

Assignment of Lease

New Leaf Enterprises, Inc., a Washington Corporation, herein called the "Assignor", in consideration of the sum of one dollar (\$1.00), effective immediately upon approval of the transaction by the WSLCB, assigns its interest in the lease, and all amendments made to the lease (together, the "Lease"), a copy of which is attached hereto as Exhibit A, to 6858 Real Estate LLC, a Washington Limited Liability Company, herein called the "Assignee".

The Assignee, or its successors or assigns shall have all of the rights granted to the Assignor in the Lease for the remaining term stated therein, including any amounts outstanding from the \$10,000 security deposit referenced in section 1(e) of the Lease. The Assignee acknowledges that it assumes all obligations incurred by the Assignor or its principals in the Lease, other than with respect to the personal guarantees made in section B-2 of Exhibit B and Exhibit C of the Lease (the "Guarantee"), which will remain in effect for the term of the Lease. All of the duties and obligations of Assignor to Landlord shall remain in effect after the Assignment even though Assignee has also assumed these obligations.

By signing this agreement Portentosa, LLC, a Washington Limited Liability Company, herein called "Landlord", grants written consent to this Assignment pursuant to section 23 of the Lease.

IN WITNESS WHEREOF, the Assignor, Assignee, and Landlord execute this Agreement.

Landlord:

PORTENTOSA, LLC, a Washington Limited Liability Company

By: "Thomas Parker"
Name: Thomas Parker
Title: President

Notary Certification

[Notary certification redacted.]

Assignor:

NEW LEAF ENTERPRISES. INC.. a Washinton Corporation

By: "Robert Dax Colwell"

Name: Robert Dax Colwell

Title: President

Notary Certification

[Notary certification redacted.]

EXHIBIT A - LEASE

LEASE

THIS LEASE (the "Lease"), is effective as of the 1st day of November, 2014 by and between PORTENTOSA, LLC, a Washington limited liability company ("Landlord"), and NEW LEAF ENTERPRISES, INC., a Washington corporation ("Tenant").

Upon mutual execution, this Lease supersedes and replaced in its entirety that certain Absolute Net Lease Agreement between Landlord and Tenant dated October 10, 2012 (the "Prior Lease") and such Prior Lease shall be of no further force or effect.

In consideration of the mutual covenants contained herein, Landlord and Tenant do hereby covenant and agree as follows:

1. **Lease Data and Exhibits:**

(a) Premises: The premises are comprised of that building ("Building") and real property commonly known as 460 S. Kenyon Street, Seattle, King County, WA and more particularly described on Exhibit A attached ("Property").

(b) Lease Term: The term of this Lease ("Lease Term") shall be for a period of FORTY-THREE (43) months, commencing on the 1st day of November, 2014 ("Commencement Date") and ending on the [30th/31st] day of May 31, 2018. Provided that Tenant has not been in default in the payment of Rent hereunder, Tenant shall have those options to extend the Lease Term specified in Section B-1 on the attached Exhibit B.

(c) Rent: The base monthly rent shall be payable in advance on the first day of each month during the Lease Term. The base monthly rent during the Lease Term shall be as follows:

BASE MONTHLY RENT

\$11,000/Mo./NNN

Tenant shall deliver prepaid rent for the first month in the amount of \$11,000 to Landlord at the time of execution of this Lease.

(d) Tenant's Share: 100%.

(e) Security Deposit: \$10,000 (Lessor acknowledges a Security Deposit in the amount of \$10,000 to be applied to the Security Deposit for this Lease).

(f) Use: The Premises shall only be used and occupied for the manufacture, processing, production and sale at wholesale of marijuana and marijuana-related products in strict compliance with the provisions of RCW 69.50 *et seq.* and for no other purpose without the Landlord's prior written consent, which may be conditioned or withheld in Landlord's sole discretion.

(g) Insurance: Tenant shall procure and maintain throughout the Term at Tenant's expense, the following insurance, as more fully provided in Paragraph 11 herein:

i. Commercial General Liability (occurrence form), covering bodily injury and property damage liability with minimum limits of [amount redacted] per occurrence, and [amount redacted] general aggregate.

(h) Notices: All notices given under this Lease shall be given as provided in Paragraph 29 herein. Tenant's address is: [address redacted.]

(i) Exhibits: The following exhibits are incorporated into and made a part of this Lease by reference:

EXHIBIT A – Legal Description of the Property
EXHIBIT B – Additional Lease Provisions
EXHIBIT C – Personal Guaranty
EXHIBIT D – Addendum to Lease
EXHIBIT E—Amendment to Lease Agreement
EXHIBIT F—Option to Purchase for [amount redacted]

2. **Premises:** The Landlord hereby leases to the Tenant, and the Tenant hereby leases and takes from the Landlord, those certain Premises described in Paragraph 1(a) herein.

3. **Term:** The Lease Term shall be for the period stated in Paragraph 1(b) herein. Tenant is currently in possession of the Premises. Tenant accepts the Premises in its present condition and both Landlord and Tenant agree to be bound by all the provisions of this Lease, including Exhibits A through F, inclusive, from the Commencement Date, including the payment of the Rent at the monthly rate provided herein.

4. **Rent:**

(a) Tenant covenants and agrees to pay Landlord, in advance on the first day of each and every calendar month during the Lease Term and without any right of setoff or abatement other than as expressly provided in this Lease, as rent for the Premises the Base Monthly Rent stated in Paragraph 1(c), and Additional Rent (collectively, “Rent”).

(b) Any late payments by Tenant to Landlord of Rent or other sums due under this Lease shall be subject to a late charge equal to five percent (5%) of such overdue payment as liquidated damages for the administrative and operating costs incurred by Landlord as the result of such late payment, subject to a five day grace period from the first of each month to the fifth day of each month. In addition to any applicable late charge, any Rent or other sums due under this Lease to Landlord that is not paid when due shall bear interest at the rate per annum of four percent over the prime rate in effect at the Seattle Head Office of Bank of America or its successors, on the day such Rent or other sum was due. The late charge and interest shall constitute Additional Rent under this Lease. The existence or payment of late charges and interest under this paragraph shall not cure or limit Landlord’s remedies for any default by Tenant under this Lease.

5. **Additional Rent for Operating Expenses:** Tenant shall pay, as Additional Rent, Tenant’s Share of all Operating Expenses, as set forth in this Paragraph 5. Tenant’s payment of Additional Rent shall be made in the same manner as Base Monthly Rent and Landlord shall notify Tenant of the Additional Rent due at least thirty (30) days before the Additional Rent is due and payable.

(a) **Operating Expenses:** As used herein, “Operating Expenses” shall mean all expenses and charges incurred by Landlord in the operation and maintenance of the Building and Property as a first-class facility, including without limitation the following costs by way of illustration: (i) all real property taxes, assessments and other general or special charges levied against the real or personal property included in the Building or the Property; (ii) charges for electricity, gas and similar energy sources, refuse collection, water, sewer and other utilities services for the Building and the Property; provided, however, to the extent that any such services are separately metered to Tenant, Tenant shall pay the actual separately incurred charges; (iii) annual inspection fees and property management fees paid to independent or affiliated contractors or to Landlord; (iv) all costs of improvements or alterations to the Building and Property required by Laws, to save labor, or reduce Operating Expenses; but only upon the prior written consent of the Tenant, which may not be unreasonably withheld; (v) all premiums and deductibles for insurance policies maintained by Landlord for the Building or Property; (vi) the cost of replacement of any Building equipment or elements needed to operate the Building at the same quality levels as prior to the replacement; (x) air conditioning, heating, ventilating, plumbing, electrical system, supplies, materials, equipment and tools maintained by Landlord; (xi) the repair of the air conditioning, heating, ventilating, plumbing, and electrical systems of the Building; (xii) all license and permit fees; and (xiii) any other expense or charge whether or not described above that in accordance with generally accepted accounting and management practices is properly an expense of maintaining, operating or repairing the Building or Property.

(b) **Determination of Operating Expenses:** Prior to each January 1 of the Lease Term, Landlord shall furnish Tenant a written statement of the estimated monthly Tenant’s Share of Operating Expenses for the coming calendar year. Tenant’s Share of such Operating Expenses shall be the percentage of all Operating Expenses as determined by

Landlord, based on the percentage that the approximate rentable area of the Premises bears to the combined rentable area of the Building. The estimated monthly Tenant's Share of Operating Expenses for the period before the first January 1 after the Commencement Date is set forth in Paragraph 1(d). Landlord may, by written notice to Tenant, revise its estimate of Tenant's Share of Operating Expenses from time to time. If this Lease shall expire or otherwise terminate other than on a December 31, Landlord may in its discretion make a special determination of Tenant's Share of actual Operating Expenses for the partial calendar year ending on the date of such expiration or other termination, or may defer such determination until its usual reconciliation of Operating Expenses for the entire calendar year.

(c) **Reconciliation:** Within 90 days after each January 1 during the Lease Term, or as soon thereafter as practicable, Landlord shall deliver to Tenant a written statement setting forth the actual Operating Expenses and Tenant's Share thereof during the preceding calendar year (or portion of such calendar year after the Commencement Date). To the extent Tenant's Share of such actual Operating Expenses exceeded the estimated Tenant's Share thereof paid by Tenant, Tenant shall pay such excess as Additional Rent to Landlord within 30 days after receipt of such statement by Tenant. To the extent Tenant's Share of such actual Operating Expenses was less than the estimated Tenant's Share thereof paid by Tenant, Tenant shall receive a credit against its next payable Rent in the amount of such overpayment or such amount shall otherwise be refunded to Tenant if rent for the remaining term of the lease is less than overpayment.

6. **Partial Consideration for Lease:** As partial consideration for Landlord's execution of this Lease, Tenant has prepaid first month's rent and delivered the security deposit, if any, specified in paragraph 1(c). If Tenant complies with all the terms and conditions of this Lease, but not otherwise, said security deposit shall be returned to Tenant following expiration of the Lease Term.

7. **Maintenance Responsibilities:** Landlord shall maintain the roof and structural elements of the Building, in reasonably good order and condition except for damage occasioned by the act or omission of Tenant, the repair of which damage shall be paid for by Tenant. Tenant shall, at its sole expense, be responsible for all other maintenance and repair work necessary to keep the Premises, Building and Property in good and sanitary condition and repair during the term of this Lease, including without limitation and notwithstanding the provisions of Section 5, the air conditioning, heating, ventilating, plumbing, and electrical systems of the Premises, Building and Property. Notwithstanding the foregoing, Tenant shall obtain Landlord's prior written consent before conducting any maintenance, repair or installation work requiring the penetration of the roof membrane and shall observe and comply with all requirements of Landlord in connection therewith, including without limitation the requirement to use Landlord's roofing contractor.

8. **Utilities and Services:** Notwithstanding the provisions of Section 5 above, Landlord shall not be responsible for providing any utilities or services to the Premises and Tenant shall arrange for and pay the cost thereof directly to the utility and service provider. Tenant shall be responsible for determining whether available utilities or services and their capacities will meet Tenant's needs. Tenant shall install and connect, if necessary, and directly pay for all water, sewer, gas, janitorial, electricity, garbage removal, heat, telephone, and other utilities and services used by Tenant on the Premises during the term of the Lease, whether or not such services are billed directly to Tenant. Tenant will also procure, or cause to be procured, without cost to Landlord, all necessary permits, licenses or other authorizations required for the lawful and proper installation, maintenance, replacement, and removal on or from the Premises of wires, pipes, conduits, tubes, heating and ventilation and other equipment and appliances for use in supplying all utilities or services to the Premises. Landlord shall not be liable to Tenant for any loss or damage caused by or resulting from any variation, interruption, or failure of utilities serving the Premises due to any cause whatsoever. No temporary interruption or failure of such utilities incident to the making of repairs, alterations, or improvements, or due to accident or strike, or conditions or events beyond Landlord's reasonable control shall be deemed a constructive eviction of Tenant or relieve Tenant from any of Tenant's obligations hereunder.

9. **Uses:** The Premises are to be used only for the uses specified in Paragraph 1(f) herein and for no other purpose without the written consent of Landlord, which will not be unreasonably withheld. Tenant shall not commit or allow to be committed any waste upon the Premises, or any public or private nuisance or other act or thing which produces noise or odor that unreasonably disturbs the quiet enjoyment of any other tenant in the Building or constitutes a nuisance to the owners or occupants of real property adjacent to the Property. Tenant shall not, without the written consent of Landlord, use any apparatus, machinery or device in or about the Premises, which will cause any substantial and unreasonable noise or vibration. Tenant shall comply with all laws relating to its use of the Premises and shall observe such reasonable rules and regulations adopted and published by Landlord for the safety, care and cleanliness of the Premises or the Building, and for the preservation of good order therein.

10. **Condition of Premises:** Tenant shall keep the Premises neat, clean and in a sanitary condition, to the satisfaction of the Fire Department of the City of Seattle, and its inspectors; and shall comply with all applicable governmental standards, including each and all of the statutes of the State of Washington and ordinances of the City of Seattle now in force or hereafter enacted pertaining to the use and occupancy of said Premises by the Tenant.

11. **Tenant's Insurance:** Tenant shall, during the entire term of this Lease, keep in full force and effect a policy or policies of public liability and property damage insurance with respect to the leased property, and business operated thereon by the Tenant, in which the limits of such coverage shall be not less than stated in Paragraph 1(g) herein. The policy shall name Landlord as an additional insured and shall contain a clause that the insurer will not cancel or change the insurance coverage without first giving Landlord 30 days' prior written notice. The insurance shall be with an insurance company or companies and in a form reasonably acceptable to Landlord. A copy of each policy or certificate of insurance shall be delivered to Landlord prior to the Commencement Date and thereafter, upon the renewal or change thereof. Tenant agrees that any and all such insurance policies shall be indorsed so as to waive subrogation against Landlord. Tenant hereby releases Landlord from any and all claims, demands or liability for damage to the property of the Tenant located in, upon or about the Premises whether or not covered by insurance. Tenant's insurance shall be primary and any insurance maintained by Landlord shall be excess over other available coverage. Tenant shall promptly notify Landlord of any casualty or accident occurring in or about the Premises.

12. **Accidents:** Tenant agrees that neither Landlord nor Landlord's agents shall be liable for any damage, either to person or property, sustained by Tenant or others, caused by any defects now in the Premises or Building or hereafter occurring, or from any act or neglect of other occupants of said Building, or any other persons, or due to the occurrence of any accident from whatsoever cause in or about the Premises and the Building. Tenant shall indemnify and hold the Landlord and Landlord's agents harmless from all losses, damages, liabilities, costs and expenses of every kind or nature whatsoever that may be claimed or accrue by reason of any accident in or about the Premises, or from the Tenant's use or occupation of the Premises and areas adjacent thereto or from the acts or neglect of any person present on or about the Premises due to Tenant. Tenant agrees to pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection with defending itself against the foregoing matters. All personal property on the Premises shall be at the risk of Tenant.

13. **Damage By Fire Or Other Casualty:** In case the Premises or such portion of the Building as may be required for the reasonable use of the Premises are destroyed or damaged by fire, earthquake, or other casualty during the term of this Lease, Tenant shall give Landlord immediate written notice thereof. If the Premises are destroyed or substantially damaged by casualty, the Landlord shall have the right at its option to terminate this Lease. In the event of Landlord's termination of this Lease, the rights and liabilities of the parties hereto shall be determined and adjusted as of the date of such damage or destruction, and the Lease shall terminate. Landlord may make any such termination by notifying Tenant in writing of its option to terminate the Lease within sixty (60) days following the date on which the Landlord shall have received notice of the destruction or damage. For purposes of this paragraph, damage will be deemed to be substantial if the reasonable cost of repairing and restoring the damaged or destroyed improvements for Tenant's use is determined by Landlord to exceed twenty five percent (25%) of the value of all the improvements on the Premises prior to such damage.

If less than all or a substantial portion of the Premises or such portions of the Building as may be required for the reasonable use of the Premises are damaged or destroyed, then the Lease shall remain in full force and effect subject to the following provisions. In the event that the Lease is not terminated and provided that sufficient insurance proceeds exist, the Landlord shall rebuild and restore, at its expense and with reasonable diligence, the damaged or destroyed portions of the Premises as nearly as practicable to the condition they were in prior to such damage or destruction, provided, however, that the requirement to rebuild and restore the Premises shall not extend to any furnishings, fixtures, or equipment which the Tenant had previously installed in the Premises, whether or not title to such items had passed to Landlord under other provisions of this Lease. During the period of such rebuilding and restoration the Rent shall be abated in the same ratio as the Landlord reasonably determines that the portion of the said Premises rendered for the time being unfit for occupancy shall bear to the whole Premises. Notwithstanding any other provision of this Paragraph 13 to the contrary, in the event that there are insufficient insurance proceeds to rebuild and restore the Premises damaged by casualty, Landlord shall have the right at its option to terminate the Lease.

14. **Acceptance and Care of Premises:** The Premises have been inspected by Tenant and are accepted by Tenant "as-is" and in their present condition. Tenant will at all times, preserve and maintain the Premises in good condition and repair, except for reasonable wear and tear and damage by insured risk. Tenant will permit no waste, injury or damage to the Premises other than ordinary wear and tear. If Tenant shall fail or neglect to perform its obligation to preserve and

maintain the Premises in good condition and repair, then the Landlord may, at its option and only upon written notice to Tenant, put or cause the same to be put into good condition and repair, and in such case Tenant shall pay the cost thereof on demand.

15. **Alterations:** Tenant shall not make any alterations, additions or improvements to the Premises, without the prior written consent of Landlord, which will not be unreasonably withheld. All such alterations, additions and improvements shall be at the sole cost and expense of Tenant. With the exception of any movable partitions which may be installed with Landlord's consent, all such alterations, additions and improvements shall, at the Landlord's option, become the property of the Landlord and shall remain in and be surrendered with the Premises as a part thereof at the termination of this Lease, without disturbance or injury, provided, however, that if Landlord does not elect to have Tenant's improvements become its property, Tenant shall remove such alterations and restore the Premises as provided in Paragraph 25 herein. If the Tenant shall perform work with the prior written consent of the Landlord, Tenant agrees to comply with all laws, ordinances, rules and regulations of the City of Seattle, or any other authorized public authority. Tenant further agrees to indemnify and save Landlord free and harmless from any damage, lien claim, loss or expense arising out of the said work.

16. **Condemnation:** If all of the Premises or such portions of the Building as may be required for the reasonable use of the Premises, are taken by condemnation or eminent domain, this Lease shall automatically terminate as of the date Tenant is required to vacate the Premises and all Rent and Additional Rent shall be paid to that date. In case of a taking of a part of the Premises, or a portion of the Building not required for the reasonable use of the Premises, then this Lease shall continue in full force and effect and the rental shall be equitably reduced based on the proportion by which the floor area of the Premises is reduced, such rent reduction to be effective as of the date possession of such portion is delivered to the condemning authority. Landlord reserves all rights to damage awards for any taking by eminent domain, and Tenant hereby assigns to Landlord any right Tenant may have to such damages or award. Tenant shall make no claim against Landlord for damages for termination of the leasehold interest or interference with Tenant's business. Tenant shall have the right, however, to claim and recover from the condemning authority compensation for any loss to which Tenant may be put for moving expenses and for the interruption of or damage to Tenant's business, provided, that such damages may be claimed only if they are awarded separately in the eminent domain proceeding and not as part of the damages recoverable by Landlord.

17. **Liens and Insolvency:** Tenant shall keep the Premises and property free from any and all liens, claims and encumbrances arising out of Tenant's use and occupancy of the Premises or out of any work performed, materials furnished or obligations incurred by Tenant, including taxes and mechanics' and materialmen's liens. If the Tenant becomes insolvent or bankrupt, or if a receiver is appointed, then the Tenant shall be in default under the terms of this Lease, and Landlord may terminate Tenant's right of possession and cancel this Lease at its option, in accordance with Paragraph 22 hereof.

20. **Signs and Advertising:** Tenant shall not erect or install or otherwise utilize signs, lights, symbols, or other advertising or decorative matter visible from the exterior of the Premises without first submitting its plans to Landlord and obtaining Landlord's prior written approval which will not be unreasonably withheld. At the termination of this Lease, all such signs, symbols and advertising matter attached to or painted by Tenants upon the Premises, whether on the exterior or interior thereof, shall be removed by Tenant at its own expense. Tenant shall repair any damage or injury to the Premises and correct any unsightly condition, caused by the maintenance or removal of any sign.

21. **Landlord's Access:** The Landlord hereby reserves, and the Tenant hereby grants to said Landlord and Landlord's agents, the right to enter the Premises at all reasonable times for the purpose of maintaining the Premises and for the purpose of inspecting the Premises and making necessary repairs when the Tenant fails or refuses to make the same, but this right shall not be construed as an agreement on the part of the Landlord to make any repairs whatsoever. The Landlord or Landlord's agents shall have the right to place and maintain "For Rent" signs upon the Premises for a period of 90 days prior to the expiration of this Lease.

22. **Default, Cancellation & Re-Entry:** Time is of the essence hereof. If the Tenant shall violate or fail to perform any of the covenants, terms or conditions of this Lease the Landlord may, at its option and without limiting its other rights and remedies under law, cancel this Lease and terminate the Tenant's rights hereunder upon giving the notice required by law, or re-enter said Premises for the purpose of re-letting the Premises without terminating the Lease. Notwithstanding any such re-entry and re-letting by the Landlord, the liability of the Tenant for the full Rent provided herein shall not be extinguished for the balance of the term of this Lease, and, and the Tenant covenants and agrees to make good to the Landlord any deficiency arising from a re-entry and re-letting of the Premises at a lesser rental, plus the cost of cleaning, re-letting and altering the Premises. The Tenant shall pay such deficiency each and every month as the amount thereof is

ascertained by the Landlord. The Tenant shall be and remain liable to Landlord any and all cost, damage or expense caused by Tenant's breach of any covenant or agreement contained herein. Prior to declaring a default under the terms of this Lease, the Landlord shall give the Tenant ten (10) days' written notice of the default, except a default in the payment of Rent, in which case the written notice shall be only five (5) days. In the event such default is not cured within said ten (10) days, or within five (5) days in the case of a default in Rent, the Landlord may proceed to take any and all action which is available to it under the terms of this Lease or at law to protect its rights as Landlord.

If, by reason of any default or breach on the part of either Landlord or Tenant in the performance of any provision of this Lease, suit shall be brought to enforce any of the covenants or agreements of this Lease or to recover damages or otherwise, the substantially prevailing party in such action shall be entitled to an award of all necessary costs, expenses and reasonable attorneys' fees.

23. **Tax on Rentals:** If any governmental authority shall in any manner levy a tax on rentals payable under this Lease or rentals accruing from use of property, or a tax in any form against Landlord measured by income derived from the leasing or rental of the building, such tax shall be paid by Tenant either directly or through Landlord; provided, however, that Tenant shall not be liable to pay any income tax imposed on Landlord.

23. **Assignment and Subletting:** Tenant shall not, without the prior written consent of Landlord let or sublet the whole or any part of the Premises, nor make or permit to be made therein any changes or alterations whatsoever, nor assign this Lease or any part thereof without the prior written consent of the Landlord. If Tenant is a corporation, any transfer of this Lease from Tenant by merger, consolidation, or liquidation, or any change in the ownership of or power to vote 50% or more of the outstanding voting stock of Tenant shall constitute an assignment under this Lease. The interest of Tenant in this Lease shall not be assignable by operation of law. If consent is once given by the Landlord to the assignment of this Lease, or any interest therein, Landlord shall not be barred from afterwards refusing to consent to any further assignment. Upon any assignment or subletting of the Premises without the Landlord's consent, as required herein, Landlord may, at its option, declare a forfeiture of this Lease.

24. **Expiration of Lease:** Tenant covenants and agrees to surrender the Premises without notice at the expiration of this Lease in the same condition as when first obtained by Tenant, reasonable wear and tear and damage by insured risks excepted. Tenant further agrees to remove all its personal property from said Premises; to clean the Premises; and to deliver to Landlord all keys to the Premises at the expiration of the term. Tenant shall be responsible for repairing any damage to the Premises caused by the removal of its equipment and other property.

25. **Hold-Over:** If the Tenant shall, with the consent of Landlord, hold-over after the expiration of the term of this Lease, such tenancy shall be for an indefinite period of time as a month to month tenancy. During such tenancy Tenant agrees to pay to the Landlord 125% of the most recent rate of Rent, unless a different rate is agreed upon, and to be bound by all of the terms, covenants and conditions of this Lease as applicable.

26. **Priority:** Tenant agrees that this Lease shall be subordinate to any first mortgage or deed of trust that may hereafter be placed upon the Premises or the building containing the same, and to any and all advances to be made thereunder, and to the interest thereon, and all renewals, replacements and extensions thereof, and Tenant agrees to attorn to such mortgagee or beneficiary or the purchaser at any sale; provided the mortgagee or beneficiary named in said mortgage or deed of trust shall agree to recognize this Lease in the event of foreclosure if Tenant is not in default thereunder. Within fifteen (15) days after written request from Landlord, Tenant shall execute any documents that may be necessary or desirable to effectuate the subordination of this Lease to any such mortgage or deed of trust as requested by Landlord from time to time in the standard form of any such mortgagee or beneficiary. In the event Landlord's mortgagee or beneficiary requires a modification in the form of this Lease, Tenant agrees to consent to such modification so long as it does not increase Tenant's lease obligations or materially affect Tenant's lease rights.

27. **Estoppels.** Tenant shall execute and deliver to Landlord, within five (5) business days following Landlord's request, a estoppel certificate in such reasonable or standard form as may be required by Landlord or a prospective purchaser, mortgagee or trust deed beneficiary, or Landlord's successor after a sale or foreclosure.

29. **Notices:** All notices under and payments made pursuant to this Lease shall be given or made to the Landlord at the following address:

[Address for notice redacted.]

and to the Tenant and Tenant's attorney at the addresses stated in Paragraph 1(h) herein or to the Premises, unless by prior notice hereunder a different address shall have been specified by either party for such purpose, in which event, notices and payments shall be made as so specified. In addition, a copy of any notice required to be given in accordance with the terms of this Lease shall be sent simultaneously in the manner provided in this Paragraph 29, to such address as the mortgagee and/or trust deed holder from time to time shall designate. All notices shall be in writing and shall be deemed to have been effectively given upon the receipt thereof if delivered by messenger or sent by ordinary mail, or upon the mailing thereof if mailed by certified mail, return receipt requested, address as above specified.

30. **Landlord Liability:** Tenant agrees to look only to the equity of Landlord in the Property and not to Landlord personally with respect to any obligations or payments due or which may become due from Landlord hereunder, and no other property or assets of Landlord or any partners, officers, directors, of Landlord shall be personally liable in connection with this Lease.

31. **Non-Waiver of Breach:** The failure of Landlord to insist upon strict performance of any of the covenants or agreements 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 such, or any other covenants or agreements, but the same shall be and remain in full force and effect during the term of this Lease.

32. **Entire Agreement:** This Lease contains the complete and entire agreement of the parties. No modification or amendment of this Lease and no representation concerning the Premises shall be binding unless in writing, duly executed by the parties hereto.

33. **Successors:** Subject to the provisions hereof pertaining to assignment and subletting, all covenants and agreements of this Lease shall be binding upon Landlord and Tenant and their respective successors and assigns.

34. **Release of Prior Claims:** By signing below, each party, on behalf of themselves, their owners, agents, shareholders, members, employees, insurers, successors, predecessors and assigns, hereby fully and completely releases the other party from any and all claims, causes of actions, rights, demands, or liabilities of any kind whatsoever that arose or relate to the parties' previous agreements including, but not limited to, any claims by tenant that landlord breached the previous lease by failing to abide by any option to purchase. This release does not apply to any claims that arise from any breach of this Lease or apply to the overpayment of the real property taxes (penalties and interest paid by tenant) due and owing by the landlord to the tenant under the earlier lease by and between landlord and tenant which rights are specifically.

[Signature Blocks Follow on Next Page]

IN WITNESS WHEREOF, the parties hereto have executed this Lease the day and year first above written.

Landlord:

PORTENTOSA, LLC, a Washington limited liability company

By: "Tom Parker"
Name: Tom Parker
Title: President

Tenant:

NEW LEAF ENTERPRISES, INC., a Washington corporation

By: "Dax Colwell"
Name: Dax Colwell
Title: President

[Notary Blocks Follow on Next Page]

[Notary certification redacted.]

EXHIBIT A TO
LEASE

Legal Description of the Property

[Legal property identifier redacted.]

EXHIBIT B TO
LEASE

Additional Lease Provisions

B-1. Options to Extend Term: Provided that Tenant has not been in default in the payment of Rent hereunder, Tenant shall have two (2) successive options to extend the Term of this Lease each for an additional five (5) years. Each such option may be exercised by Tenant only by written notice of exercise to Landlord no earlier than six (6) months and no later than three (3) months prior to the expiration of the then-effective Term. Upon such exercise, the parties shall be obligated under all the terms and conditions of this Lease through the extended Term, except that Base Monthly Rent during the extension of the Term shall be as follows:

1 st Extension Term:	\$12,000/month + NNN
2 nd Extension Term:	\$13,000/month + NNN

If Tenant becomes in default under this Lease after exercise of its option to extend the Term but before the commencement of the extended Term, Landlord may, in addition to its other remedies under this Lease, elect to terminate such extension by notice in writing to Tenant, whereupon the Term shall expire without any such extension.

B-2. Personal Guaranty: Payment and performance of the obligations of Tenant under this Lease are personally, absolutely and unconditionally guaranteed by Dax Colwell and Boris Gorodnitsky, ("Guarantors") who shall be jointly and severally liable with one another and with Tenant for such obligations. Concurrent with Tenant's execution of this Lease, Guarantors shall each execute and deliver to Landlord the Guaranty of Lease in the form attached hereto as Exhibit D.

B-3 Right of First Refusal: Landlord grants to Tenant a right of first refusal ("ROFR") to purchase the Premises in accordance with the terms and conditions set forth in this Agreement.

B-3.1 Receipt of Offer; Offer Notice: In the event that Landlord receives an offer in the form of a proposal or letter of intent or purchase and sale agreement to purchase Premises ("Offer") and Landlord has either determined that it is ready to accept such Offer, or has accepted such Offer subject to Tenant's rights under this Agreement, Landlord shall so notify Tenant in writing ("Offer Notice"). The Offer Notice shall be accompanied by a true and correct copy of the Offer.

B-3.2 Exercise of ROFR: Tenant shall have the right to elect to purchase the Premises which right must be exercised if at all by written notice ("Exercise Notice") given by Tenant to Landlord on or before the expiration of twenty (20) days after Tenant's receipt of the Offer Notice. The Exercise Notice must be accompanied by a deposit in the amount of any earnest money deposit set forth in the Offer.

B-3.3 Effect of Non-Exercise of ROFR: If Tenant does not timely deliver an Exercise Notice in accordance with Paragraph B-3.2, Landlord shall be free to sell the Premises, free and clear of the ROFR, but subject to Paragraph B-3.4.

B-3.4 Changes in Offer Terms: In the event of any material change in any of the terms of the Offer prior to closing of the sale pursuant to the Offer, Landlord shall give ten (10) days written notice thereof to Tenant ("Change Notice"). The Change Notice shall be accompanied by a copy of the revisions to the Offer or the Offer as revised. Tenant shall have the right to elect to purchase the Premises, which right must be exercised if at all by Exercise Notice given by Tenant to Landlord on or before the expiration of five (5) business days after Landlord's giving the Change Notice to Tenant. The Exercise Notice must be accompanied by a deposit in the amount of any earnest money deposit set forth in the revised Offer. If Tenant does not timely deliver an Exercise Notice in accordance with this Paragraph B-3.4, Landlord shall be free to sell the Premises pursuant to the revised Offer, free and clear of the ROFR, but subject to this Paragraph B-3.4 in the event of further material changes in the terms of the Offer.

B-3.5 Effect of Exercise.

B-3.5.1 If Tenant exercises the ROFR by delivering the Exercise Notice to Landlord in strict accordance with Paragraph B-3.2 or B-3.4, as the case may be, Tenant shall be absolutely and unconditionally bound to purchase and Landlord shall be absolutely and unconditionally bound to sell the Premises, under the terms and subject to the conditions of the Offer, except as otherwise provided in this Paragraph B-3.5.

B-3.5.2 If any of the otherwise applicable terms set forth in the Offer are by their nature unique to the purchaser under the Offer, or otherwise by their nature are not possible to be matched by Tenant, Tenant shall be obligated to match the Offer as closely as possible. Tenant's Exercise Notice shall set forth each such Offer term that cannot be matched.

EXHIBIT C TO
LEASE

Form of Personal Guaranty

GUARANTY OF LEASE

Payment and performance of the obligations of Tenant under the foregoing Lease are personally and absolutely and unconditionally guaranteed by the undersigneds, who shall be jointly and severally liable with one another and with Tenant for such obligations.

The undersigneds have an interest in Tenant or otherwise will receive a benefit from this Lease.

Landlord may bring an action against any or all of the undersigneds under this Guaranty, whether or not Landlord has brought an action against Tenant or Tenant is joined in such action. Landlord may extend, amend, modify, take or release security for, release any other party liable for, or grant indulgences with respect to the performance of any obligation of Tenant under this Lease without notifying or obtaining the prior consent of the undersigned, and no such action shall impair the liability of the undersigned hereunder.

It is specifically understood that the liability of the undersigned under this Guaranty shall continue unimpaired in the event of Tenant's bankruptcy.

By virtue of the relationship of the undersigned to Tenant, the undersigneds are capable of keeping informed as to material events affecting Tenant. Landlord shall not be required to give the undersigneds any notice of default or to give the undersigned notice of or obtain the consent of the undersigned to any amendments to this Lease or any extensions of time or other concessions or indulgences given to Tenant, none of which shall impair the obligations of the undersigned under this Guaranty.

In the event of any litigation, arbitration or other proceeding (including proceedings in bankruptcy and probate and on appeal) brought to enforce or interpret or otherwise arising under this Guaranty, the substantially prevailing party therein shall be entitled to the award of its reasonable attorneys' fees, witness fees, and court costs incurred therein and in preparation therefor.

EXECUTED as of the date of the referenced Lease.

Dax Colwell

Address: **[address redacted.]**

SSN: _____

Boris Gorodnitsky

Address: **[address redacted.]**

SSN: _____

EXHIBIT D TO
LEASE

Addendum to Lease

ADDENDUM

This ADDENDUM TO LEASE, dated as of the last date below, is a part of that Lease ("Lease") dated _____, 2014 between PORTENTOSA, LLC, A WASHINGTON LIMITED LIABILITY COMPANY ("LANDLORD"), AND NEW LEAF ENTERPRISES, INC., A WASHINGTON CORPORATION ("TENANT"), for the property known as 460 S. Kenyon Street, Seattle, King County, WA and more particularly described on Exhibit A to the Lease ("Premises").

Landlord and Tenant agree that the following is a part of the Lease:

1. Landlord's Termination Right. During the term of the Lease and all extensions thereof, Landlord shall have the right to terminate the Lease upon thirty (30) days written notice to Tenant upon the occurrence of any one or more of the following events:

(i) The U.S. Department of Justice ("DOJ") or any other federal law enforcement agency issues a memorandum, advisory opinion, or notice reasonably interpreted by Landlord to declare an intent to assign a greater priority to the prosecution of activities involving the production, processing, distribution, or sale of marijuana (the "Activities") as a violation of federal law, despite the legality of such Activities under Washington law;

(ii) The laws under which the Activities were made legal in the State of Washington are suspended, invalidated, repealed or declared void; or

(iii) Any license, permit, or approval of state, county or local authorities required to be held or maintained by Tenant to engage in the Activities is suspended, revoked or cancelled.

Tenant shall promptly notify Landlord in writing in the event it becomes aware of the occurrence of any of the foregoing events. In the event of the occurrence of any of the foregoing events, upon the giving of such prior written notice by Landlord to Tenant, Landlord may, without waiving or limiting any other right or remedy, re-enter and take possession of the Premises and Tenant shall promptly vacate the Premises and remove all of its inventory, equipment and trade fixtures from the Premises and leave the Premises in the condition specified under Paragraph 25 of the Lease.

2. Tenant's Representations and Warranties. Tenant represents and warrants to Landlord that, during the term of this Lease:

(i) Tenant shall produce, process, store and sell marijuana products strictly in accordance with the rules and regulations promulgated by state and local authorities and pursuant to the terms and conditions of any permits and approvals issued by such authorities for the use of the Premises for such purpose;

(ii) Tenant shall not distribute to minors any marijuana, or marijuana-related products, produced, processed or sold by Tenant except for medicinal purposes, such as distribution to Leaf of Hope and other such organizations;

(iii) No marijuana, or marijuana-related products, produced, processed or sold by Tenant shall be diverted to other states unless permitted by law;

(iv) Tenant shall not permit firearms in the Premises or use firearms in the cultivation or distribution of its products;

(v) No marijuana shall be consumed or offered for retail sale on the Premises;

(vi) Tenant shall store all raw materials, inventory and by-products inside the Building on the Property and shall adopt reasonable security measures to protect the Building and its contents;

(vii) Tenant shall not engage in or facilitate the growing of marijuana on public lands; and

(viii) Tenant shall not participate in or encourage the possession or use of marijuana, or marijuana-related products, on federal property.

3. Landlord's Disclaimer. Landlord makes no representation or warranty that the Premises, Building or Property are suitable for use in the production, processing, distribution or sale of marijuana (the "Activities") or that Tenant may legally occupy and use the Premises, Building or Property for the Activities. Tenant is solely responsible for determining whether the Premises are suitable for use and occupancy for Tenant's intended purposes and for obtaining and maintaining all approvals, permits and licenses necessary for the conduct of the Activities and for determining and continuing to comply with the laws, rules and regulations required for the conduct of the Activities on the Premises. Tenant acknowledges that prior to assuming possession of the Premises, Tenant inspected the Premises, Building and Property, and as of the date of assumption of occupancy of the Premises and the date of this Lease, Tenant was satisfied in all respects therewith and that Tenant assumed the Premises on an AS IS, WHERE IS basis. Tenant agrees that, Landlord has made no representations, warranties or agreements of any kind or nature regarding the Premises, Building and Property, express or implied, and Landlord expressly disclaims any warranties or representations, whether express or implied, including any warranty of habitability, merchantability, or fitness for a particular purpose and Tenant hereby releases, waives, and renounces any claim against Landlord related to the Activities. Tenant shall indemnify and defend (using legal counsel acceptable to Landlord) Landlord and hold Landlord harmless, from and against any and all loss, cost, damage, liability and expense (including reasonable attorneys' fees) whatsoever that may arise out of or in connection with Tenant's occupation, use or improvement of the Premises, or that of its employees, agents or contractors, for the Activities. This indemnity shall survive the expiration or termination of the Lease.

4. Disposal of Tenant's Property Upon Default. All property of Tenant remaining on the Premises after reentry or termination of this Lease shall conclusively be deemed abandoned and may be disposed of or removed by Landlord. The cost of removal or disposal of such property shall be reimbursed by Tenant to Landlord upon demand, including, but not limited to court costs, reasonable attorneys' fees and storage and disposal charges relating to such property. Unless disposed of, Landlord may store such property of Tenant in any place selected by Landlord, including but not limited to a public warehouse, at the expense and risk of the owner thereof, with the right to sell such stored property without notice to Tenant. The proceeds of such sale shall be applied first to the cost of such sale, second to the payment of the cost of removal and storage, if any, and third to the payment of any other amounts that may then be due from Tenant to Landlord under this Lease, and any balance shall be paid to Tenant.

5. Lease Remains in Effect. Except as expressly amended herein, the terms and conditions of the Lease remain unchanged.

EXECUTED as of the date first indicated above.

Landlord:

PORTENTOSA, LLC, a Washington limited liability company

By: "Tom Parker"
Name: Tom Parker
Title: President

Tenant:

NEW LEAF ENTERPRISES, INC., a Washington corporation

By: "Dax Colwell"
Name: Dax Colwell
Title: President

**EXHIBIT E TO
LEASE**

Amendment to Lease Agreement

This exhibit to the Lease is made and is effective as of the 1st day of November 2014 by and between NEW LEAF ENTERPRISES, INC. ("Tenant") and PORTENTOSA, LLC ("Landlord"). Landlord is the owner of land and improvements commonly known and numbered as 460 South Kenyon St., Seattle, WA 98108 (the "Building") and legally described as:

[Legal property identifier redacted.]

Landlord acknowledges the previous installation and Tenant's ownership of an air conditioning unit as a "Trade Fixture" that could be removed or sold as a "Leasehold Improvement" or a "Trade Fixture to stay with the Property" at the termination of the lease under the earlier lease with Tenant and Landlord. That acknowledgement is hereby renewed and made applicable to the Lease of which this Exhibit E is a part.

The Landlord also acknowledges that Tenant will install two (2) additional air conditioning units for the Building during the term of the Lease. Landlord acknowledges and allows this installation and acknowledges the Tenant's ownership of these air conditioning units which are "Trade Fixtures;" provided, however, these "Trade Fixtures" are superior in quality to the standard types of fixtures considered as "Leasehold Improvements." Landlord understands that these "Trade Fixtures" are to be installed on or to the Building and are property of the Tenant will remain the property of the Tenant notwithstanding their installation on or to the Building and may be removed or sold as a "Leasehold Improvement" or a "Trade Fixture to Stay with the Property" at the termination of the Lease. Finally and in the event the "Trade Fixture" is removed, Tenant will repair the area of installation to the reasonable satisfaction of the Landlord.

Landlord: **PORTENTOSA, LLC**, a Washington limited liability company

By: "Tom Parker"
Name: Tom Parker
Title: President
Date: 12/03/14

Tenant: **NEW LEAF ENTERPRISES, INC.**, a Washington corporation

By: "Dax Colwell"
Name: Dax Colwell
Title: President
Date: _____

EXHIBIT F

OPTION TO PURCHASE AGREEMENT WITH LEASE

THIS OPTION TO PURCHASE AGREEMENT WITH LEASE (“Option”) is made this 1st day of November 2014, at Seattle, Washington, by and between **PORTENTOSA, LLC**, a Washington limited liability company (hereinafter collectively referred to as the “Optionor”) and **NEW LEAF ENTERPRISES, INC.**, a Washington corporation (hereinafter collectively referred to as the “Optionee”).

RECITALS

WHEREAS, Optionor is the owner of that certain real property situated in King County, Washington legally described as:

[Legal property identifier redacted.]

(referred to herein as the “Property”).

WHEREAS, Optionor and Optionee executed a Lease, on or about December 1, 2014, for occupancy of the Property on specified terms and conditions. Said Lease is incorporated by reference into this Option as though fully set forth herein. The Real Estate Purchase and Sale Agreement, a true and correct copy of which is attached as **Exhibit F-1**, and any and all addendums and exhibits thereto and the Option, together with the Lease, constitute the entire agreement of the Optionor and Optionee under this Option (collectively referred to herein as the “Option Documents” and individually by the names specified herein).

WHEREAS, Optionee desires to acquire the exclusive right to purchase, without becoming obligated to purchase the Property, for an agreed price and on the terms and conditions specified herein;

NOW, THEREFORE, for and in consideration of the covenants and obligations contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Optionor hereby grants to Optionee an exclusive option to purchase the Property on the following terms and conditions:

1.0 GRANT OF OPTION

1.1 Optionor hereby grants Optionee the exclusive right to purchase the Property at the price and on the terms and conditions set forth in the Real Estate Purchase and Sale Agreement annexed as **Exhibit F-1**. The Option shall not be assignable by Optionee without Optionor's prior written consent.

2.0 TERM OF OPTION

2.1 This Option commences on the 1st day of August 2016 and terminates at 5:00 p.m., on October 31, 2016 without further notice to the Optionee ("Termination Date").

3.0 CONSIDERATION FOR OPTION

3.1 This Option is granted in consideration of the execution of the Lease of which this Option is a part ("Option Consideration").

4.0 EXERCISE/NON-EXERCISE OF OPTION

4.1 Intention to Exercise Option. Optionee must give Optionor five (5) calendar days written notice ("Option Exercise Notice") to Optionor of the Optionee's intention to exercise this Option and said notice must be given no later than thirty-five (35) calendar days before the Termination Date.

4.2 Exercise of Option. Promptly upon the timely delivery of an Option Exercise Notice, Optionor and Optionee shall execute the Real Estate Purchase and Sale Agreement in the form attached hereto as Exhibit F-1) and deliver such Real Estate Purchase and Sale Agreement in its fully executed form and the Purchase Price specified therein, payable by Optionee, to First American Title Insurance Company-Escrow Division in King County, Washington. At that time, this Option will be deemed exercised and all rights of Optionee under the Real Estate Purchase and Sale Agreement (**Exhibit F-1**) will vest immediately. Optionor and Optionee must then immediately execute and deliver any and all documents required to close the transaction contemplated in the Real Estate Purchase and Sale Agreement (**Exhibit F-1**) on or before the Termination Date.

5.0 TERMINATION

5.1 This Option automatically terminates on the Termination Date without notice to the Optionee.

6.0 NOTICES

6.1 All notices required or permitted to be given hereunder must be in writing and are deemed given upon: (i) personal service; (ii) three (3) calendar days following deposit in the United States first class mail, postage prepaid, and addressed to the parties at the addresses set forth below; or (iii) facsimile transmission (confirmation received) at the facsimile numbers listed below. Such addresses and numbers may be changed by written notice as provided for herein.

OPTIONOR:

[Address for notice redacted.]

OPTIONEE:

[Address for notice redacted.]

This paragraph shall not be construed to require any notice not otherwise specifically required by this Option.

7.0 ENTIRE AGREEMENT

7.1 This Option, including the exhibits thereto, contains the entire agreement between the parties relating to the Option herein granted. Any oral representations or modifications concerning this instrument shall be of no force and effect excepting a subsequent modification in writing, signed by the party to be charged. In the event of any inconsistency between the Option to Purchase Agreement, the Lease and the Real Estate Purchase and Sale Agreement (**Exhibit F-1**), the terms and conditions of this Option to Purchase Agreement control.

8.0 ATTORNEY FEES

8.1 If this Option is placed in the hands of an attorney for enforcement and/or if any legal action, arbitration or other proceeding is commenced, the prevailing party shall be entitled

to an award of his or her reasonable expenses, including without limitation, expert witness fees and attorney's fees, and any and all disbursements on trial and on appeal. The phrase "prevailing party" shall mean the party that obtains substantially the relief desired, whether by dismissal, default, summary judgment, settlement or otherwise.

9.0 BINDING EFFECT

9.1 This Option shall bind and inure to benefit of the respective heirs, personal representatives, successors and assigns to the parties hereto.

10.0 EXECUTION

10.1 **IN WITNESS WHEREOF** the parties have executed this Option on the day and year opposite their signatures below. The date of the last of the parties to sign this Option is the "Effective Date" of this Option.

OPTIONEE: **NEW LEAF ENTERPRISES, INC., a Washington corporation:**

DATE: _____

DAX COLWELL, PRESIDENT

OPTIONOR: **PORTENTOSA, LLC, a Washington limited liability company**

DATE: _____

THOMAS PARKER, MEMBER

[Notary Blocks Follow on Next Page]

STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

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

Dated this _____ day of _____, 20_____.

(print or type name)
NOTARY PUBLIC in and for the State of Washington,
residing at _____
My Commission expires: _____

[Seal or Stamp]

STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the _____ of **New Leaf Enterprises, Inc., a Washington corporation**, to be the free and voluntary act of such corporation for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 20_____.

(print or type name)
NOTARY PUBLIC in and for the State of Washington,
residing at _____
My Commission expires: _____

[Seal or Stamp]