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**SUBLEASE**

**BY AND BETWEEN**

**WASHOE WELLNESS, LLC,**

a Nevada limited liability company,

**AND**

**KYND-STRAINZ, LLC,**

a Nevada limited liability company

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**LEASE  
(TRIPLE NET)**

THIS LEASE ("Lease") is dated March 1st, 2017 ("Effective Date"), and entered into by and between Washoe Wellness, LLC, a Nevada limited liability company ("Landlord"), and Kynd-Strainz, LLC, a Nevada limited liability company ("Tenant").

**ARTICLE I  
FUNDAMENTAL LEASE PROVISIONS**

**1.1 Definitions.** The following capitalized terms shall have the following meanings and the following provisions are incorporated into the Lease:

Center:	The 1-parcel retail center to be constructed by Landlord at the northeast corner of the intersection of Lake St and E. 2 <sup>nd</sup> St. in Reno, Nevada, depicted as Parcels 1 on the Site Plan attached hereto as <u>Exhibit "A"</u> and more particularly described in <u>Exhibit "B."</u>
Premises:	A building located on the parcel APN# 011-072-015 (formerly APN #'s 011-072-01/02/03) specifically located at 132 E. 2 <sup>nd</sup> St, Reno, Nevada 89501, in the approximate location shown on the Site Plan.
Use of Premises:	The Premises (approximately 3,312 square feet) shall be used and occupied for the purpose of a medical marijuana dispensary, as defined in NRS 453A.115 & NRS 453D.030 and/or a recreational marijuana dispensary defined by the Marijuana Control Act and for no other use or purpose unless approved by Landlord in writing.
Enabling Act:	Chapter 453A/453D of the Nevada Revised Statutes (Medical/Recreational Use of Marijuana). All references throughout this Lease to the Enabling Act, or any specific section thereof, shall be deemed to include any amendments or modifications thereto from time to time, including any laws that supersede or replace the Enabling Act.
Trade Name:	MYNT Cannabis Dispensary
Guarantors:	Deleted
Lease Term:	Five (5) years, commencing on the Rental Commencement Date, with three (3) options to extend the Term for five (5) years.
Delivery Date:	February 1 <sup>st</sup> , 2017. Tenant shall provide Landlord a certificate of insurance on or before such date.
Rental Commencement Date:	The earlier to occur of thirty (30) days after Delivery Date or the date Tenant opens for business.
Minimum Monthly Rent:	Lease Year 1: \$19,207.19 per month Lease Year 2: \$19,783.41 per month Lease Year 3: \$20,376.91 per month Lease Year 4: \$20,988.22 per month Lease Year 5: \$21,617.87 per month (Renewal Period) Lease Year 6: \$22,266.41 per month

Leave Year 7: \$22,934.40 per month  
Leave Year 8: \$23,622.43 per month  
Leave Year 9: \$24,331.10 per month  
Leave Year 10: \$25,061.03 per month

Additional Rent: Tenant's proportionate share of Real Property Taxes, insurance and Common Area Expenses, collectively, as described in Articles 4 and 17 of this Lease. Proportionate share is 100%

Security Deposit: \$0.

First Month's Rent Payment: Due upon determination of the Minimum Monthly Rent.

Landlord's Work: Construction of the building on Parcel 1 to a "cold gray shell," along with the Common Area (defined in Section 17.1) on Parcel 1, as more particularly described in Exhibit "C."

Tenant's Work: All improvements to the Premises above and beyond Landlord's Work necessary for Tenant to operate its business, as more particularly described in Exhibit "C," estimated to cost at least \$1,000,000.

Opening Date: March 1, 2017.

Right of First Opportunity: Landlord shall give Tenant the first opportunity to purchase the Premises on the terms and conditions set forth in Section 27.24.

Notice To Landlord: Washoe Wellness, LLC  
c/o Mark Pitchford  
1645 Crane Way  
Sparks, NV 89431

Notice To Tenant:

Kynd-Strainz, LLC  
132 E. 2<sup>nd</sup> St.  
Reno, NV 89501

**1.2 Exhibits.** The following drawings, documents and provisions are attached hereto as Exhibits and incorporated herein by this reference:

- Exhibit "A": Site Plan of the Premises
- Exhibit "B": Legal Description
- Exhibit "C": Landlord's Work and Tenant's Work.
- Exhibit "D": Estoppel Certificate.

## ARTICLE II DEMISED PREMISES

Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises, which Premises are situated within the Center as delineated in Exhibit "A" hereof. This Lease is subject to the terms, covenants and conditions herein set forth, and Tenant covenants as a material part of the consideration of this Lease to keep and perform each and all of such terms, covenants and conditions to be kept and performed by it.

## ARTICLE III TERM

**3.1 Commencement of Term.** This Lease shall be effective as of the Effective Date. The Lease Term is set forth in Section 1.1 above. The term "**Lease Year**" shall mean each consecutive twelve (12) month period from and after the Rental Commencement Date until expiration of the Lease Term. In the event the Rental Commencement Date is other than the first day of a calendar month, the first Lease Year shall be deemed to start on the first day of the first calendar month following the Rental Commencement Date. The term "**Lease Term**" shall collectively mean the original Lease Term and any exercised Extended Term.

**3.2 Option to Extend.** Tenant shall have one (1) option to extend the Term of the Lease for ten (1) consecutive years ("**Extended Term**"), upon all the terms and conditions of the Lease, subject to the following terms, conditions and exceptions:

3.2.1 Tenant shall notify Landlord in writing of Tenant's desire to exercise the option at least three (3) months, but no more than six (6) months, prior to the expiration of the original Term.

3.2.2 If the Lease is not in effect on the date Tenant gives notice of its exercise of the option to extend, such notice shall be void and of no force or effect, the Extended Term shall not commence and the Lease shall expire at the end of the original Term.

3.2.3 If Tenant is in material default under any of the terms or conditions of the Lease beyond the cure periods following notice, as prescribed for herein, on the date it gives notice of its exercise of an option, such notice shall be null and void, and shall have no effect.

3.2.4 Minimum Monthly Rent each month during the Extended Term(s) shall be as follows:

Lease Year 11: \$25,812.86 per month  
Lease Year 12: \$26,587.25 per month  
Lease Year 13: \$27,384.87 per month

Lease Year 14: \$28,206.42 per month  
Lease Year 15: \$29,052.61 per month  
(Renewal Period)  
Lease Year 16: \$29,924.19 per month  
Lease Year 17: \$30,821.92 per month  
Lease Year 18: \$31,746.58 per month  
Lease Year 19: \$32,698.98 per month  
Lease Year 20: \$33,679.95 per month

#### ARTICLE IV RENT

**4.1 Rent.** Tenant agrees to pay to Landlord, at the times and in the manner herein provided, the Minimum Monthly Rent and Additional Rent specified in Section 1.1 above, provided that Minimum Monthly Rent during any Extended Term shall be determined pursuant to Section 3.2.4. Minimum Monthly Rent and Additional Rent shall be payable in advance on the first day of each calendar month, without demand or offset, commencing upon the Rental Commencement Date as provided in Section 1.1 above. If the Rental Commencement Date falls on a day of the month other than the first day of such month, the Minimum Monthly Rent and Additional Rent for the first fractional month shall accrue on a daily basis for the period from the date of such commencement to the end of such fractional month.

**4.2 Taxes and Insurance Expenses.** Throughout the Lease Term, Tenant shall pay to Landlord the Real Property Taxes and insurance expenses allocable to the Premises, plus the supervision fee thereon described in Section 0 hereof. Such amounts shall mean all Real Property Taxes (as defined in Section 4.3 hereof) levied against the Premises with respect to any tax fiscal year applicable to the Lease Term, and the cost to Landlord for any policy or policies of insurance carried by Landlord pursuant to Section 8.6 hereof on the building comprising the Premises. During any portion of the Lease Term which is less than a full taxable fiscal year or less than a full period for which Landlord has obtained such insurance, Tenant's obligation for such Real Property Taxes and insurance expenses shall be prorated on a daily basis.

**4.3 Definition of Real Property Taxes.** As used herein, the term "Real Property Taxes" shall include the reasonable costs of professional consultants and/or counsel to analyze tax bills and prosecute any protests, refunds and appeals for the period covered during the Lease Term, general real property and improvement taxes, any form of assessment specifically including, but not limited to regular and special assessments, special assessment district fees and charges, traffic signal maintenance fees, re-assessment, license fee, license tax, business license tax, commercial rent tax, in lieu tax, levy, charge, penalty or similar imposition whatsoever or at all, imposed by any authority having the direct power to tax, including any city, county, state or federal government, or any school, agricultural, traffic signal, lighting, drainage or other improvement or special assessment district thereof, or any agency or public body, as against any legal or equitable interest of Landlord in the Premises and/or the Center including, but not limited to:

(1) any tax on Landlord's rent, right to rent or other income from the Premises or as against Landlord's business of leasing the Premises;

(2) any assessment, tax, fee, levy or charge in addition to, or in partial or total substitution of any assessment, tax, fee, levy or charge previously included within the definition of real property tax. It is the intention of Tenant and Landlord that all such new and increased assessments, taxes, fees, levies and charges and all similar assessments, taxes, fees, levies and charges be included within the definition of Real Property Taxes for the purposes of this Lease;

(3) any assessment, tax, fee, levy, or charge allocable to or measured by the area of the Premises or the rent payable hereunder including, but not limited to, any gross income tax with respect to the receipt of such rent, or upon or concerning the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy of the Premises, or any portion thereof, by Tenant;



(4) any assessment, tax, fee, levy, or charge upon this lease transaction or any document to which Tenant is a party, creating or transferring an interest or an estate in the Premises;

(5) any assessment or reassessment related to any change of ownership of any interest in the Center or portion thereof held by Landlord, or any addition or improvement to the Premises or a portion thereof; and

(6) any assessments due to special improvement districts and/or homeowner's association(s).

Real Property Taxes shall not include Landlord's federal or state income, franchise, inheritance or estate taxes.

With respect to any assessment which may be levied against or upon the Premises and which under the laws then in force may be evidenced by improvement or other bonds, or may be paid in annual installments, there shall be included within the definition of Real Property Taxes, with respect to any tax fiscal year, only the amount currently payable on such bonds, including interest, for such tax fiscal year, or the current annual installment or semi-annual installments for such tax fiscal year.

**4.4 Tax and Insurance Fund.** Tenant shall pay to Landlord on the first day of each calendar month such amounts as Landlord shall from time to time estimate and so notify Tenant as are required for Landlord to establish a non-interest bearing fund with which to pay Real Property Tax and insurance expenses prior to delinquency except that, with respect to the first year's insurance expenses, Tenant shall pay such expenses concurrently with the first monthly installment of the Minimum Monthly Rent or at such later time as Landlord may designate. Landlord shall deliver to Tenant at least once annually a statement setting forth the actual Real Property Taxes and insurance expenses allocable to the Premises together with the basis used by Landlord for computing same. If such actual expenses exceed Tenant's payments hereunder, Tenant shall pay the deficiency to Landlord within five (5) days after receipt of such statement. If payments made by Tenant for such year exceed such actual expenses, Landlord shall have the option of (a) paying such excess to Tenant upon Landlord's delivery of such statement; or (b) allowing Tenant to credit the excess against payments next thereafter to become due to Landlord for such expenses.

**4.5 Other Charges.** Tenant shall pay to Landlord when due all sums of money required to be paid pursuant to this Article, Article XV and O, and all other sums of money or charges required to be paid by Tenant under this Lease as additional rent, whether or not the same is designated as additional rent. If such amounts or charges are not paid at the time provided in this Lease, they shall nevertheless be collectible with the next installment of Minimum Monthly Rent thereafter falling due. The foregoing notwithstanding, nothing herein contained shall be deemed to suspend or delay the payment by Tenant of any amount of money or charge at the time same becomes due and payable hereunder, or limit any other right or remedy of Landlord. If Tenant shall fail to pay, when due, any rent or other charge, such unpaid amount shall bear interest at the prime commercial rate being charged by the Bank of America N.T. & S.A., plus five (5) percentage points per annum, but not to exceed the then legal maximum rate of interest, if any.

**4.6 Place of Payment.** All rent and other charges shall be paid by Tenant to Landlord at the address specified for service of notice upon Landlord in Section 1.1 of this Lease, or at such other place as may from time to time be designated by Landlord in writing at least ten (10) days prior to the next ensuing payment date.

#### ARTICLE V INTENTIONALLY OMITTED

#### ARTICLE VI PERMISSIBLE USE

##### 6.1 Permitted Uses.

6.1.1 Tenant shall use the Premises solely for the use and solely under the tradename specified in the "Use of Premises" clause in Section 1.1 hereof, and Tenant shall not use or permit the Premises to be used for any other purpose or purposes whatsoever without the prior written consent of Landlord. Tenant further

covenants and agrees that it will not use, nor suffer or permit any person or persons to use the Premises or any part thereof for any use or purpose contrary to the rules and regulations of the Center as promulgated by Landlord from time to time, or in violation of the laws of the United States of America, the State of Nevada, or the ordinances, regulations or requirements of the local, municipal or county governing bodies or any other lawful governmental or quasi-governmental authorities having jurisdiction over the Center, or in violation of any regulations of any insurance carrier providing insurance for the Premises or Center. In particular, Tenant shall comply with the provisions of the Enabling Act, failure of which shall constitute a default. So long as Tenant complies with the Enabling Act, Tenant will not be in default under this lease for failure to comply with any federal law that directly contradicts the Enabling Act. In the event Tenant violates this Section 6.1.1 and changes the use of the Premises from that specified in the "Use of Premises" clause in Section 1.1 hereof, then Landlord may, but is not obligated to, treat such change in use as a default by Tenant under the Lease entitling Landlord to the remedies described in Article XVII hereof.

6.1.2 Tenant agrees not to conduct or operate its business in any manner which could jeopardize or increase the rate of any fire or other insurance on the Premises or Center or to engage in conduct which may constitute a nuisance to, or interfere with, the other property of Landlord or its business, or the property or business of other tenants of the Center. Tenant may not display or sell merchandise, or allow carts, portable signs, devices or any other objects to be stored or to remain outside the defined exterior walls or roof or permanent doorways of the Premises. Any sign placed or erected by Tenant and permitted hereunder shall be kept by Tenant safe, secure and in conformance with Landlord's requirements and the requirements of the local governing body having jurisdiction over the Center. No aerial or antenna shall be erected on the roof or exterior walls of the Premises without, in each instance, the prior written consent of Landlord. Any aerial or antenna so installed without such written consent shall be subject to removal by Landlord, Landlord's agents and Landlord's employees, without notice at any time and without liability to Landlord at Tenant's expense. In addition, Tenant agrees that it will not solicit in any manner in any of the Common Areas of the Center.

6.1.3 Deliveries to the Premises shall comply with all applicable governmental requirements. Tenant shall use its best efforts to complete or cause to be completed all deliveries, loading, unloading and services to the Premises prior to 11:30 A.M. of each day, and to prevent delivery trucks and other vehicles servicing the Premises from parking or standing in service areas for undue periods of time. Landlord reserves the right to further reasonably regulate the activities of Tenant in regard to deliveries and servicing of the Premises, and Tenant agrees to abide by such further reasonable rules and regulations which Landlord may impose from time to time.

6.1.4 Intentionally Deleted

## ARTICLE VII UTILITIES

7.1 **Utilities.** The Premises will be serviced with utilities, including water, sewer, gas, electricity, and telephone service. All utilities shall be separately metered and billed directly to Tenant by the servicer.

7.2 **Payment of Utility Cost.** Tenant agrees, at its own expense, to pay for all power, gas, janitorial services, electricity, telecommunications and all other utilities used by Tenant on or from the Premises from and after the Delivery Date.

7.3 **No Liability.** Except for Landlord's negligence, Landlord shall not be liable in damages or otherwise for any failure or interruption of any utility service being furnished to the Premises, and no such failure or interruption shall entitle Tenant to terminate this Lease or withhold Rent or any other sums due under the terms of this Lease.

## ARTICLE VIII INDEMNITY AND INSURANCE

8.1 **Indemnification and Waiver.** Tenant agrees that Landlord shall not be liable for any damage or liability of any kind, or for any injury to or death of persons, or damage to property of Tenant or any other person during the Lease Term resulting from the use, occupation or enjoyment of the Premises or the operation of business therein or therefrom by Tenant or by any person in possession of the Premises, or any portion of the Premises, under

Tenant, including any liability incurred by or threatened against Landlord by federal authorities related to the nature of Tenant's business. Tenant hereby further agrees to defend, indemnify and save harmless Landlord from all liability for any real or claimed damage or injury and from all liens, claims and demands arising out of the use of the Premises and its facilities, any repairs or alterations which Tenant may make upon the Premises and any claims of any employee of Tenant against Landlord. Tenant shall not be liable for damage or injury occasioned by the negligence of Landlord and its designated agents, servants or employees, unless the same is covered by insurance Tenant is required to provide. The foregoing obligation of Tenant to indemnify shall survive the expiration or earlier termination of the Lease Term and shall include all reasonable costs of legal counsel and investigation, together with other reasonable costs, expenses and liabilities incurred in connection with any and all claims of damage. To the extent any such loss or damage is covered by insurance, Landlord and Tenant each hereby waive any rights one may have against the other on account of any loss or damage occasioned to Landlord or Tenant, as the case may be, their respective properties, the Premises or their contents, or to other portions of the Center. The parties hereto, on behalf of their respective insurance companies insuring such losses, waive any right of subrogation that one may have against the other. The foregoing waivers of subrogation shall be operative provided that no policy of insurance required herein is invalidated thereby.

**8.2 Tenant's Insurance Obligation.** Tenant further covenants and agrees that it will carry and maintain during the entire Lease Term hereof, at Tenant's sole cost and expense, the following types of insurance in the amounts and forms hereinafter specified:

8.2.1 Public Liability and Property Damage. Tenant shall at all times during the Lease Term maintain in effect a policy or policies of bodily injury liability and property damage liability insurance with limits of not less than Two Million and 00/100 Dollars (\$2,000,000.00) combined single limit per occurrence and in the aggregate, insuring against any and all liability of the insured with respect to the Premises or arising out of the maintenance, condition, use or occupancy thereof, and property damage liability. All such bodily injury liability insurance and property damage liability insurance including contractual liability. Such policies shall include coverage for fire, explosion and water damage legal liability coverage.

8.2.2 Plate Glass. Tenant shall be responsible for the maintenance of the plate glass on the Premises, but shall have the option either to insure the risk pursuant to Section 8.2.3 hereof or to self-insure same, which shall obligate Tenant to be personally liable for any claim, loss or damage related thereto, together with the cost of the repair of same. Tenant's responsibility for maintenance of the plate glass includes its replacement in the event repair of the glass would not restore the glass to its original condition at the time of installation.

8.2.3 Tenant Improvements. Tenant shall at all times during the Lease Term maintain in effect insurance covering all of Tenant's leasehold improvements, alterations or additions, Tenant's trade fixtures, merchandise and all personal property from time to time in, on or upon the Premises, in an amount not less than one hundred percent (100%) of their full replacement cost, without depreciation, providing protection against any peril included within the classification "Fire and Extended Coverage", together with insurance against sprinkler damage, vandalism and malicious mischief and such further insurance as Landlord or Landlord's lender deems necessary or desirable. The proceeds from such insurance shall be used solely for the repair or replacement of the property damaged or destroyed unless this Lease shall cease and terminate under the provisions of Article XVI hereof, whereupon any proceeds of insurance covering Tenant's leasehold improvements and any alterations or additions to the Premises shall be payable to Landlord.

8.2.4 Workers' Compensation. Tenant shall at all times during the Lease Term carry Workers' Compensation insurance for all of Tenant's employees.

8.2.5 Business Interruption. Tenant shall at all times during the Lease Term maintain in effect business interruption or loss of income insurance in amounts sufficient to cover Minimum Monthly Rent and all other charges due under the Lease for twelve (12) months.

**8.3 Policy Requirements.** All policies of insurance provided for herein shall be issued by insurance companies with a general policy holder's rating of not less than A and a financial rating of not less than Class VII as rated in the most current available Best's Insurance Reports and qualified to do business in the State of Nevada. All such policies shall name Landlord as an additional insured and, if requested by Landlord, Landlord's first mortgagee or beneficiary, which policies shall be for the mutual and joint benefit and protection of Landlord, Tenant, Landlord's first mortgagee or beneficiary. Executed copies of such policies of insurance or original certificates thereof shall be

delivered to Landlord prior to Tenant taking possession of the Premises and thereafter at least thirty (30) days prior to the expiration of the term of each such policy. All public liability and property damage policies shall contain a provision that Landlord, although named as an additional insured, shall nevertheless be entitled to recovery under such policies for any loss occasioned to it, its servants, agents, or employees by reason of any act or omission of Tenant or its servants, agents, employees or contractors. As often as any such policy shall expire or terminate, renewal or additional policies shall be procured and maintained by Tenant pursuant to the terms of this Article VIII. All policies of insurance delivered to Landlord must contain a provision that the company writing such policy will give to Landlord and all other additional insureds at least thirty (30) days' notice in writing in advance of any cancellation or lapse or the effective date of any reduction in the amount of or other material change of insurance. All public liability, property damage and other casualty policies maintained by Tenant shall be written as primary policies, and any insurance maintained by Landlord shall be excess insurance only.

**8.4 Increase in Coverage.** In the event Landlord or Landlord's first mortgagee or beneficiary reasonably deems it necessary to increase the amounts or limits of insurance required to be carried by Tenant hereunder, Landlord may reasonably increase such amounts or limits of insurance reasonably in keeping with similar shopping centers in the Reno/Sparks, Nevada trade area, and Tenant shall increase the amounts or limits of the insurance required to be carried by Tenant hereunder and shall provide Landlord with policies or original certificates indicating the increased amounts or limits as provided in Section 8.3 hereof.

**8.5 Blanket Coverage.** Tenant's obligations to carry Insurance provided for in this Article may be brought within the coverage of a so-called blanket policy or policies of insurance carried and maintained by Tenant, provided that Landlord, or Landlord's first mortgagee or beneficiary, shall be named as an additional insured thereunder as their respective interests may appear, and that the coverage afforded Landlord will not be reduced or diminished by reason of the use of such blanket policy of insurance, and provided further that the requirements set forth herein are otherwise satisfied. Tenant agrees to permit Landlord at all reasonable times to inspect the policies of insurance of Tenant covering risks upon the Premises for which policies or copies of certificates thereof are not required to be delivered to Landlord.

**8.6 Landlord's Insurance Obligations.** Landlord shall maintain in effect a policy or policies of insurance covering the building of which the Premises are a part, including the leasehold improvements included within Landlord's Work (but not Tenant's leasehold improvements, alterations or additions permitted under Article IX hereof, Tenant's trade fixtures, merchandise or other personal property), in an amount of not less than eighty percent (80%) of its replacement cost (excluding excavations, foundations and footings) during the Lease Term, providing protection against any peril generally included within the classification "Fire and Extended Coverage" (and Earthquake Insurance and Flood Insurance if Landlord or its lender deems such insurance to be necessary or desirable), together with insurance against sprinkler damage, vandalism and malicious mischief and such further insurance as Landlord or Landlord's lender deems necessary or desirable. Landlord's obligation to carry the insurance provided for herein may be brought within the coverage of a so-called blanket policy or policies of insurance carried and maintained by Landlord, provided that the coverage afforded will not be reduced or diminished by reason of the use of such blanket policy of insurance.

**8.7 Insurance Use Restrictions.** Tenant agrees that it will not at any time during the Lease Term carry any stock or goods or do or permit anything to be done in or about the Premises which will tend to increase the insurance rates upon the building of which the Premises are a part. Tenant agrees to pay to Landlord upon demand the amount of any increase in premiums for insurance against loss by fire or any other peril normally covered by fire and extended coverage insurance that may be charged during the Lease Term on the amount of insurance to be carried by Landlord on the building of which the Premises are a part resulting from the foregoing or from Tenant doing any act in or about the Premises which does so increase the insurance rate, whether or not Landlord shall have consented to such act on the part of Tenant. If Tenant installs upon the Premises any electrical equipment which constitutes an overload on the electrical lines of the Premises, Tenant shall at its own expense make whatever changes or provide whatever equipment safeguards are necessary to comply with the requirement of the insurance underwriters and any governmental authority having jurisdiction there over, but nothing herein contained shall be deemed to constitute Landlord's consent to such overloading.

**ARTICLE IX  
LANDLORD'S WORK, TENANT'S WORK AND TENANT ALTERATIONS**

**9.1 Landlord's Work and Initial Tenant Improvements.** Landlord shall construct the building on Parcel comprising the Premises to a "cold gray shell" stage, along with the Common Area improvements on Parcel 1, as set forth under the scopes of "Landlord's Work" in Exhibit "C" ("Landlord's Work"). Tenant, at Tenant's sole cost and expense, shall construct all other improvements to the Premises necessary or appropriate for Tenant's intended use of the Premises, in compliance with the terms of "Tenant's Work" in Exhibit "C" ("Tenant's Work") and the terms of this Article IX. Tenant shall commence Tenant's Work as soon as reasonably possible after the Delivery Date.

**9.2 Permitted Alterations.** After completion of Tenant's Work, Landlord agrees that Tenant may, from time to time during the Lease Term, at Tenant's sole cost and expense and after giving Landlord at least thirty (30) days' prior written notice of its intention to do so, make such alterations, additions and changes in and to the interior of the Premises (except those of a structural nature) as Tenant may find necessary or convenient, provided that the value of the Premises is not thereby diminished, and provided no alterations, additions or changes costing in excess of Five Thousand and 00/100 Dollars (\$5,000.00) may be made without first procuring the prior written consent of Landlord. In no event shall Tenant make any alterations, additions or changes to the storefront, or the exterior walls or roof of the Premises, nor shall Tenant erect any mezzanine or increase the size of same, if one be initially constructed, unless and until the written consent of Landlord shall first have been obtained, which consent may be withheld in Landlord's sole, absolute and arbitrary discretion. Tenant shall not make or cause to be made any penetration through the roof or demising walls of the Premises without the prior written consent of Landlord. Landlord hereby reserves the right to condition Landlord's consent to any alteration, addition or change to the Premises by Tenant upon Landlord's receipt from Tenant of a written agreement, in form and substance acceptable to Landlord, pursuant to which Tenant shall agree to remove any such alteration, addition or change from the Premises upon expiration or earlier termination of the Lease Term and restore the Premises to its original condition prior to such alteration, addition or change. Tenant shall be directly responsible for any and all damages resulting from any violation of the provisions of this Article.

**9.3 Manner of Construction.** All alterations, additions, or changes to be made to the Premises, including Tenant's Work, shall be under the supervision of a competent architect or licensed structural engineer satisfactory to Landlord and shall be made in accordance with plans and specifications with respect thereto, approved in writing by Landlord before the commencement of work, if Landlord's consent is required. All work with respect to any alterations, additions or changes must be done in a good and workmanlike manner and diligently prosecuted to completion to the end that the Premises shall at all times be a complete unit except during the period of work. Upon completion of any alterations, additions or changes, Tenant agrees to cause a Notice of Completion to be recorded in the office of the Recorder of the County in which the Premises is located in accordance with the applicable laws of the State of Nevada. Such alterations, additions or changes shall be considered as improvements and shall become an integral part of the Premises upon installation thereof and shall not be removed by Tenant unless removal is requested by Landlord. All improvements to the Premises by Tenant including, but not limited to, light fixtures, floor coverings and partitions, but excluding trade fixtures and signs, shall be deemed to be the property of Landlord upon installation thereof. All materials used in any alterations or changes to the Premises shall be new or like-new quality and condition. Any such alterations, additions or changes shall be performed and done strictly in accordance with the laws and ordinances relating thereto. In performing the work of any such alterations, additions or changes, Tenant shall have the work performed in such manner as (i) not to obstruct or impair the access to the premises of any other occupant to the Center, and (ii) to not cause a nuisance within the Center. Tenant shall furnish Landlord with a copy of all applicable construction permits and plans so that Landlord may hold in its file a complete and accurate set of permits and plans for all alterations, additions and changes to the Premises and for all of Tenant's work on the Premises.

**9.4 Construction Insurance.** Tenant agrees to carry "Builder's All Risk" insurance in an appropriate amount covering the construction of such alterations, additions or changes, it being understood and agreed that all such alterations, additions or changes shall be insured by Tenant pursuant to Section 8.2 immediately upon completion thereof. In addition, Landlord may, in its discretion, require Tenant to obtain a lien and completion bond or some alternate form of security satisfactory to Landlord in an amount equal to one hundred fifty percent (150%) of the estimated cost of the Tenant Improvements to assure the lien-free completion of same

**9.5 Notice of Non-responsibility.** Notice is hereby given that Landlord shall not be liable for any labor or services performed, or materials furnished, to or for Tenant or anyone holding or claiming an interest in the

Premises by, through or under Tenant, and that no mechanic's, materialman's or other liens for any such labor, services or materials shall attach to or affect the interest of landlord in and to the Premises. Landlord shall have the right to record notices of non-responsibility with respect to such work. Tenant shall give written notice to Landlord at least thirty (30) days prior to the commencement of any Tenant improvements or alterations in order that Landlord shall have the opportunity to record such notices. In addition, immediately after entering into a contract for Tenant's Work, Tenant shall give Landlord written notice of the name and address of the contractor to enable Landlord to timely send such contractor a copy of the recorded notice of non-responsibility. Tenant hires to construct improvements to the at least Unless waived in writing by Landlord, Tenant shall take all steps necessary under NRS 108.234, 108.2403 and 108.2405, including providing Landlord necessary information and either funding a construction control account or posting a security bond, to assure the effectiveness of Landlord's notice of non-responsibility.

## **ARTICLE X MECHANICS' LIENS**

**10.1 Tenant's Lien Obligations.** Tenant agrees that it will pay, or cause to be paid, all costs for work done by it or caused to be done by it on the Premises and that it will keep the Premises and the Center free and clear of all mechanics' liens and other liens for or arising from work done by or for Tenant or for persons claiming under it. Tenant agrees to indemnify, defend and hold Landlord harmless from and against all liability, loss, damage, costs, attorneys' fees, and all other expenses on account of claims of contractors, subcontractors, laborers or material-men or others for work performed or materials or supplies furnished for Tenant or persons claiming under it. If any laborer, person or firm supplying or providing labor, materials or equipment or services to Tenant, or to any of Tenant's contractors or subcontractors for Tenant's Work, shall make any claim or demand against Landlord, the Premises or the Center, or shall file any claim, stop notice, lien, or otherwise, against Landlord, the Premises, the Center or the lender for the Center and Tenant shall not cause the effect of such claim, stop notice or lien to be removed, rescinded or dismissed, including, without limitation, the posting of a bond pursuant to the applicable laws of the State of Nevada, as the case may be, and in the event Tenant shall fail to do so within five (5) days after written demand by Landlord to cause the effect of said claim, stop notice or lien to be removed, rescinded or dismissed, such failure shall constitute a default hereunder. In such event, in addition to such other remedies it may have, Landlord shall have the right (but not the obligation) to use whatever means in its discretion it may deem appropriate to cause said claim, stop notice, or lien to be rescinded, discharged, compromised, dismissed or removed including, without limitation, (a) posting a bond pursuant to the applicable laws of the State of Nevada; or (b) paying a sum sufficient to discharge, in full, any and all such claims, demands, or liens. Any such sums paid by Landlord, including reasonable attorneys' fees and bond premiums, shall be immediately due and payable to Landlord by Tenant.

**10.2 Notice.** Tenant shall immediately give Landlord notice of any claim, demand, stop notice or lien made or filed against the Premises or the Center or any action affecting the title to such Premises or Center.

**10.3 Inspection.** Landlord or its representative shall have the right to go upon and inspect the Premises at all reasonable times, and shall have the right to post and keep pasted thereon notices as permitted or provided by law or which Landlord may deem to be proper for the protection of Landlord's interest in the Premises. Tenant shall, before the commencement of any work which might result in any such lien, give to Landlord a written notice of its intention to do so in sufficient time to enable Landlord to file and record such notices. Landlord and its representatives shall also have the right to enter the Premises for purpose of exhibiting the Premises to prospective buyers, tenant or lenders, and posting ordinary signs advertising the Premise for sale or for lease on the exterior of the building during the last ninety (90) days of the Term or any Extended Term hereof.

## **ARTICLE XI SIGNS**

Tenant, at Tenant's sole cost and expense, shall have the right to (i) attach signage to the door, windows and exterior walls of the Premises, and (ii) at Landlord's discretion, display its business designation on the Center's pylon or monument sign (if any), provided that all building and pylon/monument signage shall be in accordance with local ordinances and must be approved in writing in advance by Landlord as to the size, design, type, materials, color, location, copy, nature and display qualities of such signage. If Landlord elects to allocate space on the pylon or monument sign to Tenant, Landlord shall determine the location of, and the size of, Tenant's designation on the such sign. Tenant shall be responsible for supplying, maintaining, repairing and replacing its signage. In addition, no advertising medium shall be utilized by Tenant the sound or effect of which extends beyond the Premises including,

without limitation, flashing lights, searchlights, loudspeakers, phonographs, radios or televisions. Tenant shall not display, paint or place or cause to be displayed, painted or placed, any handbills, bumper stickers, banners, boards, balloons or any other advertising devices on any vehicle parked in the parking area or structure of the Center, whether belonging to Tenant or to Tenant's agents or to any other person; nor shall Tenant distribute, or cause to be distributed, in the Center any handbill or other advertising devices. In the event Tenant shall violate any provision of this Article XI, Tenant hereby grants to Landlord the right to enter the Premises and correct such violation at Tenant's sole cost and expense, if any such violation shall occur in the Common Areas, Landlord shall have the immediate right to cure such violation, which right shall include, without limitation, removal of any and all unapproved signage at Tenant's expense.

## **ARTICLE XII TRADE FIXTURES AND PERSONAL PROPERTY**

**12.1 Ownership.** Any trade fixtures, signs and other personal property of Tenant not permanently affixed to the Premises shall remain the property of Tenant, and Landlord agrees that Tenant shall have the right, provided Tenant is not in default under the terms of the Lease, to remove any and all of its trade fixtures, signs and other personal property which it may have stored or installed in the Premises including, but not limited to, counters, shelving, showcases, mirrors and other movable personal property. Nothing contained in this Article shall be deemed or construed to permit or allow Tenant to remove any personal property without the immediate replacement thereof with similar personal property of comparable or better quality, so as to render the Premises unsuitable for conducting the type of business described in Section 1.1. Tenant, at its expense, agrees to immediately repair any damage occasioned to the Premises by reason of the removal of any such trade fixtures, signs, and other personal property and, upon expiration or earlier termination of this Lease, Tenant agrees to leave the Premises in a neat and broom-clean condition and free of trash and debris. All trade fixtures, signs and other personal property installed in or attached to the Premises by Tenant shall be new or of new quality when so installed or attached.

**12.2 Removal.** If Tenant fails to remove any of its trade fixtures, furniture and other personal property upon the expiration or earlier termination of this Lease, Landlord may at Landlord's option retain all or any of such property, and title thereto shall thereupon automatically vest in Landlord, or Landlord may remove same from the Premises and dispose of all or any portion of such property, in which latter event Tenant shall, upon demand, pay to Landlord the actual expense of such removal and disposition together with the cost of repair of any and all damage to the Premises resulting from or caused by such removal. Tenant waives any and all rights it may have under contrary laws of the State of Nevada.

**12.3 Personal Property Tax.** Tenant shall pay before delinquency all taxes, assessments, license fees and public charges levied, assessed or imposed upon its business operation, as well as upon its trade fixtures, merchandise and other personal property in or upon the Premises. In the event any such items of property are assessed with property of Landlord, such assessment shall be divided between Landlord and Tenant to the end that Tenant shall pay its equitable portion of such assessment as conclusively determined by Landlord. No taxes, assessments, fees or charges referred to in this paragraph shall be considered as Real Property Taxes under the provisions of Section 4.3 hereof.

## **ARTICLE XIII ASSIGNMENT, SUBLEASE AND OTHER TRANSFERS**

### **13.1 Restrictions.**

**13.1.1** Landlord and Tenant agree that the Center consists of an interdependent group of commercial enterprises, and that the "tenant mix" of the Center is vital to the realization of the benefits of this Lease to Landlord. Accordingly, Tenant shall not transfer, assign, sublet, mortgage or otherwise hypothecate or encumber this Lease, or Tenant's interest in and to the Premises, nor enter into any license or concession agreements with respect to the Premises, without in each instance procuring the prior written consent of Landlord. Any such attempted or purported transfer, assignment, subletting, mortgage or hypothecation, or license or concession agreement (hereinafter collectively a "Transfer") without Landlord's prior written consent shall be void and of no force and effect, shall not confer any interest or estate in the purported transferee, and shall at Landlord's sole, exclusive, and absolute discretion, entitle Landlord to terminate this Lease upon written notice to Tenant.

13.1.2 The consent of Landlord required hereunder shall not be unreasonably withheld, provided that Landlord and Tenant agree that it shall not be unreasonable for Landlord to withhold its consent to any proposed Transfer for any commercially-reasonable reason including, but not limited to:

(1) A conflict between the contemplated use of the Premises by the proposed transferee, assignee, or sublessee following the proposed Transfer ("Transferee") with the "Use of Premises" clause contained in Section 1.1 hereof;

(2) The financial worth and/or financial stability of the Transferee is less than that of the Tenant hereunder at the commencement of the Lease Term or not reasonably suitable to Landlord in Landlord's sole discretion so as to insure the ability of the Transferee to perform Tenant's obligations under the Lease for the full Lease Term;

(3) A Transferee whose reputation or proposed use of the Premises would have an adverse effect upon the reputation of the Center and/or the other businesses located therein;

(4) A Transferee which would breach any covenant of or affecting Landlord concerning radius, location, use or exclusivity in any other lease, financing agreement, or other agreement relating to the Center; and

(5) The proposed Transfer would, in Landlord's sole and exclusive discretion, require an amendment to any material term of the Lease.

**13.2 Procedure for Transfer.** Should Tenant desire to make a Transfer hereunder, Tenant shall, in each instance, give written notice of its intention to do so to Landlord not less than sixty (60) days prior to the effective date of such proposed Transfer, specifying in such notice whether Tenant proposes to assign or sublet, or enter into a license or concession agreement, the proposed date thereof, and specifically identifying the proposed Transferee. Such notice shall be accompanied, in the case of a sublease, license or concession agreement, by a copy of the proposed sublease, license or concession agreement, or if same is not available, a letter of commitment or a letter of intent, and in each case, (i) a financial statement for the proposed Transferee dated within the past 60 days certified to be true and correct by such Transferees or an officer of such Transferees, (ii) a business resume describing the proposed Transferee's prior business experience, (iii) a written authorization for Landlord to obtain a copy of the proposed transferee's credit profile, (iv) not less than three (3) business references, (v) at least one (1) banking reference, and (vi) such other information as Landlord may request including, without limitation, the sales contract/escrow instructions and both pro-forma and final escrow closing statements. Landlord shall, within twenty (20) days after its receipt of such notice of a proposed Transfer from Tenant (and back-up information), by mailing written notice to Tenant of its intention to do so (a) withhold consent to the Transfer pursuant to Section 13.1.2; or (b) consent to such Transfer. No Transfer of this Lease or agreement entered into with respect thereto, whether with or without Landlord's consent, shall relieve Tenant from primary liability under this Lease. Landlord hereby reserves the right to condition Landlord's consent to any assignment, sublease or other transfer of all or any portion of Tenant's interest in this Lease or the Premises upon Landlord's receipt from Tenant of a written agreement, in form and substance acceptable to Landlord, pursuant to which Tenant shall pay over to Landlord all rent and other consideration received by Tenant from any such assignee, sublessee, or transferee either initially or over the term of the assignment, sublease or transfer, in excess of the rent called for hereunder.

### **13.3 Intentionally Deleted.**

**13.4 Required Documents.** Each Transfer to which Landlord has consented shall be evidenced by a written instrument, the form and content of which is reasonably satisfactory to Landlord, executed by Tenant and Transferee under which the Transferee shall agree in writing for the benefit of Landlord to perform and to abide by all of the terms, covenants and conditions of this Lease to be done, kept and performed by Tenant, including the payment of all amounts due or to become due under this Lease directly to Landlord and the obligation to use the Premises only for the purpose specified in Section 1.1 hereof. Tenant agrees to reimburse Landlord for Landlord's reasonable attorneys' fees incurred in conjunction with the processing of and documentation for the Transfer and an administrative fee of \$1,000.00 for each proposed Transfer, whether or not the Transfer is consummated. The acceptance by Landlord of the payment of rent or any other charges due under this Lease from any third party shall not be deemed to constitute Landlord's acceptance or approval of any Transfer to a third party.



**13.5 Merger and Consolidation.** N/A

**13.6 Bankruptcy.**

13.6.1 If this Lease is assigned to any person or entity pursuant to the provisions of the United States Bankruptcy Code, 11 U.S.C. Section 101 et. seq. ("**Bankruptcy Code**"), any and all moneys or other consideration payable or otherwise to be delivered in connection with such assignment shall be paid or delivered to Landlord, shall be and remain the exclusive property of Landlord, and shall not constitute property of Tenant or of the estate of Tenant within the meaning of the Bankruptcy Code. Any and all moneys or other considerations constituting Landlord's property under this Section 13.6 not paid or delivered to Landlord shall be held in trust for the benefit of Landlord and be promptly paid or delivered to Landlord.

13.6.2 Any person or entity to which this Lease is assigned pursuant to the provisions of the Bankruptcy Code shall be deemed without further act or deed to have assumed all of the obligations arising under this Lease on and after the date of such assignment, including the obligation to operate the business which Tenant is required to operate pursuant to Section 1.1 hereof.

**ARTICLE XIV  
OPERATION OF TENANT'S BUSINESS**

**14.1 Continuous Operation.** Tenant covenants and agrees that, from and after the Opening Date, it will operate and conduct within the Premises, continuously and uninterruptedly during the Lease Term, the business which it is required to operate and conduct under this Lease, except while the Premises are untenable by reason of fire or other unavailable casualty, and that it will at all times keep and maintain within and upon the Premises an adequate stock of merchandise and trade fixtures and have sufficient personnel to service and supply the demands and requirements of its customers. In the event Tenant fails to continuously operate its business in the Premises as required by this Section 14.1 for a period of thirty (30) or more consecutive days, then in addition to all remedies available to Landlord (including, without limitation, injunction and/or damages), Landlord may, but is not obligated to, elect to terminate this Lease upon written notice to Tenant, whereupon this Lease shall terminate, and Tenant shall vacate the Premises upon the date specified in Landlord's notice to Tenant. Landlord's notice pursuant to this Section shall be in lieu of, and not in addition to, the notice and cure period set forth in Article XVIII or any notice and cure period required under the law of the State of Nevada. .

**14.2 Operating Hours.** Commencing with the opening for business by Tenant in the Premises, and for the remainder of the Lease Term, Tenant shall remain open for business during such times as are customary for similar businesses, but not less than 8 day-time hours per day, Monday through Saturday. Tenant further agrees to cause all window displays, exterior signs and exterior advertising displays to be adequately illuminated continuously during those hours determined by Landlord in Landlord's sole and absolute discretion. It is agreed, however, that the foregoing provision shall be subject to any governmental regulations to which Tenant may be subject concerning the hours of operation of Tenant's business.

**14.3 Rules and Regulations.** Tenant agrees that it will keep the Premises in a neat, clean and orderly condition and that all trash and rubbish generated by it shall be deposited within prescribed receptacles in designated service areas within the Center or, at Landlord's option, in the Premises. Tenant further agrees to cause such receptacles to be emptied and trash removed at its own cost and expense so as, on its part, to keep such service areas in a clean and orderly condition. In the event Landlord shall contract for the trash receptacles located within the service areas to be emptied, Tenant shall reimburse Landlord for its pro rata share of such cost based on the floor area of the Premises as it relates to the floor area of all tenants using such trash receptacles. Tenant shall observe faithfully and comply with and shall cause its employees and invitees to observe faithfully and comply with reasonable rules and regulations governing the Center as may from time to time be promulgated and amended by Landlord. In addition, if discarded cardboard generated by Tenant's business does not fit into the trash enclosures, Tenant shall be responsible for the removal of such cardboard trash on a daily basis, at Tenant's expense.

**ARTICLE XV  
REPAIRS AND MAINTENANCE**

**15.1 Tenant's Maintenance Obligations.** Tenant agrees at all times from and after the delivery of possession of the Premises to Tenant, and at its own cost and expense, to repair and maintain the Premises and every part thereof in good and tenable condition, including, but not limited to, floor coverings, utility meters, pipes and conduits (including all maintenance and repairs related to what goes down the pipes, such as clogged sewer and drainage lines and repair for disposing of caustic substances), all fixtures, the heating, ventilation and air condition ("HVAC") equipment and ducting, and all other equipment therein, the storefront or storefronts including plate glass, all Tenant's signs and signage, locks and closing devices, and all window sash, casement or frames, doors and door frames, ceilings, ceiling tiles and lighting, and all items of repair, maintenance and improvements or reconstruction as may at all times or from time to time be required with respect to the Premises by any governmental agency having jurisdictions, but excluding the roof structure, exterior walls, structural portions of the Premises and structural floor, unless the same are required to be modified because of Tenant's use of the Premises or Tenant's alterations, improvements, additions, fixtures or personal property. All glass, both exterior and interior, shall be maintained at Tenant's sole cost and expense, and all glass broken shall be promptly replaced by Tenant with glass of the same kind, size and quality. Tenant's failure to replace broken glass within seventy-two (72) hours following the occurrence of the breakage, or failure by Tenant to replace same with glass of the same kind, size and quality, shall constitute a material and incurable breach hereof which shall, at Landlord's sole and arbitrary discretion, entitle Landlord to terminate this Lease upon written notice to Tenant. The foregoing notwithstanding, Tenant shall not be permitted to (i) go onto the roof of the Premises without Landlord's prior written approval, and (ii) penetrate the roof membrane without Landlord's prior approval and, upon obtaining such approval, only by using Landlord's approved roofing contractor.

**15.2 Landlord's Maintenance Obligations.** Subject to the forgoing paragraph, Landlord shall keep and maintain in good and tenable condition and repair and replace as necessary the roof structure and membrane, exterior walls, structural parts and structural floor of the Premises, provided that Landlord shall not be required to make any repairs necessitated by reason of the negligence or willful misconduct of Tenant, its agents, employees or contractors, or anyone claiming under Tenant, or by reason of the failure of Tenant to perform or observe any conditions or agreements in this Lease, or caused by alterations additions or improvements made Tenant or anyone claiming under Tenant. Anything to the contrary notwithstanding contained in this Lease, Landlord shall not be liable to Tenant for failure to make repairs as herein specifically required of it unless Tenant has previously notified Landlord, in writing, of the need for such repairs, and Landlord has failed to commence and complete said repairs within a reasonable period of time following receipt of Tenant's written notification. Tenant shall pay the cost of such Landlord repairs and replacements to the building comprising the Premises, plus the supervision fee set forth in Section 17.3, to Landlord on the first day of each calendar month in such amounts as Landlord shall from time to time estimate. Tenant shall pay such cost concurrently with the first monthly installment of Minimum Monthly Rent or at such later time as Landlord may designate. Landlord shall deliver to Tenant at least once annually a statement setting forth the actual cost of such repair, maintenance and replacement allocable to the Premises. If such actual expenses exceed Tenant's payments hereunder, Tenant shall pay the deficiency to Landlord within five (5) days after receipt of such statement. If payments made by Tenant for such year exceed such actual expenses, Landlord shall have the option of (a) paying such expenses to Tenant upon Landlord's delivery of such statement, or (b) allowing Tenant to credit the excess against payments next thereafter to become due to Landlord for such expenses. Any contrary laws of the State of Nevada, if applicable, specifically are waived by Tenant. Under no circumstances shall Tenant be entitled to terminate this Lease as a result of Landlord's failure or alleged failure to make repairs hereunder.

**15.3 Tenant's Failure to Maintain.** If Tenant refuses or neglects to make repairs and/or maintain the Premises, or any portion thereof, including Tenant's storefront(s), in a manner required by this Lease, Landlord shall have the right in its sole discretion, upon giving Tenant written notice of election to do so, to make such repairs or perform such maintenance on behalf of and for the account of Tenant. In such event, the cost of such work shall be paid by Tenant promptly upon receipt of bills therefor. Failure of Tenant to pay any of said charges within ten (10) days of receipt of bills therefor shall constitute a default hereunder. Upon any surrender of the Premises, Tenant shall deliver the Premises to Landlord, upon the expiration or earlier termination of this Lease, in good order, condition and state of repair, ordinary wear and tear excepted, and excepting such items of repair as may be Landlord's obligation hereunder.

**15.4 Definition of Exterior Walls.** As used in this Article, the expression "exterior walls" shall not be deemed to include storefront or storefronts, plate glass, window cases, or window frames, doors or door frames, security grilles or similar enclosures. It is understood and agreed that Landlord shall be under no obligation to make any repairs, alterations, renewals, replacements or improvements to or upon the Premises or the mechanical equipment exclusively serving the Premises at any time except as otherwise provide in this Lease.

**15.5 Right to Enter.** Tenant agrees to permit Landlord and its authorized representatives to enter the Premises at all times for the purpose of making emergency repairs and during usual business hours or the purpose of inspecting the same. Tenant further agrees that Landlord may go upon the Premises and make any necessary repairs thereto and perform any work therein which may be necessary to comply with any laws, ordinances, rules or regulations of any public authority, any fire rating bureau, or of any similar body, or that Landlord may deem necessary to prevent waste or deterioration in connection with the Premises if Tenant does not make or cause such repairs to be made or performed or cause such work to be performed promptly after receipt of written demand from Landlord together with appropriate back-up showing required compliance. Nothing herein contained shall imply any duty on the part of Landlord to do any such work which, under provisions of this Lease, Tenant may be required to do, nor shall Landlord's failure to elect to perform such work constitute a waiver of Tenant's default. No exercise by Landlord of any rights herein reserved shall entitle Tenant to any damage for any injury or inconvenience occasioned thereby, to any abatement or rent, or to terminate this Lease.

**15.6 Grant of License.** Tenant hereby grants to Landlord such licenses and/or easements in, over and under the Premises (including, but not limited to the attic area above the T-bar ceiling) or any portion thereof as shall be reasonably required for the installation or maintenance of mains, conduits, shafts, pipes or other facilities to serve any other portion of the Center including, without limitation, the premises of any other occupant of the Center, provided that Landlord shall pay for any alteration required on or to the Premises as a result of any such exercise, occupancy under or enjoyment of any such license or easement and, provided further that no exercise, occupancy under or enjoyment of such license or easement shall result in any unreasonable permanent interference with Tenant's use, occupancy or enjoyment of the Premises as contemplated by this Lease

**15.7 HVAC, Plumbing and Electrical Equipment.** Tenant, at its sole cost and expense, shall keep the HVAC equipment in good order and repair. Tenant shall enter into a regularly scheduled preventative maintenance/service contract (the "**Service Contract**") within thirty (30) days after the Rental Commencement Date with a maintenance contractor reasonably approved by Landlord, for the servicing of the HVAC equipment within the Premises. The Service Contract shall include all scheduled maintenance as recommended by the equipment manufacturer as set forth in the operation/maintenance manual, at least quarterly. Notwithstanding the foregoing, Landlord may (but shall not be obligated to) elect to maintain and/or service the HVAC equipment serving the Premises, in which event, Tenant shall pay to Landlord all cost and expense for the repair, maintenance and replacement thereof. If Landlord shall so elect to maintain the HVAC equipment serving the Premises, then, at Landlord's option, commencing on the Rental Commencement Date and thereafter on the first (1<sup>st</sup>) day of each calendar month of the Lease Term, Tenant shall pay to Landlord one-twelfth (1/12) of an amount estimated by Landlord to be Tenant's share of such HVAC system expenses for the ensuing calendar year, Landlord shall furnish Tenant a statement covering the preceding calendar year and the payment made by Tenant with respect to such calendar year as set forth above. If Tenant's share of such HVAC equipment expenses exceeds Tenant's payment so made, Tenant shall pay Landlord the deficiency within ten (10) days after receipt of Landlord's statement. If Tenant's payment exceeds Tenant's share of such HVAC system expense, Landlord shall have the option of (a) paying such excess to Tenant upon Landlord's delivery of such statement, or (b) allowing tenant to credit the excess against payments next thereafter to become due to Landlord for such expenses as set forth above. Failure of Tenant to pay any of the charges required by this Section 15.7 to be paid when due shall constitute a material default under the terms of this Lease.

Expenses incurred in connection with the operation, maintenance, repair and replacement of the HVAC equipment by the party performing same shall include, but no be limited to, all sums expended in connection with the same for all general maintenance, lubrication and/or adjustment, cleaning and/or replacing filters, replacing belts, repairing and/or replacing worn out part, repairing and/or replacing utilities, duct work and machinery, maintenance and insurance contracts carried on the HVAC equipment, and all other items of expenses incurred by such party in connection with the operation, maintenance, repair an replacement of the same.

Upon vacating the Premises, Tenant shall return the Equipment to Landlord in as good of condition as it was on the Delivery Date, subject to normal wear and tear.

**ARTICLE XVI  
DAMAGE OR DESTRUCTION**

**16.1 Insured Casualty.** In the event that the Premises are partially or totally destroyed by fire or any other peril covered by insurance maintained by Landlord, Landlord shall, within a period of one hundred eighty (180) days after the occurrence of such destruction, but only to the extent that proceeds of such insurance are received by Landlord for such purpose, commence reconstruction and restoration of the Premises to substantially the condition in which the Premises were immediately prior to such destruction, and prosecute the same diligently to completion, in which event this Lease shall continue in full force and effect. In the event insurance proceeds are not sufficient to pay the cost of such reconstruction, or if the damage or destruction is due to the acts or omissions of Tenant, its agents, employees, contractors or invitees, or if Landlord is restricted by any governmental authority, Landlord may elect to either terminate this Lease or pay the cost of such reconstruction. Such reconstruction shall be only to the extent necessary to restore the Landlord's Work in the Premises, and Tenant shall be obligated for the restoration of all of the items specified as Tenant's Work in the event of such reconstruction, as well as Tenant's other leasehold improvements, trade fixtures and other personal property on the Premises.

**16.2 Uninsured Casualty.** In the event that the Premises are partially or totally destroyed as a result of any casualty or peril not covered by Landlord's insurance, Landlord may, within a period of one hundred eighty (180) days after the occurrence of such destruction (a) commence reconstruction and restoration of the Premises and prosecute the same diligently to completion, in which event this Lease shall continue in full force and effect, or (b) notify Tenant in writing that it elects not to so reconstruct or restore the Premises, in which event this Lease shall cease and terminate as of the date of service of such notice, unless Tenant is unable to continue the operation of its business after the occurrence of such destruction, in which event this Lease shall cease and terminate as of the date of such destruction. In the event of any reconstruction of the Premises by Landlord following destruction as a result of any casualty or peril not covered by Landlord's insurance, such reconstruction shall be only to the extent necessary to restore the Landlord's Work in the Premises, an Tenant shall be obligated for the restoration of all of the items specified as Tenant's Work in the event of such reconstruction, as well as Tenant's other leasehold improvements, trade fixtures and other personal property on the Premises.

**16.3 Damage to Premises.** Notwithstanding anything to the contrary herein contained, in the event of a total or partial destruction of the Premises, the cost of restoration of which would exceed one-third (1/3) of the then replacement value of the Premises, by any cause whatsoever, whether or not insured against and whether or not the Premises are partially or totally destroyed, Landlord may, within a period of one hundred eighty (180) days after the occurrence of such destruction, notify Tenant in writing that it elects not to so reconstruct or restore the Premises, in which event this Lease shall cease and terminate as of the date of such destruction.

**16.4 Damage Near End of Lease Term.** Notwithstanding the foregoing, in the event that the Premises are partially or totally destroyed during the last two (2) years of the Lease Term, Landlord and Tenant each shall have the option to terminate this Lease by giving written notice to the other of the exercise of such option within thirty (30) days after such destruction, in which even this Lease shall cease and terminate as of the date of service of such notice. For the purposes of this Article, partial destruction shall be deemed to be a destruction to an extent of at least one-third (1/3) of the full replacement cost of the Premises as of the date of destruction.

**16.5 Release of Liability.** In the event of any termination of this Lease in accordance with this Article, the parties shall be released thereby without further obligation to the other party coincidental with the surrender of possession of the Premises to Landlord except for items which have theretofore accrued and are then unpaid or unperformed.

**16.6 Abatement of Rent.** In the event of reconstruction and restoration as herein provided, and provided Tenant has maintained the business interruption or loss of income insurance required pursuant to Article VII, to the extent that the proceeds of such business interruption or loss of income insurance are paid to Landlord during the period of reconstruction and restoration, Minimum Monthly Rent payable hereunder shall be abated proportionately with the degree to which Tenant's use of the Premises is impaired during the remainder of the period of reconstruction and restoration, provided that the amount of Minimum Monthly Rent abated pursuant to this Section 16.6 shall in no event exceed the amount of loss of rental insurance proceeds actually received by Landlord. Tenant shall continue the operation of its business on the Premises during any such period to the extent reasonably practicable from the standpoint of prudent business management, and the obligation of Tenant to pay all other charges, except the entire Minimum Monthly Rent, shall remain in full force and effect. Tenant shall not be entitled to

any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises, Tenant's personal property or any inconvenience or annoyance occasioned by such destruction, reconstruction or restoration. Tenant hereby waives any statutory rights of termination which may arise by reason of any partial or total destruction of the Premises which Landlord is obligated to restore or may restore under any of the provisions of this Lease.

## ARTICLE XVII TENANT'S DEFAULTS; REMEDIES

**17.1 Events Of Default.** The occurrence of any of the following shall constitute a material default of this Lease by Tenant:

(1) any failure by Tenant to pay rent or any other charge required to be paid under this Lease when due;

(2) the abandonment or vacation of the Premises by Tenant, which for the purpose of this Article XVIII shall mean the cessation of business within the Premise for more than thirty (30) consecutive days whether or not Minimum Monthly Rent and other charges due hereunder have been paid;

(3) any failure by Tenant to perform any other provision, covenant or condition of this Lease to be observed or performed by Tenant, including without limitation the obligation to comply with the Enabling Act, where such failure continues for thirty (30) days after Tenant's receipt of written notice thereof, provided that if the nature of such default is such that it cannot reasonably be cured within such thirty (30) day period, Tenant shall not be deemed to be in default if it shall commence such cure within such period and thereafter diligently pursue such cure to completion;

(4) a general assignment by Tenant for the benefit of creditors, or the filing by or against Tenant of any proceeding under any insolvency or bankruptcy law (unless in the case of a proceeding filed against Tenant the same is dismissed within sixty [60] days), or the appointment of a trustee or receiver to take possession of all or substantially all of the assets of Tenant (unless possession is restored to Tenant within thirty [30] days), or any execution or other judicially-authorized seizure of all or substantially all of Tenant's assets located upon the Premises or of Tenant's interest in this Lease (unless such seizure is discharged within thirty [30] days).

**17.2 Remedies.** In the event of a default by Tenant, and in addition to any other remedies available to it at law or in equity, Landlord may at its option, without further notice or demand of any kind to Tenant or any other person:

(1) declare the Lease terminated, reenter the Premises and take possession thereof and remove all persons therefrom, and Tenant shall have no further claim thereon or hereunder; or

(2) without declaring the Lease terminated, reenter the Premises and occupy the whole or any part thereof for and on account of Tenant and collect any unpaid rents and other charges which have become payable; or

(3) even though Landlord may have reentered the Premises, thereafter elect to terminate this Lease and all of the rights of Tenant in or to the Premises.

In the event of the abandonment or vacation of the Premises by Tenant as described above, or in the event that Landlord shall elect to reenter the Premises as provided herein, or shall take possession of the Premises pursuant to legal proceeding or pursuant to any notice provided by law, and if Landlord does not elect to terminate this Lease, then Landlord may from time to time either recover all rent as it becomes due or relet the Premises or any part thereof on such terms, conditions and rents as Landlord, in its sole discretion, may deem advisable specifically including, without limitation, the right to make alterations and repairs to the Premises

**1Efforts to Relet.** In the event that Landlord shall elect to relet the Premises, then rent and other charges received by Landlord from such reletting shall be applied first, to the payment of any indebtedness (other than rent due hereunder) owed to Landlord; second, to the payment of any cost of such reletting; third, to the payment of the

cost of any alterations and repairs to the Premises; fourth, to the payment of rent due and unpaid hereunder; and the residue, if any, shall be held by Landlord and applied to the payment of future rent and other charges as the same may become due and payable hereunder. Should the rent and other amounts received from such reletting during any month be less than the rent and other charges payable by Tenant hereunder, then Tenant shall pay such deficiency to Landlord monthly upon receipt of Landlord's bill therefor. Tenant shall also pay to Landlord, as soon as ascertained, any costs and expenses incurred by Landlord in reletting or in making such alterations and repairs to the Premises not covered by the rents received from such reletting.

**17.3 Termination.** Should Landlord elect to terminate this Lease pursuant to the provisions of item (i) or (iii) of Section 17.2 above, Landlord may recover from Tenant as damages, the following:

(1) the worth at the time of award of any unpaid rent and other charges which had been earned at the time of such termination; plus

(2) the worth at the time of award of the amount by which the unpaid rent and other charges which would have been earned after termination until the time of the award exceeds the amount of such rent loss which Tenant proves could have been reasonably avoided; plus

(3) the worth at the time of award of the amount by which the unpaid rent and other charges for the balance of the Term after the time of the award exceeds the amount of such rent loss that Tenant proves could have been reasonably avoided; plus

(4) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom including, but not limited to, any costs or expenses incurred by Landlord in (a) retaking possession of the Premises, including reasonable attorneys' fees, (b) maintaining or preserving the Premises after such default, (c) preparing the Premises for reletting to a new tenant, including repairs or alterations to the Premises for such reletting, (d) leasing commissions, and (e) any other costs necessary or appropriate to relet the Premises; plus

(5) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by the laws of the State of Nevada; plus

(6) the amount of any tenant improvement allowances, free rent, and any other rental concessions made by Landlord as an inducement to Tenant to enter into this Lease whether so designated or not.

As used in Subparagraphs (I) and (ii) of this Section 17.3, the "worth at the time of award" is computed by allowing interest at the prime commercial rate being charged by the Bank of America N.T. & S.A., plus five percentage points per annum, but not to exceed the then legal maximum rate of interest, if any. As used in Subparagraph (iii) above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank situated nearest to the location of the Center at the time of award plus one percentage point.

For all purposes of this Article XVII, the term "rent" shall be deemed to be the Minimum Monthly Rent, Additional Rent and all other sums required to be paid by Tenant pursuant to the terms of this Lease. All such sums other than Minimum Monthly Rent, shall be computed on the basis of the average monthly amount thereof accruing during the immediately preceding sixty (60) month period, except that if it becomes necessary to compute such rent before such a sixty (60) month period has occurred, then such rent shall be computed on the basis of the average monthly amount accruing during such shorter period.

Should Landlord have reentered the Premises under the provisions of Section 17.2 above, Landlord shall not be deemed to have terminated this Lease by any such reentry or by any action in unlawful detainer or otherwise to obtain possession of the Premises unless Landlord shall have notified Tenant in writing that it has elected to terminate this Lease. The service by Landlord of any notice pursuant to the unlawful detainer statutes of the state of Nevada and Tenant's surrender of possession of the Premises pursuant to such notice shall not be deemed to be a

termination of this Lease unless Landlord elects to the contrary at the time of or at any time subsequent to the serving of such notices and such election is evidenced by a written notice to Tenant.

**17.4 No Waiver.** The waiver by Landlord of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition contained herein. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent. No covenant, term, or condition of this Lease shall be deemed to have been waived by Landlord unless such waiver is in writing and signed by Landlord.

**17.5 Redemption.** Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event of Tenant being evicted or dispossessed of the Premises for any cause, or in the event of Landlord obtaining possession of the Premises by reason of the violation by Tenant of any of the covenants and conditions of this Lease or otherwise.

**17.6 Fixtures and Equipment.** In the event of a default, Landlord may, at its option, permit all of Tenant's fixtures, equipment, improvements, additions, alterations and other personal property to remain on the Premises in which event and continuing during the continuance of such default, Landlord shall have the right to take exclusive possession of same rent and charge free, until all defaults are cured or, at Landlord's option, at any time during the term of the Lease, to require Tenant to forthwith remove same. In the event of any entry or taking of possession of the Premises, Landlord shall have the right, but not the obligation, to remove therefrom, all or any part of the personal property located therein and may place the same in storage at a public warehouse at the expense and risk of the owners thereof. Tenant hereby grants to Landlord a security interest in all of Tenant's fixtures, furniture, equipment, improvements, additions, alteration and other personal property located within or upon the Premises, which security interest may be perfected by Landlord's taking possession thereof in the event of a default by Tenant. Upon request, Tenant shall furnish to Landlord an executed UCC-1 Financing Statement in favor of Landlord granting to Landlord a fully perfected security interest in ant to Tenant's furniture, fixtures and equipment located within the Premises as additional security for Tenant's full performance of its obligations under this Lease.

#### **ARTICLE XVIII DEFAULT BY LANDLORD**

Landlord shall not be in default hereunder unless Landlord fails to perform the obligations required of Landlord within a reasonable time, but in no event later than thirty (30) days after written notice by Tenant to Landlord and, following Landlord's failure to act within such thirty (30) day notice period, provided if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance, then Landlord shall not be in default if landlord commences performance with in such thirty (30) day period and thereafter diligently prosecutes the same to completion. In the case of a default by Landlord, prior to Tenant's exercise of any remedy, the holder of any first mortgage or deed of trust encumbering the Center shall have the right, but not the obligation, to cure such a default. In no event shall Tenant have the right to terminate this Lease as a result of Landlord's default, and Tenant's remedies shall be limited to an action at law for monetary damages. Nothing herein contained shall be interpreted to mean that Tenant is excused from paying rent due hereunder as s result of any default by Landlord.

#### **ARTICLE XIX ATTORNEYS' FEES**

In the event that either party shall institute any legal action or proceeding against the other relating to the provisions of this Lease, or any default hereunder, the unsuccessful party in such action or proceeding agrees to pay to the prevailing party the reasonable attorneys' fees and costs actually incurred by the prevailing party. In addition, should Landlord retain legal counsel to enforce any provision of this Lease, Tenant shall reimburse Landlord for such legal fees whether or not a lawsuit is filed.

**ARTICLE XX  
EMINENT DOMAIN**

**20.1 Taking Resulting in Termination.** In the event that all or substantially all of the Premises shall be taken under the power of eminent domain, or that any portion of the Center shall be so taken so as to render the Center not reasonably suitable for continuation of business in Landlord's or Landlord's lender's sole and absolute discretion, this Lease shall thereupon terminate as of the date possession shall be so taken. In the event that a portion of the floor area of the Premises shall be taken under the power of eminent domain and the portion not so taken will not be reasonably adequate for the operation of Tenant's business, notwithstanding Landlord's performance of restoration as hereinafter provided, this Lease shall terminate as of the date possession of such portion is taken. If this Lease is terminated, all rent shall be paid up to the date that actual possession of the Premises, or a portion thereof, is taken by public authority, and Landlord shall make an equitable refund of any rent paid by Tenant in advance and not yet earned.

**20.2 Partial Taking.** In the event of any taking under the power of eminent domain which does not terminate this Lease as aforesaid, any obligation of Tenant under this Lease to perform all of the other provisions of this Lease, shall remain in full force and effect, except that the Minimum Monthly Rent only shall be reduced in the same proportion that the amount of floor area of the Premises taken bears to the floor area of the Premises immediately prior to such taking, and Landlord shall, to the extent of the condemnation award received by Landlord, restore such part of Landlord's Work in the Premises as is not taken to as near its former condition as the circumstances will permit, and Tenant shall do likewise with respect to such part of Tenant's Work as is not taken.

**20.3 Award.** All damages awarded for any such taking under the power of eminent domain, whether for the whole or a part of the Premises, shall belong to and be the property of Landlord, whether such damages shall be awarded as compensation for diminution in value of the leasehold or for the fee of the Premises, provided that nothing herein contained shall prevent Tenant from making claim for loss or damage to Tenant's trade fixtures and removable personal property, goodwill and relocation expenses.

**20.4 Transfer Under Threat of Taking.** A voluntary sale by Landlord of all or any portion of the Center to a public or quasi-public body, agency or person; corporate or otherwise, having the power of eminent domain, either under threat of condemnation or while condemnation proceedings are pending, shall be deemed to be a taking by eminent domain.

**20.5 Requisitioning.** Notwithstanding anything to the contrary in the foregoing provisions, the requisitioning of the Premises or any part thereof by military or other public authority for purposes arising out of a temporary emergency or other temporary situation or circumstances shall constitute a taking of the Premises by eminent domain only when the use and occupancy by the requisitioning authority has continued for one hundred eighty (180) consecutive days. During such one hundred eighty (180) consecutive day period, and if this Lease is not terminated under the foregoing provisions, then for the duration of the use and occupancy of the Premises by the requisitioning authority, any obligation of Tenant under this Lease to pay and all of the other provisions of this Lease, shall remain in full force and effect, except that Minimum Monthly Rent shall be reduced in the same proportion that the amount of the floor area of the Premises requisitioned bears to the total floor area of the Premises, and Landlord shall be entitled to whatever compensation may be payable from the requisitioning authority for the use and occupation of the Premises for the period involved.

**ARTICLE XXI  
SUBORDINATION; ATTORNMENT**

**21.1 Subordination.** This Lease is subject and subordinate to all mortgages and deeds of trust or other encumbrances which now affect the Center, the Premises or any portion thereof, together with all renewals, modifications, consolidations, replacements and extensions thereof; provided, however, if the holder or holders of any such mortgage, deed of trust or any encumbrance shall advise Landlord that it or they desire to require this Lease to be prior and superior thereto, upon written request of Landlord to Tenant, Tenant agrees to promptly execute, acknowledge and deliver any and all reasonable documents or instruments which Landlord or such holder or holders deem necessary or desirable for purposes therefor. This Lease is further subject and subordinate to (a) all covenants, conditions, restrictions, easements and any other matters or documents of record, together with all renewals, modifications, consolidations, replacements and extensions thereof; and (b) any zoning laws of the city, county and



state where the Center is situated. Tenant hereby covenants that Tenant, and all persons in possession or holding under Tenant, will conform to and will not violate the terms of said matters of record.

**21.2 Future Encumbrance.** Landlord shall have the right to cause this Lease to be and become and remain subject and subordinate to any and all ground and/or other underlying leases, including the sale and leaseback leases, mortgages or deeds of trust or other encumbrances which may hereafter be executed covering the Center, the Premises, the real property thereunder or any portion thereof, for the full amount of all advances made or to be made thereunder and without regard to the time or character of such advance, together with interest thereon, and subject to all of the terms and provisions thereof, and Tenant agrees, within ten (10) days after Landlord's written request therefor, to execute, acknowledge and deliver upon request any and all reasonable documents or instruments requested by Landlord or necessary or proper to assure the subordination of this Lease to any such mortgages, deeds of trust or other encumbrances.

**21.3 Attornment.** Notwithstanding anything to the contrary set forth in this Article, Tenant hereby attorns and agrees to attorn to any person, firm or corporation purchasing or otherwise acquiring Landlord's interest in the Center, the Premises, or the real property thereunder or any portion thereof, at any sale or other proceeding or pursuant to the exercise of any rights, powers, or remedies under such mortgages or deeds of trust as if such person, firm or corporation had been named as Landlord herein, it being intended hereby that, if this Lease shall be terminated, cut off, or otherwise defeated by reason of any act or actions by the owner or holder of any such mortgage or deed of trust, then at the option of any such person, firm or corporation so purchasing or otherwise acquiring Landlord's interest in the Center, the Premises, or the real property thereunder or any portion thereof, this Lease shall continue in full force and effect. Tenant hereby irrevocably appoints Landlord the attorney-in-fact of Tenant to execute and deliver any documents provided herein for and in the name of Tenant, and such power, being coupled with an interest, is irrevocable.

**21.4 Estoppel Certificate.** If, upon any sale, assignment or hypothecation of the Premises, the Center, or the land thereunder by Landlord, an estoppel statement shall be required from Tenant, Tenant agrees to deliver in recordable form within ten (10) days after written request therefor by Landlord, an estoppel statement substantially in the form attached hereto as Exhibit "D", or such other form as may be prescribed by Landlord, its prospective lender or purchaser. Tenant's failure or refusal to timely execute such certificate, or such other certificate the party (other than Landlord) to the sale, assignment, or hypothecation may request, shall constitute an acknowledgment by Tenant that the statements in such certificate are true and correct without exception.

**21.5 Restrictions.** This Lease is made subject to all matters of record now or hereafter existing, as such documents have been heretofore or may hereafter be supplemented, implemented, modified or amended, it being understood that none of the aforementioned documents shall prevent Tenant from using the Premises for the purpose set forth in Section 1.1 Use of Premises. Tenant agrees that, as to its leasehold estate, Tenant, its lender and all other persons in possession or holding under it, will conform to and not contravene the provisions of such documents and, within ten (10) days after request therefor, shall execute and return to Landlord such reasonable documents in recordable form subordinating this Lease to such documents.

## **ARTICLE XXII SALE OF PREMISES BY LANDLORD**

In the event of any sale, exchange or other conveyance of Landlord's interest in the Center or any portion or portions thereof by Landlord and an assignment by Landlord of this Lease, Landlord shall be and is hereby entirely freed and relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease arising out of any act, occurrence or omission relating to the Premises or this Lease occurring after the consummation of such sale, exchange or conveyance and assignment.

## **ARTICLE XXIII HOLDOVER BY TENANT**

**23.1 Holdover Tenancy.** In the event that Tenant shall hold the Premises after the expiration of the Lease Term, such holding over, in the absence of written agreement on the subject, shall be deemed to have created a tenancy from month-to-month, terminable on thirty (30) days' written notice by either party to the other, upon a monthly rental hereinafter stated, but otherwise subject to all of the terms and provisions of this Lease. Such monthly

rental shall equal one hundred fifty percent (150%) of the monthly rental payable by Tenant to Landlord for the preceding twelve (12) month period including, but not limited to, Minimum Monthly Rent, Additional Rent and any other charges payable by Tenant under this Lease.

**23.2 Failure to Surrender.** If Tenant fails to surrender the Premises upon the termination or expiration of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant hereby agrees to indemnify, defend and hold Landlord harmless from any loss or liability resulting from such failure including, but not limited to, any claims made by any succeeding tenant based upon Tenant's failure to surrender and reasonable attorneys' fees and court costs.

#### ARTICLE XXIV NOTICES

**24.1 Notices.** Wherever in this Lease it shall be required or permitted that notice, approval, advice, consent or demand be given or served by either party to this Lease to or on the other, such notice, approval, advice, consent or demand shall be given or served, and shall not be deemed to have been duly given or served unless, in writing and forwarded by certified or registered mail, or by recognized overnight courier service (such as Federal Express) addressed to the parties at the addresses listed in Section 1.1 hereof. Either party may change such address by written notice sent by certified or registered mail to the other. Whenever a notice is required by law to be given to Tenant as a condition precedent to the commencement of a legal action against Tenant for possession of the Premises, any notice required under this Lease shall run concurrently with, and not in addition to, any similar time periods prescribed by applicable law.

**24.2 Delivery Of Default Notices.** Notwithstanding anything to the contrary contained herein, any notices Landlord is required or authorized to serve upon Tenant in order to advise Tenant of alleged violations of Tenant's covenants contained in Article XI (improper advertising medium/signs), Article XV (failure of Tenant to properly repair and/or maintain the Premises), or O (improper parking of automobiles), must be in writing but shall be deemed to have been duly given or served upon Tenant by delivery of a copy of such notice or by mailing a copy of such notice to Tenant in the manner specified above.

#### ARTICLE XXV INTENTIONALLY OMITTED

#### ARTICLE XXVI MISCELLANEOUS PROVISIONS

**26.1 Reference Only.** The captions of Articles and Sections of this Lease are for convenience only and do not in any way limit or amplify the terms and provisions of this Lease.

**26.2 Parties.** If more than one (1) person or corporation is named as Tenant in this Lease and executes the same as such, the word "Tenant", wherever used in this Lease, is intended to refer to all such persons or corporations, and the liability of such persons or corporations for compliance with the performance of all of the terms, covenants and provisions of this Lease shall be joint and several. The masculine pronoun used herein shall include the feminine or the neuter as the case may be, and the use of the singular shall include the plural, as the context may require.

**26.3 Obligations of Successors.** Each and all of the provisions of this Lease shall be binding upon and inure to the benefit of the parties hereto, and except as otherwise specifically provided in this Lease, their respective heirs, executors, administrators, successors and assigns, subject to all agreements, covenants, and restrictions contained elsewhere in this Lease with respect to the assignment, transfer, encumbering or subletting of all or any part of Tenant's interest in this Lease or the Premises.

**26.4 Severability.** It is agreed that, if any provision of this Lease shall be determined to be void by a court of competent jurisdiction, then such determination shall not affect any other provision of this Lease, and all such other provisions shall remain in full force and effect

**26.5 Warranty of Authority.** If Tenant is a corporation, limited liability company or other entity, the persons executing this Lease on behalf of Tenant hereby covenant and warrant that Tenant is a duly formed entity and that the persons so executing have full authority to do so.

**26.6 Merger.** There are no oral agreements between the parties hereto affecting this Lease, and this Lease entirely supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto or displayed by Landlord to Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Lease. This Lease contains all of the terms, covenants, conditions, warranties and agreements of the parties relating in any manner to the rental, use and occupancy of the Premises and shall be considered to be the only agreement between the parties hereto, their respective real estate brokers, if any, and their representatives and agents. None of the terms, covenants, conditions or provisions of this Lease may be modified, deleted or added to except by written Lease amendment signed by the parties hereto. All negotiations and oral agreements acceptable to both parties have been merged into and are included herein. There are no other representations or warranties between the parties, and all reliance with respect to representations is totally upon the representations and agreements contained in this Lease.

**26.7 Right to Lease.** Landlord reserves the absolute right to effect such other tenancies in the Center as Landlord in the exercise of its sole business judgment shall determine. Tenant does not rely on the fact, nor does Landlord represent, that any specific tenant or type or number of tenants shall occupy any space in the Center during the Lease Term.

**26.8 Governing Law.** The laws of the State of Nevada shall govern the validity, construction, performance and enforcement of this Lease. Should either party institute legal action to enforce any obligation contained herein, it is agreed that the proper venue of such suit or action shall be the county and judicial district in which the Center is located. Although the printed provisions of this Lease were drawn by Landlord, this Lease shall not be construed either for or against Landlord or Tenant but shall be interpreted in accordance with the general tenor of its language.

**26.9 Force Majeure.** Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefor, governmental actions, civil commotion, fire or other casualty, and other non-financial causes beyond the reasonable control of the party obligated to perform, shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage, except the obligations, once accrued, imposed with regard to rent and other charges to be paid by Tenant pursuant to this Lease.

**26.10 Cumulative Rights.** The various rights, options, elections, powers and remedies contained in this Lease shall be construed as cumulative, and no one remedy shall be exclusive of any other remedy, or of any other legal or equitable remedy which either party might otherwise have in the event of breach or default in the terms hereof, and the exercise of one right or remedy by such party shall not impair its right to any other right or remedy until all obligations imposed upon the other party have been fully performed.

**26.11 Time.** Time is of the essence with respect to the performance of each of the covenants and agreements contained in this Lease.

**26.12 Relationship of Parties.** Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of joint venture or of any association between Landlord and Tenant, and neither the method of computation of rent nor any other provision contained in this Lease nor any acts of the parties hereto shall be deemed to create any relationship between Landlord and Tenant other than the relationship of landlord and tenant.

**26.13 Late Charges.** Tenant hereby acknowledges that late payment by Tenant to Landlord of rent or other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which is extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Landlord by the terms of any mortgage or deed of trust covering the Premises. Accordingly, if any installment of rent or any other sum due from Tenant shall not be received by Landlord or Landlord's designee when due, then Tenant shall pay to Landlord a late charge equal to Two Hundred Fifty and 00/100 Dollars (\$250.00), plus any attorneys' fees incurred by Landlord by reason of Tenant's failure to pay

rent and/or other charges when due hereunder. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs that Landlord will incur by reason of the late payment by Tenant. Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder. If Tenant incurs a late charge for two (2) consecutive months, Minimum Monthly Rent for the following twelve (12) months shall be automatically adjusted to be payable quarterly, in advance, commencing upon the first day of the month following such consecutive late month and continuing for the next twelve (12) months.

**26.14 Financial Statements.** At any time during the Lease Term, Tenant shall, upon ten (10) days' prior written notice from Landlord, provide Landlord or any lender which is negotiating with Landlord for interim, construction or permanent financing, with a confidential current financial statement (dated within ninety (90) days of the date Tenant receives Landlord's notice) and financial statements for each of the two (2) years prior to the then current fiscal statement year. Such current statement shall be prepared in accordance with generally accepted accounting principles (excluding any otherwise required notes) and, if such is the normal practice of Tenant, shall be audited by an independent certified public accountant.

**26.15 Real Estate Brokers.** Landlord and Tenant represent and warrant that there are no claims for brokerage commissions or finder's fees in connection with the execution of this Lease, and agree to indemnify the other against and hold it harmless from all liability arising from any such claim including, without limitation, any attorneys' fees incurred in connection therewith.

**26.16 Interest.** Tenant shall pay to Landlord when due all sums of money required to be paid pursuant to this Lease. If such amounts or charges are not paid at the time provided in this Lease, they shall nevertheless be collectible with the next installment of Minimum Monthly Rent thereafter falling due, but nothing herein contained shall be deemed to suspend or delay the payment of any amount of money or charge at the time the same becomes due and payable hereunder, or limit any other remedy of Landlord. If Tenant shall fail to pay, when the same is due and payable, any rent or other charge, such unpaid amounts shall bear interest at the prime commercial rate being charged by the Bank of America N.T. & S.A., plus five percentage points per annum, but not to exceed the then legal maximum rate of interest, if any.

**26.17 No Offer to Lease.** The submission of this document for examination and negotiation does not constitute an offer to lease, or a reservation of, or option for, occupancy of the Premises; and this document shall become effective and binding only upon execution and delivery hereof by Tenant and by Landlord (or, when duly authorized, by Landlord's agent or employee). No act or omission of any agent of Landlord or Landlord's broker, if any, shall alter, change or modify any of the provisions hereof.

**26.18 Exculpation.** Notwithstanding any other provision hereof, neither Landlord nor any of the entities comprising Landlord shall have any personal liability hereunder. If Landlord shall fail to perform any covenant, term or condition of this Lease to be performed by Landlord, and if as a consequence of such default Tenant shall recover a money judgment against Landlord, such judgment shall be satisfied only out of the proceeds of sale received upon execution of such judgment and levied thereon against the right, title and interest of Landlord in the Center and out of rents or other income from such property receivable by Landlord, or out of the consideration receivable by Landlord from the sale or other disposition of all or any part of Landlord's right, title and interest in the Center, subject to the rights of Landlord's mortgagee, and neither Landlord nor its employees, officers, directors, partners, shareholders or affiliates shall be liable for any deficiency.

**26.19 Hazardous Materials.** Tenant covenants as follows:

26.19.1 Except for ordinary and general office supplies typically used in the ordinary course of business, such as copier toner, liquid paper, glue and ink and common household cleaning materials (some or all of which may constitute "Hazardous Materials" as herein defined), or other items that are normally found in a medical marijuana dispensary, Tenant agrees not to cause or permit any Hazardous Materials to be brought upon, stored, used, handled, generated, released or disposed of, on, in, under or about the Premises, the Common Areas or any portion of the Center by Tenant, its agents, employees, subtenants, assignees, contractors or invitees (collectively "Tenant Parties"), without the prior written consent of Landlord, which consent Landlord may withhold in its sole and absolute discretion. At all times and in all respects, Tenant and the other Tenant Parties shall comply with all federal, state and local laws, statutes, ordinances and regulations including, but not limited to, the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), Resource Conservation & Recovery Act (42 U.S.C. Section 16901 et

seq.), Safe Drinking Water Act 142 U.S.C. Section 3000(f) et seq.), Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), the Clean Air Act (42 U.S.C. Section 7401 et seq.), Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.), and any Nevada Health, Safety and Water Codes and other comparable state laws (collectively "**Hazardous Materials Laws**"), relating to industrial hygiene, environmental protection or the use, analysis, generation, manufacture, storage, disposal or transportation of any oil, flammable explosives, asbestos, urea formaldehyde, radioactive materials or waste, or other hazardous, toxic, contaminated or polluting materials, substances or wastes, including, without limitation, any "hazardous substances", "hazardous wastes", "hazardous materials", or "toxic substances" under any such federal, state or local laws, statutes, ordinances or regulations (collectively "**Hazardous Materials**").

26.19.2 At Tenant's own expense, Tenant shall procure, maintain in effect and comply with all conditions of any and all permits, licenses, and other governmental and regulatory approvals required for the use of the Premises including, without limitation, discharge of (appropriately treated) materials or wastes into or through any sanitary sewer serving the Center or the Premises. Except as discharged into the sanitary sewer in strict accordance and conformity with all applicable Hazardous Materials Laws, Tenant shall cause any and all Hazardous Materials removed from the Center to be removed and transported by duly licensed haulers to duly licensed facilities for final disposal of such materials and wastes. Tenant shall in all respects handle, treat, deal with and manage any and all Hazardous Materials in, on, under or about the Center in total conformity with all applicable Hazardous Materials Laws and prudent industry practices regarding management of such Hazardous Materials. Upon transfer of possession of the Premises, such transferor shall cause all Hazardous Materials to be removed from the Premises, transferred and transported for use, storage or disposal in accordance with and in compliance with all applicable Hazardous Materials Laws. Upon the expiration or sooner termination of this Lease, Tenant agrees to remove from the Premises, at its sole cost and expense, any and all Hazardous Materials, including any equipment or systems containing Hazardous Materials which are installed, brought upon, stored, used, generated or released upon, in or under the Premises or any portion of the Center by Tenant or any of the Tenant Parties.

26.19.3 Tenant shall immediately notify Landlord in writing of (i) any enforcement, clean-up, removal or other governmental or regulatory action instituted, completed or threatened pursuant to any Hazardous Materials Laws; (ii) any claim made or threatened by any person against Tenant, any of the Tenant Parties, the Premises, or any portions of the Center including, without limitation, any buildings located thereon, relating to damage, contribution, cost recovery compensation, loss or injury resulting from or claimed to result from any Hazardous Materials; and (iii) any reports made to any environmental agency arising out of or in connection with any Hazardous Materials in or removed from the Premises or any portions of the Center, including any complaints, notices, warnings or asserted violations in connection therewith. Tenant shall also supply to Landlord as promptly as possible, and in any event within five (5) business days after any Tenant Party first receives or sends the same, copies of all claims, reports, complaints, notices, warnings or asserted violations, relating in any way to the Premises, any portions of the Center or Tenant's or any Tenant Party's use thereof.

26.19.4 Tenant shall immediately remove all Hazardous Materials caused by Tenant and indemnify, defend, protect, and hold Landlord and each of its partners, employees, agents, attorneys, successors and assigns, free and harmless from and against any and all claims, liabilities, penalties, forfeitures, losses and expenses (including attorneys' fees), as well as the death of or injury to any person and damage to any property whatsoever, arising from or caused in whole or in part, directly or indirectly, by Tenant's or any Tenant Party's use, analysis, storage, transportation, disposal, release, threatened release, discharge or generation of Hazardous Materials to, in, on, under, about or from the Premises or any portion of the Center including, without limitation, any buildings located thereon. Tenant's obligations hereunder shall include, without limitation, and whether foreseeable or unforeseeable, all costs of any required or necessary repair, clean-up or detoxification or decontamination of the Premises or Center or any building thereon, or the preparation and implementation of any closure, remedial action or other required plans in connection therewith. For purposes of the release and indemnity provisions hereof, any acts or omissions of Tenant or any Tenant Party, or anyone holding under Tenant or any Tenant Party, or by any of their employees, agents, assignees, contractors or subcontractors or others acting for Tenant or any Tenant Party (whether or not they are negligent, intentional, willful or unlawful) shall be strictly attributable to Tenant. The terms of the indemnification by Tenant set forth in this Section shall survive the expiration or earlier termination of this Lease.

**26.20 Confidentiality.** The terms and conditions of this Lease are confidential between the parties hereto. Any disclosure by Tenant of the terms and conditions of this Lease to any third party could have a significant and detrimental effect upon either or both of the parties hereto. If Tenant breaches the confidence of this Lease at

any time during the Term of this Lease or extension thereof, Landlord shall have the right to do either of the following by written notice to Tenant:

- (A) Declare that the Minimum Monthly Rent shall immediately double for the remaining Term of the Lease and any extension thereof;
- (B) Terminate this Lease and the tenancy of Tenant.

**26.21 Waiver of Jury Trial.** Landlord and Tenant both hereby waive the right to a jury trial in any unlawful detainer action or other legal proceedings arising out of or related in any manner to this Lease.

**26.22 Subtenancies.** The voluntary or other surrender of this Lease by Tenant or a mutual cancellation of this Lease shall not effect a merger and shall, at Landlord's option, terminate all existing subtenancies or operate as an assignment to Landlord or any or all of such subtenancies.

**26.23 No Exclusive.** Unless otherwise agreed to by both Landlord and Tenant in writing, Landlord does not grant to Tenant any exclusive right to conduct any type or style of business, or to be the sole or exclusive retailer of any goods or services in the Center or any portion thereof, other than as provided for in this Lease.

**26.24 Right of First Opportunity.** Tenant is granted a right of first opportunity to purchase the Premises. If at any time during the Term of this Lease, including any Extended Term, Landlord elects to sell the Premises, Landlord shall give Tenant the first opportunity to purchase. Tenant shall have ten (10) days to submit to Landlord a fair market value offer to purchase the Premises. Landlord shall have no obligation to accept Tenant's offer and may, in its sole discretion, accept, reject or counter Tenant's offer. If Landlord and Tenant fail to reach agreement on the terms of a sale, or a sale agreement fails to close, Landlord shall be free to sell the property as it pleases. Regardless of whether a sale is consummated, Tenant's right of first opportunity shall be null and void thereafter.

IN WITNESS WHEREOF, Landlord and Tenant have duly executed and delivered this Lease as of the day and year first above written.

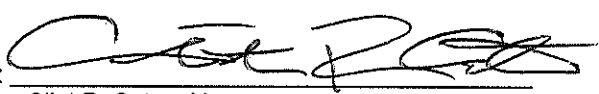
**"LANDLORD"**

**"TENANT"**

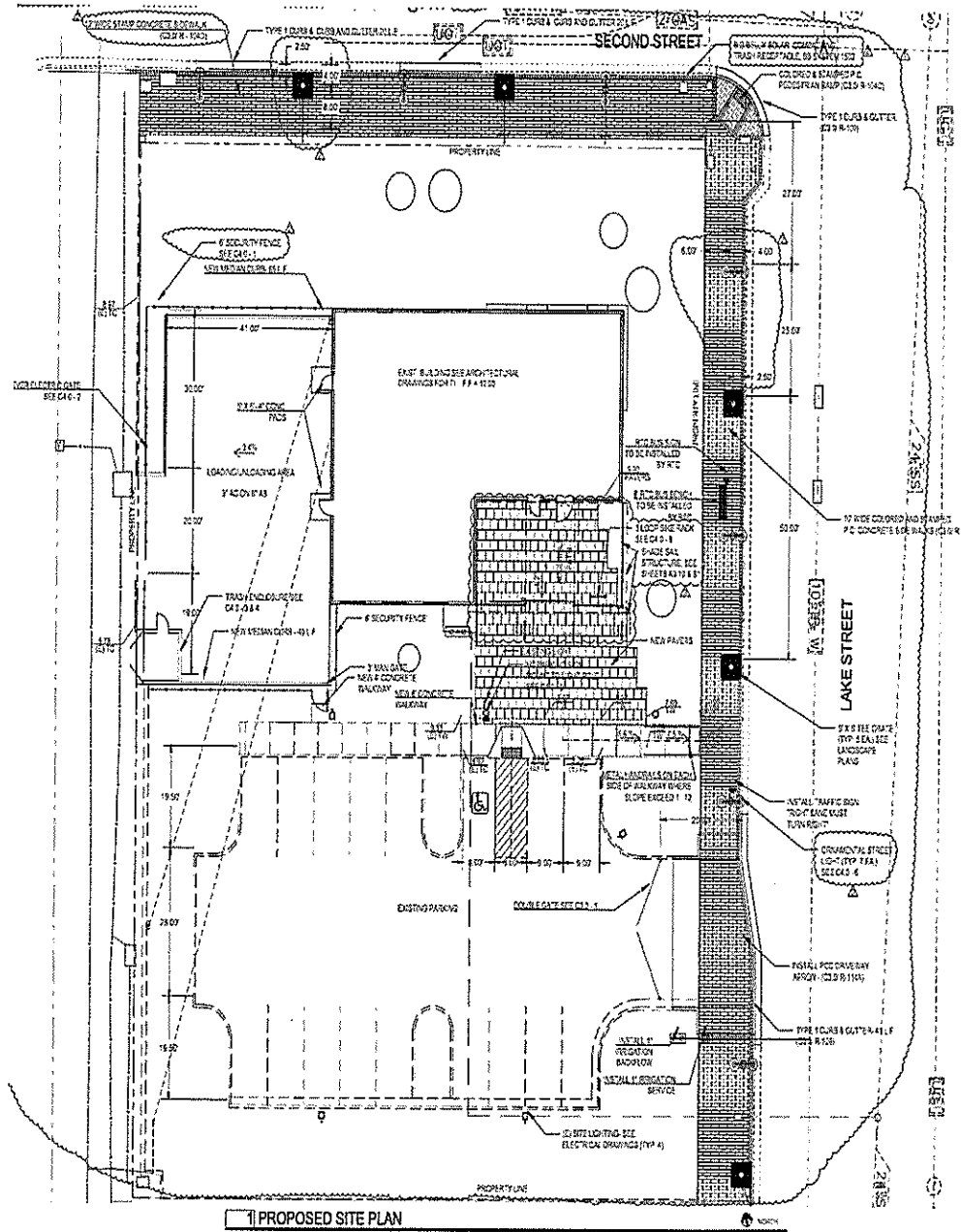
WASHOE WELLNESS, LLC, a Nevada limited liability company

KYND-STRAINZ, LLC, a Nevada limited liability company

By:   
Mark Pitchford, CEO

By:   
Clint R. Cates, Manager

# EXHIBIT "A" SITE PLAN



## EXHIBIT "B" LEGAL DESCRIPTION

WASHOE COUNTY ASSESSOR PROPERTY DATA 02/27/2017

Parcel Map | Map Index | Quick Map | Sales/Transfer/Doc History | Additional Owners | Valuation History | Improvement Details |

Permits

Last Recorded Document in our records: # 4635848 September 23, 2016

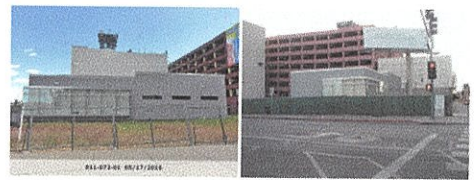
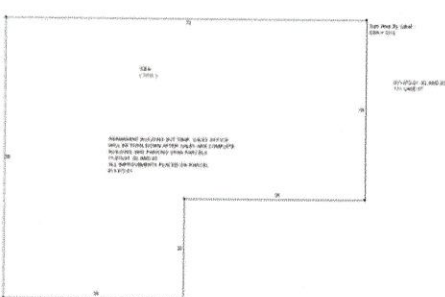
APN: 011-072-01 Card 1 of 1

Owner Information & Legal Description	Building Information	
Situs 132 E 2ND ST	Quality C20 Avg	Occupancy Office Building
Owner 1 JOCHCO INVESTMENTS LLC	Sec Occupancy	
Mail Address 5422 LONGLEY LN	Stories 1.00	Square Feet 3,312
RENO NV 89511	Year Built 2006	Square Feet does not include Basement or Garage Conversion Area.
Rec Doc No 4635848 Rec Date 09/23/2016	W.A.Y. 2006	Finished Bsmt 0
Prior Owner JOCHCO INVESTMENTS LLC	Bedrooms 0	Unfin Bsmt 0
Prior Doc 4461546	Full Baths 0	Bsmt Type
Keyline Desc RENO TOWNSITE W 100' LT 7, 8 & 9 BLK X	Half Baths 0	Gar Conv Sq Foot 0
Subdivision RENO TOWNSITE	Fixtures	Total Gar Area 0
Lot: 7, 8, 9 Block: X Sub Map# 94 & 95	Fireplaces 0	Gar Type
Record of Survey Map: Parcel Map#	Heat Type PACKAGE UNIT	Det Garage 0
Section: Township: 19 Range: 19 SPC	Sec Heat Type	Bsmt Gar Door 0
Tax Dist 1001 Add'l Tax Info Prior APN	Ext Walls STUD-STUCCO	Sub Floor
Tax Cap Status Use does not qualify for Low Cap, High Cap Applied	Sec Ext Walls	Frame WD/STL FRAME
	Roof Cover	Construction Mod 0
	Obso/Bldg Adj 0	Units/Bldg 1
	% Incomplete	Units/Parcel 1

Land Information			
Land Use 410	Zoning MUDR	Sewer Municipal	NBC = Neighborhood Code
Size 14,985 SqFt or ~ 0.344 Acre	Water Muni	Street Paved	NBC AOBQ
			NBC Map AO NBC Map

Valuation Information		Sales/Transfer Information/Recorded Document						
Valuation History	2016/17 FV	2017/18 VN2	V-Code	LUC	Doc Date	Value/Sale Price	Grantor	Grantee
Taxable Land Value	210,000	210,000						
Taxable Improvement Value	312,589	308,280	3NTT		09-23-2016	0	JOCHCO INVESTMENTS LLC	JOCHCO INVESTMENTS LLC
Taxable Total	522,589	518,280	1GCR	410	06-30-2016	1,395,000	S3 RENOVATION INVESTORS LLC	JOCHCO INVESTMENTS LLC
Assessed Land Value	73,500	73,500	1MGA	410	04-23-2015	875,000	SECOND & LAKE LLC	S3 RENOVATION INVESTORS LLC
Assessed Improvement Value	109,406	107,898	3BGG	410	07-03-2013	0	BALLARDINI FAMILY TRUST,	SECOND & LAKE LLC
Total Assessed	182,906	181,398	3BF	410	05-20-2013	675,000	VERO OXFORD INC,	BALLARDINI FAMILY TRUST
The 2017/2018 values are preliminary values and subject to change.			1GCA	180	10-05-2005	1,010,882	BENEDETTI, LINDA	VERO OXFORD INC

Building #1 Sketch Property Photo





**EXHIBIT "C"**  
**LANDLORD'S WORK AND TENANT'S WORK**

I. **Landlord's Work:**

Landlord agrees to construct the building comprising the Premises to a "cold gray shell" stage, along with the Common Area improvements on Parcel 1 (collectively, "Landlord's Work"). The parties shall cooperate in agreeing on the specific details of the foregoing work.

II. **Tenant's Work:**

A. **General**

1. All work required to complete and place the Premises in finished condition for opening of business shall be performed by Tenant at Tenant's sole cost and expense with all due diligence, which work is estimated to cost no less than \$1,000,000 ("Tenant's Work"). Tenant acknowledges that the Premises are in "cold gray shell" condition so that Tenant's Work includes, without limitation, interior walls, floor, HVAC, lighting, plumbing, restrooms and ceilings.

2. The Center is under the jurisdiction of the County of Washoe, State of Nevada, and federal safety codes. All design and construction work shall comply with all applicable statutes, ordinances, regulations, laws and codes.

3. All permits, licenses and approvals for Tenant's Work shall be obtained by Tenant or its contractor prior to the commencement of construction and shall be posted in a prominent place within the Premises as required by the agency issuing the permit.

4. Landlord's written approval shall be obtained by Tenant prior to submitting plans for purposes of obtaining any required governmental permit or approval, and the undertaking of any construction work which deviates from Tenant's Working Drawings and specifications, as approved by Landlord, or the undertaking of any modifications whatsoever to Landlord's building shell and/or utilities and other work not explicitly shown on said Working Drawings and specifications shall require Landlord's approval. Landlord's approval of the foregoing shall not constitute the assumption of any responsibility by Landlord for the accuracy or sufficiency thereof, and Tenant shall be solely responsible therefor.

5. All contractors engaged by Tenant shall be bondable, licensed contractors, possessing good labor relations, capable of performing quality workmanship.

6. Where conflict exists between building codes, utility regulations, statutes, ordinances, other regulatory requirements and Landlord's requirements, as set forth herein, the more stringent of the requirements shall, at Landlord's option, govern.

7. Tenant shall inspect, verify and coordinate all field conditions pertaining to the Premises from time to time prior to the start of its store design work, through its construction, including its fixturing and merchandising. Tenant shall advise Landlord immediately of any discrepancies with respect to Landlord's drawings. Any adjustments to the work arising from field conditions, not apparent on Tenant's drawings and other building documents, shall require the prior written approval of Landlord.

8. Landlord reserves the right to require changes in Tenant's Work when necessary by reason of code requirements or building facility necessity, field conditions, or directives of governmental authorities having jurisdiction over the Premises, or directives of Landlord's insurance underwriters.

B. **Public Safety.** Tenant shall confine the construction work to within the Premises as much as possible and shall work in an orderly manner removing trash and debris from the project on a daily basis. At no time

will pipes, wires, boards or other construction materials cross public areas where harm could be caused to the public. The requirements of "Occupational Safety and Health Administration" ("OSHA") prepared by the Department of Labor will govern. If Tenant fails to comply with these requirements, Landlord may cause remedial action as deemed necessary by Landlord to protect the public. All costs of said remedial action shall be charged to Tenant and shall become Tenant's responsibility.

C. Tenant Damage to Construction. Tenant will be required to furnish the necessary ramps, coverings, etc., to protect Landlord's facilities and adjoining premises from damage. All costs to repair damage to Landlord's facilities and to adjoining premises will be at the expense of Tenant. Actual repair work may be accomplished by Landlord at Landlord's option.

D. Turnover of Premises to Tenant by Landlord. Tenant shall be responsible for:

1. HVAC. It shall be the responsibility of Tenant to pay for heating and/or cooling, if used, during the installation of Tenant's Work.

2. Electrical/Water. Etc. Tenant's permanent electric service, where possible, shall be used to provide power for Tenant's Work. Meters shall be installed prior to Tenant's Work, if possible, and Tenant shall pay for service and water and all utilities consumed. Work performed with temporary electric service will be at Tenant's expense.

E. Drawings and Specifications.

1. As soon as reasonably possible after the Effective Date of this Lease, or such later date as mutually agreed upon by the parties, Tenant shall prepare and submit to Landlord for approval an interior completion plan, design drawings, working drawings and specifications necessary to complete "Tenant's Work" under this Exhibit "C." As soon as practical after receipt of such Drawings and Specifications, Landlord shall return to Tenant such Drawings and Specifications with its suggested modifications and/or approval. If, upon receipt of Landlord's modified Drawings and Specifications, Tenant wishes to take exception thereto, Tenant may do so within ten (10) days from the date on which Tenant receives Landlord's modified Drawings and Specifications. Unless such action is taken by Tenant, it will be deemed that all modifications made by Landlord on the Drawings and Specifications are acceptable to and adopted by Tenant.

2. If Drawings and Specifications are returned to Tenant with modifications, said Drawings and Specifications shall be revised by Tenant and resubmitted to Landlord for approval within ten (10) days of their receipt by Tenant.

3. Upon Landlord's approval in all respects of all such Drawings and Specifications, Tenant shall cause Tenant's Work to be completed and installed or such installations or alterations to be performed, as the case may be, in accordance with the Drawings and Specifications approved by Landlord, and no deviation from said Drawings and Specifications shall be made without Landlord's prior written approval. Tenant shall obtain all necessary permits in connection with the installation of such Tenant improvements and the performance of such work prior to the commencement of any work.

4. If Tenant's Work entails any structural changes to the Premises, Tenant shall submit detailed structural plans, and Landlord's review of such plans shall be at Tenant's expense, provided that such expense shall not exceed One Thousand and 00/100 Dollars (\$1,000.00). Moreover, Tenant shall not be permitted to commence any Tenant's Work until all plans applicable thereto have been approved in writing by Landlord.

5. At any time during the Lease Term, any and all modifications to the Premises requiring alterations to the architectural, mechanical, electrical, fire protection or structural systems will require Tenant to supply detailed Working Drawings and appropriate calculations covering those modifications to Landlord for written approval. Interior painting, wall covering, carpeting and placement of movable trade fixtures are considered normal maintenance items and do not require Landlord approvals, but otherwise meet the requirements of this Exhibit. All other alterations require Landlord's written approval.

6. Landlord's approval or inspection of any of Tenant's plans, shop drawings, etc., so submitted is made for identification purposes only and neither Landlord, nor its agents, servants or employees shall have any liability in any respect to any inadequacies, deficiencies, errors or omissions or non-complying features contained in any or all of Tenant's preliminary plans or final plans or Landlord's comments in respect to same.

F. Tenant Improvements. All work to be performed by Tenant is herein referred to as "Tenant's Work". Without limiting the generality of the foregoing, the term "Tenant's Work" includes the following:

1. Storefront: Tenant shall furnish and install at its cost all additional storefront construction not existing on the Delivery Date, including, but not limited to, application of finish and decorating material on the interior side of the "storefront".
2. Floors: Tenant shall pour the concrete floor and shall be responsible for preparation of floor surfaces and applying all floor finishes. All exposed concrete floors shall have a sealant applied. Carpeting and/or other quality floors, such as glazed or unglazed pavers or wood parquet, shall be used in all public areas except in such instances where other types of floor covering materials are specifically approved by Landlord. Vinyl tile is generally not considered an acceptable finish material in public areas. Additional restroom(s), kitchen(s) and storage areas shall have thresholds at the doors in such a manner as will not permit the passage of water or other liquids to the adjacent tenant space.
3. Walls: Tenant shall furnish and install all partitions and doors, and all interior walls and wall finish materials including, but not limited to, Tenant's sales area, stock area, restroom, fitting rooms, etc. Inasmuch as Landlord's demising walls have not been designed for Tenant's superimposed fixture loads and/or any unusual wall decor, Tenant shall structurally reinforce the existing walls as required and approved by Landlord, to accommodate any additional superimposed loading required by Tenant's design. Any combustible materials applied to the demising partitions shall receive a U.L. labeled fire retardant coating. Tenant spaces with unusual sound and/or odor problems shall have sound and odor absorbent wall installed and in such a manner which will not permit the passage of sound and/or odors through the wall(s) to the adjacent space(s).
4. Ceilings: Tenant shall furnish and install all interior ceilings and ceiling finish materials.
5. Utilities: Tenant shall make provision and pay all hook-up fees for separate metering of applicable utilities, all telephone service equipment within the Premises in accordance with local utility requirements. Tenant shall be responsible for speaker wires for any stereo system and/or phone system. Tenant's utility service requirements in excess of that provided by Landlord shall be furnished and installed by Landlord's contractor at Tenant's expense.
6. Special Equipment: Tenant shall provide any and all additional mechanical equipment, curbs, supports, etc., including, but not limited to, swamp cooler or additional HVAC, additional plumbing, elevators, conveyors, etc., related to the operation of Tenant's business, and located within the Premises. Tenant shall provide fire extinguishers as required by code.
7. Fixtures and Furniture: Tenant shall furnish and install all new furniture, trade fixtures, shelving and other work necessary for its operation within the Premises.
8. Material and Warranties: Tenant shall use only new, first-class materials in the completion of Tenant's Work. All work and equipment shall be warranted for a minimum of one (1) year from installation and shall comply with all applicable codes.
9. Roof Work: Tenant agrees that all venting, opening, sealing, waterproofing or any altering of the roof shall be performed by Landlord's roofing contractor at Tenant's expense and that, when completed, Tenant shall furnish to Landlord a certificate from Landlord's roofing contractor that all such alterations approved by Landlord have been completed in accordance with the plans and specifications therefor approved by Landlord.
10. Kitchen Areas: All kitchen areas (if any) shall have installed proper range hoods and insulated exhaust ducts. Waste lines shall have grease interceptors, make-up air system, fire extinguishing system for all cooking exhaust hoods and fire extinguishers. All kitchen exhaust fans shall be of upblast type.

11. Storefront Sign: In accordance with drawings pre-approved by Landlord and in compliance with all applicable governmental requirements.

12. Other Work: Tenant shall be responsible for all other work.

G. Insurance. Tenant shall secure, pay for and maintain or cause its contractor(s) to secure, pay for and maintain during Tenant's Work construction, fixturing and merchandising of the Premises, including any modification performed by Tenant during the Lease Term, the following insurance in the following amounts, which shall be endorsed in all policies to include Landlord and its beneficiaries, employees and agents as insured parties, and which shall provide in all policies that Landlord shall be given thirty (30) days' prior written notice of any alteration or termination of coverage in the amounts as set forth below, and such insurance as may from time to time be required from city, county, state or federal laws, codes, regulations or authorities, together with such other insurance as is reasonably necessary or appropriate under the circumstances:

1. Tenant and Tenant's general contractor and subcontractor(s) required minimum coverages and limits of liability:

(a) Worker's Compensation as required by state law and Employer's Liability Insurance with limits of not less than Five Hundred Thousand and 00/100 Dollars (\$500,000.00) and any insurance required by any employee benefit acts or other statutes applicable where the work is to be performed as will protect the contractor and subcontractors from any and all liability under the aforementioned acts.

(b) Commercial General Liability Insurance (including Contractor's Protective Liability) with a combined single limit (bodily injury and property damage) of not less than Two Million and 00/100 Dollars (\$2,000,000.00) per occurrence and in the aggregate. Such insurance shall provide for explosion, collapse and underground coverage and contractual liability coverage and shall insure the general contractor and/or subcontractors against any and all claims for personal injury, including death resulting therefrom, and damage to the property of others and arising from his operations under the contract, whether such operations are performed by the general contractor, subcontractors or any of their subcontractors, or by anyone directly or indirectly employed by any of them

(c) Comprehensive Automobile Liability Insurance, including the ownership, maintenance and operation of any automotive equipment, owned, hired and non-owned in an amount not less than Two Million and 00/100 Dollars (\$2,000,000.00) combined single limit (bodily injury and property damage) per occurrence and in the aggregate. Such insurance shall insure the general contractor and/or subcontractors against any and all claims for bodily injury, including death resulting therefrom, and damage to the property of others arising from his operations under the contract, whether such operations are performed by the general contractor, subcontractor or any of their subcontractors, or by anyone directly employed by any of them.

(d) Builder's Risk Insurance — Completed Value Builder's Risk Damage Insurance Coverage. Tenant shall provide an "All Physical Loss" Builder's Risk insurance policy on the work to be performed for Tenant in the Premises as it relates to the building within which the Premises are located. The policy shall include as insureds Tenant, its contractor and subcontractors, and Landlord, as their respective interests may appear within the Premises and within one hundred feet (100') thereof. The amount of Insurance to be provided shall be one hundred percent (100%) replacement cost.

2. All such insurance policies required under this Exhibit, except as noted above, shall include Landlord, Landlord's agents and beneficiaries, Landlord's on-site representatives, Landlord's architect, and Landlord's general contractor, as additional insured's; except Worker's Compensation Insurance, which shall contain an endorsement waiving all rights of subrogation against Landlord, Landlord's architect and Landlord's general contractor, Landlord's agents and beneficiaries.

3. The insurance required under this Exhibit shall be in addition to any and all insurance required to be provided by Tenant pursuant to the Lease.

H. Trash Removal. During the construction, fixturing and merchandise stocking of the Premises, Tenant shall provide trash removal at areas designated by Landlord. It shall be the responsibility of Tenant and

Tenant's contractors to remove all trash and debris from the Premises on a daily basis and to break down all boxes and place all such trash and debris in the containers supplied for that purpose. If trash and debris are not removed on a daily basis by Tenant or Tenant's contractor, then Landlord shall have the right to remove such trash and debris or have such trash and debris removed at the sole cost and expense of Tenant.

1. At Completion of Tenant's Work. Tenant will provide Landlord with the following within thirty (30) days following completion:

1. A Certificate of Occupancy (C of O) prior to opening for business.
2. Unconditional Waivers of Liens and Sworn Statements in such form as may be required by Landlord from all persons performing labor and/or supplying materials in connection with such work showing that all parties have been paid in full.
3. Submission by Tenant to Landlord of detailed breakdown of Tenant's final and total construction costs, together with receipted invoices showing payment thereof.
4. Submission by Tenant to Landlord of warranties for not less than one (1) year against defects in workmanship, materials and equipment as required in this Exhibit.
5. Submission by Tenant of a statement wherein Tenant agrees to indemnify Landlord against any and all liens against the Premises or any claims by any materials suppliers, contractors, or subcontractors.
6. Tenant shall have reimbursed Landlord for the cost of Tenant's Work done for Tenant by Landlord, the cost of temporary power and of trash removal, and all other sums owed by Tenant to Landlord pursuant to the Lease and Exhibits.
7. Tenant shall furnish a copy of the License to do Business.
8. "As-Built" Drawings of all permanent Tenant Work performed.
9. Recordation of a valid Notice of Completion.