, 2017	\$1.00
May 1, 2017	\$1.00
June 1, 2017	\$1.00
July 1, 2017	\$1.00
August 1, 2017	\$1.00
September 1, 2017	\$1.00
October 1, 2017	\$1.00
November 1, 2017	\$1.00
December 1, 2017	\$1.00
January 1, 2018	\$1.00
February 1, 2018	\$1.00
March 1, 2018	\$1.00
April 1, 2018	\$1.00
May 1, 2018	\$1.00
June 1, 2018	\$1.00
July 1, 2018	\$1.00
<b>Total Deferred Rent</b>	<b>\$16.00</b>