

**PORT OF GRAYS HARBOR
LEASE NO. 2016-L321**

THIS AGREEMENT OF LEASE entered into by and between the **PORT OF GRAYS HARBOR**, a municipal corporation of the State of Washington, as Lessor, hereinafter referred to as "Owner", and **FULLER HILL DEVELOPMENT CO. LLC**, a Washington LLC as Lessee, hereinafter referred to as "Tenant". The Owner and Tenant are collectively referred to as the "Parties".

In consideration of the rentals herein agreed to be paid by the Tenant to the Owner and in consideration of the mutual covenants and agreements of the Parties herein set forth, the Parties hereto agree as follows:

1. **AGREEMENT TO LEASE**. The Owner does hereby lease to the Tenant and the Tenant hereby leases, takes and hires from the Owner that certain 50,000 square foot warehouse and surrounding real estate, totaling approximately 1.75 acres, situated in Grays Harbor County, State of Washington, commonly known as the Enterprise Warehouse, 37 Enterprise Lane, Elma, WA 98541 and legally described on Exhibit "A," attached hereto and incorporated herein by this reference. Said real estate shall be referred to as the leased Premises or the Premises hereinafter. Upon completion of a survey, at Owner's expense, the Parties shall amend this Agreement to attach a metes and bounds description of the Premises.

2. **TERM**. The Initial Term of this Lease shall be for a period of five (5) years, commencing October 1, 2016, and ending at midnight on September 30, 2021.

3. **OPTION TO RENEW**. Tenant is hereby granted an option to renew this lease for nine (9) successive five (5) year periods after the Initial Term. In order to exercise any option for renewal, Tenant must so notify the Owner in writing at least one year in advance of the option period for which such notice is given, Tenant must have fulfilled completely and timely all of the term and conditions of this lease and Tenant must have exercised all previous options. Failure of Tenant to give required written notification may, in the discretion of the Port of Grays Harbor, result in the option(s) being null and void.

4. **POSSESSION**. The Parties hereto understand that a prerequisite to the validity of this Lease is the provision for insurance as required in the paragraph entitled "ACCIDENT AND LIABILITY INSURANCE". Anything herein to the contrary notwithstanding, the Tenant shall not be entitled to the possession of all or any portion of the herein-leased Premises until it shall have complied with said paragraph.

5. **RENT**. The Fair Market Rent (Rent) for the herein-leased Premises shall be determined and paid as set forth in this paragraph without offset or notice of abatement:

A. In consideration of the Tenant's permitting, inspection, and construction on the Premises, Rent shall not be due for the period of October 1, 2016 until February 28, 2017.

B. The Rent commencing March 1, 2017 and terminating September 30, 2021 shall be due in the amount of TWELVE THOUSAND FIVE HUNDRED and 00/100s DOLLARS (\$12,500.00) per month based the rental rate of \$.25 per square foot per month for the approximately 50,000 square foot warehouse;

C. In addition to paying the rent as provided above, Tenant shall pay to Owner all leasehold excise taxes due and owing on all taxable rent consistent with RCW Chapter 82.29A relating to leasehold excise tax, and any subsequent revision or amendment thereto. In the event that the Washington State Department of Revenue determines, based on Chapter 82.29A RCW or any revision or amendment thereto, that a leasehold tax is due in an amount greater than the amount invoiced by the Port of Grays Harbor, then the Tenant shall pay the same and hold Owner harmless from the leasehold excise tax and any penalties or assessments due. Nothing herein shall prevent the Tenant from disputing the amount of the leasehold tax and taking proper steps to seek an administrative or judicial determination that determines the amount of leasehold tax due, provided there is no expense to the Owner.

D. Rental and leasehold excise tax shall be payable monthly in advance and shall be paid to the Owner at its offices in Aberdeen, Grays Harbor County, Washington. Rent and leasehold excise tax are due and payable on or before the first day of the month they are due; there is no grace period. The tenant may be considered in default of this lease if the rent and leasehold excise tax are not received when due. Delinquent rent shall draw interest at the rate of 1-1/2 % (one and one-half percent) per month, or the maximum rate permitted by law; whichever is lesser, from the date of delinquency, until fully paid.

E. The Fair Market Rent for the renewal options commencing on or after September 30, 2021 shall be based on appraisals of Fair Market Value and the Market Rate of Return. The value of any improvements located upon the Premises financed by the Tenant at no cost to the Owner shall be excluded in determining the Fair Market Value of the Premises. Such Fair Market Rent shall be determined by an appraiser selected and paid by the Owner provided, however, that such Fair Market Rent shall not be increased more than ten percent (10%) per renewal period. If Tenant is dissatisfied with the appraisal made by said appraiser, then upon Tenant's request, such Fair Market Rent shall be determined by a board of three appraisers, each of whom shall be experienced in the valuation of the type of Premises subject to this Lease. Each party shall select one of these appraisers and those two shall select the third appraiser. At least two members of said Board of Appraisers shall be residents of Grays Harbor County unless each party designates an appraiser who is a non-resident, in which event only the third appraiser need be a Grays Harbor resident unless such requirement be waived by both Parties. Each party shall compensate the appraiser selected by it and the compensation of the third appraiser shall be paid by the Port. A decision of a majority of the Board of Appraisers shall be the decision of the Board of Appraisers and shall be

binding on each of the Parties hereto, provided that such Fair Market Rent shall not be increased more than ten percent (10%) per renewal period.

F. The area of any and all new additions, structures or other similar improvements created by the Tenant shall not be used to calculate any Rent.

6. **ACCEPTANCE OF PREMISES.** Tenant accepts said Premises in their present condition, "AS IS", and agrees that it will not demand that the Owner make any improvements thereon or maintenance thereof other than as specifically agreed hereinafter:

A. Owner shall install an eight (8) foot tall cyclone fence around the perimeter of the Premises with one (1) twenty foot truck gate, Owner may use the existing structure as a portion of the fencing. Owner and Tenant shall consult on the location and number of additional entry ways through the fence prior to construction but additional entry ways shall be at the Tenant's expense. Owner shall complete the installation of the fence within 5 months of the mutual execution of this Agreement. After completion of construction of the fence the Tenant shall be responsible for maintenance, repair and replacement of the fence.

B. Owner shall install flood lighting sufficient to adequately light the uncovered portions of the Premises during nighttime within 5 months of the mutual execution of this Agreement. Said installation shall consist of five-25 foot, 4 inch square poles with two 150 watt LED fixtures each, together with necessary trenching, conduit, wiring, permitting and asphalt. Tenant shall connect the wiring to the circuit at the perimeter pole location where they will be installing their new electrical service, together with any associated controller and inside wiring. After completion of construction of the flood lighting the Tenant shall be responsible for maintenance, repair and replacement of the lighting.

C. Owner shall not be required to construct or maintain any other improvements.

7. **DISCLAIMER OF WARRANTY.** The Port makes no representation nor warranty, expressed nor implied, as to the condition or fitness for any use of the Premises or any improvements located upon the above referenced Premises. Such improvements are leased in a "where is/as is" condition.

8. **USE OF PREMISES.** The Tenant shall use, assign and/or sublet the Premises for cannabis production and processing pursuant to license(s) issued by the Washington State Liquor and Cannabis Board ("WSLCB") under RCW69.50 *et seq.* (Recreational Cannabis) and/or RCW 69.51A (Medical Cannabis) and the Washington Administrative Code (WAC) rules and regulations applicable to production and processing of cannabis, including ancillary activities such as administrative work, and shall not use them for any other purpose without the written consent of the Owner, which is not to be unreasonable withheld.

A. Tenant shall notify the Owner in writing of any administrative or judicial action commenced by the WSLCB that may suspend or terminate the license(s) referred

to above. Said notice shall be provided within five (5) days of the Tenant's receipt of said notice from the WSLCB.

B. Tenant shall notify the Owner in writing of any administrative or judicial action commenced by any local, state or federal law enforcement or regulatory agency against the license(s) or licensee(s) referred to above arising out of cannabis production or processing. Said notice shall be provided within five (5) days of the Tenant's receipt of said enforcement or regulatory action.

The Tenant shall continuously use the entire Premises for the conduct of business during the term of this Lease with the exception of temporary closures caused by reason of wars, labor disputes, riots, civil commotion, acts of the public enemy, or acts of God. Tenant shall not keep on the leased Premises any material which, in the Owner's judgment, is dangerous or of explosive nature or which may cause an increase in Owner's insurance premiums or cause cancellation of Owner's insurance. No activity which may create a hazard in the judgment of the Owner, or which may cause an increase in Owner's insurance premiums, may be performed, provided that the Owner explicitly agrees to allow cannabis processing activities including extractions using carbon dioxide, butane, or any other WSLCB-approved method in accordance with WSLCB rules regarding extractions and any other applicable building code.

9. **DISPOSAL AND DESTRUCTION.** Tenant shall dispose of and destroy all cannabis-related waste produced in accordance with the terms, provisions and conditions of WAC 314-55-097 *Marijuana Waste Disposal – Liquids and Solids* and any amendments or additions thereto.

10. **APPROVAL OF PLANS FOR CONTEMPLATED IMPROVEMENTS.** Tenant shall, prior to the construction of any new structures or improvements, the alteration or addition to existing structures, or the permanent surfacing of any outside areas, submit to Owner for approval, plans for the carrying out of such alterations or improvements. The Owner shall have two (2) business days after receipt of said plans to request changes or object to the proposed alterations or improvements. Failure of the Owner to request changes or object in writing delivered to Tenant within the above two (2) business days shall be deemed an approval of the plans by the Owner. No such alterations or improvements shall interfere with Owner's utilities or utility easements either upon, on or below the surface of the ground and such alterations or improvements shall not be carried out without the prior approval in writing from the Owner, which approval shall not be unreasonably withheld or delayed. All such alterations and improvements shall be at Tenant's sole expense. The Owner may, at its discretion, require the removal of such improvements upon the termination of the lease, and require the Premises to be restored to the condition they were in prior to the construction of such improvements.

Tenant shall comply with all requirements of the WSLCB with regard to controlled access, surveillance and any other construction requirements of the WSLCB.

11. **OWNERSHIP & REMOVAL OF LEASEHOLD IMPROVEMENTS.** All structures erected upon or added to the leased Premises by the Tenant during the term of this Lease, may be removed by the Tenant prior to the expiration of this Lease provided the Tenant is not in default under this Agreement as detailed in paragraph 36. Any such structures not so

removed revert to the Owner on the expiration of this Lease. If the Tenant removes any part of a structure from the Premises, it shall be obligated to remove all thereof, except such portions, as the Owner may desire to leave remaining, including the foundation or other structural improvements. Owner may require the Tenant to remove all or any portion of the structures so placed on said Premises, provided the Owner so notifies the Tenant within 30 days of the expiration of this Lease. In the event any improvements are so removed by Tenant, the Premises shall be restored to the condition they were in prior to the construction of such structures.

12. **MAINTENANCE AND REPAIR BY TENANT.** Tenant shall, at its own expense, throughout the term of this Lease, and so long as it shall remain in possession of the leased Premises, keep and maintain in good repair all portions of the building, or buildings, and other improvements to be located upon the leased Premises at anytime hereafter during said term, including all windows, doors, skylights, fixtures, equipment, HVAC equipment, electrical wiring and equipment, plumbing and pipes located on the Premises and appurtenances. All such improvements shall be maintained in a clean and attractive condition and repainted as reasonably necessary. Tenant shall keep and maintain in good repair all sidewalks, motor vehicle access ways and parking areas. If at any time the Owner shall observe or discover any condition requiring maintenance or repair to be performed by the Tenant, Owner may notify the Tenant thereof and if the Tenant shall fail to make the necessary repairs promptly and with the immediacy which may be required by the nature of the defect and the potential damage which may result from lack of repair. Owner may, but shall not be required to, make such repairs, in which case the Tenant shall promptly reimburse the Owner for its costs in making such repairs. Any amount so paid by Owner, together with interest at the rate of 12% per annum thereon from date of payment by Owner until repaid by Tenant, shall be repaid by Tenant upon Owner's demand all without prejudice to any other right Owner may have by reason of such default.

13. **MAINTENANCE AND REPAIR BY OWNER.** The Owner shall maintain the outside walls, foundation, floor (except floor coverings), and roof of the structure presently located on the herein-leased Premises, and all pipes, outlet pipes and sewers connections outside the building located on the Premises. Tenant shall notify the Owner of the need to repair or maintain any portion of such structure, as herein agreed to be repaired and maintained by Owner. The Owner shall not be regarded as in violation of this covenant unless it shall have been notified in writing by the Tenant of a condition which requires maintenance and repair and a reasonable time to effect such maintenance and repair has elapsed. The Owner is not obligated to make repairs for damage caused to the structure by the Tenant, its officers, employees, agents, customers, licensees or invitees. Any damage caused to the structure by the aforementioned shall be repaired to the satisfaction of the Owner and if not so repaired, the Owner may cause such damage to be repaired and the Tenant shall reimburse the Owner for the cost thereof.

14. **FIRE PROTECTION, LEAKAGE AND SPILL PROTECTION.** The Tenant shall at its own expense, throughout the term of this Lease, and so long as it shall remain in possession of the Premises, provide and maintain hand-held fire extinguishers for protection of building contents as required by the Fire Department that serves the leased Premises, together with such equipment, devices and facilities as may be required by federal, state and local laws and regulations to protect from, prevent and mitigate against leakage, spills or release of chemicals and/or substances on the Premises. Tenant shall be responsible for the installation of a sprinkler system or other fire protection systems as may be required under the Grays Harbor

County Building Code, including, if necessary any compressor or other equipment required for proper operation of the fire protection system.

15. **WAIVER OF SUBROGATION.** The Owner and the Tenant hereby mutually release each other from liability and waive all rights of recovery against each other for any loss from perils insured against under their respective fire insurance contracts, including any extended coverage endorsements thereto, to the extent of payment received from their respective insurance carrier. This paragraph shall be inapplicable if it would have the effect, but only to the extent that it would have the effect, of invalidating any insurance coverage of the Owner or the Tenant.

16. **RE-DELIVERY OF PREMISES.** Tenant shall, at the expiration of this Lease, peacefully deliver possession of the leased Premises to the Owner in as good a condition as when received, except for reasonable wear and tear. It is understood that in the event that the Tenant shall leave any material or equipment on the Premises, the Owner shall have the right to sell such collateral material for whatever price the Owner can obtain, and shall be entitled to retain sufficient proceeds from such sale to cover all of the Owners expenses incurred in such sale, plus any other outstanding charges by Owner against the Tenant.

17. **COMPLIANCE WITH LAWS AND REGULATIONS.** Except as permitted in under Paragraph 8, the Tenant shall promptly comply with all statutes, ordinances, rules, orders, regulations, and requirements of the Federal, State and Municipal governments and of any and all of their Departments and Bureaus (collectively called "governmental requirements") which are applicable to the leased Premises or any structures or other improvements located thereon during the term or renewal hereof.

18. **SIGNS.** No signs, banners, pennants, symbols, flags, eye-catching spinners or other advertising devices, nor any temporary signs shall be permitted to be flown, installed, placed or painted on, attached to or erected on the leased Premises without the prior written consent of the Owner. Tenant shall comply with all rules and regulations promulgated by the WSLCB relating to exterior signage.

19. **EXTERIOR MAINTENANCE OF PREMISES.** Tenant shall keep the Premises in a condition of proper cleanliness, orderliness and a state of attractive appearance at all times and shall permit neither waste nor nuisances upon the Premises. No refuse, garbage, debris, nor rubbish shall be permitted to accumulate on the Premises. The leasehold Premises shall be landscaped according to plans to be prepared by Tenant and submitted to Owner for approval. The landscaping shall be properly maintained in an attractive state; lawns shall be watered, fertilized, weeded, mowed, and trimmed as required; shrubs and trees shall be fertilized and pruned as required; garden areas shall be kept free of weeds. If tenant shall violate the covenants of this paragraph, Owner may enter the leased Premises, without such entering causing or constituting a termination of this Lease or an interference with the possession of the Premises by Tenant, and Owner may restore the Premises to a neat, clean, and sanitary condition. In such event, Tenant shall pay to Owner, in addition to the rent as provided above, the expense of Owner in thus restoring the Premises.

20. **ACCESS BY OWNER.** The Owner reserves to itself, its agents or assigns the right to enter the Leased Premises, escorted by Tenant's agents or employees at all reasonable times during normal business hours, upon 48 hours written notice for the purpose of inspecting the same and to ensure compliance by Tenant with the security and restricted access restrictions and limitations imposed by WSLCB or other licensing agencies. Provided however, the Owner and its agents, employees and contractors must be accompanied at all times by Tenant and wear a Tenant provided ID badge when entering the Premises. The foregoing shall not be construed to require the Owner to inspect the Premises and shall impose no liability on the Owner for failure to so inspect.

21. **INDEMNIFICATION.** The Owner, its employees and agents, shall not be liable for any injury, including death, to any persons or for damage to any property, regardless of how such injury or damage be caused, sustained or alleged to have been sustained by the Tenant or by any others as the result of any condition, or defect in the Premises, or occurrence whatsoever related in any way to the leased Premises and the areas adjacent thereto or related in any way to the Tenant's use or occupancy of said Premises and of the areas adjacent thereto. Tenant shall hold and save the Owner harmless from all liability and/or expense, including expense of litigation, in connection with any such items of actual or alleged injury or damage. Nothing in the above shall be construed as indemnifying the Owner should liability result from the sole negligence of the Owner, its employees or agents.

22. **ACCIDENT AND LIABILITY INSURANCE.** Tenant shall, at its sole expense, during the entire term of this Lease, keep in full force and effect a policy or policies of comprehensive general liability and property damage insurance covering the entire leased Premises, and the business operated by Tenant and any sub-tenants or assignees of the Tenant in the leased Premises. The general liability insurance shall not be less than \$2,000,000 combined single limit for each occurrence. Such insurance shall include but not be limited to bodily injury liability, personal injury liability, property damage liability, and broad form property damage liability. The policy or policies shall name the Owner and Tenant as the insured and shall contain a clause that the insurer will not cancel or change the insurance without first giving Owner thirty (30) day's prior written notice. The insurance shall be in an insurance company or companies, and in a form approved by Owner and copies of each policy or certificate shall be delivered to Owner within 30 days of the effective date of this Lease. Tenant shall cause to be delivered to Owner renewals of such insurance policy or policies within 60 days before its expiration date during the term of this Lease.

23. **TENANT'S RESPONSIBILITY FOR ESCAPED PRODUCTS.** Tenant hereby expressly assumes all responsibility for petroleum or any other products spilled or released from vehicles, vessels, tanks, pipelines, structures or other leasehold improvements used by the Tenant or placed on the leased Premises, or present on the leased Premises at Tenant's request or convenience, including any pipeline installed by Tenant or at Tenant's request to or from the leased Premises and Tenant shall hold Owner harmless from all liability, damages, suits, fines or penalties resulting from the escape of such products. This paragraph shall not release the Owner for liability for escaped products caused by Owner's sole negligence.

24. **PRESENCE AND USE OF HAZARDOUS SUBSTANCES.**

A. **Hazardous Substances Defined:** As used in the Lease, the term “Hazardous Substance” means any hazardous, toxic, dangerous or extremely hazardous substance, material or waste, including marine pollutants, marine toxics, and air toxics, which is or becomes regulated by the United States Government, the State of Washington, or any local governmental authority. The term includes, without limitation, any substance containing (contaminants) regulated as specified above.

B. **Release Defined:** As used in this lease, the term “release” shall be defined as provided in 42 U.S.C. 9601 and RCW 70.105D.020, or successor legislation. In the event a conflict exists between the two definitions, the broader definition shall apply. For purposes of the Lease, the term release shall also include threatened release.

C. **Use, Storage and Disposal:** Notwithstanding any other provision of this Lease, Tenant shall not use, store, treat, generate, sell or dispose of any Hazardous Substances on or in any manner that affects the Premises, improvements and common areas without the prior written consent of the Owner.

D. **Compliance with Laws:** Tenant shall, at its sole cost and expense, comply with all laws, statutes, ordinances, regulations, rules and other governmental requirements regarding the proper and lawful generation, use, sale, transportation, storage, treatment and disposal of Hazardous Substances (hereinafter “Laws”) or in any manner that affects the Premises.

E. **Monitoring:** The Owner or its designated agents may, at the Owner’s sole discretion and at reasonable times, enter upon the Premises for the purpose of (1) monitoring Tenant’s activities conducted thereon, and (2) conducting environmental testing and sampling to determine compliance with applicable laws and the terms of this Lease. If such monitoring discloses the presence or release of Hazardous Substances in violation of either applicable laws or this Lease, the cost of such monitoring shall be paid by Tenant pursuant to subparagraph (“H”). In addition, within five (5) days of the Owner’s written request, Tenant shall provide the Owner with a detailed written description of Tenant’s generation, use, sale, transportation, storage, treatment and disposal of Hazardous Substances on or which may otherwise affect the Premises. The Owner’s discretionary actions pursuant to this subparagraph shall not constitute a release waiver or modification of Tenant’s obligations otherwise specified in this Lease.

F. **Notifications:** Tenant shall notify the Owner within twenty-four (24) hours of any release of Hazardous Substances that may affect the Premises, and shall promptly provide the Owner with a copy of any notifications given to any governmental entity regarding any such release. Tenant shall promptly provide the Owner with copies of any inspection report, order, fine, request, notice or other correspondence from any governmental entity regarding the release of Hazardous Substance that may affect the Premises. At the Owner’s written request, Tenant shall provide the Owner with a copy of all reports, (manifests), material safety data sheets (MSDS), and identification numbers

regarding Hazardous Substance at the same time they are submitted to the appropriate governmental authorities.

G. Environmental Assessment: Tenant shall, upon written request from the Owner, based on a sufficient reason to believe there has been a release of hazardous substances, within sixty (60) days following expiration or other termination of the Lease, provide the Owner with an environmental assessment prepared by a qualified professional mutually agreed upon by the Owner and Tenant. The environmental assessment shall, at a minimum, certify that a diligent investigation of the Premises has been conducted, including a specific description of the work performed, and either (1) certify that diligent investigation of the Premises has revealed no evidence of a release of Hazardous Substances or violation of applicable laws, or (2) if a release or violation of applicable laws is detected, identify and describe; (i) the types and levels of Hazardous Substances detected; (ii) the physical boundaries of the release, including property other than the Premises; (iii) the actual and potential risks to the environment from such release or violation; and (iv) the procedures and actions necessary to remedy the release or violation in compliance with applicable laws. Tenant shall pay the expense of obtaining the environmental assessment and of performing all remediation in accordance with subparagraph (“H”).

H. Hold Harmless and Indemnity: Tenant shall defend (with attorneys approved in advance and in writing by the Owner), indemnify and hold the Owner and its agents harmless from any loss, claim, fine or penalty arising from the release of Hazardous Substances or any violation of applicable laws affecting the Premises to the extent caused by Tenant or its agents. Such obligation shall include, but shall not be limited to, environmental response and remedial costs, other cleanup costs, environmental consultants’ fees, attorneys’ fees, fines and penalties, laboratory testing fees, claims by third parties and governmental authorities for death, personal injuries, property damage, business disruption, lost profits, natural resource damages and any other costs, and the Owner’s expenses as provided in subparagraphs (“D”, “E”) and (“G”). Tenant’s obligations pursuant to this subparagraph shall survive expiration or other termination of this Lease.

I. Default and Cure: Notwithstanding any other provision of this Lease, the Owner may, in the event of a release of Hazardous Substances or a violation of applicable laws affecting the Premises, elect to declare this Lease in default and terminate the same. Such election by the Owner, if made, shall be without prejudice to any other remedy provided in the Lease. Should the Owner not elect to declare a default, it may cure any release of Hazardous Substances or any violation of applicable laws by Tenant, and impose a rent surcharge sufficient to recover such loss, and impose a rent surcharge sufficient to recover such expenses together with interest at 12% percent per annum, for such portion of the unexpired term of the Lease as the Owner may deem proper.

J. Assignments and Subleases: The Owner may withhold its consent to any assignment, sublease, or other transfer if the proposed transferee’s use of the Premises may involve the generation, storage, use, treatment, or disposal of Hazardous Substances, as defined in the Lease Agreement.

K. Release of Hazardous Substances: Notwithstanding any other provision of this Lease, and without prejudice to any other such remedy, the Owner, in the event of a release of Hazardous Substances, a violation of applicable laws or a breach of paragraph 21 any of the terms, covenants or conditions of this Lease, shall be entitled to any or all of the following rights and remedies, at the Owner's option:

- (1) To terminate this Lease immediately.
- (2) To recover any and all damages associated with the release, including but not limited to cleanup costs and charges, civil and criminal penalties and fees, loss of business and sales, by the Owner, and other Tenant's of the building, and any and all damages and claims asserted by other parties and the Owner's attorney's fees and costs.
- (3) To renegotiate the terms of this Lease to recover any return on expenditures made by the Owner in order to insure that the Premises and the use of such Premises comply with all governmental rules, regulations and requirements.

L. EPA Identification Number: Tenant shall also provide to the Owner the Tenant's Environmental Protection Agency Identification Number to dispose of hazardous waste if Tenant has one.

25. ASSIGNMENT AND SUBLETTING. The Tenant may assign or sublet any portion of the Premises described in this Lease to a person or entity approved by the WSLCB. The Tenant shall provide Owner with notice of the pending assignment or sublet in advance of any public announcement, as soon as allowed by law. This Lease shall be binding upon each of the Parties hereto and their successors and assigns. The terms of any agreements shall survive any merger, acquisition, consolidation, sublet or assignment and shall be binding on the successors and assigns. Any merger, acquisition, consolidation or assignment shall not result in any modification of the terms and conditions of the Lease without the express written consent of the Parties.

26. UTILITIES. The Tenant shall pay before delinquency, all charges for electricity, telephone, sewerage, gas, garbage disposal, water and other utilities furnished to the leased Premises during the term hereof.

A. The Owner shall be the utility provider for water and sewer. Owner and Tenant shall enter into a separate agreement for these utilities based on the rate schedule in effect at the time of service.

B. Tenant shall contract directly with third parties for all charges for electricity, telephone, internet, gas, garbage disposal, security and other utilities/services it desires to have furnished.

27. **PERFORMANCE BOND.** The Tenant shall, upon the execution of this Lease (or as soon thereafter as reasonably possible), execute a Security Agreement in a form substantially similar to the attached Exhibit B. Tenant shall execute such other documents as may be necessary to perfect the Owner's security interest in the following equipment:

- A. Three 2500 KVA transformers and one 600 ampere 15 KV switch;
- B. The manufacturer, model and serial numbers of the above shall be supplied to Owner when Tenant has purchased or otherwise identified said items.

Said Security Agreement and the collateral secured thereby shall constitute a Performance Bond/Surety conditioning the Tenant's faithful performance of all the terms and conditions of this Lease agreement. Nothing herein shall be deemed to waive the remedies detailed in Paragraph 36.

28. **RESERVATION OF RIGHTS.** The Owner reserves to itself and to its assigns, from the lands herein leased, a right and easement upon, over, and beneath said leased lands for the construction, maintenance, repair, replacement and use for any purpose of poles, wires, supports, pipelines, mains, conduits, ditches, and other improvements for utility purposes and all incidental or related attachments and appurtenances from any point or points, in any direction and for any distance. This reservation includes the right to enter upon said lands for such purposes provided that the Owner shall repair any physical damage done to the leased Premises incidental to the exercise of this reservation. The rights herein reserved shall include the right to cut, trim or remove trees, brush, overhanging branches or other obstructions above, on or below the ground which may injure or interfere with the Owner's use, occupancy and enjoyment of the rights herein reserved. The exercise of said right to cut, trim or remove said vegetation or other obstructions shall not be regarded as physically damaging the leased Premises. In its exercise of the rights herein reserved, Owner shall not unreasonably interfere with Tenant's use of the leased Premises and explicitly agrees to abide by the provisions concerning visitors to licensed cannabis facilities contained in Washington Administrative Code section 314-55 et. seq.

29. **PARKING FACILITIES.** The Tenant shall provide suitable space on the leased Premises for the parking of all vehicles operated by persons entering upon the leased Premises.

30. **TAXES.** The Tenant shall pay before delinquency or reimburse the Owner for the payment of all taxes or assessments upon this Lease, the leased Premises, the leasehold interest created by this Lease agreement, any buildings, machinery, equipment improvements or personal property on the leased Premises or upon the rental paid to the Owner pursuant to this Lease, which taxes are payable for all or any portion of the period covered by this Lease. Notwithstanding the foregoing provision, the Tenant shall not be in default thereunder for failure to pay any such taxes or assessments the validity or amount of which the Tenant in good faith protests, provided that the Tenant within 30 days of notification of such tax or assessment being payable, shall undertake and proceed to carry out the appropriate steps to secure the adjudication by appropriate authority as to the validity or amount of such tax or assessment. In such latter event, the Tenant shall pay such tax or assessment within 30 days of the adjudication that such tax or assessment is owing, plus any interest and penalties.

31. **LIENS AND ENCUMBRANCES.** Tenant shall keep the leased Premises free and clear of all liens and encumbrances arising or growing out of the use and occupancy of said Premises by Tenant.

A. Tenant agrees that it shall not grant any security interest in the leased Premises or the three transformers and switch described in Section 27 above to any third party without the written consent of the Owner.

B. At the Owner's request, the Tenant shall furnish the Owner with written proof of payment of any items, which will or might constitute the basis for such a lien upon the leased Premises if not paid.

32. **NON-WAIVER OF BREACH.** The failure of the Owner or the Tenant to insist upon the strict performance of any of the covenants of this Lease or to exercise any option herein conferred in any one or more instances, shall not be construed to be a waiver or relinquishment of any other covenants of this Lease or any subsequent default of the same covenant. All such covenants shall be and remain in full force and effect for the term of this Lease.

33. **INSOLVENCY.** If Tenant commences a proceeding under any Chapter of the Federal Bankruptcy Act, or is adjudicated bankrupt or insolvent or makes any assignment for the benefit of creditors or if a receiver be appointed for it, or in the event of any judicial sale of Tenant's interest under this Lease, Owner shall have the right to declare this Lease in default. The conditions of this paragraph shall not be applicable or binding on the Tenant or the beneficiary in any deed of trust, mortgage, or other security instrument on the demised Premises which is of record with Owner and has been consented to by Owner, or to said beneficiary's successors in interest consented to by Owner, as long as there remains any moneys to be paid by Tenant to such beneficiary under the terms of such deed of trust; provided that such beneficiary or its successors in interest, continuously pay to the Owner all rent due or coming due under the provisions of this Lease and guaranty compliance with the other covenants of this Lease.

34. **EMINENT DOMAIN.** If the whole or a substantial part of the Premises hereby leased shall be taken by any paramount public authority under the power of eminent domain, then the term of this Lease shall cease as to the part so taken, from the day the possession of that part shall be required for any public purpose, and the rent shall be paid up to that day, and from that day Tenant shall have the right either to cancel this Lease and declare the same null and void or to continue in the possession of the remainder of the same under the terms herein provided, except that the rent shall be reduced as provided below. All damages awarded for such taking shall be equitably divided between Owner and Tenant, provided, however, that Owner shall not be entitled to any award made for the taking of any installations or improvements on the leased Premises belonging to Tenant.

In the event the rent is to be reduced as herein above provided, the rent shall be reduced by an amount which bears the same proportion to the net annual rent immediately prior to the partial taking as the rental value of the part of the demised Premises so taken shall bear to the rental value of the whole demised Premises immediately prior to such taking. If the Parties shall not agree on the amount of such rent reduction, it shall be determined by an appraiser selected and paid by the Owner. If Tenant is dissatisfied with the appraisal made by said appraiser, then

upon Tenant's request, the amount of such rental reduction shall be determined by a board of three appraisers, each of whom shall be a member of either the Society of Industrial Realtors or the Washington/British Columbia Chapter of the American Institute of Real Estate Appraisers and shall be experienced in the valuation of the type of Premises subject to this Lease. Each party shall select one of these appraisers and those two shall select the third appraiser. The successful party in such proceeding shall pay the compensation of the third appraiser. A decision of a majority of the board of appraisers shall be the decision of the board of appraisers and shall be binding on each or the Parties hereto.

35. **QUIET ENJOYMENT.** Owner covenants that Tenant, upon paying the rent and performing the covenants upon its part to be performed herein, shall and may peaceably and quietly have, hold and enjoy the leased Premises for all terms hereof.

36. **TERMINATION FOR DEFAULT.** Time is of the essence of this agreement and if the Tenant shall fail to keep and perform any of the covenants or agreements herein contained and shall fail to remedy any such default thereof within 30 days, 10 days in the case of delinquent rent, after written notice thereof by Owner to Tenant, (or if the default is of a character which cannot be remedied within 30 days after such notice, then if the Tenant shall fail to commence to remedy such default within such 30 days and thereafter proceed diligently and continuously to remedy such default), Owner may at its option declare this Lease canceled and forfeited and the Tenant's right to possession ended and the Owner may re-enter said Premises with or without process of law and take possession thereof. The Owner shall not be liable for any damage by reason of such re-entry or forfeiture. If upon such re-entry there remains any personal property of the Tenant or of any other person upon the leased Premises, the Owner may, but without the obligation to do so, sell the same as provided in paragraph entitled "Redelivery of Premises," remove said personal property and hold it for the owner thereof or may place the same in a public garage or warehouse, all at the expense and risk of the owners thereof, and the Tenant shall reimburse the Owner for any expense incurred by the Owner in connection with such removal and storage. The Owner shall have the right to sell such stored property, without notice to the Tenant, after it has been stored for a period of 30 days or more, the proceeds of such sale to be applied first to the costs of such sale, second to the payment of the charges for storage, and third to the payment of any other amounts which may be then due from the Tenant to the Owner, and the balance, if any, shall be paid to the Tenant. Notwithstanding any such re-entry, the liability of Tenant for the full rental provided for herein, shall not be extinguished for the balance of the term of this Lease, and the Tenant shall make good to the Owner any deficiency arising from a re-letting of the leased Premises at a lesser rental than that herein before agreed upon. The Tenant shall pay such deficiency upon demand by the Owner after the Owner thereof ascertains the amount.

Provided, however, in the event of Owner retaking possession of the Premises for any purposes, the Owner shall not take possession of, remove or dispose of any marijuana or marijuana products on the Premises. The WSLCB must be contacted and take possession of, remove and dispose of any marijuana or marijuana products on the Premises.

37. **FRUSTRATION OF PURPOSE.** In the event of any governmental action or order, which to a substantial degree and for a substantial period of the Initial or renewal terms prohibits the Tenant's activities, as described in Section 8 of this Lease, then the Tenant or the

Owner may terminate this Lease upon sixty- (60) day's written notice to the other party. A prohibition or restriction on use as a result of the Tenant, or Tenant's assigns, or Tenant's sub lessee's violation(s) of any rules, regulations or conditions of the WSLCB shall not entitle the Tenant to terminate this Lease under this section. In the event the Parties disagree as to whether the Tenant's activities are so prohibited, such disagreement shall be submitted to arbitration, as provided in the paragraph entitled "ARBITRATION".

In the event that there is a change in the laws of the state of Washington relating to cannabis that renders the permitted activities of the Tenant under Section 8 of this lease illegal under state law, then the Parties stipulate that event shall constitute a frustration of purpose under this paragraph.

In the event that the United States Justice Department or any other department of the federal government shall determine to prosecute or enjoin the Owner, its employees, agents or representatives or places federal grants, loans, or programs at risk as a result of any of the permitted activities of the Tenant under Section 8 of this Lease, then the Parties stipulate that event shall constitute a frustration of purpose under this paragraph.

38. **DEFAULT BY OWNER.** If the Owner shall fail to keep and perform any of the covenants or agreements herein contained to be performed or complied with by Owner, and shall fail to remedy any such default thereof within thirty (30) days after written notice thereof by Tenant to Owner (or if the default is of a character which cannot be remedied within thirty (30) days after such notice, then if the Owner shall fail to commence to remedy such default within such thirty (30) days and thereafter proceed diligently and continuously to remedy such default), Tenant may, in addition to other remedies available to it, cure such default on behalf of Owner and deduct from the rent any expenses thereby incurred, or Tenant may declare this Lease Agreement canceled.

39. **ARBITRATION.** In the event of any disputes between the Parties arising out of this Agreement, and if no provision is otherwise made herein for the resolution thereof, then such disputes shall be submitted to arbitration pursuant to the commercial arbitration rules of the American Arbitration Association. Said Association shall submit a list of proposed arbitrators and the Parties hereto shall alternatively strike a name from such list until final arbitrator remains, who shall be the arbitrator of the dispute. The decision of such arbitrator shall be final and binding on the Parties. The cost of such arbitrator shall be borne equally by the Parties hereto.

40. **ATTORNEY FEES.** In the event either party shall be required to bring any action to enforce any of the provisions of this Lease, or shall be required to defend any action brought by the other with respect to this Lease, the prevailing party in such action shall be entitled to reasonable attorney's fees, in addition to costs and necessary disbursements. "Action" shall include an arbitration proceeding.

41. **RIGHT OF FIRST REFUSAL.** During the term of this Lease, Tenant shall have a Right of First Refusal to meet any offer made by any third person or entity for the purchase (the "Proposed Third Party Offer") of the Premises, as follows:

A. This Right of First Refusal shall only be exercisable by Tenant if there are no uncured default(s) by Tenant under this Lease.

B. Upon the Owner's receipt of any bona fide written offer to purchase from a third party, which offer the Owner, in its sole discretion, is considering accepting, the Owner shall mail, by certified or registered mail, return receipt requested, a complete copy of said offer to Tenant at the address set forth below, or such other address as may be provided in writing by Tenant to Owner.

C. Tenant shall have thirty (30) days after its receipt of the Proposed Third Party Offer to exercise its Right of First Refusal. Written notice of the election to exercise the Right of First Refusal by Tenant (the "Notice of Election") must be received by Owner at the address set forth below or such other address as Owner may advise Tenant within the thirty (30) days set forth above. Such Notice of Election to exercise this Right of First Refusal by Tenant shall be sent by certified or registered mail, return receipt requested, and the date of receipt by Owner shall be as shown on the records of the United States Post Office. At Tenant's election, Tenant may exercise this Right of First Refusal by written notice personally delivered to Owner.

D. If Tenant shall fail to provide written notice of its exercise of the Right of First Refusal within the time period set forth above or, if exercised, Tenant shall fail to close the purchase of the Premises in accordance with the terms of the Proposed Third Party Offer, then this Right of First Refusal for the Premises shall become null and void and Tenant's Right of First Refusal hereunder shall cease without further action of Owner.

42. **NOTICES.** All notices thereunder may be delivered or mailed. If mailed, they shall be sent by certified or registered mail, return receipt requested, to the Owner at Post Office Box 660, Aberdeen, Washington, 98520, and to the Tenant at its address set forth below its signature to this Lease. Such notices shall be sent to other addresses of either party hereto as they may advise the other from time to time in writing. Notices sent by certified or registered mail shall be deemed to have been given when properly mailed and the postmark affixed by the United State Post Office shall be conclusive evidence of the mailing thereof.

43. **HOLDING OVER.** If the Tenant shall, with the consent of the Owner, hold over after the expiration or sooner termination of the term of this Lease, the resulting tenancy shall, unless otherwise mutually agreed, be for an indefinite period of time on a month-to-month basis. During such month-to-month tenancy, Tenant shall pay to the Owner the same rate of rental as set forth herein, unless a different rate shall be established, and shall be bound by all of the additional provisions of this Lease agreement insofar as they may be pertinent.

44. **DEFINITION OF TENANT.** It is understood and agreed that for convenience, the word "Tenant" and verbs and pronouns in the singular number and neuter gender are uniformly used throughout this Lease regardless of the number, gender or fact of incorporation of the party who is, or the Parties who are, the actual lessee under this agreement.

45. **CAPTIONS.** The captions in this Lease are for convenience only and do not in any way limit or amplify the provisions of this Lease.

46. **INVALIDITY OF PARTICULAR PROVISIONS.** If any term or provision of this Lease agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and shall continue in full force and effect.

47. **ENTIRE AGREEMENT.** This agreement constitutes the whole agreement between the Owner and the Tenant. There are no terms; obligations, covenants or conditions other than those contained herein. No modification or amendment of this agreement shall be valid and effective unless evidenced by an agreement in writing.

48. **INTERPRETATION OF AGREEMENT AND VENUE.** This Agreement and Lease and all of its terms shall be construed according to the laws of the State of Washington. The venue of any arbitration between the Parties relating to this Lease shall be in Grays Harbor County, Washington. The venue of any litigation authorized by the arbitration clause or Arbitration statutes between the Parties relating to this Lease shall be the Superior Court of Grays Harbor County, Washington.

49. **BINDING EFFECT.** This Lease is binding upon each of the Parties hereto, their personal representatives, heirs, successors and assigns.

50. **COMBUSTION TURBINE PROJECT.** Tenant acknowledges that located to the west of the Premises and on non-Owner owned land is a Combustion Turbine Project currently owned and operated by Grays Harbor Invenergy, LLC. The Tenant has evaluated the impact of said project upon its intended use of the Premises and acknowledges that Owner does not have any control over the actions of the Combustion Turbine Project.

IN WITNESS WHEREOF, the Parties hereto have caused this instrument to be executed on October 28, 2016.

PORT OF GRAYS HARBOR

By _____

Gary G. Nelson
Executive Director

“OWNER”

Port of Grays Harbor
P.O. Box 660
Aberdeen, WA 98520

**FULLER HILL DEVELOPMENT CO.,
LLC**

By _____

Arka

Title: Managing Member

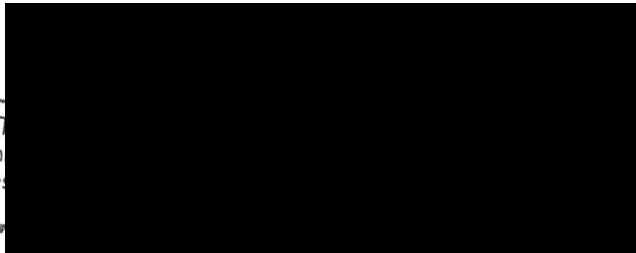
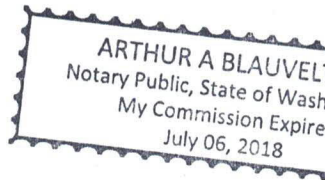
“TENANT”

Fuller Hill Development Co., LLC
840 140th AVE NE
Bellevue, WA 98005

STATE OF WASHINGTON)
SS
GRAYS HARBOR COUNTY)

On this 28th day of October, 2016 before me personally appeared GARY G. NELSON, to me known to be the Executive Director of the PORT OF GRAYS HARBOR, the municipal corporation that executed the within and foregoing instrument as "Owner", and acknowledged said instrument to be the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



STATE OF WASHINGTON)
SS
GRAYS HARBOR COUNTY)

On this 31st day of October, 2016, before me personally appeared Arkadi Gontmakher, to me known to be the Managing Member of FULLER HILL DEVELOPMENT CO., LLC the company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said company, for the uses and purpose therein mentioned, and on oath stated that he was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and year first above written.

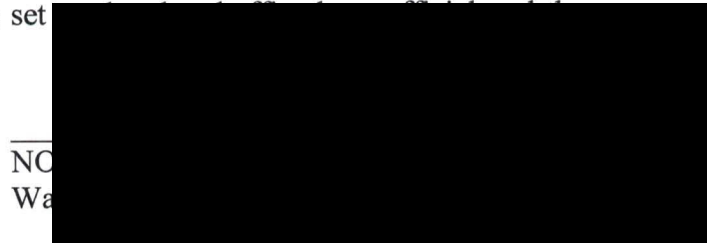


EXHIBIT A

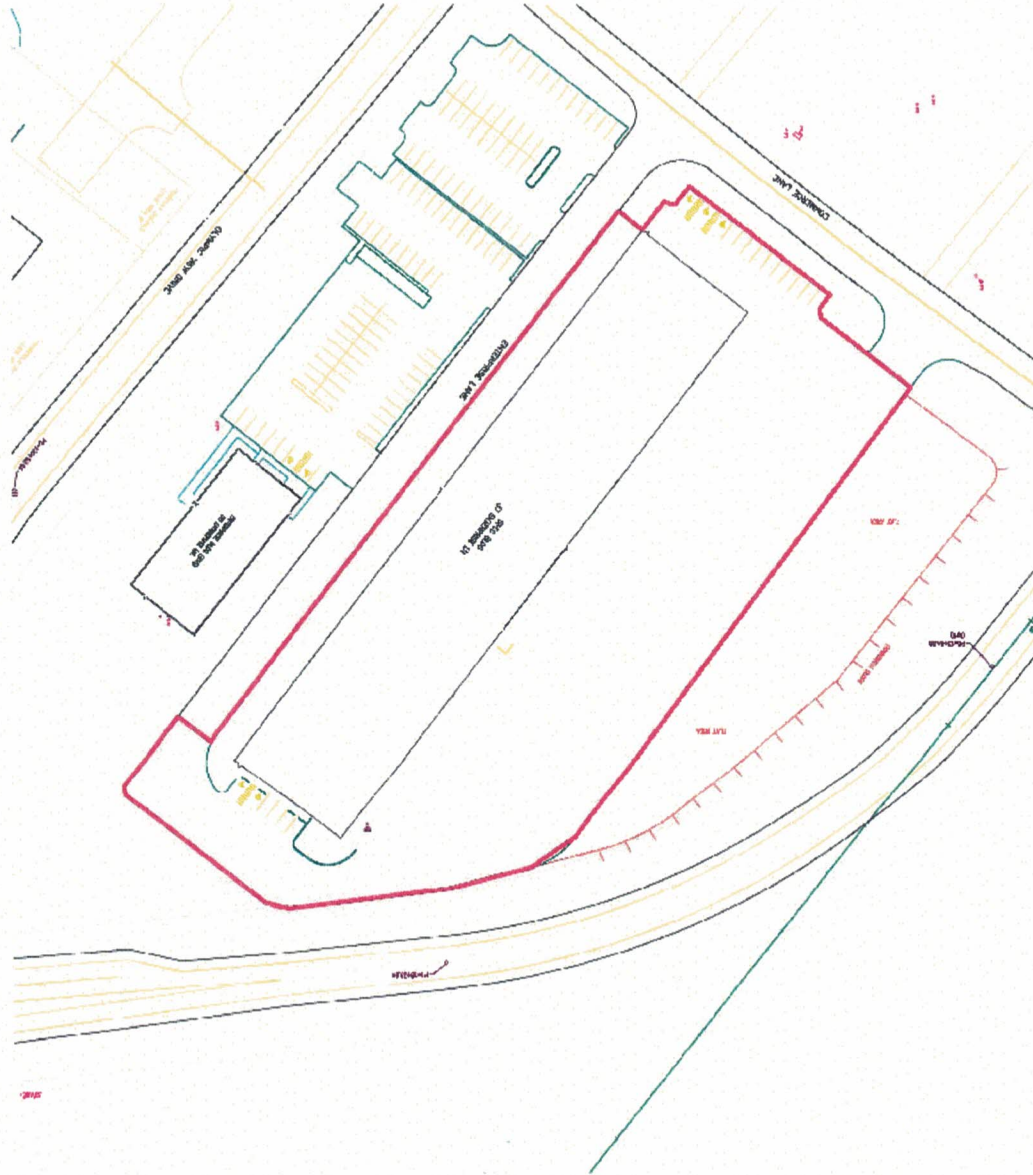


EXHIBIT B

SECURITY AGREEMENT

THE UNDERSIGNED, FULLER HILL DEVELOPMENT, LLC, (hereinafter called "Debtor") hereby grants the PORT OF GRAYS HARBOR, (hereinafter called "Secured Party"), a security interest in the following described equipment; together with all increases therein, all added and substituted parts and equipment, tools, parts, accessories, supplies and improvements therefore, together with all proceeds of all such equipment, to-wit:

- A. Three 2500 KVA transformers, Manufacturer- _____, Model Number- _____ and Serial Numbers- _____, _____;
- B. One 600 ampere 15 KV switch, Manufacturer- _____, Model Number- _____ and Serial Number- _____.

All of said equipment is hereinafter referred to as the "Equipment" and it is located at 37 Enterprise Lane, Elma, WA, Satsop Business Park, Grays Harbor County, Washington.

This Security Agreement is given to secure the payment and performance of all indebtedness and obligations of Debtor to Secured Party presently existing and hereafter arising, direct or indirect, and interest thereon, including but not limited to serving as a Performance Bond under Port of Gray Harbor Lease No. 2016-L321, Paragraph 27, dated October ____, 2016, as amended. Regardless of the adequacy of any security which the Secured Party may at any time hold hereunder, and regardless of the adequacy of any other security which Secured Party may obtain at any of its offices from Debtor in connection with any other transactions, any deposits or other moneys owing from Secured Party at any of its offices to Debtor shall (as collateral in the possession of Secured Party) constitute additional security for, and may be set off against, obligations secured hereby even though said obligations may not then be due. When more than one person is the Debtor they shall be jointly and severally liable.

DEBTOR HEREBY REPRESENTS, COVENANTS AND AGREES WITH SECURED PARTY AS FOLLOWS:

1. Use of Equipment.

Debtor agrees to comply with any governmental regulation affecting the use of the Equipment and will not waste, injure nor destroy the Equipment, nor use nor permit the use of the Equipment in any unlawful manner. Debtor represents and agrees that the primary use of the Equipment is and will be for business use. The Debtor is a Washington State Limited liability company, created and registered in the Washington State and one of its business locations is in Grays Harbor County, Washington.

2. Fixtures.

If any of the Equipment is to be or has been attached to real estate, the description of the real estate is as follows:

Not Applicable

3. Ownership and Liens.

Debtor is over 18 years of age and owns the Equipment and the same is free and clear of all security interests and encumbrances of every nature. Debtor will not create nor permit the existence of any lien or security interest other than that created hereby on the Equipment without the written consent of Secured Party. Any certificate of title now or hereafter existing on any of the Equipment will be delivered to Secured Party and will recite the interest of Secured Party.

4. Taxes.

Debtor will pay before delinquency all taxes or other governmental charges levied against the Equipment and will pay any tax which may be levied on any obligation secured hereby.

5. Repairs and Inspection.

Debtor will keep the Equipment in good repair.

6. Insurance.

Debtor will keep the Equipment continuously insured by an insurer approved by Secured Party against fire, theft and other hazards designated at any time by Secured Party, in an amount equal to the full insurable value thereof or to all sums secured hereby, with such form of loss payable clause as designated by and in favor of Secured Party, and will deliver the policies and receipts showing payment of premiums to the Secured Party. In the event of loss, Secured Party shall have full power to collect any and all insurance upon the Equipment and to apply the same at its option to any obligation secured hereby, whether or not matured, or to the restoration or repair of the Equipment. Secured Party shall have no liability whatsoever for any loss that may occur by reason of the omission or lack of coverage of any such insurance.

7. Removal or Sale.

Without the prior written consent of Secured Party, Debtor will not remove the Equipment from the State of Washington and Debtor will not sell nor lease the Equipment or any interest therein.

8. Expenses Incurred by Secured Party.

Secured Party is not required to, but may at its option, pay any tax, assessment, insurance premium, expense, repair or other charges payable by Debtor, and any filing or recording fees, and any amount so paid, with interest thereon at the maximum rate permitted by law from date of

payment until repaid shall be secured hereby and shall be repayable by Debtor on demand. The rights granted by this paragraph are not a waiver of any other rights of Secured Party arising from breach of any of the covenants hereof by Debtor.

9. Waivers.

This Security Agreement shall not be qualified or supplemented by course of dealing. No waiver or modification by Secured Party of any of the terms or conditions hereof shall be effective unless in writing signed by Secured Party. No waiver nor indulgence by Secured Party as to any required performance by Debtor shall constitute a waiver as to any subsequent required performance or other obligations of Debtor hereunder. Debtor hereby waives any counter claims or defense hereunder against any assignee for value.

10. Default.

Time is of the essence in this Security Agreement, and in any of the following events, hereinafter called "Events of Default," to-wit:

- (a) Any failure to pay when due the full amount of Rent and other payments due under Port of Gray Harbor Lease No. 2016-L321;
- (b) Any failure to perform as required by any covenant in Port of Gray Harbor Lease No. 2016-L321; or
- (c) If the Equipment should be seized or levied upon under any legal or governmental process against Debtor or against the Equipment; or
- (d) If Debtor becomes insolvent or is the subject of a petition in bankruptcy, either voluntary or involuntary, or in any other proceeding under the federal bankruptcy laws; or makes an assignment for the benefit of creditors; or if Debtor is named in or the Equipment is subjected to a suit for the appointment of a receiver; or
- (e) Loss, substantial damage to, or destruction of any portion of the Equipment; or
- (f) Entry of any judgment against Debtor, or
- (g) Dissolution or liquidation of Debtor, or

Then and in any of such events of default, the entire amount of indebtedness secured hereby shall then or at any time thereafter, at the option of Secured Party, become immediately due and payable without notice or demand, and Secured Party shall have an immediate right to pursue the remedies set forth in this Security Agreement.

11. Remedies.

In the event of a default hereunder, Secured Party shall have all remedies provided by law; and without limiting the generality of the foregoing, shall be entitled as follows:

- (a) Debtor agrees to put Secured Party in possession of the Equipment on demand; and

- (b) Secured Party is authorized to enter any premises where the Equipment is situated and take possession of said Equipment without notice or demand and proceedings; and
- (c) At the request of Secured Party, Debtor will assemble the Equipment and make it available to Secured Party at a place designated by Secured Party which is reasonably convenient to both Parties; and
- (d) Debtor agrees that a period of five (5) days from the time notice is sent, by first class mail or otherwise, shall be a reasonable period of notification of a sale or other disposition of the Equipment; and
- (e) Debtor agrees that any notice or other communication by Secured Party shall be sent to the mail address of the Debtor stated herein; and
- (f) Debtor agrees to pay on demand the amount of all expenses reasonably incurred by Secured Party in protecting or realizing on the Equipment. In the event that this Security Agreement or any obligation secured by it is referred to an attorney for protecting or defending the priority of Secured Party's interest or for collection or realization procedures, Debtor agrees to pay a reasonable attorney's fee, including fees incurred in both trial and of appellate courts, or fees incurred without suit, and expenses of title search and all court costs and costs of any public officials. The sums agreed to be paid in this subparagraph shall be secured hereby; and
- (g) If Secured Party disposes of the Equipment, Debtor agrees to pay any deficiency remaining after application of the net proceeds to any indebtedness secured hereby.

Signed on _____, 2016

FULLER HILL DEVELOPMENT, LLC



Title: Managing Member

STATE OF WASHINGTON)
SS
GRAYS HARBOR COUNTY)

On this 20th day of October, 2016, before me personally appeared Arkadi Gontmakher, to me known to be the Managing Member of FULLER HILL DEVELOPMENT CO., LLC the company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said company, for the uses and purpose therein mentioned, and on oath stated that he was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



NOTARY PUBLIC in and for the State of Washington residing at Bellevue

COMMERCIAL SUBLEASE

Effective Date: June 1, 2017

This Sublease is by and between the following parties:

Sublessor: FULLER HILL DEVELOPMENT CO. LLC
840 140TH Ave. NE
Bellevue, Washington 98005

Sublessee: 7POINT HOLDINGS LLC
37 Enterprise Ln.
Elma, WA 98541

RECITALS

A. The Port of Grays Harbor, a municipal corporation of the State of Washington, as owner (“**Owner**”), and Fuller Hill Development Co. LLC, a Washington limited liability company, as tenant (“**Tenant**”), entered into that Port of Grays Harbor Lease No. 2016-L321, commencing October 1, 2016 (the “**Lease**,” a copy of which is attached hereto as Exhibit A), for the real property commonly known as the Enterprise Warehouse, 37 Enterprise Lane, Elma, Washington 98541, and as legally described and depicted in the Lease (the “**Premises**”).

B. The purpose of this Commercial Sublease (this “**Sublease**”) is to formalize and evidence the arrangement whereby Tenant, as “**Sublessor**,” agreed to sublease to 7Point Holdings LLC, a Washington limited liability company (“**Sublessee**”), all of the Premises on the terms and conditions hereinafter set forth. As provided in Paragraph 25 of the Lease, Sublessor may sublease the Premises to Sublessee with notice to Owner but without Owner’s prior written consent.

AGREEMENT

NOW, THEREFORE, in consideration of the rents, covenants, agreements, stipulations and provisions contained herein to be paid, kept and performed, the parties do hereby agree as follows:

1. **Incorporation.** The above recitals are incorporated as integral parts of this Sublease.

2. **Acceptance of Premises.** Sublessor hereby subleases to Sublessee, and Sublessee hereby subleases from Sublessor, all of the Premises, which, for purposes of this Sublease, shall be defined as the "**Subleased Premises.**"

3. **Master Lease.** Except as otherwise set forth herein, (i) all of the terms and conditions contained in the Lease are incorporated herein by this reference as terms and conditions of this Sublease and, along with all provisions of this Sublease, shall be the complete terms and conditions of this Sublease, and (ii) Sublessee agrees to perform, observe and be bound by all of the promises, obligations, responsibilities, acknowledgements, terms and conditions of, by or applicable to Tenant under the Lease as the same relate to the Subleased Premises, including, but not limited to, the obligations relating to permitted use and insurance. All initial capitalized terms in this Sublease not otherwise defined shall have the meanings given them in the Lease. As between Sublessor and Sublessee, the terms of this Sublease shall control over any conflicting terms in the Lease.

4. **Use.** Sublessee agrees to use the Subleased Premises only for preparation, planning for, conducting and operating a Washington State licensed marijuana production and/or processing facility and any associated administrative, office and storage functions, and for no other purpose without the written consent of Owner and Sublessor. As a condition of this Sublease, Sublessee shall take every reasonable precaution necessary to protect the Subleased Premises from damage due to the potential extraordinary wear and tear of Sublessee's use. Owner and Sublessor expressly grant Sublessee all rights to use the Subleased Premises and all personal property located therein, including, but not limited to, all fixtures and equipment. Sublessor agrees to fulfill its ongoing Lease obligations related to the Security Agreement executed in favor of Owner.

5. **No Smoking or Consumption of Marijuana.** The interior Subleased Premises is off limits to smoking any tobacco products including cigarettes, cigars, or pipes. Smoking is not allowed indoors and shall be done outside the Subleased Premises, and all cigar and cigarette ashes and butts shall be contained in a suitable receptacle and emptied on a regular basis to maintain a neat and clean Subleased Premises. Consumption of marijuana, in any form or by any method, is strictly prohibited on the Subleased Premises at all times.

6. **Term.** The term of this Sublease shall be for 6 years starting June 1, 2017 and expiring May 31, 2023. Sublessee shall have 1 option to renew this Sublease at Fair Market Rent for an additional 5-year term subject to the terms and conditions set forth in the Lease, including, but not limited to, Sections 3 and 5 E. This Sublease is subject to immediate termination by Sublessor, Sublessee or Owner, if any of them receives notice of any potential or pending local, county, state or federal criminal or civil enforcement action against Sublessor or Sublessee and/or if any local, county, state or federal criminal or civil enforcement action is brought against Sublessor or Sublessee. Should

such immediate termination be effected, Sublessee agrees, as quickly as practicable and in compliance with all applicable rules, regulations and laws (including, but not limited to, all Washington State legal cannabis acts), return the Subleased Premises to such state that they were in before Sublessee's tenancy (e.g., destruction of any and all marijuana, cleaning of all remaining personal property, etc.) so as to allow Sublessor to relet the Subleased Premises as quickly as practicable.

7. **Base Rent.** Sublessee agrees to pay Sublessor base rent beginning December 1, 2017, in the amount of \$4.00 per rentable square foot, or \$20,000 per month (the "**Base Rent**"), plus any personal property taxes, insurance and utilities, that Tenant is required to pay directly, or to Owner, under the terms of and in accordance with the Lease. For purposes of this Sublease, the parties agree that Base Rent will be paid on 60,000 rentable square feet of interior warehouse space. Sublessor shall be pay, without reimbursement from Sublessee, all real property taxes due on the Subleased Premises. Beginning November 1, 2018, and on the same date for each consecutive year of the term thereafter, Base Rent shall increase by \$.25 per rentable square foot. No Security Deposit shall be due hereunder.

8. **Repairs and Maintenance.** Sublessee accepts the Subleased Premises in their present, "AS IS" condition. At all times, Sublessee will keep the Subleased Premises neat and clean; will replace any glass that becomes cracked or broken and, except for reasonable wear not customarily repaired and damage by fire or other unavoidable casualty, will preserve and maintain the Subleased Premises in good order, repair and condition. Sublessor shall maintain the roof, exterior walls and foundation of the Subleased Premises. Except for those items, Sublessor shall not be required to perform any maintenance or make repairs of any kind. All other repairs and maintenance shall be at Sublessee's expense. Sublessee agrees that at the expiration or sooner termination of this Sublease or the Lease, it will surrender the Subleased Premises, without notice, in a neat, clean and good condition, and will deliver all keys used for the Subleased Premises to Sublessor.

9. **Utilities.** Beginning on December 1, 2017, Sublessee shall be required to subscribe to and pay for all applicable utilities in accordance with the Lease. Prior to that date, Sublessor shall bear full responsibility for subscription to and payment of all utilities.

10. **Damages and Insurance.** Sublessee shall obtain and keep in full force and effect the insurance required to be kept by Tenant under the Lease, and shall name Owner and Sublessor as additional insureds thereunder. Within 10 days after mutual execution of this Sublease, Sublessee shall furnish to Owner and Sublessor a certificate or certificates of insurance confirming that the required insurance is in full force and effect with all premiums paid current.

11. **Care of Subleased Premises.** The Subleased Premises shall at all times be kept and used in accordance with the Lease.

12. **Liens and Insolvency.** Sublessee shall keep the Subleased Premises free from any liens arising out of any work performed, materials furnished or obligations incurred by Sublessee.

13. **Assignment and Subletting.** Without the prior written consent of Owner and Sublessor, which consent will not be withheld unreasonably, conditioned or delayed, Sublessee shall not assign this Sublease or any part hereof, and shall not sub-sublet the whole or any portion of the Subleased Premises. Any approved or attempted assignment of this Sublease shall not extinguish or diminish the liability of Sublessee hereunder. If consent is once given by Owner and Sublessor to an assignment or sub-subletting, neither of them shall thereafter be barred from afterward refusing to consent to any further assignment or sub-subletting.

14. **Access.** Sublessee will allow Owner and Sublessor accompanied access to the Subleased Premises in accordance with the Lease.

15. **Fire and Other Casualty.** Destruction of or damage to the Subleased Premises by fire, earthquake or other casualty, and any resulting termination, restoration and/or abatement of Base Rent and other charges, shall be governed in accordance with the Lease.

16. **Notices.** Any notice required or permitted to be given in accordance with the terms of the Lease, this Sublease, or by law shall be in writing and either hand delivered, or sent by certified mail, return receipt requested, postage prepaid ("**Mail**"). If sent by Mail, the notice shall be deemed received 3 business days after the mailing or upon actual receipt, whichever occurs first.

A notice from Sublessee to Sublessor shall be delivered or addressed to Arkadi Gontmakher, 840 140th Ave. NE, Bellevue, Washington 98005.

A notice from Sublessor to Sublessee shall be delivered or addressed to Jerry Derevyanny, 840 140th Ave. NE, Bellevue, Washington 98005.

A notice to Owner shall be addressed as set forth in Section 42 of the Lease.

17. **Controlling Law; Venue.** This Sublease will be construed and enforced in accordance with the laws of the State of Washington.

18. **Authority.** Sublessor and Sublessee, and the persons executing this Sublease on behalf of them, each represent and warrant that the individuals executing

this Sublease are duly authorized to execute and deliver this Sublease on behalf of the party for whom they are signing.

19. **Recovery of Costs and Fees.** If either party shall bring any action or arbitration to enforce any of its rights under this Sublease or for any relief against the other party with regard to the matters contained in this Sublease, or if either party incurs any legal or professional fees whatsoever (including, but not limited to, those of accountants or collection agents) to enforce this Sublease with or without litigation or arbitration, all reasonable costs and expenses (including, without limitation, reasonable attorneys' and professional fees) of the prevailing party shall be paid by the losing party.

20. **Binding Effect.** Subject to the applicable restrictions of this Sublease and the Lease, this Sublease shall be binding upon the successors and permitted assigns of Sublessor and Sublessee.

21. **Legal Relationship of the Parties.** This Sublease shall not be interpreted or construed as establishing a partnership or joint venture between Sublessor and Sublessee, and neither party shall be liable for the debts and obligations of the other except as expressly agreed to herein.

22. **Waivers.** No waiver shall arise or result from any act or omission by any party to this Sublease except when made in writing signed by such party.

23. **Time of Performance.** Time is of the essence in each provision of this Sublease.

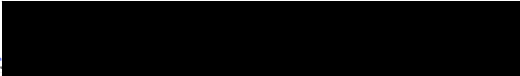
24. **Validity.** If a court of competent jurisdiction determines that any portion of this Sublease is invalid or unenforceable, that determination shall not affect the validity or enforceability of the remaining provisions of this Sublease, so long as the primary purpose of this Sublease is not materially impaired.

25. **Entire Agreement; Amendments.** This Sublease embodies all of the agreements between the parties with respect to the Subleased Premises, and no oral agreements, prior correspondence or other prior writings shall be held to vary the provisions hereof. Any subsequent changes or modifications shall become effective only by written instrument duly executed by Sublessor and Sublessee after the date of this Sublease. Each party agrees to execute and deliver to the other all instruments that may reasonably be required to carry out all terms and provisions of this Sublease.

SUBLESSOR:

FULLER HILL DEVELOPMENT CO. LLC

By: Global Real Estate Properties, LLC

By: 
Arkadi Gontmakher, its Managing Member

SUBLESEE:

7POINT HOLDINGS LLC

By: 
Jerry Derevyanny, its Manager

SUBLESSOR'S ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Arkadi Gontmakher is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument as a Managing Member of FULLER HILL DEVELOPMENT CO. LLC, a Washington limited liability company, and acknowledged it to be a free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: July 21, 2017

[Redacted Signature]



Printed Name Bronislava Mazus

NOTARY PUBLIC, State of Washington
My appointment expires 03.09.21

SUBLESEE'S ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Jerry Derevyanny is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument as the Manager of 7POINT HOLDINGS LLC, a Washington limited liability company, and acknowledged it to be a free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: July 21, 2017

[Redacted Signature]



Printed Name Bronislava Mazus

NOTARY PUBLIC, State of Washington
My appointment expires 03.09.21

Exhibit A

Port of Grays Harbor
Lease No. 2016-L3321

AMENDMENT NO. 1 TO COMMERCIAL SUBLEASE

Effective Date: November 10, 2017

This Amendment No. 1 to Commercial Sublease ("Amendment") is by and between the following parties:

Sublessor: FULLER HILL DEVELOPMENT CO. LLC
840 140TH Ave. NE
Bellevue, Washington 98005

Sublessee: 7POINT HOLDINGS LLC
37 Enterprise Ln.
Elma, Washington 98541

RECITALS

A. Sublessor and Sublessee entered into the Commercial Sublease agreement dated June 1, 2017 for the rent and use of the property commonly known as the Enterprise Warehouse, 37 Enterprise Lane, Elma, Washington 98541, and as legally described and depicted in Exhibit A to the Commercial Sublease.

B. Sublessor and Sublessee desire to amend the Commercial Sublease to correct a material mutual error in the amount of base rent.

C. Sublessor and Sublessee further desire to amend the Commercial Sublease to acknowledge the delay of the commencement of Sublessee's tenancy under the Commercial Sublease and extend the commencement of Sublessee's rent and related payments.

AGREEMENT

NOW, THEREFORE, in consideration of the rents, covenants, agreements, stipulations and provisions contained herein to be paid, kept and performed, the parties do hereby agree as follows:

1. **Base Rent Amended.** Paragraph 7 ("Base Rent") of the Commercial Sublease shall be amended by replacing the entire paragraph with the following:

7. **Base Rent.** Sublessee agrees to pay Sublessor base rent beginning December 1, 2017, in the amount of \$4.00 per rentable square foot, or \$240,000

per month (the “**Base Rent**”), plus any personal property taxes, insurance and utilities, that Tenant is required to pay directly, or to Owner, under the terms of and in accordance with the Lease. Rent payments beginning December 1, 2017 until March 1, 2018 shall have a grace period of 120 days from the date of payment and no interest or late payments fees shall accrue during the grace period. For purposes of this Sublease, the parties agree that Base Rent will be paid on 60,000 rentable square feet of interior warehouse space. Sublessor shall be pay, without reimbursement from Sublessee, all real property taxes due on the Subleased Premises. Beginning November 1, 2018, and on the same date for each consecutive year of the term thereafter, Base Rent shall increase by \$.25 per rentable square foot. No Security Deposit shall be due hereunder.

2. **Utilities Amended.** Paragraph 9 of the Commercial Sublease shall be amended by replacing the entire paragraph with the following:

9. **Utilities.** Beginning on February 1, 2018, Sublessee shall be required to subscribe to and pay for all applicable utilities in accordance with the Lease. Prior to that date, Sublessor shall bear full responsibility for subscription to and payment of all utilities.

3. **Acknowledgement.** The Sublessor and Sublessee each acknowledge that except as expressly modified by this Amendment, all the terms and conditions of the Commercial Sublease remain unchanged and are in full force and effect and enforceable in accordance with their terms. In the event of a conflict between the Commercial Sublease and this Amendment, the terms and provisions of this Amendment will control.

4. **Authority.** Sublessor and Sublessee, and the persons executing this Amendment on behalf of them, each represent and warrant that the individuals executing this Amendment are duly authorized to execute and deliver this Amendment on behalf of the party for whom they are signing.

5. **Validity.** If a court of competent jurisdiction determines that any portion of this Sublease is invalid or unenforceable, that determination shall not affect the validity or enforceability of the remaining provisions of this Sublease, so long as the primary purpose of this Sublease is not materially impaired.

SUBLESSEE:

7POINT HOLDINGS LLC

By: [Redacted Signature]

Jerry Derevyanny, its Manager

SUBLESSEE'S ACKNOWLEDGMENT

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Jerry Derevyanny is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument as the Manager of 7POINT HOLDINGS LLC, a Washington limited liability company, and acknowledged it to be a free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: November 10, 2017

[Redacted Signature]



Printed Name Bronislava Mazus

NOTARY PUBLIC, State of Washington
My appointment expires 03.09.21

**AMENDMENT NO. 2 TO
COMMERCIAL SUBLEASE**

This Amendment No. 2 to Commercial Sublease (this “Second Amendment”) is entered into as of November 21, 2018 (the “Second Amendment Date”) by and between Fuller Hill Development Co. LLC, a Washington limited liability company (“Sublessor”), and 7Point Holdings LLC, a Washington limited liability company (“Sublessee”). Except as set forth in this Second Amendment, capitalized terms used but not defined herein shall have the meanings ascribed to them in the Amended Sublease (as defined below), as applicable.

WHEREAS, Sublessor, as Tenant, and Port of Grays Harbor, a municipal corporation of the State of Washington, as Lessor and Owner, previously entered into that certain Port of Grays Harbor Lease No. 2016-L321, commencing on October 1, 2016, as amended by that certain First Amendment of Lease No. 2016-L321 Between Port of Grays Harbor and Fuller Hill Development Co. LLC, dated as of October 31, 2018 (collectively, the “Master Lease”);

WHEREAS, Sublessor and Sublessee previously entered into that certain Commercial Sublease, dated as of June 1, 2017, as amended by that certain Amendment No. 1 to Commercial Sublease, dated as of November 10, 2017 (the “First Amendment”) (collectively and as amended, restated, supplemented or otherwise modified prior to the date hereof, the “Original Sublease”); and

WHEREAS, Sublessor and Sublessee wish to modify certain terms and conditions of the Original Sublease, as set forth herein.

NOW, THEREFORE, Sublessor and Sublessee hereby agree as follows, effective as of the Second Amendment Date:

1. Section 3 of the Original Sublease shall be amended as follows:
 3. Master Lease. Except as otherwise set forth herein, (i) all of the terms and conditions contained in the Lease are incorporated herein by this reference as terms and conditions of this Sublease and, along with all provisions of this Sublease, shall be the complete terms and conditions of this Sublease, and (ii) Sublessee agrees to perform, observe and be bound by all of the promises, obligations, responsibilities, acknowledgements, terms and conditions of, by or applicable to Tenant under the Lease as the same relate to the Subleased Premises, including, but not limited to, the obligations relating to permitted use and insurance, except as further provided in Section 7 hereof. All initial capitalized terms in this Sublease not otherwise defined shall have the meanings given them in the Lease. As between Sublessor and Sublessee, the terms of this Sublease shall control over any conflicting terms in the Lease.
2. Section 7 of the Original Sublease, as previously amended in the First Amendment, shall be further amended as follows:
 7. Sublessee agrees to pay Sublessor base rent beginning December 1, 2017, in the amount of \$4.00 per rentable square foot per month, or \$240,000 per month (the “Base Rent”), plus any personal property taxes, insurance and utilities, that Tenant is required to pay directly,

or to Owner, under the terms of and in accordance with the Lease, except that with regard to Sublessee's obligation to timely pay Base Rent under this Sublease, Sublessee shall not be deemed to be in default under this Sublease, and no interest and/or late payment fees shall accrue, provided Sublessee pays the Base Rent and other sums due hereunder to Sublessor within ninety (90) days of the date that the same is due. For purposes of this Sublease, the parties agree that Base Rent will be paid on 60,000 rentable square feet of interior warehouse space. Sublessor shall be pay, without reimbursement from Sublessee, all real property taxes due on the Subleased Premises. Beginning November 1, 2018, and on the same date for each consecutive year of the term thereafter, Base Rent shall increase by \$.25 per rentable square foot. No Security Deposit shall be due hereunder.

3. Section 7 of the Original Sublease shall be further amended to add the following as a new subsection:

“a. **Cash Reserve.** Sublessee agrees to reserve an amount in its bank accounts of immediately available funds in, as of any date, the amount equal to rent due for the six (6) months following such date (the “Cash Reserve”). Sublessee agrees not to use the Cash Reserve for any purpose other than to make payments that become due under this Sublease. Sublessee may use the Cash Reserve to fulfill payment obligations under this Sublease only if it notifies Sublessor of such intended use at least thirty (30) days prior to the date such payment is to be made from the Cash Reserve. Upon using the Cash Reserve to make any payment due under this Sublease, Sublessee shall replenish the Cash Reserve within thirty (30) days, and any failure to do so shall be a material breach of this Sublease.”

4. Except as modified by this Second Amendment, the terms, covenants, conditions and provisions of the Original Sublease are hereby ratified and confirmed and are hereby incorporated herein by this reference as if set forth herein. All references to the “Sublease” in the Original Sublease shall refer to the Original Sublease as amended by the First Amendment, and as further amended by this Second Amendment (collectively, the “Amended Sublease”).

5. This Second Amendment will be construed and interpreted in accordance with the laws of the State of Washington, without regard to conflicts of laws principles.

6. This Second Amendment may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, but all of which together shall constitute one instrument. Facsimile and electronic signatures shall have the same effect as original signatures.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the Amendment Date.

FULLER HILL DEVELOPMENT CO. LLC:

By:



Name: Roman Tkachenko
Title: Manager

7POINT HOLDINGS, LLC:

By:


Name:
Title:

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the Amendment Date.

FULLER HILL DEVELOPMENT CO. LLC:

By: _____
Name:
Title:

7POINT HOLDINGS, LLC:

By: 
Name: *Gerald Devesyanus*
Title: *Manager*