

COMMERCIAL LEASE AGREEMENT

THIS COMMERCIAL LEASE AGREEMENT, entered into this 1st day of July, 2017 between **STEM HOLDINGS INC.**, a Nevada corporation, located at 20283 State Road 7, Building 400, Suite 22, Boca Raton, FL 33498, hereinafter referred to as the "Landlord", and **OPCO PRODUCTION 2 LLC**, an Oregon limited liability company, located at 14336 S. Union Hall Road, Mulino, OR 97042 and a wholly-owned subsidiary of OpCo Holdings, Inc., an Oregon corporation, hereinafter referred to as the "Tenant".

RECITAL

NOW THEREFORE: In consideration of the rents, mutual promises and covenants contained herein, the parties hereby agree as follows:

1. DEMISED PREMISES.

Landlord hereby Leases unto the Tenant the real property of approximately 13.67 acres with approximately 15,000 sq ft of light assisted greenhouse and 15000 sq. ft of greenhouse that is not light assisted, with future expansion possible , described as follows, together with all improvements thereon (the "Premises"):

A tract of land in the Northeast one-quarter of the Northwest one-quarter of Section 9, Township 4 South, Range 2 East, of the Willamette Meridian, in the County of Clackamas and State of Oregon, described as follows: Beginning at a point in the North line of said Northeast one-quarter that lies 1006.73 feet West from the Northeast corner thereof; thence South 0°35'59" East along the line parallel with the West line of said Northwest one-quarter, 702.61 feet; thence South 89°40'40" East along the line parallel with the North line of said Northwest one-quarter, 585.29 feet to a point in the West line of a certain tract of land conveyed to Norris W. King and Violet M. King and described in Book 289, Page 194, Deed Records; thence South 0°09'22" East along the West line of said King Tract and along the line parallel with the East line of said Northwest one-quarter, 607.91 feet to the Southwest corner of said King Tract said last mentioned Southwest corner also being on the South line of said Northeast one-quarter; thence North 89°36'47" West along the South line of said Northeast one-quarter, 529.44 feet; thence North 0°22'40" West along the line parallel with the West line of said Northeast one-quarter, 557.92 feet; thence North 89°40'40" West along the line parallel with the North line of said Northeast one-quarter, 123.00 feet; thence North 0°35'59" West along the line parallel with the West line of said Northwesterly one-quarter, 723.03 feet to the North line thereof; thence South 89°40'40" East along the North line of said Northwest one-quarter, 69.68 feet to the true point of beginning.

Commonly known as: 14336 S. Union Hall Road, Mulino, OR 97042
See schedules B and C

Landlord is delivering possession of the Premises "as is" to Tenant on the Commencement Date, and Tenant acknowledges that Tenant's taking of possession of the Premises shall constitute acceptance of the Premises "as is." Tenant acknowledges that it has inspected the Premises, that it is satisfied with the condition of the Premises, and that Landlord has not made any representations, express or implied, regarding the Premises. Landlord shall have no obligation to perform or pay for any repairs, replacements, improvements or alterations in or to the Premises.

2. TERM OF LEASE.

Landlord's Initials _____
Tenant's Initials _____

- 2.1 The term of this Lease (the "Term") shall be for a period of ten (10) years, commencing on June 1, 2017, hereinafter referred to as "Commencement Date" and ending at midnight on the 31st day of May, 2027 hereinafter referred to as "Termination Date."
- 2.2 Provided Tenant is not in breach of the lease agreement upon the date of exercise of the below extension option or upon the Termination Date, Tenant may extend the lease for an additional five years upon prior notice of intent to renew made in writing to Landlord no later than six (6) months before the Termination Date.
- 2.3 The rent for any renewal period shall be subject to renegotiation prior to the commencement of any renewal term; provided, however, that the rest of the terms of this Lease shall apply during any renewal period. Failure of Tenant to apply for renewal prior to the deadline for its extension notice shall be deemed notice of intent to vacate at the end of the Lease term.

3. RENT.

- 3.1 In addition to the obligations and covenants contained herein, Tenant agrees to pay as rent for the use and possession of the Premises, or portions thereof, the monthly rents as calculated and presented in **Schedule A** hereto (the "Base Rent"). Subject to the terms of Section 3.3 below, Base Rent shall be paid by Tenant to Landlord in advance on the Commencement Date, and thereafter on first day of each month, continuing throughout the Term. Base Rent, and all other rent and charges due to Landlord hereunder, shall be paid to Landlord at Landlord's mailing address of 20283 State Road 7, Building 400, Suite 22, Boca Raton, FL 33498 or at such other address as Landlord may from time to time designate in writing to Tenant, without setoff or deduction for any reason. Base Rent for any partial month shall be prorated on a daily basis and on the basis of the number of days in any month for which rent is prorated. All Base Rent, and other rent and charges, not paid when due shall bear interest at the rate of twelve percent (12%) per annum from the date due until the date paid.

Tenant shall be responsible for costs associated with operating and maintaining the Premises, including, without limitation, the cost of all utilities, common area maintenance charges of any kind or nature, maintenance expenses, and taxes of any kind, including real estate taxes, however, as a double net lease, Tenant will not be charged for expenses of Landlord not directly related to the property subject to this lease or for maintenance of the structure of the building including the roof.

- 3.2 Zero dollars will be required prior to Commencement Date as security deposit for the full and faithful performance by Tenant of all of the covenants and terms of this Lease required to be performed by Tenant. Such security deposit, if any, shall be returned to Tenant after the expiration of this Lease, provided Tenant has fully and faithfully carried out all of the Tenant obligations hereunder, including the payment of all amounts due to Landlord hereunder and the surrender of the Premises to Landlord in the condition required in this Lease. Such sum may be commingled with other funds of Landlord and shall not bear interest. In the event of a sale of the property, Landlord shall have the right to transfer the security deposit to the purchaser to be held under the terms of this Lease, and Landlord shall thereupon be released from all liability for the return of the security deposit. Tenant agrees to look solely to the new Landlord (if any) for the return of the security deposit.
- 3.3 Notwithstanding Section 3.1, Tenant may defer its payment of Base Rent payments accruing before first harvest (the "Rent Resumption Date") or such earlier rent payment date as Tenant desires to commence making its rental payments, unless Landlord and Tenant otherwise agree in writing. Each deferred rent payment or other advance by Landlord will accrue interest thereon at an annual rate of 12% under the terms of Section 3.1. The deferred rent and all accrued interest thereon must be paid

in full by the last payment of rent on the end of the initial lease term, unless otherwise agreed upon in writing by Landlord and Tenant.

- 3.4 Tenant will pay to Landlord the principal amount of all advances made by Landlord to Tenant under Section 3.3, together with interest on the unpaid amount of each advance from the date of each advance, in monthly payments of principal and accrued interest. The first payment will be due on the Rent Resumption Date and subsequent payments will be due on each subsequent day on which Rent is due, until the date on which the last rent payment is due for the initial term of the Lease, at which time the unpaid principal amount, together with accrued interest, is due in its entirety. All payments due under this Section 3.4 will be applied first to any costs and expenses due to Landlord under this Lease, then to accrued interest to date of payment, and then to the unpaid principal amount. Tenant may prepay a part or the entire unpaid principal amount at any time. Excess payments or prepayments will not be credited as future scheduled payments required by this Section 3.4.
- 3.5 Recognizing the rapidly changing business environment that the Tenant participates in, the Tenant and Landlord agree that, from time to time, either party may request a modification to the rent schedule. If the parties are unable to come to agreement on a modified rent schedule, the then current, rent schedule will remain in effect until the end of the lease term.

4. PERMITTED USE OF PREMISES.

The Tenant shall use the Premises during the term of this Lease for the following purpose(s), hereinafter referred to as the "Permitted Use":

The cultivation and production of cannabis and related products in compliance with the laws of the State of Oregon and its municipalities, including, without limitation, the Oregon Medical Marijuana Act and the Control and Regulation of Marijuana Act (the "State Cannabis Laws"). No other use may be made of the Premises without the prior written approval of Landlord, which may be granted or denied in the sole discretion of Landlord.

5. USE OF PREMISES.

- 5.1 During the Lease Term, Tenant will at its expense promptly comply and cause the Premises to comply with all laws, regulations, codes and rules applicable to Tenant's particular use of the Premises, as amended from time to time, including, without limitation, the State Cannabis Laws, Environmental Laws and all laws, regulations, ordinances, rules and any other matters concerning the Permitted Use referenced in Section 4 above; provided, however, that federal laws and regulations prohibiting the production, processing, wholesaling and retailing of marijuana are excepted from those laws and regulations with which Tenant must comply hereunder. Both parties will give prompt notice to the other of any notice it receives of the violation of any law or requirement of any public authority with respect to the Premises or the use or occupancy thereof. As used in this Lease, "Environmental Laws" shall mean any federal, state or local law, statute, ordinance, rule, regulation, permit, directive, license, approval, guidance, interpretation, order, or other legal requirement relating to the protection of safety, human health or the environment.
- 5.2 The Tenant will not do anything or permit anything to be done upon or about the Premises in any way tending to create a nuisance and will suffer any strip or waste thereof. The Tenant will not allow

the Premises at any time to fall into such a state of repair or disorder as to increase the fire hazard thereon; the Tenant will not install any power machinery on the Premises except under the supervision and with written consent of the Landlord, not to be unreasonably withheld; the Tenant will not improperly store gasoline or other highly combustible materials on the Premises at any time, except in such amounts as may reasonably be required for the Permitted Use; the Tenant will not use the Premises in such a way or for such a purpose that fire insurance rate on the improvements on the Premises is thereby increased or that would prevent the Landlord from taking advantage of any rulings of any agency of the state in which the Premises are situated, or which would allow the Landlord to obtain reduced premium rates for long time fire insurance policies.

- 5.3 As used herein, "**Hazardous Material**" means any hazardous or toxic substance, material, or waste including but not limited to those substance, materials, and waste listed in the U.S. Department of Transportation Hazardous Materials Table or by the U.S. Environment Protection Agency as hazardous substances and amendments thereto, petroleum products, or such other substances, materials, and waste that are or become regulated under any applicable local, state, or federal law.
- 5.4 Tenant shall not cause or permit any Hazardous Material not related to the Permitted Use to be brought upon, kept or used in or about the Premises by Tenant, its agents, employees, contractors, or invitees without the prior written consent of Landlord, which consent will not be unreasonably withheld so long as Tenant demonstrates to Landlord's reasonable satisfaction that such Hazardous Material is necessary or useful to Tenant's business and will be used, kept, stored, and disposed of in a manner that will comply with commercial best practices regarding the use of any such Hazardous Material so brought upon or used or kept on or about the Premises. Tenant shall promptly notify Landlord should Tenant receive notice of, or otherwise become aware of, any: (a) pending or threatened environmental regulatory action against Tenant or the Premises; (b) claims made or threatened by any third party relating to any loss or injury resulting from any Hazardous Material; or (c) release or discharge, or threatened release or discharge, of any Hazardous Material in, on, under or about the Premises.
- 5.5 Tenant agrees to indemnify, defend and hold harmless Landlord from and against any and all liabilities, claims, demands, costs and expenses of every kind and nature (including reasonable attorneys' fees) directly or indirectly attributable to Tenant's failure to comply with the provisions of Sections 5.4 and 5.5, including, without limitation: (a) all consequential damages; and (b) the costs of any required or necessary repair, cleanup or other response action. The indemnity contained in this Section shall survive the termination or expiration of this Lease.
- 5.6 The Tenant shall regularly occupy and use the Premises for the conduct of Tenant's business, and shall not abandon or vacate the Premises for more than ten days without written approval of Landlord.
- 5.7 This lease is a sub-lease to a master lease between Landlord and the property owner. The Tenant agrees to comply with all requirements of the master lease, a copy of which will be supplied to the Tenant. For obligations of the Tenant, the stricter requirement of the Lease or master lease will take precedence.

6. UTILITIES.

The Tenant shall pay when due all charges and or fees for all services and for all utilities incurred in connection with the use, occupancy, operation, and maintenance of the Premises including but not limited to charges for fuel, gas, electricity, sewage disposal, heat, light, power, water, refrigeration, air

conditioning, telephone, janitorial services, and any and all other services or utilities used in, on or about the Premises during the term of this Lease.

7. MAINTENANCE, REPAIR AND IMPROVEMENTS.

7.1 The Landlord shall not be required to make any repairs, alterations, additions or improvements to or upon the Premises during the term of this Lease, except only those hereinafter specifically provided for, if any.

Tenant has preauthorization to make alterations, additions or improvements to or upon the Premises without the written consent of the Landlord first being obtained so long as the improvements are made in the same quality or better than the original build-out; provided, however, that Tenant must obtain Landlord's approval to any alterations, additions or improvements that could affect the structural integrity of the Premises, such approval not to be unreasonably withheld. Notwithstanding anything in the foregoing to the contrary, Tenant has approval and authorization to make any alterations, additions, or improvements to the Premises that require a local government building permit, without obtaining Landlord's prior written consent, provided, however, that Tenant must notify Landlord of project plans. Tenant will (i) contract only with a Landlord-approved contractor for the performance of the alterations, (ii) obtain all necessary governmental permits and approvals and deliver copies thereof to Landlord, and (iii) cause all alterations to be completed in compliance with Landlord-approved plans and specifications with all due diligence. Landlord's approval of such plans and specifications will in no event cause Landlord to be held responsible or liable for any defects or deficiencies that may exist with respect to such plans and specifications. Tenant further agrees that Landlord shall not be liable in any way for injury, loss or damage which may occur to any of Tenant's work or installations, or to any personal property, all of which shall be at Tenant's sole risk, and Tenant hereby waives any and all such liability of Landlord. All alterations will be performed in a manner that minimizes any unreasonable interference with the quiet enjoyment of any surrounding occupants of the Premises. Except for removable machinery and unattached movable trade fixtures, all improvements, alterations, wiring, cables, or conduit installed by Tenant will immediately become part of the Premises, with title vested in Landlord. Landlord may require that Tenant remove any such improvements, alterations, wiring, cables, or conduit installed by or for Tenant and restore the Premises to as good condition and repair as on the Commencement Date, upon expiration or earlier termination of this Lease. Landlord may post notices of non-responsibility in connection with any work being performed in the Premises by or at the request of Tenant. All work in the Premises by or at Tenant's request must comply with all applicable laws. Tenant will not permit any liens to attach to the Premises or Tenant's interest in the Premises as a result of any work performed by or at Tenant's request.

7.2 The Tenant at Tenant's own cost and expense, hereby agrees to repair and maintain and keep the Premises, including all interior walls, doors and windows, heating, ventilating and cooling systems, interior wiring, plumbing and drain pipes to sewers or septic tank, and all exterior areas comprising the Premises (including driveway repairs and landscaping, as applicable, but excluding the roof and other structural components of the building), in good order and repair during the entire Term of this Lease.

7.3 The Tenant at Tenant's own cost and expense, agrees to maintain, repair and replace, if necessary, all special equipment and treatments installed by or at Tenant's request and that serve the Premises.

7.4 Tenant, at Tenant's own cost and expense, shall make all necessary repairs and replacements to all portions of the Premises and pay Landlord for the repairs or replacements to the Premises if any

such repairs or replacements are needed because of Tenants misuse or primary negligence.

- 7.5 Tenant at Tenant's own cost and expense shall replace all glass which may be broken or damaged during the term hereof in the windows and doors of the Premises with glass of as good or better quality as that now in use.

8. LANDLORD ALTERATIONS.

The Landlord reserves and at any and all times shall have the right to alter, repair or improve the Premises or to add thereto, and for that purpose may erect scaffolding and all other necessary structures about and upon the Premises and Landlord and Landlord's representatives, contractors and workers for that purpose may enter, subject to the regulations of the OLCC, in or about the Premises with such materials as Landlord may deem necessary therefor, and Tenant waives any claim to damages, including loss of business resulting therefrom.

9. LANDLORD'S RIGHT OF ENTRY.

So long as it shall be lawful, the Landlord, the Landlord's agents and representatives may at any reasonable time enter into or upon the Premises for the purpose of examining the condition thereof, or for any other lawful purpose.

10. ASSIGNMENT.

- 10.1 Tenant will not assign, transfer, pledge, hypothecate, surrender or dispose of this Lease, or any interest herein, sublet, or permit any other person or persons whomsoever to occupy the Premises without having first obtained the written consent of the Landlord, such consent to be in the Landlord's sole discretion. This Lease is personal to Tenant; Tenant's interests, in whole or in part, cannot be sold, assigned, transferred, seized or taken by operation at law, or under or by virtue of any execution or legal process, attachment or proceedings instituted against the Tenant, or under or by virtue of any bankruptcy or insolvency proceedings had in regard to the Tenant, or in any other manner, except as above mentioned. Any change or changes in the aggregate of 50 percent of the ownership of any company, corporation, partnership, or other entity that constitutes the Tenant will be deemed a transfer of this Lease. Any transfer hereunder by Tenant will not result in Tenant being released or discharged from any liability under this Lease. Any sale, assignment, encumbrance, subletting, occupation, lien, or other transfer of this Lease that does not comply with the provisions of this Lease will be void.

- 10.2 As a condition to any prior written consent from Landlord as provided for in this Section 10.2, (1) Tenant will pay Landlord its reasonable legal fees and costs incurred due to the transfer; (2) the transferee(s) will agree in writing to comply with and be bound by all the terms, covenants, conditions, provisions, and agreements of this Lease, and (3) Tenant will deliver to Landlord, promptly after execution, an executed copy of each transfer instrument and an agreement of the compliance by each transferee.

11. DEFAULT.

- 11.1 Each of the following is specifically defined as an Event of Default by Tenant under this Lease:

Landlord's Initials
Tenant's Initials

- a. Failure by Tenant to pay Rent or any other charge due under this Lease within 5 business days after it is due.
- b. Failure by Tenant to comply with any other obligation of this Lease within 10 days following written notice from Landlord specifying the failure (except in the case of emergency, in which event Landlord will be required to give only such notice as is reasonable under the circumstances); however, if the nature of Tenant's default requires more than 10 days to correct, Tenant will not be deemed in default of this Lease as long as Tenant commences the cure of the failure within the 10-day period and thereafter diligently prosecutes the same to completion.
- c. Tenant's abandonment of the Premises or failure by Tenant to occupy the Premises in violation of this Lease.
- d. Assignment, subletting and or any other conveyance of Tenant's interest in the Premises in violation of Section 10 of this Lease.
- e. Tenant's insolvency, business failure, or assignment for the benefit of its creditors. Tenant's commencement of proceedings under any provision of any bankruptcy or insolvency law or failure to obtain dismissal of any petition filed against it under such laws within 60 days, or the appointment of a receiver for all or any portion of Tenant's business.
- f. Without limiting the generality or applicability of any of the other enumerated Events of Default in this Section 11, it shall be an immediate Event of Default, constituting an emergency, if Tenant is found to be in violation of any of the State Cannabis Laws, beyond any applicable cure period, as amended from time to time.

11.2 Landlord will not be deemed to be in default of the performance of any obligation required to be performed by Landlord hereunder unless and until Landlord fails to perform the obligation within 30 days after written notice by Tenant to Landlord specifying the nature of Landlord's alleged default; however, if the nature of Landlord's alleged default is such that more than 30 days are required for its cure, then Landlord will not be deemed to be in default if Landlord commences performance within the 30-day period and thereafter diligently prosecutes the same to completion.

12. REMEDIES FOR DEFAULT.

12.1 Upon the occurrence of an Event of Default described in Section 11, Landlord may exercise the following remedies as well as any other remedies at law or in equity, by statute or as set forth in this Lease:

- a. Landlord may terminate this Lease, reserving all rights to damages resulting from Tenant's breach. Whether or not Landlord terminates this Lease, Landlord may retake possession of the Premises by any legal means including self-help, and any relet or use of the Premises by Landlord will not be deemed a surrender or waiver of Landlord's right to damages. If Landlord retakes possession of the Premises, Landlord's mitigation efforts will be deemed sufficient if Landlord follows standard procedures otherwise used by Landlord for locating tenants for the Premises and otherwise complies with applicable laws and regulations.
- b. Tenant will be liable to Landlord for all damages caused by Tenant's default, including, but not limited to, an amount equal to all unpaid and future Rent and the unamortized cost of all



improvements to the Premises installed or paid for by Landlord. Landlord may periodically sue Tenant to recover damages as they accrue, and no action therefor will bar a later action for damages accruing thereafter. Landlord may elect in any one action to recover both accrued damages as well as damages attributable to the remaining term of the Lease. Any damages attributable to the remaining term of the Lease will be equal to the difference between the Rent under this Lease and reasonable rental value of the Premises for the remainder of the term, discounted at the prevailing interest rate on judgments to the date of the judgment.

- c. Landlord may, but will not be obligated to, make any payment or perform any obligation under this Lease that Tenant has failed to perform, as and when required hereunder. Tenant will pay Landlord for all expenditures and costs incurred by Landlord in performing any obligation of Tenant, upon demand, with interest thereon per month at an annual interest rate of 12% , but in no event at a rate in excess of that allowed by law. Landlord's right to cure any Tenant default is for the sole protection of Landlord, and in no event will Tenant be released from any obligation to perform all of Tenant's obligations and covenants under this Lease. The contents of this Section will not be deemed a waiver by Landlord of any other right that Landlord may have arising from any default of this Lease by Tenant, whether or not Landlord exercises its rights under this Section.

13 LIEN.

Tenant will not permit any lien, encumbrance or UCC1 filing of any kind, type or description to be placed or imposed upon the improvements, in which the Premises are situated, or any part thereof, or the land on which they stand that is not removed within 10 days of the lien having been recorded against the Premises or any part thereof, or the land on which they stand.

14. ICE, SNOW AND DEBRIS.

Tenant shall keep the sidewalks in front of the Premises free and clear of ice, snow, rubbish, debris and obstruction. Tenant will not permit rubbish, debris, ice or snow to accumulate on the roof of the Premises so as to stop up or obstruct gutters or downspouts or cause damage to the roof, and will hold harmless and protect the Landlord against any injury whether to Landlord or to Landlord's property or to any other person or property caused by Tenant's failure in that regard.

15. OVERLOADING OF FLOOR.

The Tenant will not overload the floors of the Premises in such a way as to cause any undue or serious stress or strain upon the buildings in which the Premises are located, or any part thereof, and the Landlord shall have the right, at any time, to call upon any competent engineer or architect whom the Landlord may choose, to decide whether or not the floors of the Premises, or any part thereof, are being overloaded so as to cause any undue or serious stress or strain on the building, or any part thereof, and the decision of the engineer or architect shall be final and binding upon the Tenant; and in the event that it is the opinion of the engineer or architect that the stress or strain is such as to endanger or injure the building, or any part thereof, then and in that event the Tenant agrees immediately to relieve the stress or strain, either by reinforcing the building or by lightening the load which causes such stress or strain, in a manner satisfactory to the Landlord.

16. ADVERTISING SIGNS.

16.1 The Tenant will not use the outside walls of the Premises, or allow signs or devices of any kind to be attached thereto or suspended therefrom, for advertising or displaying the name or business of the Tenant or for any purpose whatsoever without the written consent of the Landlord, not to be unreasonably withheld.

16.2 Upon the written consent of the Landlord, not to be unreasonably withheld, the Tenant may make use of the windows of the Premises to display Tenant's name and business. The workmanship of such signs shall be of good quality; provided further that the Tenant may not suspend or place within said windows or paint thereon any banners, signs, sign-boards or other devices in violation of any laws or ordinances.

17. DAMAGE BY CASUALTY, FIRE AND DUTY TO REPAIR.

In the event of the destruction of the improvements in which the Premises are located by fire or other casualty, either party hereto may terminate this Lease by notice in writing to the other party as of the date of fire or casualty, provided, however, that in the event of damage to the improvements by fire or other casualty to the extent of Twenty Five percent (25%) or more of the replacement value thereof, the Landlord may or may not elect to repair the same; written notice of Landlord's election shall be given to Tenant within fifteen days after the occurrence of the damage; if notice is not so given, Landlord conclusively shall be deemed to have elected not to repair; in the event Landlord elects not to repair, then and in that event this Lease shall terminate with the date of the damage; but if the improvements in which the Premises are located be but partially destroyed and the damage so occasioned shall not amount to 25%, or if greater than said extent and Landlord elects to repair, as aforesaid, then the Landlord shall repair the same with all convenient speed and shall have the right to take possession of and occupy, to the exclusion of the Tenant, all or any part thereof in order to make the necessary repairs, and the Tenant hereby agrees to vacate upon request, all or any part thereof which the Landlord may require for the purpose of making' necessary repairs, and for the period of time between the day of such damage and until such repairs have been substantially completed there shall be such an abatement of rent as the nature of the injury or damage and its interference with the occupancy of the Premises by the Tenant shall warrant; however, if the Premises be but slightly injured and the damage so occasioned shall not cause any material interference with the occupation of the Premises by Tenant, then there shall be no abatement of rent and the Landlord shall repair the damage with all convenient speed. Notwithstanding the foregoing, Tenant shall not be granted any abatement of rent in the event that the applicable casualty damage was caused by the acts or omission of Tenant or its employees, agents, contractors, subcontractors or invitees.

18. WAIVER OF SUBROGATION RIGHTS.

Neither the Landlord nor the Tenant shall be liable to the other for loss arising out of damage to or destruction of the Premises, or the building or improvement of which the Premises are a part or with which they are connected, or the contents of any thereof, when such loss is caused by any of the perils which are or could be included within or insured against by a standard form of fire insurance with extended coverage, including sprinkler leakage insurance, if any. All such claims for any and all loss, however caused, hereby are waived. Such absence of liability shall exist whether or not the damage or destruction is caused by the negligence of either Landlord or Tenant or by any of their respective agents, servants or employees. It is the intention and agreement of the Landlord and the Tenant that the rentals reserved by this Lease have been fixed in contemplation that each party shall fully provide insurance protection as detailed by this lease. Both parties shall look to their respective insurance carriers for reimbursement of any such loss, and

further, that the insurance carriers involved shall not be entitled to subrogation under any circumstances against any party to this Lease. The Tenant shall not have any interest or claim in Landlord's insurance policy or policies, or the proceeds thereof, unless specifically covered therein as a joint insured.

19. INDEMNIFICATION AND HOLD HARMLESS.

- 20.1 Tenant shall assume all liability for any injury or damage to persons or property which may arise on or about the Premises caused by, arising from or as a result of Tenant's Lease, use of the Premises; or which is due to the breach of any of the terms or conditions of this Lease by Tenant, or otherwise, including, but not limited to, the acts, omissions, or negligence of Tenant or its owners, employees, agents, invitees, contractors, or subcontractors.
- 20.2 Tenant shall be responsible for all liability within the demised Premises, and shall indemnify and hold the Landlord, its agents, employees and/or representatives harmless from and against any and all liabilities, claims, demands, actions, costs, reasonable attorneys' fees, and expenses of any kind and nature whatsoever which may be sustained by Landlord resulting from, arising out of or by reason of Tenant's use of the Premises arising by reason of:
- a. Any injury to person or property, from whatever cause, while in or on the Premises or in any way connected with the Premises or with the improvements or personal property therein or thereon, including any liability for injury to the person or personal property of Tenant or of Tenant's agents, officers, or employees; and/or
 - b. Any work performed on the Premises or materials furnished to the Premises by or at the request of Tenant or Tenant's agents or employees; and/or
 - c. Any failure by Tenant to perform any provision of this Lease; and/or
 - d. Any failure or inability by Tenant to pay as they become due any obligation incurred by Tenant in conducting Tenant's operations on the Premises.

20. SURRENDER; HOLDOVER.

- 21.1 Upon expiration or earlier termination of this Lease, Tenant will surrender the Premises and, at Landlord's option, all improvements and alterations therein, vacuumed, swept, and free of debris and in as good condition as they were when received, subject to ordinary wear and tear. Tenant will remove all of its personal property or alterations if required by this Lease and will repair all damage to the Premises resulting from that removal. If Tenant fails to remove any such personal property or alterations, those items will be deemed abandoned, and Landlord may remove or dispose of the items without liability to Tenant or others. Upon demand, Tenant will reimburse Landlord for the cost of such removal.
- 21.2 If on the expiration of this Lease, Tenant fails to surrender possession of the Premises, the Landlord or those having Landlord's estate in the Premises, may terminate this Lease and, lawfully, at Landlord's option immediately or at any time thereafter, without demand or notice, enter into and upon the Premises and every part thereof and repossess the same, and expel Tenant and those claiming by, through and under Tenant and remove Tenant's effects at Tenant's expense, forcibly if necessary and store the same, all without being deemed guilty of trespass and without prejudice to any remedy which otherwise might be used for arrears of rent or preceding breach of covenant.

- 21.3 Neither the termination of this Lease by forfeiture nor the taking or recovery of possession of the Premises shall deprive Landlord of any other action, right, or remedy against Tenant for possession, rent or damages, nor shall any omission by Landlord to enforce any forfeiture, right or remedy to which Landlord may be entitled be deemed a waiver by Landlord of the right to enforce the performance of all terms and conditions of this Lease by Tenant.
- 21.4 In the event of any re-entry by Landlord, Landlord may Lease or relet the Premises in whole or in part to any Tenant or Tenants who may be satisfactory to Landlord, for any duration, and for the best rent, terms and conditions as Landlord may reasonably obtain. Landlord shall apply the rent received from any such Tenant first to the cost of retaking and reletting the Premises, including remodeling required to obtain any such Tenant, and then to any arrears of rent and future rent payable under this Lease and any other damages to which Landlord may be entitled hereunder.
- 21.5 If Tenant fails to surrender the Premises and remove all its personal property as set forth herein, Landlord may either: (i) recognize Tenant as a month-to-month Tenant at sufferance, and such tenancy will be subject to all terms of this Lease and all options or other rights regarding extension of the term or expansion of the Premises will automatically terminate; or (ii) evict Tenant from the Premises and recover all damages resulting from Tenant's wrongful holdover. Tenant shall pay Landlord Base Rent at one hundred fifty percent (150%) of the rate last applicable under this Lease during any period that it holds over in possession of the Premises after the termination of this Lease or expiration of the Term, provided that nothing in this paragraph shall entitle Tenant to extend or renew the Term, or constitute a waiver by Landlord of any re-entry rights of Landlord available under this Lease or by law.

21. FIXTURES.

All partitions, plumbing, electrical wiring, additions to or improvements upon the Premises, whether installed by the Landlord or Tenant, shall be and become a part of the Premises as soon as installed and the property of the Landlord unless otherwise herein provided.

22. LIGHT AND AIR.

This Lease does not grant any rights of access to light and air over the Premises or any adjacent property.

23. EMINENT DOMAIN.

In case of the condemnation or purchase of all or any substantial part of the Premises by any public or private corporation with the power of condemnation this Lease may be terminated, effective on the date possession is taken, by either party hereto on written notice to the other and in that case the Tenant shall not be liable for any rent after the termination date. Tenant shall not be entitled to and hereby expressly waives any right to any part of the condemnation award or purchase price.

24. FOR SALE AND FOR RENT SIGNS/BUY-OUT OPTION.

During the period six (6) months prior to the date fixed for the termination of this Lease, the Landlord herein may post on the Premises or in the windows thereof signs of moderate size notifying the public that the Premises are "for sale" or "for Lease."

25. ATTORNEY FEES AND COURT COSTS.

- 26.1 If suit or action is instituted in connection with any controversy arising out of this Lease, including any bankruptcy proceeding and arbitration proceeding, the prevailing party will be entitled to recover, in addition to costs, such sums as the court may adjudge reasonable as attorney fees at trial and on all appeals or petitions for review arising out of the suit or action. If Landlord engages a collection agency to pursue any delinquent amounts owed by Tenant, Tenant will pay all collection agency fees charged to Landlord, in addition to all other amounts payable under this Lease. The Tenant agrees to pay and discharge all Landlord's costs and expenses, including Landlord's reasonable attorney's fees that shall arise from enforcing any provision or covenants of this Lease even though no suit or action is instituted.
- 26.2 Should the Tenant be or become the debtor in any bankruptcy proceeding, voluntarily, involuntarily or otherwise, either during the period this Lease is in effect or while there exists any outstanding obligation of the Tenant created by this Lease in favor of the Landlord, the Tenant agrees to pay the Landlord's reasonable attorney fees and costs which the Landlord may incur as the result of Landlord's participation in such bankruptcy proceedings. It is understood and agreed by both parties that applicable federal bankruptcy law or rules of procedure may affect, alter, reduce or nullify the attorney fee and cost awards mentioned in the preceding sentence.

26. WAIVER.

Any waiver by the Landlord of any breach of any covenant herein contained to be kept and performed by the Tenant shall not be deemed or considered as a continuing waiver, and shall not operate to bar or prevent the Landlord from declaring a forfeiture for any succeeding breach, either of the same condition or covenant or otherwise.

27. NOTICES.

- 28.1 Any notice required by the terms of this Lease to be given by one party hereto to the other or desired so to be given, shall be sufficient if in writing and either served personally or sent by prepaid, registered or certified mail, and if intended for the Landlord herein, then if addressed to the Landlord, Stem Holding, Inc., 20283 State Road 7, Building 400, Suite 22, Boca Raton, FL 33498, and if intended for the Tenant, then it addressed to the Tenant at the Premises. Any such notice shall be deemed conclusively to have been delivered to the address forty-eight hours after the deposit thereof in the U.S. Mail.
- 28.2 Either party may change their respective address for this purpose by giving written notice of such change to the other party in the manner provided in this paragraph.
- 28.3 Any notice, document, or item delivered to or received by an Attorney or licensee representing a party will be as effective as if delivered to or received by that party.

28. ESTOPPEL.

At any time and from time to time upon not less than 10 business day's prior notice from either party, the other party will execute, acknowledge, and deliver to the requesting party a certificate certifying that this Lease is in full force and effect and unmodified or, if there are any modifications, that the Lease is in full force and effect as modified; that Tenant is in possession of the Premises; the dates to which Base Rent has



been paid in advance and the amount of any Security Deposit or prepaid Base Rent; and such other matters as may be reasonably requested.

29. QUIET ENJOYMENT

Landlord warrants that as long as Tenant complies with all terms of this Lease, Tenant will have quiet and peaceful possession of the Premises free of disturbance by Landlord or others claiming by or through Landlord.

30. FORCE MAJEURE.

If the performance by either party of any provision of this Lease (other than the payment of Base Rent) is prevented or delayed by any strikes, lockouts, labor disputes, acts of God, government actions, civil commotions, fire or other casualty, or other causes beyond the reasonable control of the party from whom performance is required, the party will be excused from such performance for the period of time equal to the time of that prevention or delay up to a maximum of 180 days.

31. BROKERS.

Each party represents that it has not had any dealings with any real estate broker, finder, or other person with respect to this Lease. Each party agrees to indemnify and hold the other party harmless from and against any and all costs, expenses, or liability for commissions or other compensation or charges claimed by or awarded to any broker or agent resulting from a breach of the representation set forth in this Section 32.

32. GOVERNING LAW.

33.1 This Lease will be construed and interpreted and the rights of the parties determined in accordance with the laws of the state of Oregon (without reference to the choice-of-law provisions of Oregon law).

33.2 Any provision of this Lease which is prohibited by, or unlawful, or unenforceable under Oregon law shall be ineffective only to the extent of such prohibition, without invalidating the remaining provisions of this lease.

33.3 The parties, having read and understood the provisions of this lease, agree for themselves, their heirs, administrators, personal representatives, executors, successors, and assigns to be bound thereby.

33. NONWAIVER.

No delay by either party in promptly enforcing any right or remedy set forth in this Lease will be deemed a waiver thereof, and that right or remedy may be asserted at any time after the delaying party becomes entitled to the benefit of the right or remedy notwithstanding the delay.

34. CAPTIONS.

Landlord's Initial



The section headings and numbering contained in this Lease are for descriptive purposes only and in no way define, limit, or describe the scope, intent, or meaning of this Lease.

35. CONSENT.

Except where otherwise specifically provided in this Lease to the contrary, whenever a party's consent is required under this Lease, the party will not unreasonably withhold its consent.

36. TIME OF THE ESSENCE AND HOLIDAYS.

Time is of the essence of each and every provision hereof. If the final date of any period of time set forth herein occurs on a Saturday, Sunday, or legal holiday, then the expiration of the period of time will be postponed to the next day that is not a Saturday, Sunday, or legal holiday.

37. COMPLETE AGREEMENT; NO IMPLIED COVENANTS.

This Lease and the attached exhibits and schedules, if any, contain the entire agreement of Landlord and Tenant concerning the Premises and Tenant's lease thereof, and all prior written and oral agreements and representations between the parties are void. Landlord and Tenant agree that there are no implied covenants or other agreements between the parties except as expressly set forth in this Lease. Neither Landlord nor Tenant is relying on any representations of the other party except those expressly set forth herein.

38. COUNTERPARTS.

This lease may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument

39. HEIRS AND ASSIGNS.

All rights, remedies and liabilities herein given to or imposed upon either of the parties hereto shall extend to, inure to the benefit of and bind, as the circumstances may require, the heirs, successors, personal representatives and so far as this Lease is assignable by the terms hereof, to the assigns of such parties. In construing this Lease, it is understood that that the Landlord or the Tenant may be more than one person; that if the context so requires, the singular pronoun shall be taken to mean and include the plural, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

40. LIMITATION ON LIABILITY.

Tenant shall look solely to the estate and interest of Landlord in the Premises for the collection of any judgment requiring the payment of money by Landlord for default or breach by Landlord under this Lease. Landlord shall be released from any further liability under this Lease upon a sale of the Premises by Landlord.

42. AUTOMATIC SUBORDINATION.

This Lease is and shall be subordinate to any mortgage or deed of trust granted by Landlord that encumbers the Premises that is now of record or recorded after the date of this Lease, and to any and all modifications, extensions, renewals and replacements thereof. Tenant agrees to execute and deliver such further instruments subordinating this Lease to the lien of any such mortgage or deed of trust as may be requested by Landlord from time to time; provided, however, that Tenant receives a commercially reasonable



Subordination and Nondisturbance Agreement ("SNDA"). In the event of the foreclosure of any such mortgage or deed of trust, or any transfer by a deed in lieu of foreclosure, Tenant shall attorn to and recognize such mortgagee or purchaser in foreclosure or otherwise as Tenant's Landlord under this Lease.

43. TAXES.


Tenant shall pay all real and personal property taxes, assessments, and other taxes and charges of any nature whatsoever (collectively the "Taxes") that are levied or assessed against the Premises during the Term. Tenant shall pay the Taxes from time to time, before the same become delinquent or interest or penalties attach thereto. Tenant's liability to pay Taxes on the Premises shall be prorated for any fractional portion of a calendar year included in the Term at its commencement and expiration.

Tenant shall also pay before delinquency all Taxes that are levied or assessed, or are otherwise based on, Tenant's property, or Tenant's use or operation of the Premises. Tenant shall furnish Landlord with satisfactory evidence of the payments required hereunder as such payments are made by Tenant.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease, or have caused the same to be executed

LANDLORD:


Stem Holdings, Inc.

By:  Date: 6/1/17

Adam Berk, CEO

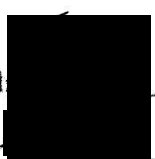
TENANT:

OpCo Production 2 LLC

By:  Date: 6/1/17

James Orpeza, Member

Landlord's Initial
Tenant's Initial



Schedule A
Rents

RENT SCHEDULE

The **Base Rent**, increased annually by 3%, for the initial lease term and for the optional renewal period shall be according to the following schedule:

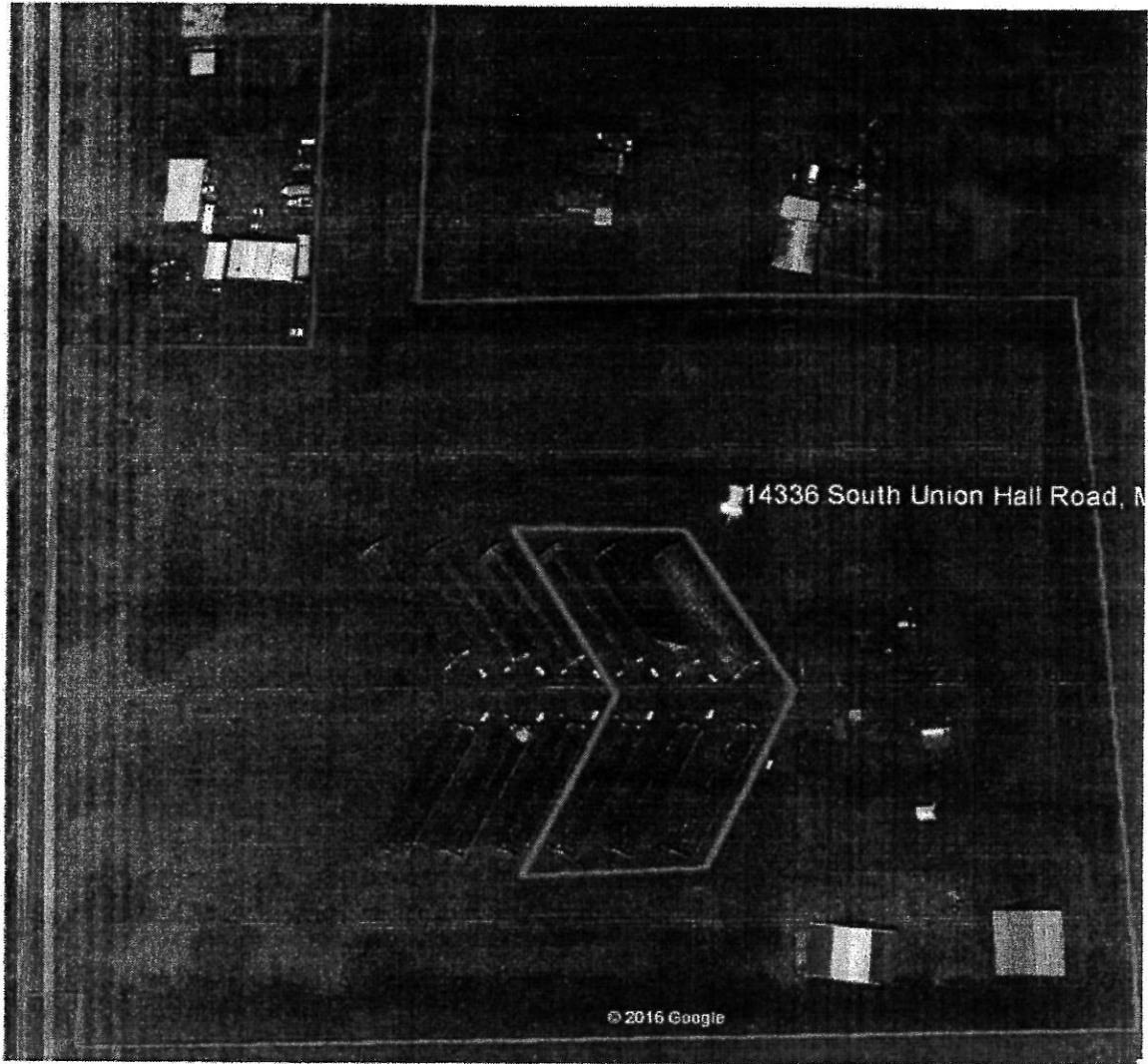
Lease Period	Base Rent
July 1, 2017 to Commencement of Plant Growing	\$ 0 per month
Commencement of Plant Growing, which rent will accrue	\$ 18,750 per month
First Harvest Date when rent will be paid	\$ 18,750 per month
Year 2	\$ 19,312 per month
Year 3	\$ 19,891 per month
Year 4	\$ 20,488 per month
Year 5	\$ 21,103 per month
Year 6	\$ 21,736 per month
Year 7	\$ 22,388 per month
Year 8	\$ 23,060 per month
Year 9	\$ 25,198 per month
Year 10	\$ 25,954 per month

Tenant Improvements and deferred rents will be added to a schedule when paid by the Landlord and will begin to accrue interest. Additional Rents will be added to the Base Rent to pay Landlord back for Tenant Improvements and deferred rents by the end of the first term of the lease. Additional Rent payments will include annual interest at 12% compounded monthly (Additional Rents).

Rent will begin to accrue on the date plant growing commences on the property and rental payments will begin after first harvest. All deferred rents will be treated as Tenant Improvements and be reimbursed to the Landlord as Additional Rents. At the time rental payments begin, the total of Base Rent and Additional Rent will not be less than \$1.00 per foot for light assisted greenhouse and \$.25 per usable sq foot for un-light assisted greenhouse or outdoor grow space. The Additional rent could be more depending on the amount of deferred rent and Tenant Improvements spent by the Landlord, on the facility.

Schedule C

15,000' initial light assisted grow space buildout



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