Medical Marijuana Dispensary License Application

Department of Health, Office of Health Care Assurance

Home (/mmjdisp/index.html) My Account Log Out (/mmjdisp/logout) [redacted]

Criteria 1. Ability to operate a business, including but not limited to education, knowledge, and experience	
Criteria 2. Plan for operating a medical marijuana dispensary in the county for which the applicant is seeking a license, including but not limited to a timeline for opening a retail dispensing location	
Criteria 3. Proof of financial stability and access to financial resources	
Criteria 4. Ability to comply with the security requirements of this chapter and section 329D-7, HRS	
Criteria 5. Capacity to meet the needs of qualifying patients	
Criteria 6. Ability to comply with criminal background check requirements pursuant to this chapter and sections 329D-7, 329D-12, and 846-2.7, HRS	
Criteria 7. Ability to comply with the requirements in this chapter and chapters 329 and 329D, HRS, for inventory tracking, security, and dispensing limits for qualifying patients	
Criteria 8. Ability to maintain confidentiality of a qualifying patient?s medical condition, health status, and purchases of marijuana or manufactured marijuana products	
Criteria 9. Ability to conduct or contract for certified laboratory testing on marijuana and manufactured marijuana products pursuant to this chapter and sections 329D-7 and 329D-8, HRS	
Criteria 10. Ability to comply with requirements for packaging, labeling, and chain of custody of products	
Criteria 11. A plan for secure disposal of marijuana and manufactured marijuana products	
Criteria 12. Ability to ensure product safety, in accordance with this chapter and sections 329D-8, 329D-10, 329D-11, HRS	
Criteria 13. No history of having a business license revoked.	
Total Merit Criteria Points Awarded to Applicant	

HELPFUL INFORMATION FOR FILLING OUT THIS FORM:

1. You can save your work on this form by checking the 'Save my progress and resume later' box and then clicking the 'Save form and resume later' button at the bottom of each screen. IMPORTANT: Remember to do this every time you leave your application or you will lose the information you have entered.

2. To keep your information secure, remember to log out of your application each time you finish working on it.

3. Use a current version of Google Chrome or Firefox browser when completing this form.

4. Save the form every 20 minutes to avoid timing out. When entering information in a spreadsheet, save and exit the form first.

5. Do not include single or double quote marks (' or ") or more than one period (.) in your document names.

INSTRUCTIONS FOR THE MEDICAL MARIJUANA DISPENSARY LICENSE APPLICATION

Before applying for a medical marijuana dispensary license, applicants must acknowledge that they have read the statute and administrative rules on medical marijuana dispensary licensing. Click be redirected to the statute and administrative rules.

Hawaii Revised Statute (HRS) 329D	✔ I acknowledge that I have read Chapter 329D, HRS (http://health.hawaii.gov/medicalmarijuana/wp-content/blogs.dir/9 329D-HRS.pdf), and I am aware of the application and licensing requirements.
Hawaii Administrative Rules (HAR) Chapter 11-850	✔ I acknowledge that I have read HAR, Chapter 11-850 (http://health.hawaii.gov/medicalmarijuana/wp-content/blogs.dir/93/files/2015/12/Dispensary-Rules-Chapter-11-850-signed-by-Gov-12-13-15.pdf), and I am aware of the licensing requirements.
Disclaimer:	✔ I understand that the use and possession of marijuana is illegal under federal law, and is illegal under State law except as prov Chapters 329 and 329D, HRS.

MINIMUM REQUIREMENTS

All individual applicants and applying entities must meet the requirements listed below or the application will not be accepted. Applicants must attach proof to the online application as described in sections.

INDIVIDUAL APPLICANT

*** Individual applicant shall be at least 21 years old.**
*** Shall be a legal resident of the State of Hawaii for at least five (5) uninterrupted years immediately preceding the date of the license application.**
*** Shall not have any felony convictions or any other disqualifying background history.**
*** Shall be authorized by the applying entity to submit an application for a dispensary license, and act as the primary point of contact with the department.**

APPLYING ENTITY

*** The applying entity must be organized under the laws of the State of Hawaii.**
*** Have a Hawaii tax identification number.**
*** Have a Department of Commerce and Consumer Affairs Business Registration Division number and suffix.**
*** Have a federal employer identification number.**
*** Not be less than fifty-one percent held by Hawaii legal residents or entities wholly controlled by Hawaii legal residents who have been legal residents for not less than five years immediately prece application was submitted.**
*** Have financial resources under its control of not less than $1,000,000 for each license applied for, plus not less than $100,000 for each retail dispensing location allowed under the license applied bank statements or escrow accounts, and those financial resources shall have been under the control of the applying entity for not less than ninety days immediately preceding the date the applica**
*** Be composed of owners, principals, or members, each of whom is not less than twenty-one years of age and has no felony convictions or any other disqualifying background history.**

APPLICATION FEE

The license application fee of $5,000 by certified check or cashier's check payable to the State of Hawaii, Department of Health, is part of the minimum requirements and must be received at Departı Medical Marijuana Dispensary Licensing, Room 337, 601 Kamokila Blvd., Kapolei, HI 96707 or be postmarked by 4:30 pm Hawaii Standard Time on the last day of the open application period Januar

Please note the application number on the check. This is found in the heading of the email confirmation you receive upon submittal, and is also visible when you view your completed application oı

NOTE: ALL QUESTIONS MUST BE ANSWERED TO SUBMIT YOUR APPLICATION UNLESS OTHERWISE INDICATED.

SECTION A: APPLICATION FOR COUNTY

NOTE: An applicant may apply for a license for more than one county, but may only receive one license. Indicating here that you are applying for a license for more than one county does not consti license in another county; separate applications must be submitted. The applicant and applying entity must complete a separate application with all required documentation for each application anı refundable application fee of $5,000 for each application. The financial resources required ($1,000,000 plus not less than $100,000 for each retail dispensing location) may apply across applications only apply toward one license, if granted.

1. For which county are you requesting a license?	City & County of Honolulu
2. Are you also applying for a dispensary license in another county?	No
2a. If YES, what other county or counties are you applying for a license? (NOTE: A separate application and check will be required for each county.)	

SECTION B: INDIVIDUAL APPLICANT INFORMATION

GENERAL INFORMATION

3. Legal Name of Applicant	Mr. William Campbell Jarvis
4. Upload Proof of Legal Name of Applicant **Scan and submit a certified copy of AT LEAST ONE (1) of the following:** *** Certified copy of a birth certificate or marriage certificate filed with a state office of vital statistics or equivalent agency in the individual's state of birth or marriage;** *** Valid, unexpired U.S. passport [inside cover and first page only] or U.S. passport card;** *** Consular report of birth abroad Form FS-240, DS-1350 or FS-545 issued by the U.S. Department of State;** *** Valid, unexpired permanent resident card (Form I-551) issued by the Department of Homeland Security (DHS) or the U.S. Citizenship and Immigration Services (USCIS);** *** Unexpired employment authorization document issued by the DHS, Form I-766 or Form I-688B;** *** Unexpired foreign passport with the following: a valid, unexpired U.S. visa affixed, and an approved I-94 form documenting the applicant's most recent admittance into the United States or a DHS admittance stamp on the passport;** *** Certified copy of the Certificate of Naturalization issued by DHS, Form N-550 or Form N-570;** *** Certificate of citizenship, Form N-560 or Form N-561, issued by DHS;** *** Court-issued, certified copy of a divorce decree;** *** Certified copy of a legal change of name order**	[redacted]
5. Date of Birth (must be at least 21 years old)	[redacted]

[redacted] [redacted]

6. Upload Proof of Date of Birth of Applicant **Scan and submit a certified copy of AT LEAST ONE (1) of the following:** *** Certified copy of a birth certificate or marriage certificate filed with a state office of vital statistics or equivalent agency in the individual's state of birth or marriage;** *** Valid, unexpired U.S. passport [inside cover and first page only] or U.S. passport card;** *** Consular report of birth abroad Form FS-240, DS-1350 or FS-545 issued by the U.S. Department of State;** *** Valid, unexpired permanent resident card (Form I-551) issued by the Department of Homeland Security (DHS) or the U.S. Citizenship and Immigration Services (USCIS);** *** Unexpired employment authorization document issued by the DHS, Form I-766 or Form I-688B;** *** Unexpired foreign passport with the following: a valid, unexpired U.S. visa affixed, and an approved I-94 form documenting the applicant's most recent admittance into the United States or a DHS admittance stamp on the passport;** *** Certificate of naturalization issued by DHS, Form N-550 or Form N-570;** *** Certificate of citizenship, Form N-560 or Form N-561, issued by DHS;** *** Valid, unexpired driver's license or government issued photo identification card.**	[redacted]
7. Social Security No. or Identifier No. (last 4 digits only):	[redacted]
8. Applicant's Address	[redacted] United States
9. Daytime Phone No.	[redacted]
10. Fax No.	[redacted]
11. Email	[redacted]
CRIMINAL HISTORY INFORMATION	
12. Has the individual applicant ever been convicted of a felony? If YES, STOP, you are not an eligible applicant.	[redacted]
13. Has the individual applicant ever been convicted of a crime?	[redacted]
13a. If YES, please describe (e.g., conviction, date, disposition, etc.)	
14. Has the individual applicant ever been arrested?	[redacted]
14a. If YES, please describe (e.g., date, disposition, etc.)	

Obtain a Criminal History Report **Copy the Validation code from an eCrim report for the individual applicant generated by the Hawaii Criminal Justice Data Center no earlier than December 12, 2015 at 8:00 a.m. (Hawaii-Aleutian Standard Time).** **Visit** eCrim.ehawaii.gov (https://ecrim.ehawaii.gov/ahewa/) **to obtain the eCrim report.** **15. Enter the eCrim Validation Code here:**	[redacted]
16. NOTICE: Pursuant to Chapter 329D HRS and Chapter 11-850 HAR, applicants are required to provide consent to a background check, including fingerprinting, to be conducted by the Department of Health or its designee. **Further information and instructions will be provided on http://health.hawaii.gov/medicalmarijuana/. If the information and instructions are not yet posted, please check the website often.**	✔ I consent
RESIDENCY INFORMATION 17. Is the Applicant a legal resident of the State of Hawaii for at least five years? If NO, STOP, you are not an eligible applicant.	[redacted]
18. Upload Proof of Hawaii Residency: **Scan and submit AT LEAST ONE (1) of the following source documents as proof of Hawaii state residency for at least five years:** *** State of Hawaii tax return Form N-11 without schedules, worksheets, or attachments, and redacted to remove all financial information and all but the last four digits of the individual's social security number;** *** Evidence of voter registration;** *** Ownership, lease, or rental documents for place of primary domicile;** *** Billing statements including utility bills; or** *** Vehicle registration.**	[redacted]
19. Authorized to Act on Behalf of Applying Entity **Scan and submit evidence of the authority of the individual to act on behalf of the applying entity, and supporting documentation (e.g. corporate resolution, bylaws, articles of incorporation):**	[redacted]
SECTION C: APPLYING ENTITY INFORMATION	
20. Name of Applying Entity	Pono Organics Investors, LLC dba Pono Wellness
21. Applying Entity's Business Address	733 Bishop Street Suite 1200 Honolulu, Hawaii 96813 United States
22. Entity Phone #	[redacted]
23. Entity Email	[redacted]
24. Entity Fax #	([redacted]

[redacted] [redacted]

25. Is the applying entity organized under the laws of the State of Hawaii? If the answer is 'NO', STOP, you are not an eligible applicant.	Yes
26. Upload Applying Entity Incorporation or Business Status Documentation: **Upload a certified copy of applying entity's incorporation documents in the State of Hawaii.** **Visit** Hawaii Business Express (https://hbe.ehawaii.gov/documents/search.html) **for available documents.**	[redacted]
27. Provide the entity's Hawaii Department of Commerce & Consumer Affairs Business Registration Division Number & Suffix (file number). **Visit** Hawaii Business Express - Business Name Search (https://hbe.ehawaii.gov/documents/search.html) **to locate your entity's file number.**	[redacted]
28. Upload a copy of the entity's Certificate of Good Standing from the Department of Commerce and Consumer Affairs.	[redacted]
29. Hawaii Tax Identification Number: **Provide the number along with a copy of the State of Hawaii Tax Identification Number (see question immediately below).** **Visit** Tax ID Search (https://dotax.ehawaii.gov/tls/app) **for this information.**	[redacted]
30. Upload a copy of the entity's State of Hawaii Tax Identification document.	[redacted]
31. Federal Employer Identification Number: Provide the Federal Employer Identification Number.	[redacted]
32. Upload a copy of the entity's Federal Employer Identification Number document.	[redacted]
OWNER(S), PRINCIPAL(S), & MEMBER(S) INFORMATION	
33. Enter the total number of Owner(s), Principal(s), and Member(s) of the applying entity here:	7

[redacted] [redacted]

34. Upload Owner, Principal, and Member Information Spreadsheet

INSTRUCTIONS: Download the EXCEL spreadsheet below, enter the following information in the format required, and upload it to attach it to your application.

Information to be provided:

1) List of Owners, Principals, and Members of the Applying Entity

For each Owner, Principal, and Member of the Applying Entity:
A) Name, Address, Phone number, and Email Address
B) Each individual's percent interest in the company
C) State of primary residence
D) Number of years each person has lived in Hawaii (the most recent, uninterrupted number of years that the person has been a resident), and
E) A criminal background check for each Owner, Principal, and Member.

Copy the validation code from an eCrim report for the individual generated by the Hawaii Criminal Justice Data Center no earlier than December 12, 2015 at 8:00 a.m. (Hawaii-Aleutian Standard Time).
Visit eCrim.ehawaii.gov (https://ecrim.ehawaii.gov/ahewa/) **to obtain the eCrim report.**

Please include a signed statement by each Owner, Principal, or Member certifying that the information is complete and accurate. Upload the signed statements in the following question (35.)

2) Other Businesses Holding an Interest

If there are businesses that hold an interest in the company, list the business names and percent interest on a separate tab on the spreadsheet.

Download Owner Principal Member Information Spreadsheet (/mmjdisp/templates/Owner_Principal_Member_Report.xls)

[redacted]

35. Upload Proof of Name, Date of Birth, and Residency for each Officer, Principal, or Member listed on the spreadsheet

1) Proof of Legal Name of Each Owner, Principal, and Member:

Scan and submit a certified copy of AT LEAST ONE (1) of the following:

*** Certified copy of a birth certificate or marriage certificate filed with a state office of vital statistics or equivalent agency in the individual's state of birth or marriage;**
*** Valid, unexpired U.S. passport [inside cover and first page only] or U.S. passport card;**
*** Consular report of birth abroad Form FS-240, DS-1350 or FS-545 issued by the U.S. Department of State;**
*** Valid, unexpired permanent resident card (Form I-551) issued by the Department of Homeland Security (DHS) or the U.S. Citizenship and Immigration Services (USCIS);**
*** Unexpired employment authorization document issued by the DHS, Form I-766 or Form I-688B;**
*** Unexpired foreign passport with the following: a valid, unexpired U.S. visa affixed, and an approved I-94 form documenting the applicant's most recent admittance into the United States or a DHS admittance stamp on the passport;**
*** Certificate of naturalization issued by DHS, Form N-550 or Form N-570;**
*** Certificate of citizenship, Form N-560 or Form N-561, issued by DHS;**
*** Court-issued, certified copy of a divorce decree;**
*** Certified copy of a legal change of name order;**

2) Proof of Date of Birth

Scan and submit a certified copy of AT LEAST ONE (1) of the following:

*** Certified copy of a birth certificate or marriage certificate filed with a state office of vital statistics or equivalent agency in the individual's state of birth or marriage;**
*** Valid, unexpired U.S. passport [inside cover and first page only] or U.S. passport card;**
*** Consular report of birth abroad Form FS-240, DS-1350 or FS-545 issued by the U.S. Department of State;**
*** Valid, unexpired permanent resident card (Form I-551) issued by the Department of Homeland Security (DHS) or the U.S. Citizenship and Immigration Services (USCIS);**
*** Unexpired employment authorization document issued by the DHS, Form I-766 or Form I-688B;**
*** Unexpired foreign passport with the following: a valid, unexpired U.S. visa affixed, and an approved I-94 form documenting the applicant's most recent admittance into the United States or a DHS admittance stamp on the passport;**
*** Certificate of naturalization issued by DHS, Form N-550 or Form N-570;**
*** Certificate of citizenship, Form N-560 or Form N-561, issued by DHS;**
*** Valid, unexpired driver's license or government issued photo identification card.**

[redacted]

3) Proof of Hawaii Residency:

Scan and submit AT LEAST ONE (1) of the following source documents as proof of Hawaii state residency for at least five years:

*** State of Hawaii tax return Form N-11 without schedules, worksheets, or attachments, and redacted to remove all financial information and all but the last four digits of the individual's social security number;**
*** Evidence of voter registration;**
*** Ownership, lease, or rental documents for place of primary domicile;**
*** Billing statements including utility bills; or**
*** Vehicle registration.**

Document size limit is 2 MB. Up to 10 documents may be attached.

SECTION D: FINANCIAL INFORMATION

36. FINANCIAL RESOURCES GENERAL INFORMATION

INSTRUCTIONS: Download the EXCEL spreadsheet below, enter the following information in the format required, and upload it to attach it to your application.

Information to be provided:
1) Financial Resources the applying entity has under its control. List each financial resource, amount of the resource (round to nearest dollar, no cents), and verifying information (account type, account number, account name, name of financial institution, applicant contact information) as shown on the spreadsheet

2) Date Resource/Dollar amount under the applying entity's control

Download Financial Resources General Information Spreadsheet (/mmjdisp/templates/Financial_Resources_General.xls)

Upload the completed Financial Resources General Information Spreadsheet

37. Upload Financial Resources General Information Supporting Source Documents

Upload supporting source documents, i.e. bank statements, escrow account information, balance sheets etc. Supporting source documents for Financial Resources General Information must be provided as proof of the financial resources.

Document size limit is 10 MB. Up to 5 documents may be attached.

38. FINANCIAL RESOURCES -
RETAIL DISPENSING LOCATION INFORMATION

INSTRUCTIONS: Download the EXCEL spreadsheet below, enter the following information in the format required, and upload it to attach it to your application.

Data to be provided:
1) Financial Resources the applying entity has under its control for each retail dispensing location allowed (2 locations maximum)

2) Dollar Amount (total aggregate for each retail dispensing location shall be not less than $100,000, or $200,000 for 2 locations)

3) Date Resource/Dollar amount under the applying entity's control (resources have been under the Applying Entity's control for not less than 90 days)

Download Financial Resources - Retail Dispensing Location Information Spreadsheet (/mmjdisp/templates/Financial_Resources_Retail_Dispensing_Location.xls)

Upload the completed Financial Resources - Retail Dispensing Location Information Spreadsheet

[redacted]

39. Upload Retail Dispensary Location Supporting Source Documents

Upload supporting source documents, i.e. bank statements, escrow account information, balance sheets etc. Supporting source documents for retail dispensary locations must be provided as proof of the financial resources.

Document size limit is 10 MB. Up to 5 documents may be attached.

[redacted]

SECTION E: MERIT INFORMATION - OPTIONAL

Responses for each criteria shall be no longer than specified for each criteria, double spaced, font size no smaller than 12, and margins no less than 1 inch on all sides.

[redacted]

(1) Ability to operate a business, including but not limited to education, knowledge, and experience with:
(A) Regulated industries;
(B) Agriculture or horticulture;
(C) Commercial manufacturing;
(D) Pharmaceutical companies;
(E) Operating or working in a medical marijuana dispensary business;
(F) Creating and implementing a business plan, including a timeline for opening a business;
(G) Creating and implementing a financial plan;
(H) Retail sales;
(I) Secure inventory tracking and control;
(J) Protecting confidential customer information;
(K) Owning or managing a business that required twenty four hour security monitoring; and
(L) Any other experience the applicant considers relevant;

Response to (1) shall be no longer than five (5) pages.

Upload Response to (1)

[redacted]

(2) Plan for operating a medical marijuana dispensary in the county for which the applicant is seeking a license, including but not limited to a timeline for opening a retail dispensing location;

Response to (2) shall be no longer than five (5) pages.

Upload Response to (2)

[redacted]

(3) Proof of financial stability and access to financial resources, including but not limited to:
(A) Legal sources of finances immediately available to begin operating a dispensary;
(B) A summary of financial statements in businesses previously or currently owned or operated by the applicant;
(C) A financial plan for operating a medical marijuana dispensary in Hawaii;
(D) Good credit history; and
(E) History of bankruptcy by the applicant or entities owned or operated by the applicant;

Response to (3) shall be no longer than five (5) pages.

Upload Response to (3)

[redacted]

(4) Ability to comply with the security requirements of Chapter 11-850 and Section 329D-7, HRS;

Response to (4) shall be no longer than five (5) pages.

Upload Response to (4)

[redacted]

[redacted]

(5) Capacity to meet the needs of qualifying patients, including but not limited to:
(A) Educating patients on how marijuana can be used to assist patients with debilitating medical conditions and about the marijuana and manufactured marijuana products that will be available in the applicant's retail dispensing locations;
(B) Producing and maintaining a supply of marijuana that is sufficient to meet the needs of qualifying patients;
(C) Providing safe, accessible retail dispensing locations; and
(D) Measuring and improving customer satisfaction;

Response to (5) shall be no longer than five (5) pages.

Upload Response to (5)

[redacted]

(6) Ability to comply with criminal background check requirements pursuant to Chapter 11-850 and Sections 329D-7, 329D-12, and 846-2.7, HRS;

Response to (6) shall be no longer than three (3) pages.

Upload Response to (6)

[redacted]

(7) Ability to comply with the requirements in Chapter 11-850 and Sections 329 and 329D, HRS, for inventory tracking, security, and dispensing limits for qualifying patients;

Response to (7) shall be no longer than five (5) pages.

Upload Response to (7)

[redacted]

(8) Ability to maintain confidentiality of a qualifying patient's medical condition, health status, and purchases of marijuana or manufactured marijuana products;

Response to (8) shall be no longer than three (3) pages.

Upload Response to (8)

[redacted]

(9) Ability to conduct or contract for certified laboratory testing on marijuana and manufactured marijuana products pursuant to Chapter 11-850 and Sections 329D-7 and 329D-8, HRS;

Response to (9) shall be no longer than three (3) pages.

Upload Response to (9)

[redacted]

(10) Ability to comply with requirements for packaging, labeling, and chain of custody of products;

Response to (10) shall be no longer than three (3) pages.

Upload Response to (10)

[redacted]

[redacted]

(11) A plan for secure disposal of marijuana and manufactured marijuana products;	
Response to (11) shall be no longer than five (5) pages.	[redacted]
Upload Response to (11)	
(12) Ability to ensure product safety, in accordance with Chapter 11-850 and Sections 329D-8, 329D-10, 329D-11, HRS.	
Response to (12) shall be no longer than five (5) pages.	[redacted]
Upload Response to (12)	
(13) No history of having a business license revoked.	
Response to (13) shall be no longer than three (3) pages.	[redacted]
Upload Response to (13)	
SECTION F: CERTIFICATION AND SUBMITTAL	
Certification	✔ I hereby certify under penalty of law that the information submitted as part of this application is correct and complete.
By checking the box above and entering the individual applicant's name below, the applicant has electronically signed this application.	
Applicant Name	Mr. William Campbell Jarvis
If you have previously submitted an application and this is a revision, enter the unique entry number(s) of your previous submission(s) here.	
User ID	[redacted]
User Email	[redacted]

Entry Info

Date Created	[redacted]
Date Updated	
IP Address	

FILED 05/15/2015 4:06 PM
Business Registration Division
DEPT. OF COMMERCE AND
CONSUMER AFFAIRS
State of Hawaii

Internet FORM LLC-1
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STATE OF HAWAII
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
Business Registration Division
335 Merchant Street
Mailing Address: P.O. Box 40, Honolulu, Hawaii 96810
Phone No.(808) 586-2727

ARTICLES OF ORGANIZATION FOR LIMITED LIABILITY COMPANY

(Section 428-203 Hawaii Revised Statutes)

PLEASE TYPE OR PRINT LEGIBLY IN BLACK INK

The undersigned, for the purpose of forming a limited liability company under the laws of the State of Hawaii, do hereby make and execute these Articles of Organization:

I

The name of the company shall be:
PONO ORGANICS INVESTORS, LLC
(The name must contain the words *Limited Liability Company* or the abbreviation *L.L.C. or LLC*)

II

The mailing address of the initial principal office is:
733 BISHOP STREET, SUITE 1900, HONOLULU, HI 96813 USA

III

The company shall have and continuously maintain in the State of Hawaii a registered agent who shall have a business address in this State. The agent may be an individual who resides in this State, a domestic entity or a foreign entity authorized to transact business in this State.

a. The name (and state or country of incorporation, formation or organization, if applicable) of the company's registered agent in the State of Hawaii is:
DUANE R. FISHER

(Name of Registered Agent) (State or Country)

b. The street address of the place of business of the person in State of Hawaii to which service of process and other notice and documents being served on or sent to the entity represented by it may be delivered to is:
733 BISHOP STREET, SUITE 1900, HONOLULU, HI 96813 USA

IV

The name and address of each organizer is:

DUANE R. FISHER	**733 BISHOP STREET, SUITE 1900, HONOLULU, HI 96813 USA**

05/15/2015 548966

I HEREBY CERTIFY that this is a true and correct copy of the official record(s) of the Business Registration Division.

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS STATE OF HAWAII

DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS

January 11, 2016

Validate online at http://hbe.ehawaii.gov/documents
Document ID: 1UK-6UY-4YF-9NB-13265200

V

The period of duration is (check one):

☐ At-will

☒ For a specified term to expire on: **DEC 31, 2162**

(Month Day Year)

VI

The company is (check one):

a. ☒ Manager-managed, and the names and addresses of the initial managers are listed in paragraph "c", and the number of initial members are: 1

b. ☐ Member-managed, and the names and addresses of the initial members are listed in paragraph "c".

c. List the names and addresses of the initial managers if the company is Manager-managed, or
List the names and addresses of the initial members if the company is Member-managed.

DUANE R. FISHER	**733 BISHOP STREET, SUITE 1900, HONOLULU, HI 96813 USA**

VII

The members of the company (check one):

☒ Shall not be liable for the debts, obligations and liabilities of the company.

☐ Shall be liable for all debts, obligations and liabilities of the company.

☐ Shall be liable for all or specified debts, obligations and liabilities of the company ***as stated below***, and have consented in writing to the adoption of this provision or to be bound by this provision.

We certify, under the penalties set forth in the Hawaii Uniform Limited Liability Company Act, that we have read the above statements, I am authorized to sign this Articles of Organization, and that the above statements are true and correct to the best of our knowledge and belief.

Signed this **15** day of **MAY 2015**

DUANE R. FISHER	
(Type/Print Name of Organizer)	(Type/Print Name of Organizer)
DUANE R. FISHER	
(Signature of Organizer)	(Signature of Organizer)

05/15/2015 548966

DAVID Y. IGE
GOVERNOR

SHAN S. TSUTSUI
LT. GOVERNOR

STATE OF HAWAII
BUSINESS REGISTRATION DIVISION
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
335 MERCHANT STREET, ROOM 201, HONOLULU, HAWAII 96813
P.O. Box 40 HONOLULU, HAWAII 96810
Phone Number: 586-2744
Fax Number: 586-2733
www.BusinessRegistrations.com

CATHERINE P. AWAKUNI COLÓN
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

TY Y. NOHARA
COMMISSIONER OF SECURITIES

I, the undersigned Director of Commerce and Consumer Affairs of the State of Hawaii, do hereby certify that the attached is a Certificate of Good Standing for PONO ORGANICS INVESTORS, LLC, issued on January 19, 2016.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Department of Commerce and Consumer Affairs, at Honolulu, this 19th day of January, 2016.

Catherine P. Awakuni Colón

Director of Commerce and Consumer Affairs

Department of Commerce and Consumer Affairs

CERTIFICATE OF GOOD STANDING

I, the undersigned Director of Commerce and Consumer Affairs of the State of Hawaii, do hereby certify that according to the records of this Department,

PONO ORGANICS INVESTORS, LLC

was organized under the laws of the State of Hawaii on 05/15/2015 ; that it is an existing limited liability company in good standing and is duly authorized to transact business.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Department of Commerce and Consumer Affairs, at Honolulu, Hawaii.

Dated: January 19, 2016

Catherine P. Awakuni Colón

Director of Commerce and Consumer Affairs

OWNER / PRINCIPAL / MEMBER REPORT

Please include a signed statement by each Owner, Principal, or Member certifying that the information is complete and accurate.

Name of Owner, Principal, or Member	Address (Street, City, State, Zip, Country (if not USA))	Phone Number	Email Address	Percent Interest in the Company	State of Primary Residence	Number of Years Lived in Hawaii (most recent uninterrupted number of years person has been a resident)	Has person ever been convicted of a Felony? (If So, STOP, they are not an eligible applicant)	Has person ever been convicted of a crime?	If person has been convicted of a crime, please describe (e.g., conviction, date, disposition, etc.)	Has person ever been arrested?	If person has ever been arrested, please describe (e.g., date, disposition, etc.)	eCrim Report Validation Code
William Jarvis (held in Koloa Ventures III, LLC)	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]		[redacted]		[redacted]
Duane Fisher (held in D+K Organics Investors, LLC)	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]		[redacted]		[redacted]
Kenneth Marcus (held in D+K Organics Investors, LLC)	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]		[redacted]		[redacted]
Norman Cheng (held in TCM Wellness Hawaii, LLC)	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]		[redacted]		[redacted]
Joseph Husslein (held in Beacon, LLC)	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]		[redacted]		[redacted]
Terry Zelko	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]		[redacted]		[redacted]

List the business name(s) and percent interest on the spreadsheet if there are businesses that ho

Other Businesses Holding an Interest	Percent Interest
[redacted]	[redacted]

ıld an interest in the applying entity.

PONO wellness

CRITERION 1 – Ability to operate a business, including education, knowledge, and experience:

(A) REGULATED INDUSTRIES – Pono Wellness CEO Bill Jarvis has spent 30+ years in highly regulated industries. As the CEO of Hawaii-based Mobi PCS, CEO of Revol Wireless, and Regional President of Nextel, Bill has worked cooperatively and possesses an impeccable reputation with regulators at the city, state and federal level, including the Federal Communications Commission, the Universal Service Administrative Company, the Hawaii Public Utilities Commission, and the State Utility Commissions of numerous states. Neither Bill nor his companies have ever been cited for any material violations by any state or federal agencies, and all his companies have maintained "licensee in good standing" status at all times. Bill has an extraordinary level of experience operating businesses effectively and profitably in a highly regulated environment. Additionally, Pono investor, Joseph Husslein, as former CEO of TakeCare Insurance Company, has been subject to regulation by the Drug Enforcement Agency and the Food and Drug Administration for for almost a decade. Shift Cannabis Co., Pono's partner, has over five years of regulation by the Colorado Marijuana Enforcement Division. None of Pono's owners have ever been cited for a violation by any regulatory authority.

(B) AGRICULTURE OR HORTICULTURE – The Pono team has extensive agricultural and horticultural experience. Shift has supplied two members of its executive team to Pono's Advisory Board. [redacted] Additionally, Pono has recruited Hawaii resident Dr. Mark Merlin, one of the world's foremost authorities on marijuana, to serve on Pono's Advisory Board.

Merlin is the co-author of *Cannabis, Evolution and Ethnobotany*, a 456-page academic work that provides a thorough history of the origins and uses of marijuana. Advisory Board member Roxanne Adams has over 40 years of horticulture experience and oversees all plant life for the 6,000,000 sq. ft. campus of University of Hawaii at Manoa. Pono has already hired our Director of Cultivation, Tim Sullivan. Tim has over 30 years of commercial cultivation experience, managing large-scale commercial grows in excess of 1,000,000 sq. ft. Tim has 12 years of regulated experience assisting and caring for medical cannabis patients in CA and OR.

(C) COMMERCIAL MANUFACTURING – Bill has decades of manufacturing experience. Manufacturing by definition is to make a product, using machinery, on a large scale, in a way that satisfies customers. Telecommunication networks are huge manufacturing plants, producing millions of voice calls, text and picture messages, and megabits of data, on a monthly basis. All of these products must be available in a highly dynamic, real time nature. The factory runs 24 hours a day, 7 days a week and employs elaborate process verification, and precise change management controls. Bill not only led the launch of the elaborate physical manufacturing infrastructure, he oversees the daily operations to a reliability level of 99.999% uptime. [redacted]

(D) PHARMACEUTICAL COMPANIES – Pono has recruited investor and advisor Joseph Husslein, former CEO of TakeCare Insurance, [redacted] Pono Advisory Board Member Charis Matsuwaki brings more than 26 years of experience in pharmacy operations and training. Additionally, Pono has already hired our Director of Patient Wellness, Heather Heilman. Heather brings a strong background in pharmacy operations and training and currently serves as Operations Resolution Specialist for Walgreens Specialty Pharmacy, responsible for coordinating daily operations.

(E) OPERATING OR WORKING IN A MEDICAL MARIJUANA DISPENSARY BUSINESS – Shift has owned and successfully operated medical marijuana production and dispensary facilities in Colorado since 2010. Shift holds equity positions in medical marijuana dispensaries and their management companies in multiple other states, and is intimately familiar with all aspects of the medical marijuana business. Pono has also hired Dr. Mark June-Wells, a Ph.D. in Biological Sciences, as our Director of Extraction & Production. Prior to joining Pono, Dr. June-Wells served as Director of Extraction & Production at Connecticut Pharmaceutical Solutions, where [redacted]

(F) CREATING AND IMPLEMENTING A BUSINESS PLAN, INCLUDING A TIMELINE FOR OPENING A BUSINESS – Pono's expertise in this area is unparalleled. As CEO of Mobi, Revol, and GoBeam Communications, and Regional President of Nextel, Bill possesses over 30 years of business planning experience, including developing timelines and successfully executing plans for [redacted] Every year for the past 30+ years, Bill has created an annual business plan and budget. Bill and the Pono team have put together an in-depth 80+ page business plan and 100+ page financial model, covering all aspects of our complex, large scale, vertically integrated business. Bill has

successfully led multiple launches of new markets, including the cellular carrier businesses in San Francisco, the west coast of Florida, and Hawaii. Bill's successful implementations have led to 13 promotions or CEO appointments. [redacted]

(G) Creating and implementing a financial plan – From his 30-year career, Bill brings extensive experience in financial planning and modeling, capital raising, presenting to venture capital investors and institutional lenders, and executing plans. Bill utilizes a metrics-based process to creating a financial plan for manufacturing and retail-oriented businesses, like Pono. Creating a plan is only half of the process; executing the plan is critical to success. Bill brings laser-focus to the tasks at hand, determining the highest-level objectives, assigning ownership of those objectives, following up regularly, and reinforcing individual responsibilities. [redacted]. The Pono financial plan is attached as addendum 2 in Criterion 2.

(H) Retail Sales – Bill managed 46 company-owned retail locations while at Revol and hundreds of dealer locations at Nextel. As CEO of Mobi, [redacted].

(I) Secure inventory tracking and control – [redacted]

Pono will be using the BioTrackTHC inventory system, the same system chosen by the State of Hawaii to manage and track inventory from seed to sale. Pono will employ the tracking and control SOPs deployed and refined by Shift in their own business operations.

(J) PROTECTING CONFIDENTIAL CUSTOMER INFORMATION – Pono takes very seriously the importance of protecting confidential patient / customer information, and its team is replete with expertise in confidentiality. Pono Advisory Board Member professor Christine Williams is a privacy expert and the author of *FERPA, GLBA, and HIPAA: The Alphabet Soup of Privacy*. Bill is responsible for protecting the customer proprietary network information of thousands of Mobi customers. Pono owners Duane Fisher and Ken Marcus are practicing Hawaii attorneys, and have maintained confidential client information throughout their careers. Shift has maintained patient confidentiality for its medical marijuana patients for over five years.

(K) OWNING/MANAGING A BUSINESS THAT REQUIRED 24-HOUR SECURITY MONITORING –

(L) ANY OTHER EXPERIENCE THE APPLICANT DEEMS RELEVANT – The Pono team has an abundance of educational experience with 11 doctoral, four masters, and two nursing degrees. Finally, Pono is about people. Our experience recruiting, hiring, training, and supporting our employees is at the core of Pono, and we have included portions of our human resources program as addendum 3.

PONO wellness

ADDENDA TO CRITERION 1

[FOLLOW THIS PAGE]

CRITERION 1

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PONO wellness

CRITERION 1

-Addendum 1-

- **Recommendation from Hawaii Dispensary Alliance**

HDA
HAWAI'I DISPENSARY
ALLIANCE

January 25, 2016

The Hawai'i Dispensary Alliance
1110 Nu'uanu Ave, #6
Honolulu, HI 96817 USA
www.hawaiidispensaryalliance.org

State of Hawai'i Department of Health
Medical Marijuana Dispensary Licensing Program
1250 Punchbowl Street
Honolulu, Hawaii 96813-2416
medmarijuana.dispensary@doh.hawaii.gov

RE: Recommendation for Pono Wellness and Bill Jarvis's Application for a Dispensary License

Dear Dispensary Application Review Board,

The Hawai'i Dispensary Alliance ("HDA") is pleased to strongly recommend Bill Jarvis and Pono Wellness for a medical marijuana dispensary license for Honolulu County. After reviewing Mr. Jarvis' application, his commitment to the values of the HDA Code of Conduct, and his vision for the future of Hawai'i, we are confident that Mr. Jarvis and Pono Wellness are the best choice available to create a patient-centric medical marijuana industry while consistently seeking to do the right thing for all of Hawai'i's diverse stakeholders.

Mr. Jarvis founded Pono Wellness on the concept of "pono", "a conscious decision to do the right thing in terms of one's self, others, and environment," and he has worked at every turn to apply this philosophy to the growth of his organization and the shape of the industry in Hawaii. In pursuit of this ideal, Mr. Jarvis has long been a vocal supporter of the Hawai'i Dispensary Alliance, our growth as an organization, and our various political, educational, and community activities. In October 2015 he participated in our successful public comment campaign petitioning the Hawai'i State Supreme Court to allow lawyers to help dispensary applicants – a result which will contribute greatly to the safety and compliance of the industry as a whole. Mr. Jarvis also provided excellent feedback on the Department of Health's Interim Rules for Dispensaries which helped the industry as a whole better understand the rules and prepare for the application process. Further, Mr. Jarvis continues to support every aspect of the medical marijuana community in Hawaii as a Dispensary Applicant Level Member in the Alliance - attending numerous educational and outreach events, speaking before diverse professional groups across the state about the potential and challenges for the industry, and promoting public expectations for all members of Hawai'i's medical marijuana industry to demonstrate high standards of business excellence in all that they do.

HAWAI'I DISPENSARY
ALLIANCE

Mr. Jarvis not only sets himself apart from other applicants by his promotion of a positive, patient-centric industry devoted to excellence and doing the right thing, he is also one of the most qualified and successful local business owners – with experience founding not only successful businesses, but entire industries in Hawai'i. As founder and CEO of Mobi PCS for the last 11 years, Mr. Jarvis created a company with a proven track-record of success against national companies in a highly regulated industry. From this experience, and his two decades of experience running large national operations with a focus on general management, marketing and sales, he and his organization have gained invaluable expertise navigating Hawai'i's business world, state and federal licensing requirements for complicated technical issues, cross-state and national banking issues, technical security considerations, employee training, and community relationships that will greatly mirror the requirements and issues a medical marijuana dispensary applicant will frequently face. This experience is evident throughout Mr. Jarvis and Pono Wellness's application which clearly demonstrates their ability to dramatically exceed the Department of Health's merit criteria in their pursuit of doing the right thing:

- Mr. Jarvis did not wait to receive a license to start Pono Wellness, but instead, relying on his experience launching Mobi PCS in just 13 months, he committed money and resources to found the company and hire a full-time project manager in early-2015 to lay a strong foundation for the future success of his application and dispensary.
- Because of this expanded period of study and preparation, Mr. Jarvis's application is based on the most comprehensive and thorough business plan and projection model, developed specifically for Hawai'i, that the Alliance has had the privilege to review.
- Pono Wellness already has a signed lease for their first dispensary and a letter of intent on a second Oahu location. In fact, over 50% of the island's population live within just five miles of his proposed dispensary locations.
- Pono Wellness has also signed leases on a 10,000 sq. ft. production facility that complies with the Interim Rules building requirements, and it has submitted a letter of intent to purchase a large production facility on the North Shore which will provide needed well-paying jobs in the area.
- Pono Wellness $4-6 million dollar business and operations plan is fully funded, relying almost exclusively on local investors.
- In addition to these outstanding business qualifications, Mr. Jarvis and Pono Wellness are dedicated to doing the right thing for the patients – including offering a sliding, income-based pricing scale for medicine. This will also allow Pono Wellness to compete with the black market and discourage diversion better than other applicants.
- Finally, Mr. Jarvis and Pono Wellness are not doing all of this alone. They have diligently recruited a team, including 17 advisors providing unique, Hawai'i specific expertise concerning pain management, security protocols, cultural and community development, HIPAA compliance, employee training, horticulture, extraction, product development, and, most importantly, patient wellness.

The Alliance cannot emphasize enough the value of Mr. Jarvis's early preparation and decades of experience *creating a new industry* in Hawai'i that is both profitable and community centered. This experience places Mr. Jarvis's application far above the applications of local businessmen and non-Hawai'i residents who have no experience in the local market and who rushed to complete an application before the deadline without considering the patients or direction of the industry in Hawai'i as a whole.

Mr. Jarvis' community involvement as CEO of Mobi PCS, and Pono Wellness' dedication to doing the right thing, sets their application even further above the competition. Their commitment to doing the right thing is not mere lip service – Mr. Jarvis lives this ideal at Mobi PCS which has donated millions of dollars in service subsidies to residents of the Hawaiian Homelands enabling affordable access to essential communications. Mr. Jarvis' community outreach plan for Pono Wellness demonstrates that he will bring this same level of community involvement and dedication to doing the right thing for patients to his operation of a medical marijuana dispensary. For instance, Pono Wellness is already committing to provide funding for health related research into medical marijuana, money for scholarships and job training, and funding for substance abuse counseling.

Further, the Hawai'i Dispensary Alliance recognizes that the manner in which members conduct business reflects upon the professionalism of Hawai'i's entire legitimate cannabis industry. Therefore, HDA requests that all of its members, including Mr. Jarvis, abide by the HDA Code of Conduct ("Code") in word, action, and with the spirit of integrity that is at the core of the principles. Compliance with this Code is a key element of HDA's mission to destigmatize and legitimize Hawai'i's burgeoning cannabis industry, and a material violation of any of the Code's provisions could constitute grounds for immediate removal from our organization. While we hope that non-member applicants will adhere to this Code should they receive a dispensary license, only members like Mr. Jarvis are currently making these principles a binding condition of their application. In this way, HDA and our Code will serve as an additional quality control measure for the Department of Health and the people of Hawai'i.

The Code sets out ten specific standards of conduct with respect to the manner in which HDA members deal with one another, the industry at-large, and their local communities. Thus, as a member of HDA, Mr. Jarvis has already agreed "[t]o respect the views, ideas, and contributions of [his] peers and local community leaders"; "to endeavor to enhance [his] expertise through training and employee development to ensure a healthy work environment for [his] employees"; and to "educate [him]self, [his] clients, and [his] local communities about the most current research and practices available to the industry." These pledges complement the Department of Health's merit criteria, and will result in a more competent, ethical industry. For example, the interim rules require safety training for employees, and the HDA Code pushes this further by requiring that members stay informed about new research and developments affecting the quality of treatment for Hawai'i's medical marijuana patients.

The Hawai'i Dispensary Alliance is dedicated to engaging all levels of society to bring about the changes the industry needs to thrive. To increase the Code's effectiveness as a quality control measure, HDA will advertise the industry's commitment to the Code; provide all members with a digital seal demonstrating their individual pledge to uphold the Code; and attend community and local events to

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endorse members and educate the public about the industry. As our organization facilitates the medical marijuana industry's reputation and track record for safety and community involvement, local and state communities will come to recognize the safety, care, and increasing benefits of this industry for Hawai'i. By joining the HDA, Mr. Jarvis and Pono Wellness have already shown their commitment to not only participating in, but actively developing, a civically engaged and ethical medical marijuana industry in Hawai'i.

In conclusion, the Hawai'i Dispensary Alliance wholeheartedly endorses Mr. Jarvis and Pono Wellness' application for a medical marijuana dispensary license based on Mr. Jarvis' invaluable experience creating profitable, community oriented industries in Hawaii; his commitment to the creation of a safe and ethical medical marijuana industry for patients across our fair state; and his commitment to doing the right thing for patients and for Hawai'i.

Best Regards,

Antoinette V. Lilley
President, Hawai'i Dispensary Alliance

(808)-428-9497
antoinette@hawaiidispensaryalliance.org

1110 Nu'uanu Ave. #6
Honolulu, HI 96817 USA
www.hawaiidispensaryalliance.org

PONO wellness

CRITERION 1

-Addendum 2-

- **Recommendation from Hawaii Medical Association**

CRITERION 2 – Plan for operating a medical marijuana dispensary on Oahu, including but not limited to a timeline for opening a retail dispensing location.

Pono Wellness has focused on four key criteria while developing our launch and operating plan:

- Create the guiding principles;
- Build a great team;
- Design, build, and launch two Production Centers capable of producing high quality, efficacious medicine; and
- Design, build, and launch two Retail Dispensaries, creating a safe, effective outlet for our patients.

OUR GUIDING PRINCIPLES – At the heart of any business, is its name, its mission and its values. It frames the numerous debates and conflicts inevitable in business. We chose a simple yet profound word to describe our business and our approach – Pono. Pono can mean many things, and in trying to define it, one runs the risk of being too literal or of trivializing it. We believe a respectful definition can include:

Pono - a conscious decision to do the right thing,

in terms of one's self, others, and the environment.

In our name lies a compass for decision-making, a filter through which, when combined with our mission and values, guides us in all that we do. Our name is already providing guidance and we frequently say, "We can't do that. It's not pono," or "We can't be Pono if we aren't pono." It is within this context that we have built our plan for operating our business.

BUILD A GREAT TEAM – Our Board of Directors, Investors, Advisory Board and our operating team have all been sourced and vetted in a highly disciplined way. We looked for people to fill a series of specific needs and let their experience, aptitude, and values advance them to the top of

our list. Our Board of Directors brings deep experience in the practice of law, venture capital, start-ups and science. We have recruited 16 experts for our Board of Advisors. These advisors have been proactive, and many have already provided significant input for the evolution of our business and completion of our application materials. In the medical field, we have experts in pain management, primary care, neurology, nursing, and even naturopathic medicine, given its relevance in this industry and Hawaiian culture. We have experts in Native Hawaiian culture, community relations, and patient advocacy. In the marijuana field, we have experts in marijuana science, ethnobotany, business operations, horticulture and commercial cultivation. For business operations, we have enlisted experts in pharmacy best practices, HIPAA compliance, security, and facilities construction.

Our operating team comes with amazing skills as well, including a Director of Cultivation who is a graduate of DuPage Horticultural School, a Director of Extraction and Production with a Ph.D. and vast experience in marijuana extraction, and a Director of Patient Wellness with seven years of Walgreens Specialty Pharmacy operating experience. For complete bios on all team members, please see our full Business Plan (attached as addendum 1).

OUR LAUNCH STRATEGY – Pono is well prepared to meet the needs of Oahu's qualifying patients. Our strategy is based on six key objectives and assumes a 4/15/2016 license grant date:

- Start our first crop in Production Center One by 9/15/2016;
- Have initial medicine available 12/10/2016;
- Open 1st dispensary by 12/15/2016;
- Open 2nd dispensary by 12/30/2016;
- Complete Production Center Two by 06/01/2018; and
- Launch all of the above with no degradation of quality against stated goals.

OUR READINESS – Pono has already invested significant time, resources, and money. We have made commitments many will postpone until assured of a license. We believe that hesitancy or marginal commitment will not fulfill our promises and we have taken calculated financial risks to serve our patients better. Below are a small number of our pre-application accomplishments:

- Conducted extensive best practices research in four different states;
- Hired a full time project manager;
- [redacted]
- Hired three members of the Board, 17 Advisors, and three employees;
- Opened a company bank account with a federally insured credit union; and
- [redacted].

OUR PRODUCTION CENTER PLAN – We have made conscious decisions never to outsource our cultivation of medical marijuana, believing our entire brand promise is requiring a medical orientation, being patient-focused, and, at the core, fulfilling the obligation of the complex concept of "pono." We can only accomplish our mission by producing consistently high quality, efficacious medicine, a feat we would never leave to an outside firm. With respect to our launch, the executive team at Pono is no stranger to large-scale commercial rollouts. We have mapped every major task, assigned owners, and will track progress weekly. While it is tempting to compromise quality when faced with looming deadlines, we defined a specific set of "Go/No-Go" criteria which will serve as a quality threshold we must meet in order to open our facility. For a complete listing of major milestones, please reference our full Business Plan.

OUR RETAIL DISPENSARY PLAN – Pono will expeditiously pursue the opening of our Retail Dispensaries. However, we do not believe strong preference should be given to any applicant,

including Pono, for opening a month or two earlier than another. Pono believes the more important objective is to offer safe, effective medicine to the patients on Oahu.

Brand Pillars – Pono has defined our brand pillars as follows. Pono is:

MEDICAL | PATIENT-FOCUSED | LOCAL | FORWARD-THINKING | PONO

These brand pillars are our most important messages to our patients and will guide our every action, not only in our dispensaries but throughout our organization.

Locations – Pono's dispensary operations will reflect our patient's demographic profile, our availability to them, and their condition. As mentioned earlier, we already hold a binding lease on our [redacted] with over 30% of Oahu's population within a five-mile radius. It is a proven retail location with the same tenant over the past 11 years. We have a signed letter of intent for our second location and anticipate a completed lease shortly. Our goal is to be available to over 50% of the Oahu population within five miles.

Look and feel – When our patients arrive, they will find warm, inviting, safe, professionally designed facilities, outfitted for easy mobility. We have designed our dispensaries around six guiding principles: empathy, product mix, a safe and comfortable experience, education, our brand promise, and a commitment to our community. We have also developed a Patient Bill of Rights (available in our full Business Plan), a commitment from us to our patients, and a reminder to ourselves of our standards.

Products – While many may think of products as an end result, we start at the beginning. [redacted] Our products are not about the "high," rather they are carefully selected to provide different ratios of THC, CBD, CBN, CBC and other compounds. We were deliberate in selecting a wide range of terpene and

flavonoid profiles. Pono is also focused on a range of Hawaii genetics and will map these genetics to the conditions they most effectively treat.

Pricing – Pono intends to offer a premium product at a competitive price. We do not necessarily expect to be the lowest cost provider, rather, we will be the best value, producing safe, consistent, high quality medicine. However, we believe medicine should be widely available regardless of one's economic stature. We will offer patients of limited means a sliding price scale as a community service. No patient in need will go unserved at Pono.

Promotion – Pono understands that advertising and other forms of patient communication, such as social media are prohibited. Pono will build its patient base the same way Mobi did, through word of mouth endorsement. Taking care of our patients and letting them tell our story is crucial to our success. Our website will provide only our basic information, available medicines, and patient education resources.

Social Responsibility – Pono intends to be an active and positive contributor to our community. Through Mobi, Bill Jarvis has provided millions of dollars in service subsidies to those in need, and to charitable organizations. Pono will not be any different. We have identified health-related and substance abuse non-profits, along with several scholarship programs to support. See our Business Plan for a complete social responsibility plan. Only through giving back can we live up to our company name. Pono will always be pono.

Pono Wellness respectfully submits that each applicant should be evaluated based on the quality, not quantity of the total body of work submitted with their application. Please see attached addenda for our complete business plan, financial model, security plan, and examples of standard operating procedures.

PONO wellness

ADDENDA TO CRITERION 2

[FOLLOW THIS PAGE]

PONO wellness

CRITERION 2

Addenda Table of Contents

[redacted]

PONO wellness

CRITERION 3 – Proof of financial stability and access to financial resources.

(A) LEGAL SOURCES OF FINANCES IMMEDIATELY AVAILABLE TO BEGIN OPERATING A DISPENSARY – Pono Wellness understands that a fundamental element of providing safe, effective medicine to patients is the financial stability of the licensee. Bill Jarvis has secured sufficient funds not only to begin operating the business, but also to sustain operations and achieve profitability. Pono is financially well prepared for the responsibility of receiving a license.

[redacted] operating expenses – Pono anticipates pre-license spending of between $200-250K, spent on consulting fees, travel, industry association fees, project management, graphics, research, real estate options, and lease payments. [redacted]

Proof of financial resources as required by law – [redacted]

Post-license build-out and operations – Pono considered multiple investors for a larger scale loan or equity investment required to launch the business following the acquisition of a license. [redacted],

headed by [redacted]. Key factors were their impeccable and long-standing reputation in the local community and the ability to cause a substantial portion of any distributed interest or profits to remain in Hawaii. To accomplish a fully funded business plan, [redacted] is maintaining material flexibility with his financial model by attracting investors with substantial resources. [redacted]

(B) A SUMMARY OF FINANCIAL STATEMENTS IN BUSINESSES PREVIOUSLY OR CURRENTLY OWNED OR OPERATED BY THE APPLICANT – [redacted] A financial summary for each

above-mentioned businesses is provided below. [redacted]

Summary Financial Statements

Reporting Period (a):	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

[redacted]

(C) A FINANCIAL PLAN FOR OPERATING A MEDICAL MARIJUANA DISPENSARY IN HAWAII – Our 100+ page financial model, attached as addendum 5, was derived from a ground-up, assumptions-driven business plan. We do not believe in top-down models that start with a desired outcome and force artificial assumptions. We believe the key assumptions should pass muster to determine if we have a viable business model.

Demand – Our model started with the very basics of understanding total patient counts, modeling growth based on similar markets, anticipating a slow garnering of share from alternative sources, estimating total patient usage and mix of products. Further, we have modeled in the effects of additional competition as contemplated by HRS 329D, along with reciprocity in 2018.

Rate and unit mix – We have balanced our need for financial viability against an ideal of maximum availability to patients and also tested price points against reasonable market trends. Ultimately, we settled on a rate per gram for various products. Other factors include price erosion

as a result of increased competition and higher manufacturing yields. Our revenue calculations are a product of these variables.

Operating expenses – We have taken a similar approach to operating expenses, modeling production volumes for our facilities, building staffing plans, and performing complex analysis on our largest expenses, such as electricity and dispensary operations.

Capital expenditures – We also built an itemized capital expenditures section, outlining large-scale capital investments such as the build-out of our Retail Dispensaries and Production Centers. Directional quotes were sourced from vendors for critical large-scale purchases, and many LOIs have already been signed or presented.

[redacted]

PONO wellness

ADDENDA TO CRITERION 3

[FOLLOW THIS PAGE]

CRITERION 5 – Capacity to meet the needs of qualifying patients.

OVERVIEW – Pono Wellness is well equipped to educate our patients in the safe and effective use of medicine, provide an ample supply of a wide range of products, offer safe, convenient access to a majority of Oahu's population, and do so in a way that leads to high levels of measurable customer satisfaction. From our training and education programs, offered both internally and to patients, to our well-designed Production Centers capable of meeting demand for years to come, and conveniently located dispensaries, we are well positioned to satisfy our clients, and be an exemplary leader in Hawaii's medical marijuana industry.

(A) PATIENT EDUCATION – Pono's approach to educating patients on the science and use of medical marijuana begins with our own education. To that end, we have recruited Advisory Board Member Charis Mastuwaki, RN and former Director of Training for Hawaii Medical College, and Pono's Director of Patient Wellness, Heather Heilman, a former Walgreen's Specialty Pharmacy Senior Instructional Designer of Training. Charis and Heather, experts in medical training, are charged with developing and offering an extensive internal employee training program, and an outstanding patient education program.

For patient education we will incorporate visual, auditory, and hands-on learning methodologies to teach patients how to safely use marijuana as medicine. Visual learning will be delivered across diverse platforms to include PowerPoint presentations, website knowledge banks, and one-on-one individualized training between our knowledgeable employees and our patients. Across these multi-faceted teaching regimens, our education curriculum addresses cannabinoid characteristics, terpene effects, dosing recommendations, physiological considerations, and safe methods of administration and ingestion. Pono will encourage patient

involvement in their own treatment and is in discussions with GrowBlox Sciences to utilize a patient feedback mobile application to better track patient reactions to recommended medicines.

Pono has carefully selected genetics specifically suited to treat all of the State's approved qualifying conditions. Please see addendum 1 for more information about all of the marijuana strains Pono will offer to patients. As a starting point, we have mapped our strains to specific conditions for patients so they understand the best products, dosage and ingestion methods for their specific condition. Pono intends, with appropriate educational materials, to offer patients capsules, lozenges, pills, oils and oil extracts, tinctures, and topicals to include ointments and skin lotions. All of our training material will be reviewed and approved by members of our Advisory Board, including two M.D.s, an R.N. and a Naturopathic Doctor. More detailed information outlining our patient education materials are attached as addendum 2.

(B) SUFFICIENT SUPPLY – Pono is confident in its ability to produce and maintain an adequate supply of medical marijuana and manufactured products to meet the needs of qualifying patients. While Oahu holds roughly 75% of Hawaii's total population, it currently holds only 22% of qualifying patients. Pono has taken a ground-up approach to estimating demand, focused on actual patient count, growth rates, and consumption assumptions based on market data from other states.

Production Center One also includes a medical marijuana extraction laboratory for manufactured marijuana products.

[redacted]. In keeping with Hawaii's sustainability goals, this building features water chillers for HVAC operations, and will harness the sun's resources, significantly reducing our energy footprint. [redacted]. Lastly, we will always maintain a rolling reserve of product at our production centers to compensate for any unanticipated shortfalls of medicine.

(C) Safe, accessible dispensing locations – [redacted] This site meets all the requirements of the Department's regulations and of Chapter 329D, Hawaii Revised Statutes. Our retail dispensary location is one of the finest on the island. It was chosen because it is an inviting, convenient, and secure site capable of serving patients of all medical conditions. [redacted] Additionally, this site has no changes in elevation from the parking lot to inside the store and all interior surfaces will be hard flooring to avoid snagging or catching of

walkers, canes, crutches or other assistive medical devices. Any modifications that need to be made to accommodate all parameters under the Americans with Disabilities Act (ADA) will be done in order to accommodate and service all qualifying patients. [redacted]

(D) CUSTOMER SATISFACTION – As part of our patient-focused commitment, Pono has invested in patient satisfaction loyalty management software that utilizes best in class customer satisfaction measurement strategies. Our vendor, Promoter.io, which is already under contract (and being tested at Mobi), utilizes the Net Promoter Score system developed by Fred Reichheld, a partner at worldwide consulting firm Bain and Company. NPS theory was introduced in 2003 and is the best-in-class standard for measuring customer satisfaction. The fundamental elements of an NPS management system are developing reliable metrics, understanding loyalty economics, closing the loop back to employees that effect changes in process, taking action, appropriate operational infrastructure, and leadership that aligns with core values. The Promoter.io software will, on a monthly basis, ask key customer satisfaction questions to our patient base via email correspondence. In addition to developing high quality measurement systems, Pono will incorporate collected lessons from the surveys into daily operations, making changes where necessary to drive higher levels of patient satisfaction. As mentioned earlier, being patient-focused is one of Pono's brand pillars and we remain committed to industry leading levels of patient satisfaction.

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ADDENDA TO CRITERION 5

[FOLLOW THIS PAGE]

CRITERION 5

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CRITERION 5

-Addendum 1-

- **Hawaii Qualifying Conditions and Medical Marijuana Strains**

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Hawaii Qualifying Conditions and Medical Marijuana Strains

What is your condition?	Cannabinoids					Terpenes					Strain	Effect Type	Cannabinoid Spectrum
	THC	CBD	CBN	CBC	CBG	Limonene	Pinene	Linalool	Caryophyllene	Myrcene			
Cancer	●	●		●		●			●	●	Good Medicine	Hybrid	THC, CBD, CBC
	●		●	●	●		●	●	●		Tora Bora	Indica	THC, CBN, CBC, CBG
Crohn's Disease	●			●	●		●	●		●	OG Kush	Hybrid	THC, CBC
	●		●	●	●	●			●	●	Moonshine Haze	Sativa	THC, CBN, CBC, CBG
Glaucoma	●			●		●			●	●	Jilly Bean	Hybrid	THC, CBC
	●			●		●			●	●	Lemon G13	Sativa	THC, CBC
HIV/AIDS	●		●	●	●		●	●	●		Tora Bora	Indica	THC, CBN, CBC, CBG
	●			●		●			●	●	Jilly Bean	Hybrid	THC, CBC
Cachexia or Wasting Syndrome	●			●		●			●	●	Lemon G13	Sativa	THC, CBC
	●					●	●			●	Star Dawg	Hybrid	THC
Severe Nausea	●		●	●	●	●			●	●	Moonshine Haze	Sativa	THC, CBN, CBC, CBG
	●			●	●		●	●		●	OG Kush	Hybrid	THC, CBC
Seizures - Epilepsy		●		●		●		●	●		AC/DC	Sativa	CBD, CBC
	●	●		●		●			●	●	Good Medicine	Hybrid	THC, CBD, CBC
Severe Muscle Spasms	●	●						●	●	●	Charlotte's Cookies	Hybrid	THC, CBD
		●		●		●		●	●		AC/DC	Sativa	CBD, CBC
Multiple Sclerosis	●		●	●			●	●	●	●	Bubba Kush	Indica	THC, CBN, CBC
	●	●						●	●	●	Charlotte's Cookies	Hybrid	THC, CBD
Severe Pain	●					●	●			●	Star Dawg	Hybrid	THC
	●		●	●			●	●	●	●	Bubba Kush	Indica	THC, CBN, CBC

Cannabinoid Spectrum: 5% 10% 15% 20% 25% 30%

The information in this graphic is not intended to replace any relationship with qualified healthcare professionals and is not intended as medical advice. Please consult a medical healthcare professional before making any decisions regarding the use of medical marijuana.

The terpenes listed as present are the 3 most abundant found in each strain. This is not a full representation of the terpene spectrum. Each strain may contain trace amounts of up to 60 individual terpenes, each with varying medicinal benefits.

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Why Did Pono Choose These Medical Varietals?

In the medical marijuana industry the final product is a clean and healthy, medicinal oil (regardless of form) for the patients, but a lot of work, dedication, and expertise must be applied before reaching a place of value to the patients of Oahu. No decision or preparation is more important than the starting genetic material. Pono Wellness has selected ten starting strains that represent a diverse gene pool of stable varietals that have the ability to treat every condition authorized for medical marijuana treatment in Hawaii. Pono has spent months working with our cultivation advisor and partner, Shift Cannabis Co., to sift through strain options, finally selecting what we believe to be the perfect balance of terpenes, cannabinoids, and breeding genetics to best serve the Hawaiian market today and in the future.

Varietal names may seem funny or colloquial, but it is important to remember that many of the science journals, physician feedback materials, and online self-reporting have used these popular names over the years. Many patients hear about a varietal (online, from a friend, or physician) and actively seek a strain of the same name or family-line. For now, we feel it is important to keep these common names available to our patients and for research purposes and efficacy. While **OG Kush** and **Bubba Kush** don't sound like medicine, they are the first strains our partners began cultivating in Colorado because of their broad potency in cannabinoids, full spectrum of terpenes and uniqueness to market. Bubba Kush contains a lower level of THC, but adds CBD, CBN, and CBC with an indica (down and calming) effect that can be very beneficial for Multiple Sclerosis or Severe Pain. Furthermore, Bubba Kush is as close to a landrace indica as can be found in the medical market, and as such, is one of the most resilient strains to pests and disease, as well as pollination. These characteristics are perfect for a commercial medical market. Being a short statured and slow growing strain with broad leaves, we will increase the ratio of plants per light of Bubba Kush to achieve volume production metrics. This strain is rarely grown in a commercial setting due to the complicated fertilizer needs and methodologies to produce an abundance of flowers. OG Kush provides a similar bouquet of benefits, but touches on a fuller terpene profile, and can provide a more uplifting effect than Bubba Kush. It grows with longer intermodal spacing and thinner leaves, characteristic of its more hybrid gene pool. This can be beneficial for Crohn's Disease and other ailments that require medicating throughout the entire day. OG Kush requires constant super cropping (a stress training technique) to strengthen the stalk and stems. OG Kush is another lower yielding strain that is absent at many medical dispensaries due to its difficulty to cultivate. These two varietals have been researched cultivated by our collective team for over ten years in medical marijuana programs and the finished products display the acumen of this experience and expertise.

The CBD varietals that Pono Wellness selected have been chosen due to their cannabinoid ratios that work in conjunction together. While most CBD dominant genetic varietals produce a hemp-looking flower structure (thin and wispy), **Good Medicine** is a hybrid that produces thick, full flowers and contains a **3:2:1 (CBD:CBC:THC)** ratio very uncommon in other strains. Good Medicine touches on every terpene in our chart, yields abundantly, grows with vigor and delivers a nice cherry tasting oil in its concentrated form, important for young children ingesting orally. **Charlotte's Cookies** is another high CBD varietal chosen due to its flower structure and unique profile. It is a breeding project cross of the nationally popular Charlotte's Web CBD strain and the vigorous Girl Scout Cookies strain. The Charlotte's Cookies strain produces well and has a

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2:1 (CBD:THC) ratio. It grows similarly to OG Kush, produces resin glands (trichomes) on par with a high THC strain, and also yields a cherry flavor in concentrate form. **Tora Bora** is another strain that we've selected with a 2:1 ratio, this time modifying the dominance to receive a **2:1 (THC:CBC)** ratio, along with lower levels of **CBG, CBN, and CBD**. This strain is 99% pure indica in its effects, and is a mix of almost pure Pakistani and pure Afghani, providing amazing breeding genetics to our Pono Breeding Program. Cultivating less hybridized strains is another part of our integrated pest management (IPM) program, creating healthier plant stock that can naturally defend itself against pest and disease. Finally, **AC/DC** is our other high CBD strain, producing a **30:5:1 (CBD:CBC:THC)** ratio. This varietal has limited psychoactive effects, but is great at reducing seizures with epileptic patients, and can be blended into other THC concentrates to boost other beneficial cannabinoids.

Jilly Bean and **Lemon G13** are two citrus flavored strains that both produce high THC, diverse terpene profiles, and make exceptional concentrates. Jilly Bean is a hybrid varietal leaning towards Sativa dominance with elongated branches and lots of flowering sites. Lemon G13 is a Sativa strain that produces enormous colas (top flowering sites) to assist with capacity requirements of the cultivation facility. These strains are high quality genetic materials, based upon terpene retention and medicinal effects of their associated concentrated oils.

Stardawg and **Moonshine Haze** are our last proposed varietals that both contain higher levels of THC, with varied terpene and flavonoid profiles. Moonshine Haze has a flowering cycle of 70-75 days, but doesn't stretch as much as other Haze (equatorial sativa) strains, keeping a bushy structure. This is important, as cultivators should be focused on producing as much flower and oil content with as little raw plant material as possible. The more raw plant material produced in the vegetative stage, the more likelihood of pest or disease infiltration. Moonshine Haze has a tropical, floral taste finishing with a sharp spice, and is extremely helpful with severe nausea as well as migraine level pain. Stardawg is the largest yielding varietal we have selected. It produces large and dense, diesel smelling colas that taste like petrol fuel, plastics and rubber. This chemical like taste is surprisingly desirable and provides great medicinal value to severe pain patients; this is because of the medicinal components of this unique terpene family.

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CRITERION 5

-Addendum 2-

- **Patient Education Materials**

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Patient Education

Cannabinoids in Medical Marijuana

Cannabinoids (pronounced KAN-nab-uh-noid) are the chemical compounds unique to the medical marijuana flower that are responsible for its unique psychoactive and physiological effects. Cannabinoids are secreated by the medical marijuana flower naturally and imitate organic compounds produced by the human body called endocannabinoids, which initiate to maintain internal stability and overall health. 85 different cannabinoids have been identified in the medical marijuana plant and each strain tends towards a unique identity and composition.

When medical marijuana is consumed, the cannabinoids' mechanism of action is to bind to receptor sites throughout our brain (CB-1 receptors) and our body (CB-2 receptors). Different cannabinoids have different psychoactive and physiological effects according to which areas of brain they interact with and the receptor sites they bind to. By engineering diverse cannabinoid profiles to a variety of medical marijuana strains, specific medial relief and outcomes are achievable.

Here is a list of the 10 most prevalent cannabinoids found in contemporary medical marijuana strains. This list is meant to serve as a guideline for cannabinoid identification and should be used for introductory informational purposes as cannabinoid presence and quantity levels may vary in medical marijuana strains.

- **THC (Tetrahydrocannabinol)** – Relieves pain, reduces nausea and vomiting, suppresses muscle spasms, and has appetite stimulation properties.

- **CBD (Cannabidiol)** – Relieves pain, kills or slows the growth of bacteria, reduces blood sugar levels, suppresses nausea and vomiting, reduces seizure activity to include convulsions, decreases inflammation, reduces the risk of arterial blockage, inhibits cellular growth in malignant tumors (cancer synthesizing cells), treats psoriasis ailments, has tranquillizing effects and is used therapeutically for psychosis management, suppresses muscle spasms, relieves anxiety, promotes bone growth and development, and protects the nervous system from degeneration.

- **CBG (Cannabigerol)** – Kills or slows the growth of bacteria, reduces inflammation, inhibits cellular growth in malignant tumors (cancer synthesizing cells), and promotes bone growth and development.

- **CBN (Cannabinol)** – Relieves pain, has sleep aid properties, and suppresses extrapyramidal muscle spasms.

- **CBC (Cannabichromene)** – Relieves pain, reduces inflammation, inhibits cellular growth in malignant tumors (cancer synthesizing cells), and promotes bone growth and development.

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- **THCv (Tetrahydrocannabivarin)** – Suppresses the appetite and can assist with weight loss, reduces seizure activity to include convulsions, and promotes bone growth and development.

- **CBGa (Cannabigerolic Acid)** – Relieves pain and decreases inflammation.

- **CBCa (Cannabichromene Acid)** – Kills or slows the growth of bacteria and treats fungal infections.

- **THCa (Tetrahydrocannabinolic Acid)** – Decreases inflammation, inhibits cellular growth in malignant tumors (cancer synthesizing cells), and suppresses muscle spasms.

- **CBDa (Cannabidiolic Acid)** – Decreases inflammation and inhibits cellular growth in malignant tumors (cancer synthesizing cells).

The major differences between the various cannabinoids are determined by their mechanism of action and physiological effects. Below is a synopsis wheel that further outlines the more prevalent cannabinoids found in contemporary medical marijuana strains and their therapeutic applications.

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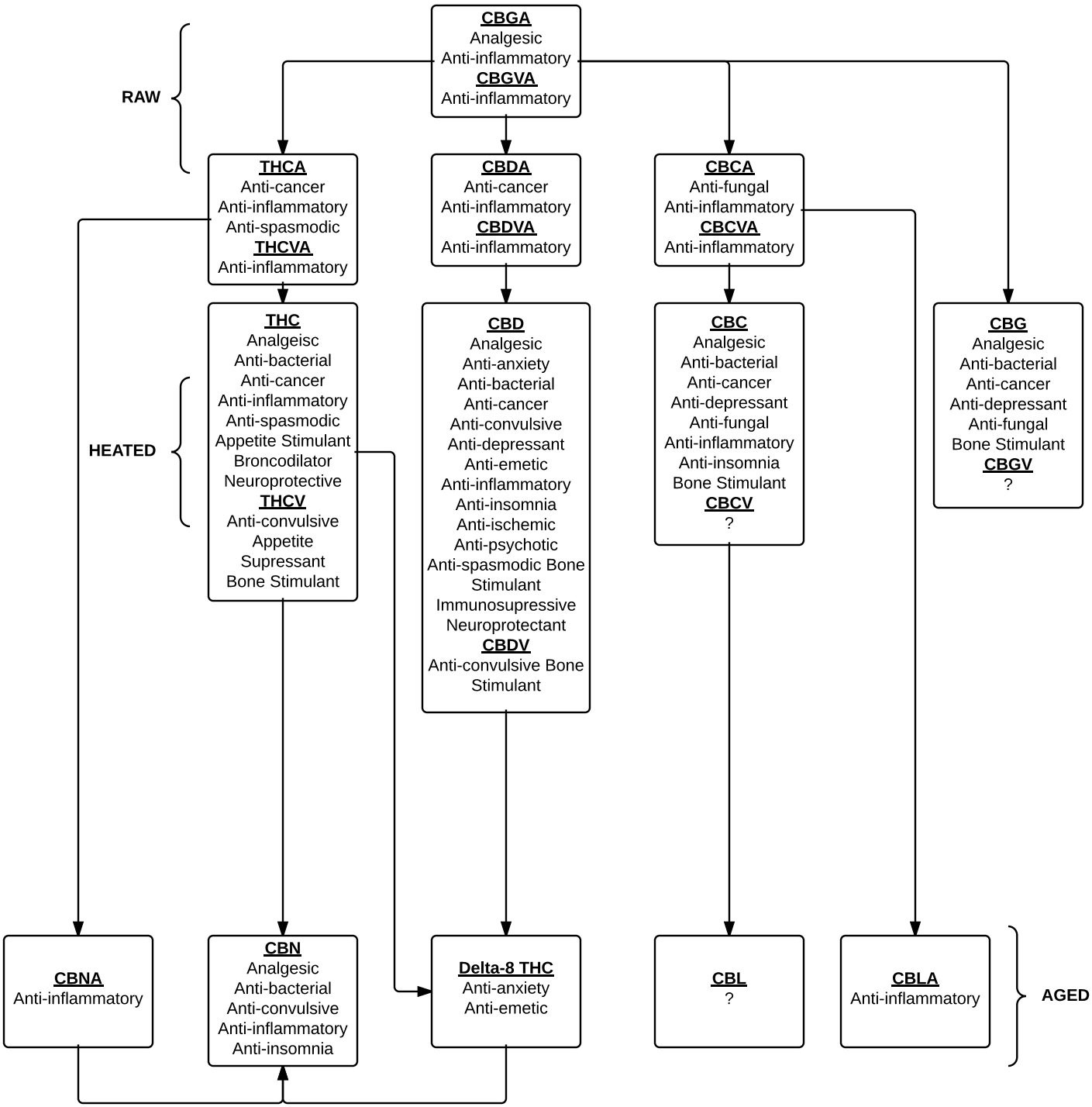
Cannabinoids & Their Therapeutic Effects



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Medical Marijuana & Manufactured Marijuana Products: Ingestion Options

Smoking (Combustion) – Discouraged by Department of Health

Heating raw flowers in a smoking device such as a pipe activates tetrahydrocannabinol-a (THCa) to tetrahydrocannabinol (THC), the component that gives the psychoactive feeling associated with being high and also demonstrated to be medicinally beneficial for a number of conditions. It also activates cannabidiol (CBD) from cannabidiol-a (CBDa), another medicinal component in medical marijuana demonstrated to reduce seizures, among many other symptoms. Without heat, these components, or cannabinoids as they are titled, are left in their raw, acidic forms. Consuming raw medical marijuana is beneficial for many symptoms but smoking typically demonstrates more immediate relief. Smoking has the fastest action time after consuming than any other method of ingestion. Users may feel the effects from smoking within five (5) seconds of inhaling. Effects can be felt for up to two hours with a peak of around a half hour usually experienced ten (10) minutes after consumption. This method of ingestion is recommended for those seeking immediate relief and for acute medical symptoms, i.e. headaches, nausea, anxiety and depression. Smoke causes irritation in the throat and lungs that may result in heavy coughing when inhaled. Combustion also allows for the degradation of THC to cannabinol (CBN), another medicinal component of medical marijuana that demonstrates aid with sleep and inflammation. Smoking is typically the only way to ingest CBN.

Vaporizing – Healthier than smoking but discouraged by Department of Health

Like smoking, vaporizing requires the inhalation of heated raw material. Instead of combusting the flower, however, vaporizers are controlled electronically and the temperature is set to maximize cannabinoid activation while minimizing throat and lung irritation. This method is recommended for those who seek immediate relief from symptoms who may also be sensitive to the inhalation of smoke. Vaporizing also maximizes the potential to consume terpenes, which are the source of the varying aromas and flavors of medical marijuana. Terpenes evaporate and are active at lower temperatures than the combustion of the plant material. Thus, vaporizing, rather than smoking, is the best way to experience the flavors present in medical marijuana. Terpenes have demonstrated medicinal value in much the same way essential oils demonstrate a broad spectrum of symptom relief. Terpenes, more than cannabinoids, are responsible for the differences between different medical marijuana strains.

Edibles – Some forms available but some require home preparation

Medical marijuana may be ingested orally by eating infused foods, otherwise known as edibles. To feel the effect of THC, raw medical marijuana must be activated before consuming. Typically, this process is done either before the medical marijuana is infused in a foodstuff, or baked with the food to achieve activation. Just as a flame from a lighter activates THCa to THC so the human system may metabolize the active components, incorporating raw medical marijuana material into a batter and baking the mixture achieves the same result. Orally

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consuming medical marijuana typically results in a prolonged, time-release type of experience. It may take some users twenty (20) minutes or less to feel an effect whereas it may take others up to three (3) hours to fully process the medication in the digestive system before feeling anything. Each body is different and medical marijuana effects are intensified by eating medical marijuana-infused foods, as opposed to smoking or vaporizing medical marijuana product(s). It is estimated that edibles have ten (10) times the bioavailability of the medicinal components than smoking. In other words, a single puff of a pipe may result in around ten (10) milligrams (mg) consumed. An edible infused with 10 mg of THC is estimated to have the same effect as say ten (10) puffs from that pipe. Again this relationship is variable based on each individual's metabolism. The Colorado Marijuana Enforcement Division recommends a dosage of 10 mg and to not consume any medical marijuana two (2) hours after ingestion. This method may provide a framework for how an individual may react to orally ingesting medical marijuana. Some may feel an immense effect and some may not feel a thing. Typically, ingesting an edible can be felt within two (2) hours of consumption and the effects could last for several hours. Edibles are recommended for those with chronic pain associated with debilitating physical conditions and also for those with sensitive or damaged respiratory systems as an alternative to smoking.

Tincture – Concentrated products that allows a controllable dose.

Rather than baked goods, lollipops, sodas, and candies, medical marijuana may also be infused into alcohol, vegetable oils or glycol (nonpolar solvents). Using these solvents, pre-activated medical marijuana can be highly concentrated in vials and made available to administer through a liquid dropper. Dosages are typically listed as "x milligrams per mL". Tinctures do not require the degree of digestion that edibles do and effects are usually felt soon after consumption and for a shorter duration than edibles. Tinctures vary in dosage but are intended for patients with debilitating conditions who don't prefer smoking or edibles but still seek active cannabinoids for symptom relief. Dose flexibility is most possible with this method of ingestion. Tinctures are preferable to patients who don't quite know how medical marijuana affects them so they can take just a few drops and see how it works, rather than trying to break a brownie in half for instance.

Topical – Does not deliver a psychotropic (high) effect but has several applications

Medicinal benefits from medical marijuana can be achieved without internal consumption altogether. Topical lotions, creams and salves have demonstrated symptom relief for swelling, spasms, itchiness, dryness, eczema, arthritis and other conditions. Topical applications do not result in the psychoactive effects associated with other forms of consumption. Topical solutions are recommended for just about anybody, as they are non-psychoactive, are safe to use in large amounts, and are a great introduction to medical marijuana as medicine.

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Medical Marijuana & Manufactured Marijuana Products: Ingestion Options

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Medical Marijuana & Manufactured Marijuana Products: Inhalation Techniques

Smoking (Combustion) – Discouraged by the Department of Health

Smoking is achieved by applying a flame to crumbled plant matter in a smoking device, channeling the air in a chamber and inhaling a concentrated amount of smoke into the lungs. Common devices are pipes, bubblers, bongs or water-pipes, and joints. Since tetrahydrocannabinol (THC), a component in medical marijuana that provides euphoria and medicinal benefit, is not soluble in water, bongs and bubblers incorporate water to concentrate the amount of smoke one may consume in one single inhalation. Joints, or medical marijuana cigarettes, alternatively, deliver more controlled, lower doses of THC per inhalation. Smoke can irritate the throat and lungs while consuming and could produce heavy coughing when inhaled.

Vaporizing – Discouraged by the Department of Health

Vaporizing is achieved by applying heat to crumbled plant matter but not to a degree that would combust the material, usually between three hundred and four hundred fifty (300 – 450) degrees. Vaporizing is less abrasive on the respiratory system than smoking but could still irritate the throat and lungs. Users describe vaporizing to be a more flavorful experience than smoking because terpenes, the medicinal building blocks of essential oils, evaporate instead of combust and are also made available to inhale. Vaporizers come in all colors, shapes and sizes and are available for sale online and in many smoke shops.

Dabbing- Discouraged by the Department of Health

Dabbing is a term given to vaporizing a small amount- a dab if you will- of medical marijuana extract (also called hash, oil, wax, shatter, etc.) on a pre-heated nail or coil and inhaled through a smoking device, typically a water pipe especially fitted to consuming medical marijuana extract. This device is commonly referred to as an “oil rig”. Medical marijuana extract, or hash oil, is very concentrated, contains no plant matter and is typically comprised of cannabinoids and plant lipids only. Dabbing produces smoke that expands in the lungs and typically induces heavy coughing after inhalation. Medical marijuana extract was first used to treat severe medical conditions like cancer with demonstrable success. Dabbing is recommended for patients with severe conditions that require a very intensive cannabinoid regiment.

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Patient Education
What Is Cannabichromene (CBC)?

When we consider the major cannabinoids, **cannabichromene (CBC)** is sort of "the ugly duckling." CBC doesn't get a lot of praise nor attention, but it has shown to have profound benefits. Similar to cannabidiol (CBD) and tetrahydrocannabinol (THC), CBC stems from the all-important cannabigerolic acid (CBG-A). CBG-A is often referred to as the "stem-cell" of cannabinoids. It is the precursor to THC, CBD, and CBC.

From there, enzymes cause it to convert into cannabidiol carboxylic acid (CBD-A), tetrahydrocannabinol carboxylic acid (THC-A), or **cannabichrome carboxylic acid (CBC-A)**. In this case of CBC-A, it obviously passes through the CBC synthase, or the enzymes that get the specific process underway. In order to get **cannabichromene**, decarboxylation must occur. Over time, or quickly if exposed to heat, the CBC-A will lose a molecule of CO2; at this point it is considered CBC. The same process applies when developing THC and CBD.

Cannabichromene is showing promise in treating cancer. Although cannabichromene isn't the most popular cannabinoid, research suggests **CBC** could be very beneficial. According to **Steep Hill-Halent Labs**, a top lab testing facility, it is believed to inhibit inflammation and pain. In addition, it is believed to stimulate bone growth. Cannabichromene has been a successful remedy for migraines. It has also shown signs of minimizing signs in minimizing pain and inflammation. One of the most intriguing findings about cannabichromene is its relationship with cancer. CBC is believed to have anti-proliferative effects, meaning it inhibits the growth of cancerous tumors. This could be a result of its interaction with anandamide. Anandamide is an endocannabinoid, which means our body produces it naturally. It affects the CB1 receptors, as well as the CB2 receptors, and has been found to fight against human breast cancer. CBC inhibits the uptake of anandamide, which allows it to stay in the bloodstream longer. Not only does CBC have benefits of its own, but it seems to work with the other cannabinoids to produce a synergistic effect; it gives merit to the saying, "the whole is greater than the sum of its parts." Even though cannabichromene is found in much smaller concentrations than THC and CBD, its importance should not be overlooked. Never underestimate the power of the entourage effect.

**Source material reference from MedicalJane.com - http://www.medicaljane.com/2013/08/14/cannabichromene-cbc-is-the-most-disregarded-cannabinoid/*

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Patient Education
What is Cannabidiol (CBD)?

This cannabinoid is known as **Cannabidiol (CBD),** and is the second most abundant cannabinoid in medical marijuana. Research done by G.W. Pharmaceuticals suggests that CBD could be used for treating symptoms of **rheumatoid arthritis** and other **auto-immune** diseases, diabetes, nausea, bowel disorders, and many other hard-to-control side effects. According to an article from Projectcbd.com, CBD has even demonstrated neuro-protective effects, and its anti-cancer potential is currently being explored. While it was originally believed that THC is a breakdown product of CBD, it is now known that both THC and CBD are actually metabolites of their decarboxylated acidic forms, THC-A and CBD-A. These acidic precursors are decarboxylated (essentially dried) by heat or extraction to produce THC and CBD; only then do they become psychoactive. The compound has medicinal benefits without the "high" that some patients do not desire. This makes CBD appealing to patients who are looking for an alternative to their current meds, which often have opiate-like effects.

After years of growers aiming to boost THC percentages in their crops, many growers have switched to focusing on producing CBD-rich strains because of the increasing demand by medical users. Cannabidiol is even known to counteract some of the effects of THC like the "munchies." Just as THC increases our appetite, CBD suppresses it, which could be ideal for patients watching their figure. CBD just might be a key ingredient in a future weight loss drug, who knows? There is one exception to the theory that CBD suppresses appetite, but it is a blessing as well. Many people who have difficulty eating due to their stress or anxiety can use CBD to get rid of that sick feeling in their chest or stomach, allowing them to eat again once their anxiety subsides.

A recent study published in The International Journal of Neurophamacology points to Cannabidiol (CBD) as a cause of Neurogenesis in the brain; specifically in the Hippocampus, an area typically associated with conscious memory and navigation. However, the researchers believe that CBD's anxiety relief may be due to this neurogenesis in the brain.

Cannabidiol (CBD) treats a number of symptoms. **Cannabidiol is what gives medical marijuana its sedative effect**, and has been known to ease a number of symptoms from difficult conditions. There has actually been a substantial amount of experiments done on cannabidiol that has proved its healing powers. Dr. Sean McAllister, a scientist from the Pacific Medical Center in San Francisco, made an astounding discovery about CBD. McAllister has been studying cannabinoid compounds for 10 years now in search of new therapeutic **interventions for various cancers**. He discovered that cannabidiol is a potent inhibitor of cancer cell proliferation, metastasis, and tumor growth. Results of his experiments on breast cancer show that the number of cancer cells diminished as more CBD was applied. Essentially, CBD may be a generally effective way to switch off the cancer-causing gene, providing patients with a non-toxic therapy to treat aggressive forms of cancer.

CBD could be used for treating symptoms of rheumatoid arthritis and other autoimmune diseases, diabetes, nausea, bowel disorders, and many other hard-to-control side effects.

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Raphael Mechoulam of the Hebrew University, Jerusalem, and Faculty of Medicine has been studying cannabinoids for almost 50 years. Mechoulam gave a talk on cannabidiol on the 45th year of involvement in the field in which he spoke about a number of experiments being done on cannabidiol. He described an experiment that was done in Brazil in which a 200mg/day dosage of CBD was added to the anticonvulsants **epilepsy** patients were currently taking. Over the course of several months only 1 of the 7 patients showed no improvement; three became seizure-free; one experienced only one or two seizures, and two experienced reduced severity and occurrence of seizures.

Cannabidiol (CBD) is **anti-inflammatory** and prevents diabetes. A colleague of Mechoulam's, Marc Feldman at Imperial College, London, tested CBD on mice that had a version of rheumatoid arthritis. He found that CBD reduced the mice's inflammation by 50% at the right dosage. Cardiologists working with the mice at Hebrew University have found that a dosage of CBD immediately following a heart attack can reduce infarct size by about 66%. "CBD did not just prevent onset, it blocked the development of diabetes," said Raphael Mechoulam . Another notable study conducted by Mechoulam was done on mice bred to have a version of type-1 diabetes. The diabetes was designed to manifest right around 14 weeks, so the mice were treated with CBD for the first 7 weeks of their life and then again in another 7 weeks. He concluded that only 30% had developed diabetes compared to the 90-100% given the placebo. He then repeated the experiment where the CBD wasn't introduced until 14 weeks when the diabetes first developed. They were then tested at 24 weeks of age and again only 30% of the treated mice were found to have diabetes. "CBD did not just prevent onset, it blocked the development of diabetes," continued Mechoulam.

**Source material reference from MedicalJane.com - http://www.medicaljane.com/2012/12/20/cannabidiol-cbd-medicine-of-the-future/*

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Patient Education
What Is Cannabigerol (CBG)?

Cannabigerolic Acid (CBG-A) is the **primary cannabinoid**. The ability to produce cannabigerolic acid (CBG-A) is what makes the medical marijuana plant unique. CBG-A is the precursor to the three major branches of cannabinoids: tetrahydrocannabinolic acid (THC-A), cannabidiolic acid (CBD-A), and cannabichromenic acid (CBC-A). The plant has natural enzymes, called synthases, which break the CBG-A down and mold it toward the desired branch. The plant's synthases (THC-synthase, CBD-synthase, CBC-synthase) are named for after the cannabinoid they help create. When any of the cannabinoid acids are exposed to heat, or prolonged UV light, they lose a molecule of carbon dioxide (CO2). At this point, they are considered to be in the neutral form (CBG, THC, CBD, CBC). In most medicinal strains, CBG-A is immediately converted to another cannabinoid and is not typically found in high concentrations. However, if a strain were high in CBG-A, then smoking it (or other methods of decarboxylation) would cause it to change to cannabigerol (CBG).

While most strains of medical marijuana are less than 10% CBG, industrial hemp strains test much higher. They have been tested as high as 94% CBG with as low as 0.001% THC. Testing of industrial hemp has found much higher levels of cannabigerol (CBG) than most strains of medical marijuana. Further studies have shown that this phenomenon may be due to a recessive gene. It is believed that the gene keeps the plant from producing one of the cannabinoid synthases (what converts CBG-A to one of the major branches).

That being said, breeders are able to manipulate a plant's cannabinoid profile by adjusting the amount of each synthase it naturally produces. If a breeder wants to focus on a specific cannabinoid they are able to do so by cross breeding two plants that are genetically predisposed to make a lot of it. In the case of CBG, the breeder would instead focus on plants with the recessive gene that inhibits the ability of the cannabinoid synthase.

The research surrounding this specific cannabinoid (and its effects) is somewhat limited. Restrictions on the testing of medical marijuana make it difficult to find volumes of quality research about cannabigerol (CBG). Cannabigerol seems to work with the other cannabinoids (such as THC and CBD) to provide overall synergy, as well as balance.

In fact, it has been classified as an **antagonist of the CB1-receptor**, which affects the central nervous system. Because of this, CBG is believed to partially counteract the paranoid, "heady" high typically associated with tetrahydrocannabinol (THC). Cannabigerol (CBG) has also been determined to affect the CB2-receptor, which influences the body more. However, researchers aren't sure if CBG promotes or inhibits CB2-receptor activity yet. Another effect CBG has on the brain is that it inhibits the uptake of GABA, a brain chemical that determines how much stimulation a neuron needs to cause a reaction. When GABA is inhibited it can **decrease anxiety** and muscle tension similar to the effects of cannabidiol (CBD). An Italian study published in the May 2013 edition of Biological Psychology suggests that cannabigerol (CBG) has strong **anti-inflammatory** properties and may benefit patients with inflammatory bowel disease (IBD). It also is useful in the treatment of **glaucoma**, as CBG can increase the fluid drainage from the eye

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and reduce the amount of pressure. Further, cannabigerol (CBG) has anti-depressant qualities and may inhibit tumor growth.

**Source material reference from MedicalJane.com - http://www.medicaljane.com/2013/08/03/cannabigerol-cbg-is-a-minor-cannabinoid-with-major-impact/*

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Patient Education
What Is Cannabinol (CBN)?

As is the case in many of the known cannabinoids, cannabinol (CBN) stems from cannabigerolic acid (CBG-A) in medical marijuana. The plant naturally produces enzymes (aka synthases) that convert the CBG-A to one of 3 major cannabinoids: cannabichromene carboxylic acid (CBC-A), cannabidiol carboxylic acid (CBD-A), and tetrahydrocannabinol carboxylic acid (THC-A). When the plant develops THC-A, it usually will be converted to THC as a result of heat or UV light. That being said, THC-A can be converted to CBN-A over time as well. Prolonged exposure to air causes the THC-A to lose hydrogen molecules and oxidize; now we have CBN-A. Just like the rest of the acidic cannabinoids, CBN-A will convert to cannabinol (CBN) when exposed to heat or UV light.

Medical marijuana is widely used as a sleep-aid for those who suffer from insomnia and cannabinol is the reason why. By all accounts, CBN is the cannabinoid responsible for the **sedative** effects of medical marijuana. Another use for cannabinol as an **anti-bacterial**. According to a Italian study from 2008, cannabinol "showed potent activity against MRSA" when applied as a topical. Topical uses also have shown promise in treating burns and psoriasis. The research on cannabinol (CBN) is still lacking, but some early studies have suggested it could stimulate bone growth. If that's the case, it would be helpful in treating osteoporosis. It could also help those with broken bones to recover more quickly.

When searching for the perfect strain, it's important to know what you're getting. This is why lab testing should never be overlooked. Testing facilities like Steep Hill Lab in California and Colorado give patients a complete cannabinoid profile of their medicine. It's always a good idea to check a strains profile before making a decision.
Because cannabinol is a production of degradation, it's not usually found in high concentrations. High levels of CBN are usually related to poor storage methods. If medical marijuana is stored in an airtight container of some sort, it's unlikely that a lot of THC would convert to CBN. However, with proper manipulation and testing protocols, medical dispensaries can create CBN in larger concentrations and can then isolate the cannabinoid via distillation techniques suitable for **pills and gel caps**.

**Source material reference from MedicalJane.com - http://www.medicaljane.com/2013/08/19/cannabinol-cbn-will-put-you-to-bed/*

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Patient Education
Medical Marijuana Dosing Parameters & Calculations

Dosing medical cannabis on a calculated level is a difficult practice. The main underlying principle of this difficulty is that cannabis has many active ingredients that build complex chemical compounds that regulate each other differently. Historical studies have mainly focused on the psychoactive effects of the cannabis plant chemical Tetrahydrocannabinol (THC). However, contemporary studies have presented new information regarding the non-psychoactive chemicals of cannabis, compounds known as cannabinoids, which may be of greater overall therapeutic efficacy depending on the condition and/or ailment. While scientific research is beginning to make progress in understanding cannabis more, it is still in its infancy and unfortunately concise dosing of cannabis is still in its infancy. In cannabis consumption, the ingestion of the psychoactive chemical THC is the main factor in "altered" daily function for the majority of patients. With this in mind, it is conscientious and responsible to refer to the THC content of a particular strain when evaluating the dose of cannabis. Depending on the patient's condition and/or ailment, a high THC may be appropriate to effectively treat symptoms. However, some patients require a low quantity of THC content to thoroughly address a specific diagnosis. Nevertheless, no matter the THC content, determining an effective therapeutic dose remains a personal process that involves observational research and evaluation of results. Individuals experience different reactions to specific strains and thus need to keep in mind that medicinal outcomes may vary. It must be noted that consumption of THC in amounts that are excessive 25 milligrams (mg) may sporadically cause toxicity.

With regards to the psychoactive and non-psychoactive compounds of the cannabis plant, the route of administration is an important factor to consider in determining dosage quantities. For example, the small intestine is the primary site for drug absorption and the liver is the primary site for drug metabolism. Due to these biochemical processes, adulterated medical marijuana products may be 3 to 5 times more psychoactive in affect than cannabis that is smoked by combustion and inhaled.

In an attempt to more fully understand cannabis dosing calculation, a few general guidelines have been established within the medical cannabis community to better educate producers, distributors, and patients alike. The following should serve as basic principles of practice when dosing cannabis:

- The normal adult dosage of THC for new cannabis consumers should be limited to 2 ½ to 5 milligrams of THC per dose. For more experienced cannabis consumers, 10 to 20 milligrams is a good starting dose threshold. And for the heavy cannabis consumers, 25 milligrams or more is an adequate dose based on diagnosis and condition ailments.

- In order to convert percentages (%) to milligrams move the decimal one numerical placeholder to the right. For example, if the advertised THC content of cured cannabis flower or a cannabis-derived product is 24.42% THC, then it can be deduced that the cannabis flower or cannabis-derived product contains 244.2 milligrams of THC per gram of cannabis. The same conversion factor may be used for other cannabinoids and terpenoids as well.

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Patient Education
Terpenes in Medical Marijuana

Terpenes (pronounced TUR-pene) are aromatic molecular compounds that that occur in diverse combinations of HydroCarbons (C5H8) and produce a wide spectrum of individual aromas in medical marijuana varieties. Terepenes are produced by the trichomes, the same plant glands that secrete the cannabinoids THC (tetrahydrocannabinol) and CBD (cannabidiol). Terpenes interact with each other synergistically, building chemically modified compounds called terpenoids that create pungent odors and oils that give medical marijuana strains a distinct flavor palate and olfactory bouquet. Over one hundred and twenty (120) different terpenes have been identified in the medical marijuana plant and each strain tends toward a unique identity and composition. While the differences in terpenes may be subtle, they significantly add depth and dimension to the horticultural art and sophisticated connoisseurship of medical marijuana. These terpenes not only contribute to the medical marijuana strain's fragrance, but also are integral role players in the mechanism of action and effect on the endocannabinoid system of medical patients and recreational consumers. To date, medical research and clinical analysis of medical marijuana has concentrated mainly on cannabinoid profiles and not much is known about terpenes. However as the investigation of medical marijuana properties advances, enough is known about terpenes to project their role as the next frontier in medical marijuana science and application. Here is a list of sixty-three (63) prevalent terpenes found in contemporary medical marijuana strains. This chart is meant to serve as a guideline for terpene identification and should be used for introductory informational purposes as terpene presence and quantity levels vary in medical marijuana strains.

(-)-(1R)-Neomenthylaceta	Borneol	Limonene	α-caryophyllene
(-)-Guaiol	Camphene	Linalool	α-Cedrene
(-)-Menthol	Campher	Menthol	α-Guaiene (t)
(-)-Menthone	Caryophyllene oxide	Myrcene	α-Humulene
(-)-Methol	Cineole	Nerol	α-Phellanderene
(-)-Perillylalcohol	Cis-Ocimene	Nerolidol	α-Pinene
(+) Fenchol	Dihydrojasmine	Ocimene	α-terpineol
(+)-3-Carene	Elemene (t)	Pulegone	β-Caryophyllene
(+)-Isopulegol	Eucalyptol	Sabinene	β-Eudesmol
(+)-Menthofuran	Farnesene (t)	Sabinene Hydrate	β-Pinene
(+) Valencene	Geranlol	t-2-Pinanol (t)	Δ3-Carene
(1S)-trans-Pinane	Geranylacetate	Terpineol	**The Most Common Terpenes in Medical Marijuana**
(R)-(-)-α-Phellandrene	Germacrene B (t)	Terpinolene	α-Pinene / β-Pinene
(R)-(+)-Limonene	Guaia-1 (10), 11-diene	Trans-Ocimene	Myrcene
1,4-Cineole	Guaiol	y-Terpinene	Limonene
Bergamottin	Isoborneol	α-Bisabolol	Caryophyllene

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Patient Education
What is Tetrahydrocannabinol (THC)?

Cannabigerolic acid (CBG-A) is the precursor to tetrahydrocannabinol (THC), cannabidiol (CBD), and cannabichromene (CBC). Although breeders previously aimed for strains with high amounts of tetrahydrocannabinol (THC), it is the result of numerous chemical reactions. The plant starts by producing cannabigerolic acid (CBG-A). From here, a portion of the CBG-A is converted to tetrahydrocannabinol carboxylic acid (THC-A), which becomes THC when exposed to heat or UV light. Because of this decarboxylation process, most of the THC you experience when smoking medical marijuana is actually THC-A in the flower form. When lab testing for THC content, companies like Steep Hill Halent Laboratories in California and Sunrise Analytical in Oregon actually measure the amount of THC-A and combine it with the amount of THC to get a final result.

Tetrahydrocannabinol (THC) is a phytocannabinoid that **activates the CB1 and CB2 receptors** in the body. The CB1 receptors are generally located in the nervous system and they are responsible for the psychoactive effect that THC can cause. The CB2 receptors, on the other hand, are more located in the immune and gastrointestinal systems. They play a major role in minimizing inflammation.

One instance where the benefits of THC are obvious is the treatment of **Crohn's Disease.** A recent study published by Meir Medical Center and Sackler Faculty of Medicine found that THC could cause remission of Crohn's Disease. This is a direct result of its interaction with the CB2 receptor; it minimizes the inflammation Crohn's Disease causes.
THC has been linked to an improvement in symptoms of **Tourette's** disorder, **Glaucoma**, and eating disorders, among others.

In terms of the CB1 receptor, a study performed by the University of Haifa in Israel showed that THC could help minimize the negative effects of stress. Because THC activates the CB1 receptor, it promotes a process called **Long Term Potentiation**, which improves the ability to learn. It also can help protect spatial memories, due to its effect in the hippocampus. Protection from stress isn't the only psychological benefit of tetrahydrocannabinol (THC). The psychological field has found it useful in the treatment of **Post-Traumatic Stress Disorder** (PTSD) and exposure-based phobia therapy. These are just two of the many forms of anxiety, and medical marijuana is often used to counteract the other types as well. THC has been used to promote a healthy appetite in patients suffering from eating disorders, AIDS and those undergoing chemotherapy.

Tetrahydrocannabinol (THC) is not only useful in a scientific manner by any means. In fact, there is a good bit of evidence that suggests it is beneficial as a daily supplement. Mainly because of its effect on the CB1 receptors in the hypothalamus, THC is used to help regulate appetite.

**Source material reference from MedicalJane.com - http://www.medicaljane.com/2013/08/07/tetrahydrocannabinol-thc-the-most-popular-cannabinoid/*

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Pono Wellness Patient Education
Patient Concerns

Pono acts as a patient advocate, in doing so we take consumer complaints very seriously. Cannabis is our passion and we are aware that a person's' physiology can have an effect on how their body reacts to medical marijuana. Often users will report unfavorable feelings after consuming medical marijuana. Patients have described feeling disoriented, anxious or paranoid. While these side effects are minor the psychological impact can be long lasting.

Taking patient safety seriously, Pono Wellness has set up a transparent approach to our complaint procedure with regard to any adverse effects they may encounter. The company will appoint a manager to facilitate the resolution of product complaints. All complaints received will be copied and sent to the Department for evaluation along with batch test results provided by Pono. Patients are encouraged to contact the Department with any complaints and concerns.

Each batch of medical marijuana Pono Wellness distributes will be accompanied with a product survey. If a patient or caregiver has any issues with any product provided by Pono Wellenss, Pono will provide a full refund with a valid proof of purchase.

For any adverse effects that may be encountered during the use of medical marijuana we advise our patients to contact us immediately regarding any concerns. Our number will be located on the bottom of our adverse event/feedback forms. We also encourage patients to contact the Hawaii Department of Health and report any unfavorable outcomes when consuming our medical marijuana or manufactured marijuana products.

Pono Wellness will provide educational materials in the form of classes and pamphlets for patients regarding the potential negative side effects of medical marijuana. Pono Wellness will also provide tests results for each batch listing the total THC, CBD, mycotoxin, and microbial pathogens with each purchase and we will provide all of our test results to the Department of Health and patients upon request. Again, with each unit sold patients are given a feedback survey. The survey will have both Pono Wellness' contact information and the Hawaii Department of Health.

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Retail Dispensing Location Patient Medical Marijuana and Manufactured Marijuana Product Feedback Form

Patient Registration Number: _____

Retail Dispensing Location Name: _____

Retail Dispensing Location Address: _____

Retail Dispensing Location Phone Number & Email: _____

Retail Dispensing Location License Number: _____

Date Product Purchased: _____

Product Name: _____

Batch ID Number: _____ Batch Package Date: _____

Please attach defective material and package, when possible.

Complaint:

_____

_____

_____

Recommended Action: _____

_____

Additional Comments: _____

_____

Office Use Only

Retail Manager Notified? Yes ___ No ___

Please feel free to contact the Hawaii Department of Health Medical Marijuana Program with any questions or concerns Reporting Department (808) 586-4400.

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Drug Absorption, Distribution, Metabolism, & Excretion

Overview

- Biochemical, physiological & the mechanism of action of drugs differ widely
- For action to take place, a drug must be absorbed, transported to the target tissue or organ, penetrate the cell membrane & alter the ongoing cellular process

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Drug Absorption

- The movement of a drug from its site of administration into the bloodstream
- Drugs are transported across membranes by different processes
- The most common & important mode of traversal of drugs through membranes is diffusion

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Drug Distribution

- Process by which a drug leaves the bloodstream & enters the body tissues
- Intracellular drug: one that diffuses across cellular membranes of its site of action
- Lipid-soluble drugs enter the central nervous system rapidly
- Ionized drugs distribute poorly due to the blood-brain barrier

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Drug Metabolism

- Can terminate pharmacological action & increase removal of drug from the body
- Most drugs are affected by body enzymes & are biotransformed to metabolic derivatives

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Drug Excretion

Drugs may be excreted in:

- Urine
- Feces
- Tears
- Sweat
- Saliva
- Exhaled Carbon Dioxide

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Drug Action

- Drugs alter the normal function of cells & tissues
- Drugs have specific affinity for certain cells, which are called receptors
- The drug that alters the cell or tissue is known as the agonist

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Drug Half-Life

- The time it takes for the plasma concentration to be reduced by fifty percent (50%)
- A short half-life drug (2 or 3 hours), will need to be administered more often to effectively deliver sustained therapeutic action

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Factors that Affect Drug Action

- Age
- Sex
- Body Weight
- Diurnal Schedule (body rhythms during the day)
- Illnesses
- Psychological Factors
- Tolerance
- Drug Toxicity
- Drug Interactions
- Idiosyncrasy

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Side Effects & Adverse Effects

- Side effects are usually mild
  - Nausea, drowsiness, fatigue, etc.
- Adverse effects are usually more severe
  - Hyperactivity, insomnia, bleeding, etc.
- Idiosyncratic reactions are unique, strange, or unpredicted drug reactions

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Allergic Reactions

- Generally occurs when a patient has developed antibodies against a drug
- Common reactions include:
  - Itching
  - Hives
  - Rash
  - Swelling of skin

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Thank You

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CRITERION 5

-Addendum 3-

- **Supplier Commitments**

Airgas

Chae Lee
Account Manager
808 321-1845
Airgas Inc
1008 Opule st.
Kapolei, HI 96707
1/22/2016

RE: Pono Wellness

To Whom it May Concern:

This Letter is to state that Airgas Inc Hawaii, located at 1008 Opule Street Kapolei, HI 96707 (Airgas) has started working with Pono Wellness on a preliminary relationship. Airgas has reviewed the required needs of Pono, specifically for the hydrocarbons N-Butane and N-Propane at 99.5% purity or better as well as food-grade carbon dioxide (CO2). It is Airgas' belief that we will be able to supply Pono Wellness with all of their required tanks and gases required for their cultivation and processing facilities. Please let this letter serve as evidence that we are prepared to serve Pono's business needs

Sincerely,

Chae Lee
Account Manager
808 321-1845

Isolate Extraction Systems

Adam Knight
Director of Business Development

1370 Miners Drive Suite 109
Lafayette, CO 80026
720.541.7301
aknight@isolatesystems.com

January 25, 2016

To whom it may concern,

Isolate Extraction Systems LLC (IES) has been and continues to be in communication with Pono Wellness and Shift Cannabis in regards to their CO2 extraction project. IES fully intends to work with Pono Wellness and Shift Cannabis for all of their CO2 extraction needs.

Sincerely,

Adam Knight

IES
isolate extraction systems llc

CRITERION 5

-Addendum 4-

- **Integrated Pest Management Plan**

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Ensuring Adequate Supply: Integrated Pest Management

Integrated Pest Management (IPM) is an effective and environmentally sensitive approach to pest management that relies on a combination of common-sense practices. IPM programs use current, comprehensive information on the life cycles of pests and their interaction with cannabis and the environment. Following Best Management Practices (BMP), an effective IPM takes advantage of all appropriate pest management options including, but not limited to, the judicious use of approved pesticides. In contrast, *organic* cannabis production applies many of the same concepts as IPM but limits the use of pesticides and nutrients to those that are produced from natural sources, as opposed to synthetic chemicals. IPM is not a single pest control method; instead it is a series of pest management evaluations, decisions and controls. But most importantly it is a set of cultural practices that must be employed for IPM to work effectively. In practicing IPM, growers who are aware of the potential for pest infestation follow a four-tiered approach. The four steps include:

Set Action Thresholds

Before taking any pest control action, IPM first sets an action threshold, a point at which pest populations or environmental conditions indicate that pest control action must be taken. Sighting a single pest does not always mean that the heaviest pesticide is needed. The level at which pests will either become an economic threat is critical to guide future pest control decisions. When growing cannabis indoors pest problems can become endemic rapidly and often IPM will set very low action thresholds to mitigate any future problems.

Monitor and Identify Pests

Not all insects and other living organisms require control. Many organisms are innocuous, and some are even beneficial. IPM programs work to monitor for pests and identify them accurately, so that appropriate control decisions can be made in conjunction with action thresholds. Most cannabis grows are plagued by the same pests perennially and identification is easy. This monitoring and identification removes the possibility that pesticides will be used when they are not really needed or that the wrong kind of pesticide will be used.

Prevention

As a first line of pest control, IPM programs work to manage the pests from becoming a threat. When cultivating cannabis indoors, this may mean using cultural methods, such as rotating between different varieties seasonally, selecting pest-tolerant varieties, and

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keeping a clean facility. These control methods can be very effective and cost-efficient and present little to no risk to people or the environment.

Control

Once monitoring, identification, and action thresholds indicate that pest control is required, and preventive methods are no longer effective or available, IPM programs then evaluate the proper control method both for effectiveness and risk. Effective, less *risky* pest controls are chosen first, including highly targeted chemicals, such as pheromones to disrupt pest mating, or mechanical control, such as trapping or the release of so-called beneficial insects. If further monitoring, identifications and action thresholds indicate that less risky controls are not working, then additional pest control methods would be employed, such as targeted spraying of pesticides onto leaf surfaces to control the infestation. Broadcast spraying of non-specific pesticides is a last resort.

Foliar application of nutrients target specific stages of growth from early vegetative growth to early flowering stages. Foliar feeding can be used to favorably influence early flower production in cannabis, shortening internodes between flower sets and increasing the number of florets per plant. This is accomplished by compensating for environmentally induced stresses, declining rates of photosynthesis, the leveling off of root growth and increased need for energy producing large flowers full of terpenes and cannabinoids devoid of seed.

Early and often foliar applications can improve an already healthy crop or maximize the yield potential for a certain plant group. However, plants that are nutritionally sound are more likely to respond positively to foliar application of nutrients. While plants that suffered from heat or moisture stress or both will demonstrate far less a positive response.

When the light are turned off the plant's stoma begin to open, allowing for better penetration of fertilizer or pesticide into the leaf surface. And the lights being off keep any rouge water droplets (a possibility even when using adjuvants) from magnifying the lights intensity causing any burns on young growing tips. Often foliar application of nutrients can cause burns on leaf surfaces. This damage is caused by nutrients with a high salt index, especially from nitrates (NO_3^-) and chlorides (Cl^-).

Foliar fertilizer solutions should meet certain criteria in order to minimize damage to plant cells.

1. Low salt index
2. High solubility
3. High purity

Many store bought formulations for foliar feeding already meet these requirements. However many growers choose to make their own from many of the products at their disposal in a garden.

It should be noted that many soil based nutrients have chelate sources to improve the nutrients permeability into the roots for absorption. Many of these popular chelating agents have a molecular size too large to be absorbed into the leaf tissue. However some “organic” chelating agents have been shown to enhance secondary and micronutrient foliar absorption.

Harsh chemical pesticides (Fungicides, insecticides or combinations of both) can be an important component of any IPM. It is important to remember that their use should be a last resort when all other means of control have failed. Their use must be integrated with sound cultural practices and accompanied with targeted applications for desired pests. Too many growers “spray-and-pray” with harsh petrochemicals while getting less than desirable results.

Foliar applications of pesticides usually work in controlling infestations from fungus or insects because they act as a chemical and a mechanical barrier on the leaf and stem. Meaning, when a pest comes in contact with or eats this surface it is unable to take hold and develop a population that will affect crop health or anything that is on the surface of the plant will be knocked down and rendered ineffective. The completeness of this barrier is of utmost importance. The chosen spray method must provide the best combination of practical usefulness and good coverage. For many pests, special attention must be paid to the underside of the leaf surface, working the spray from the bottom of the plant to the top, depending on growth cycle. IPM requires that after the first application of a barrier, it must be kept active and complete throughout the plant’s life cycle. This becomes increasingly difficult in cannabis as it grows rapidly in its vegetative stages and as it flowers all new growth is unprotected and often subject to infestation.

Timing applications properly is what makes a IPM most effective, In some cases a proactive IPM that combines the application of mild organic pesticides and beneficial organisms with daily activities s the most effective method to providing a consistent and high quality crop to patients. This proactive method is most favored by some of the better indoor cannabis growers and a must for many of the large scale outdoor cultivation; the preemptive nature of our system allows for better control of any pest problem as it arises. Allowing for the harvest of a healthy and clean medical crop.

With proper training and a positive culture in the garden the grow should flourish with little to no pest pressure when adhering to a strict IPM program.

We use several different products in rotation and do our best to use only the most natural and effective pest management options to manage any pest that may prove harmful to crop health.

Actinovate- Streptomyces lydicus WYEC 108 is the active ingredient in this product. It is a beneficial organism that provides a protective barrier on the foliage and when applied to the root

zone. It is currently OMRI labeled and listed for use on fruits, nuts, berries and leafy herbs and vegetables.

Gnatrol- Bacillus thuringiensis, subsp. israelensis, strain
AM 65-52 is used to control the growth and spread of soil borne insects like fungus gnats. It is currently OMRI listed.

Soil guard- The active ingredient Gliocladium virens GL 21 is a naturally occurring soil fungus that is antagonistic to plant pathogenic fungi such as *Pythium* and *Rhizoctonia*, thereby aiding in control of these damping off and root rot pathogens. SoilGard acts as a preventative and will protect non-infected plants. It may not, however, cure already infected plants.

Triact 70- Clarified neem oil extract prevents fungal attack of plant tis- sue preventing and controlling black spot on roses, anthracnose, rust and powdery mildew and offers contact activity to mite pressure on the plants. TRIACT 70 kills eggs, larvae and adult insects and is OMRI listed.

Mildew control- Geraniol and alcohol combined is an effective treatment for powdery mildew. The geraniol is a plant terpene that is naturally occurring in some cannabis phenotypes has a dramatic antifungal property by altering the potassium ions on the leaf surface making it difficult for the sopres to populate. Mildew Control is 25 (B) exempt.

Essentria Ic3- A combination of Rosemary oil, Geraniol, and peppermint oil this OMRI product will provide a mild control alone and when combined with stronger oils or bacterial inoculants to improve pest knockdown and control.

M-Pede- Omri listed mono and di-potassium salts of fatty acids can be used to kill mites and as a fungicide.

Double nickle-*Bacillus amyloliquefaciens* strain D747 another OMRI listed bacteria that is used to create a protective barrier around the plant providing protection from any invading spores or insects that may cause crop loss.

FOSPHITE- Mono and di-potassium salts of Phosphorous acid these active ingredients cause changes in the metabolism of pathogens. Meaning, it slows the growth of the pathogens, and inhibits their sporulation. This is accomplished by direct fungistatic action. The reduction in pathogen growth rate allows the host's defense system extra time to develop and kill the invading organism.

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PONO wellness

CRITERION 5

-Addendum 5-

- **Executed King Street Retail Dispensary Lease**

LEASE

THIS INDENTURE OF LEASE, made this 22nd day of January, 2016, by and between **SANPEI HAWAII CO., LTD.**, a Hawaii corporation, whose place of business and post office address is Suite 850, Davies Pacific Center, 841 Bishop Street, Honolulu, Hawaii 96813, hereinafter called "Lessor", and **PONO ORGANICS INVESTORS LLC**, a Hawaii limited liability company doing business as PONO WELLNESS, whose post office address is 733 Bishop Street, Suite 1200, Honolulu, Hawaii 96813, hereinafter called "Lessee".

W I T N E S S E T H:

Article I

DEMISE

Section 1.1 PREMISES. Lessor, in consideration of the rent hereinafter reserved and of the covenants, conditions and provisions by Lessee herein contained does hereby demise and lease to Lessee, and Lessee does hereby accept and lease from Lessor the following described premises:

> That certain commercial property being a portion of 1467 South King Street, Suites 1-B and 1-C, Honolulu, Hawaii, containing an area of approximately 2,081 square feet.
>
> Together with such appurtenant rights, easements and privileges to be enjoyed in common with all others entitled thereto in connection with the use and enjoyment of the above demised premises.

The following entries constitute certain specific provisions of this Lease and are referred to and subject to additional terms and conditions as set forth elsewhere herein:

Item 1 Term of Lease: **THREE (3) YEARS**

Item 2 Commencement Date of Lease: **May 1, 2016**

Item 3 Expiration Date of Lease: **April 30, 2019**

Item 4 Options to Extend: NONE

Item 5 Renovation Completion Deadline: N/A

Item 6 Monthly Base Rent and Other Charges.

(1) Monthly Base Rent (not including Hawaii General Excise Tax ["GET"]):

	Period	**Monthly Base Rent**
(a)	For the period commencing on May 1, 2016 and ending on April 30, 2019.	$4,682.25/month

Lessor and Lessee agree that the Monthly Base Rent for the Premises is conclusively established in the amounts set forth above, irrespective of the actual number of square feet of floor area of the Premises.

(2) Operating Expenses (not including GET)

(a) Lessee's pro rata share of estimated Operating Expenses for the current year as provided in Section 2.2 of this Lease (not including GET) unless expressly provided otherwise: $1,976.95 per month. Lessee acknowledges that estimated monthly Operating Expenses provided herein is for the fiscal year ending June 30 of this year, and, accordingly, the estimated monthly Operating Expenses will be adjusted at the beginning of each fiscal year pursuant to Section 2.2 of this Lease.

(b) Lessee's pro rata share of Operating Expenses pursuant to Section 2.2 of this Lease: 24.8685%

The Monthly Base Rent, the Operating Expenses and GET (collectively referred to as "Monthly Rent") are payable in advance on the first day of each month for the Term of Lease except as otherwise expressly provided.

Until the new Monthly Base Rent is determined for any new extended lease periods, Lessee shall continue to pay each month the Monthly Rent to Lessor in the same amounts and at the same times and manner as were payable for the immediately preceding lease period, and Lessee shall, within fifteen (15) days after the new Monthly Base Rent is determined, pay to Lessor the amount of any increase in Monthly Rent which shall have accrued since the expiration of the preceding lease period.

Item 7 Name of Commercial Building: N/A

Item 8 Proportion of Real Property Tax or Assessments: Pro rata Share

Item 9 Use of Premises: Licensed medical marijuana production and dispensary business.

Item 10 [Reserved]

Item 11 Name of Entity to Be Advertised: N/A

Item 12 Amount of Merchant Association (MA) Dues: N/A

Item 13 Comparison date of CPI for MA Dues: N/A

Item 14 Reserved

Item 15 Other Special Conditions:

License Contingency: Lessee's affiliate, Coral Wireless, LLC ("Mobi"), is currently leasing the Premises on a month-to-month basis. Lessor and Lessee agree that this Lease shall be contingent upon Lessee being awarded a license to operate a medical marijuana production and dispensary business (the "License") by the State of Hawaii. In the event Lessee is not awarded the License, this Lease shall automatically terminate and Mobi shall continue to lease the Premises under its existing lease on a month-to-month basis.

No Tenant Improvement: Notwithstanding anything herein to the contrary, Lessor shall not be required to provide any new tenant improvements for the Premises, and any and all improvements for Lessee's business operations shall be provided by Lessee at its sole cost.

Security Deposit: Lessor acknowledges that it has $6,972.98 from Lessee as security deposit.

Joint and Several: All obligations of Lessee are joint and several.

"As Is" Condition: Lessee accepts the premises in "as is" and "where is" condition.

Section 1.2 TERM. The term of this Lease and Lessee's obligation to pay the Monthly Base Rent hereunder shall be for a term as specified in Item 1 and shall commence on the date as specified in Item 2.

Section 1.3 OPTION TO EXTEND. Provided that Lessee is not in default or in breach of any terms or conditions of this Lease, Lessor covenants and agrees and does hereby grant unto the Lessee an option to extend the terms of this Lease for the length of time specified in Item 4. To exercise its option, Lessee shall give written notice of the exercise for this option to Lessor not less than six (6) months prior to the expiration of the term hereof. The Monthly Base Rental for the extended term shall be determined by Lessor and Lessee. In the event Lessor and Lessee cannot agree upon the amount of the Monthly Base Rent, the dispute shall be determined by arbitration in accordance with the provisions of Chapter 658A of the Hawaii Revised Statutes, as the same now is or may be amended from time to time. The Monthly Base Rent shall be the greater of either (1) fair market rent charged for a similar commercial space and as found in the Honolulu metropolitan area or (2) the rent for the immediately preceding year. However, in no event shall the Monthly Base Rent for any option period be less than that for the immediately preceding year. Until such rent is determined, Lessee shall pay on account thereof installments of rent to Lessor in the same amounts and at the same times and manner as were payable for the last lease year preceding the period in question, and Lessee shall within fifteen (15) days after such determination pay to Lessor the amount of any increase in rent which shall have accrued since

the expiration of the preceding rental period, plus interest thereon at the rate described in Section 9.6 herein. Lessee agrees that this option and the right to exercise said option shall be cancelled in the event that Lessee assigns or subleases or parts with any interest in said premises under Section 3.13 of this Lease, whether or not Lessor grants its consent to said assignment or sublease.

Section 1.4 QUIET ENJOYMENT. Upon payment by Lessee of the Monthly Rent hereinafter reserved and upon observance and performance of the covenants by Lessee herein contained, Lessee shall peaceably hold and enjoy the demised premises for said term without hindrance or interruption by Lessor or any other persons lawfully or equitably claiming by, through or under it except as herein expressly provided. Lessee will grant to Lessor the right to make renovations, repairs, and/or changes to the building containing the demised premises, provided that such renovations, repairs, and/or changes are pursued with diligence and Lessor will do said work without any abatement of rent or other compensation paid to Lessee.

Section 1.5 RIGHT TO DEMOLISH. Lessor reserves the right to demolish and/or renovate the commercial building prior to the expiration of this Lease. Should Lessor elect to demolish and/or renovate said building, Lessee will be given a 180-day written notice by Lessor either by registered mail or certified letter prior to said demolition and/or renovation and Lessee shall peacefully surrender said premises to Lessor at the end of such 180-day period and Lessor shall be released of any other obligation regarding tenant improvements. Notwithstanding the foregoing or anything to the contrary herein, Lessor shall not be entitled to exercise the rights described in this Section 1.5, or to trigger (*i.e.*, commence) the 180-day notice described above, until after the expiration of twenty-four (24) months from the Commencement Date.

In addition, should Lessor construct a new building and all or a portion of such new building will be leased for commercial uses, Lessee shall be given the option, which option shall expire at the end of said 180-day period, to lease a commercial space in the new building on terms and conditions to be negotiated. Lessee's option shall be with respect to a space in the new building which is the lesser of (i) the number of square feet of the demised premises under this Lease or (ii) the proportion of which the numerator is the number of square feet of the demised premises under this Lease and the denominator of which is the total number of square feet available for lease in which the demised premises is located, multiplied by the total number of square feet for lease for commercial uses in the new building. However, should Lessee fail to execute a new lease agreement on terms mutually agreed upon between Lessor and Lessee within ninety (90) days after receipt of such terms and conditions, said option shall expire without any compensation by Lessor to Lessee and without any further obligation of Lessor to Lessee.

Section 1.6 PREMISES COMPLETED. Lessee hereby acknowledges that Lessee has inspected the demised premises and accepts the same in "as is" condition.

Section 1.7 LESSEE'S RENOVATION OBLIGATIONS. Lessee will prepare and submit to Lessor for written approval in accordance with requirements of Section 4.5 herein, plans and specifications for construction of the leasehold improvements within the demised premises. Lessee will complete the renovation in accordance with plans and specifications as approved by Lessor no later than the date specified in Item 5.

Article II

RENT AND OTHER CHARGES

Section 2.1 MONTHLY BASE RENT AND OTHER CHARGES. Lessee will pay to Lessor a Monthly Base Rent as specified in Item 6.

The Monthly Base Rental shall be payable in advance on the first day of each calendar month of tenancy.

Upon Lessee's execution of this Lease, Lessee shall also pay to Lessor, a sum equivalent to one (1) month's Monthly Base Rent and one (1) month's Operating Expenses, plus general excise tax thereon. Such payment shall be held by Lessor as a security deposit, to be refunded to Lessee, without interest, at the expiration of this Lease on the condition that all terms and conditions of this Lease have been met by Lessee. Lessee will deposit additional sums with Lessor as required from time to time so as to allow Lessor to have a sum equivalent to one (1) month's Monthly Base Rent and one (1) month's Operating Expenses, plus general excise tax thereon. If any of the Monthly Base Rent, Operating Expenses, general excise tax or any other sum payable by Lessee to Lessor hereunder shall be overdue and unpaid, then Lessor may, at its option, appropriate and apply any portion of said security deposit to the payment of any such overdue rent or other sum and any amount so applied shall immediately be replenished by Lessee.

Section 2.2 OPERATING EXPENSES. Lessee shall pay its pro rata share of all of the costs and expenses ("Operating Expenses") incurred by Lessor in operating and maintaining the building, the common areas and the land upon which the demised premises are located (collectively the "Property").

The Operating Expenses include but are not limited to all out of pocket and administrative expenses of Lessor in operating and maintaining the Property. Such expenses include (but are not limited to) the following: (1) all real property taxes and assessments assessed or charged against the Property; (2) administration and management fees and costs (if Lessor performs such services itself it will allocate the costs of such services on a reasonable basis); (3) accounting and bookkeeping costs; (4) attorneys' fees and costs; (5) license, permit, and inspection fees and costs; (6) labor costs (including, without limitation, salaries, insurance, and benefits); (7) water and sewer charges; (8) electricity and other utility charges unless individually metered; (9) pest control; (10) maintenance, repair, and replacement of and all tools, machinery and equipment necessary to operate the Property, and facilities servicing the Property or to provide the services required under this Lease; (11) rental and/or depreciation of equipment, supplies, tools, materials; (12) maintenance and repair of the common areas of the Property; (13) common area furnishings; (14) painting of interior and exterior of the common areas; (15) repair and maintenance of the parking area (including, without limitation, repaving and repainting); (16) landscaping; (17) irrigation; (18) replacement of plants; (19) the cost of maintenance, repairs, or restoration of capital improvements; (20) the cost of capital improvements to the common areas of the Property which are undertaken to effect a direct cost savings or anticipated

cost savings in the Operating Expenses or which are required to comply with any rule, regulation, or law affecting the ownership, use or operation of the Property; (21) removal of refuse, garbage and rubbish; and (22) any and all insurance Lessor deems necessary. Operating Expenses shall not include Lessor's financing or similar costs for the acquisition of the Property.

If the Property or any portion of the Property and Lessor's other properties are insured under the same insurance policy or the premiums therefore are made in one payment, Lessor may, in a reasonable manner, allocate to Operating Expenses for the Property a portion of such insurance premiums from those insurance polices which insure the Property and Lessor's other properties.

With respect to any capital items and/or the maintenance, repairs, replacement or restoration of capital items, Lessor may, in its sole discretion, elect to have the cost thereof (plus a reasonable rate of interest) included in Operating Expenses on an amortized basis over a reasonable time.

Lessor shall deduct from the Operating Expenses all amounts paid by any lessee, including Lessee, for the period for which such expenses are being determined, to Lessor on account of the cost of repairs or extra services for which such lessee is directly responsible that may have been included in such Operating Expenses.

If at any time Lessor incurs or anticipates incurring any additional or previously unforeseen Operating Expenses, Lessor shall render a statement to Lessee for Lessee's pro rata share of such expense and Lessee shall pay Lessor the amount shown in the statement within the time specified in the statement.

Such Operating Expenses for the first and last calendar months of said term shall be pro-rated as of the commencement date and expiration date respectively. Lessor may estimate the amount of such Operating Expenses for the purpose of monthly billing of said charge.

Within sixty (60) days after the end of each fiscal year ending June 30, or such other term as may be determined by Lessor, Lessor will deliver to Lessee a written statement showing in reasonable detail, all the Operating Expenses for such fiscal year or other term, and any deficiency or excess in the Lessee's payments for such fiscal year or other term. If a deficiency exists, Lessee shall pay such amount, as additional rent, to Lessor within ten (10) days of receipt of Lessor's statement. If an excess exists, Lessor shall pay to Lessee such excess within ten (10) days after Lessee delivers a written statement to Lessor that Lessee approves of Lessor's statement. If no written statement is sent by Lessee to Lessor within such ten (10) day period, Lessee shall be deemed to approve of Lessor's written statement and Lessor shall pay to Lessee such excess within ten (10) days after the expiration of the previous ten (10) day period.

"Common areas" are those areas of the Property designated by Lessor for the non-exclusive use of the occupants of the Property in common with other authorized users.

If any common area adjacent to the demised premises requires additional or extraordinary cleaning as a result of use by Lessee or Lessee's employees or customers, an additional charge

will be assessed against Lessee. Said additional charge shall equal the cost of the additional or extraordinary cleaning of the common area made necessary by such use, plus a surcharge of ten percent (10%) for overhead costs. Such additional charge shall be characterized as an additional payment for Operating Expenses and shall be paid within ten (10) days after Lessee receives a statement or invoice from Lessor.

Section 2.3 DEFINITION OF FLOOR AREA. "Floor area" means cumulatively with respect to all buildings in the building specified in Item 8, and demised premises, the actual number of square feet of rentable floor space within the exterior faces of the exterior (except party walls as to which the center line thereof instead of the exterior face thereof shall be used) of all floors, including mezzanines, showcases, entrances within the exterior limits of each of said buildings and the demised premises, but there shall not be included space on the roofs or other structures on roofs nor any space between the mall level ceiling and the roof. No deduction or exclusion shall be made from floor area by reason of columns, stairs, elevators, escalators (if any) or other interior construction or equipment. Changes in any particular floor area occurring during any calendar month shall be effective on the first day of the next succeeding calendar month.

Section 2.4 LESSOR'S CONTEST OF REAL PROPERTY TAXES. In the event the Lessor shall contest the County Tax Assessor's assessments upon the demised premises and the land under the demised premises or the assessments or charges made under any betterment or improvement law or otherwise, Lessee shall, upon demand pay to the Lessor a pro rata share of all legal and other expenses incurred in contesting the same, Lessee's pro rata share to the ratio that the total floor area of the demised premises bears to the total leasable floor area of the building specified in Item 8.

Section 2.5 TAXES ON LESSEE'S PROPERTY. Any conveyance tax imposed pursuant to Chapter 247, Hawaii Revised Statutes, and any rules and regulations promulgated thereto, shall be payable by the Lessee. Lessor shall advise Lessee of the amount of said tax and said tax shall be due and payable at the time of execution of this Lease. Further Lessee shall be responsible for and shall pay before delinquency all municipal, state or county taxes assessed during the term of this Lease against it by reason of the conduct of its business in the demised premises or with respect to personal property of any kind, owned by or placed in, upon or about the demised premises by and/or at the expense of Lessee.

Section 2.6 GENERAL EXCISE TAX. Lessee will pay to Lessor as additional rent, at the time and together with each payment of Monthly Base Rent, adjusted rent, additional rent, Operating Expenses, or other charge required hereunder to be made by Lessee to Lessor which is subject to the Hawaii general excise tax on gross income or any successor or similar tax assessed or based on gross income, an amount which, when added to said Monthly Base Rent, additional rent, or other charge (whether actually or constructively received by Lessor), shall yield to Lessor, after deduction of all such taxes payable by Lessor with respect thereto, a net amount equal to that which the Lessor would have realized therefrom had no taxes been imposed. During such time as the Hawaii general excise tax remains at its present rate of 4.0% and no other taxes are imposed upon the receipt by Lessor of the rents reserved, other than net income taxes, such additional rent will be equal to 4.166% of all rents and charges subject to said tax.

Section 2.7 LATE CHARGES AND INTEREST. If Lessee fails to make any payments to Lessor on or before the due date or date of demand for such payment, Lessee shall pay Lessor on all sums past due from Lessee payable under this Lease or expended or advanced by Lessor on Lessee's account, a late charge equal to five percent (5%) of such sums past due as additional rent, which late charge is estimated to be Lessor's administrative and other costs.

Lessee shall, as additional rent, also pay Lessor interest on all sums past due from Lessee payable under this Lease or expended or advanced by Lessor on Lessee's account from the due date or date of demand, as the case may be, to and including the date of payment, at the rate of interest set forth in section 9.6 of this Lease.

Lessee's payment of late charges and/or interest shall be due at the same time and with the underlying Monthly Base Rent, Operating Expense, additional rent or other amount due hereunder upon which said late charge and/or interest was assessed.

Section 2.8 ADDITIONAL FINANCIAL OBLIGATIONS. Lessee shall pay any monies required to be paid pursuant to any provision of this Lease, whether or not the same be designated "additional rent". If such amounts or charges are not paid at the time provided in this Lease, they shall nevertheless, if not paid when due, be collectible with any installment of rent thereafter falling due hereunder, but nothing herein contained shall be deemed to suspend or delay the payment of any amount of money or charge at the time the same becomes due and payable hereunder, or limit any other remedy of Lessor.

Section 2.9 ADDITIONAL RENT. For purposes of this Lease, all amounts paid to Lessor by Lessee, except for the amounts set forth under Sections 2.1. and 2.2. herein, shall be considered and deemed to be additional rent.

Article III

USE

Section 3.1 USE OF THE PREMISES AND COMPLIANCE WITH LAW. Lessee will occupy and use the demised premises only for the maintenance and operation of the use as specified in Item 9. Notwithstanding anything to the contrary herein, Lessor and Lessee acknowledge and agree that Lessee shall be allowed to use the Premises to operate a medical marijuana dispensary in compliance with Hawaii law. Such use, while allowed by State law, is not permitted by federal law. The parties each hereby accept the risks associated with the use of the Premises as a medical marijuana dispensary. Without limiting the foregoing, and notwithstanding anything to the contrary herein, in no event shall Lessee be liable for any loss or damage arising from the fact that marijuana is an illegal substance under federal law; provided that Lessee shall ensure its operations comply with Hawaii state law. Both parties have been advised to consult with an attorney prior to signing this Lease.

Section 3.2 HAZARDOUS MATERIALS. Lessee or its employees, agents, contractors or invitees shall not use, manufacture, generate, produce, process, discharge, store, handle, release, dispose or allow to exist on, under or about the demised premises any explosives, flammable liquids, chemicals, radioactive materials, pollutants, contaminants, or related materials, including without limitation any substances defined as "hazardous materials", "hazardous substances", "toxic substances" or "hazardous wastes", now or hereafter regulated by any federal, state, local laws or ordinances (collectively "Hazardous Materials"), without first notifying Lessor in writing and obtaining Lessor's prior written consent, which consent shall be granted or denied in the sole and absolute discretion of Lessor. If Lessee breaches any of the terms, conditions or obligations regarding Hazardous Materials stated herein and/or breaches same related to all applicable federal, state or local laws now or hereafter in effect; or if the presence of Hazardous Materials on the premises caused and/or results in contamination of premises and surrounding areas, Lessee will be held liable to Lessor for damages, claims and losses (including, without limitation, diminution in value of the premises, damages for loss or restriction on use of leasable space, or any amenity of the premises, damages arising from any adverse impact on marketing of space, and sums paid in settlement of claims, attorneys' fees, consultant and expert fees) which arise during or after the lease term as a result of such contamination. Lessee shall immediately notify Lessor in writing of any violation, enforcement cleanup, removal, mitigation or other regulatory action(s), contemplated or threatened by any federal, state or local authority pursuant to any Hazardous Materials laws. Lessee shall be solely responsible for and shall indemnify, defend and hold harmless the Lessor and its employees, agents, successors and assigns from, including without limitation: (a) all costs, claims, judgements, damages, penalties, fines, liabilities or losses incurred in connection with any investigation of site conditions or any cleanup, repair, detoxification, implementation and preparation of any plans, closure, remedial, removal or restoration work required by any federal, state, local governmental agency or political subdivision because of Hazardous Materials present in soil or ground water on, within, under or about the demised premises; and (b) all reasonable costs and expenses incurred by Lessor in connection therewith without limitation reasonable attorneys' fees. Without limiting the foregoing, if the presence of any Hazardous Materials on the premises directly or indirectly caused or contributed to the contamination of the premises, Lessee shall promptly take all actions at its sole expense as are necessary to return the premises to the condition existing prior to the introduction of any Hazardous Materials to the premises; provided that Lessor's approval of such actions shall not be unreasonably withheld if such actions would not potentially have any material adverse long term or short term effect on the premises. Notwithstanding any provision herein to the contrary, expiration or termination of this Lease will not forgive, excuse or release Lessee from any of the above stated conditions or obligations to restore premises to original condition prior to contamination.

Section 3.3 RESTRICTIONS ON LESSEE'S USE OF THE COMMON AREAS. Lessee and its employees, agents, customers and invitees shall have the right at all times during said term, subject to any applicable rules and regulations made by Lessor, to the reasonable use of the common areas in common with Lessor and others entitled thereto; PROVIDED HOWEVER, that Lessee's employees shall not use the common areas for parking of their own vehicles unless otherwise specifically agreed between Lessor and Lessee. Lessee will not at any time use said common areas for the loading, unloading, delivery, display or storage of any merchandise, equipment, refuse or trash or for any other business purpose nor park their trucks

or other delivery vehicles in the parking spaces thereof, except for loading, unloading or delivery as permitted by Lessor. At no time shall Lessee permit any goods or merchandise to be deposited or stored on any sidewalks or parking areas.

Section 3.4 DAMAGE BY LESSEE. Lessee agrees that the costs and expenses required for the repair and maintenance of any common facility which shall be occasioned by the willful or negligent conduct of Lessee, its agents and employees shall be at the sole cost and expense of the Lessee together with interest at the rate set forth in Section 9.6. herein from the date of completion of such maintenance and repairs until paid.

Section 3.5 UTILITY CHARGES. Lessee agrees to maintain all necessary mains and electrical conduits to bring electricity to the demised premises and to pay for all electricity, gas, water, sewer, telephone and all other utility rates and for removal of trash, if applicable, from the demised premises and all other charges incurred by it in connection with its use and enjoyment of the demised premises. In the event utilities and/or services are not separately billed, metered or distinctly allocable, Lessee's prorated portions shall be determined by the area of the demised premises or by any other calculation method that Lessor shall deem to be equitable. Any meters recording the amount of electricity or water furnished to the demised premises shall be installed by Lessee at its own expense. Lessor shall under no circumstances be liable to Lessee for damages or otherwise for any failure to furnish or interruption in service of water, gas or electricity or for stoppage of sewers from any cause whatsoever.

Section 3.6 DISPOSAL OF RUBBISH. Lessee shall not perform any acts or carry on any practices which may injure the building or be a nuisance or menace to other tenants in the commercial office complex. Lessee shall keep the premises under its control, clean and free from rubbish and dirt at all times, and shall store all trash and garbage within the demised premises or in the garbage receptacles. If Lessor determines that Lessee generates more than its proportionate share of trash, garbage and rubbish, Lessor may assess an additional charge against Lessee. Such charge shall equal the additional costs incurred by Lessor in connection with the disposal of trash, garbage and rubbish, plus a surcharge of ten percent (10%) for overhead costs. Such additional charge shall be characterized as an additional payment for Operating Expenses and shall be paid within ten (10) days after Lessee receives a statement or invoice from Lessor. Lessee shall not burn any trash or garbage of any kind in or about the building, loading areas, parking lot or any other part of the commercial office complex.

Section 3.7 ADVERTISING AND PROMOTION. Lessee will include the words as specified in Item 11 as its business address in all of its advertising with respect to the demised premises. Lessee will not use in the demised premises any advertising media such as loudspeakers, phonographs, radios or other means of broadcast audible outside of said premises.

Section 3.8 SIGNS AND OUTSIDE FIXTURES. Lessee will not, without the prior written approval of Lessor, display, erect, install, paint or place any sign lettering, picture, placard or other advertisement whatsoever on or about the exterior of the demised premises, including the doors, walls, windows, marquees and roof thereof, nor on the interior surface of any glass entrance door or exterior window thereof, nor on the common areas in the commercial office complex nor install or place on or about the exterior of said premises any radio or

television antennae, satellite dishes, lighting or plumbing fixtures, awnings, shades, loudspeakers, sound amplifiers or other similar devices on the roof or exterior walls of the building which Lessor in its sole discretion deems detrimental to the aesthetics or commercial purpose of the commercial office complex or potentially dangerous or hazardous to persons or property and Lessee shall, immediately upon being directed in writing by Lessor to do so, remove forever any such prohibited item as Lessor shall direct. Breach of this provision by Lessee shall not be limited to injunctive relief without bond in addition to other remedies available to Lessor. No loudspeakers, radios or other means of broadcasting to be heard outside the demised premises shall be used by Lessee.

Lessee will pay to Lessor all reasonable costs incurred by Lessor as a result of obtaining said approval, with said costs to include all reasonable architect's fees. Lessee will also comply with all governmental regulations pertaining to same, and will pay for permits.

Section 3.9 MERCHANTS' ASSOCIATION. Lessee will collaborate with the other tenants of the Property and use its best effort to organize and maintain an effective Merchants Association among the tenants of said commercial complex to develop an effective promotional and public relations program, and will actively participate in any reasonable joint planning, joint promotion or joint advertising which the said Merchants Association may undertake. The term "actively participate" shall mean cooperation with the advertising and promotional activities of the Merchants Association; as for example, by advertising in any special advertisement to an extent commensurate with the relative size of the Lessee's store, and participation in seasonal and monthly sales promotions sponsored by the Merchants Association. Lessee shall each month until the termination of this Lease pay monthly dues to the Merchants Association to be used by the Merchants Association for the promotion and advertising of said commercial complex. Initially, the amount of said monthly dues shall be equal to the product as specified in Item 12 multiplied by the total number of square feet of leasable floor area in the demised premises. Said dues may thereafter be increased to such amount as shall be approved from time to time by a majority vote of the members of the Association to cover increases in the quantity, quality or cost of promotion and advertising of the commercial office complex. At any time or times during the term of this Lease, Lessor may also increase said dues, as the same may have been theretofore increased, if at all, pursuant to the provisions of this section, by a percentage equal to the percentage of increase in the U. S. Consumer Price Index -- "All Items", most recently issued by the United States Department of Labor prior to the date Lessor determines, in its discretion, such increase is desirable as compared with said Index most recently issued prior to the date of the last increase pursuant to the provisions of this section, or if there were no such prior increase pursuant to the provisions of this section, then as compared with said Index as issued as specified in Item 13. Lessor shall give Lessee written notice of any increase in said dues made pursuant to the provisions of the preceding sentence. Said notice shall set forth the effective date of such increase, which date shall not be sooner than thirty (30) days following the date of such notice.

Section 3.10 RULES AND REGULATIONS. Lessor shall have the right to police, regulate traffic in and otherwise control the use of parking, sidewalks, malls, and other common areas as Lessor deems necessary or desirable for the operation and use of the Property for the benefit or protection of Lessor and its Lessees. In furtherance of such right, Lessor may promulgate, adopt, or amend reasonable rules and regulations with respect to such common areas

which shall be binding upon Lessee on notice from Lessor. For the enforcement of said rules and regulations, Lessor shall have all remedies provided for a breach of the terms of this Lease, as if said rules and regulations were expressly incorporated herein, together with all legal or equitable remedies whether or not provided for in this Lease.

Section 3.11 CONTROL OF PARKING COMMON AREAS BY LESSOR. All automobile parking areas and the parking garage, driveways, entrances and exits thereto and other facilities furnished by Lessor, the truck way or ways, pedestrian sidewalks and ramps, landscaped areas, stairways, malls, comfort stations and other areas and improvements provided by Lessor for the general use, in common, of all lessees, their officers, agents, employees and customers, shall at all times be subject to the exclusive control and management of Lessor. In the event validated parking shall in the opinion of the Lessor become advisable, Lessor shall have the right to enforce validated parking in the parking areas by controlled entrances or otherwise, or to lease the parking garage to an operator who may charge fees for parking. Lessor shall take such action as shall be necessary to prevent unauthorized use of the parking garage and parking areas. Lessor shall have the right, from time to time to change the area, level, location and arrangement of all facilities hereinabove referred to, and may restrict parking for Lessees, its officers, agents and employees to employee parking; to close temporarily all or any portion of said areas or facilities to such extent as may, in the opinion of Lessor's counsel, be legally sufficient to prevent a dedication thereof or the accrual of any rights to any person or the public therein; to discourage non-customer parking; and do and perform such other acts in and to said areas and improvements as, in the use of good business judgment, the Lessor shall determine to be advisable with a view to the improvement of the convenience and use thereof by lessees, their officers, agents, employees and customers.

Section 3.12 EXCLUSION OF TRESPASSERS. Lessor may at any time and from time to time during the term hereof exclude and restrain any persons from the use of occupancy of the parking and other common areas, excepting however, bona fide customers, patrons and service suppliers of the Lessee and other lessees of the Lessor who make use of said areas in accordance with the rules and regulations established by Lessor from time to time with respect thereto. The rights of Lessee hereunder in and to said automobile parking areas, the parking spaces thereon and the driveways, entrances and exits thereto, the delivery and service entrances and exits thereto, and the sidewalks and pedestrian passageways, shall be subject to the rights of the Lessor and of all other lessees of the Lessor using the same in common with the Lessee, and it shall be the duty of Lessee to keep all of said areas free and clear of any obstructions created or permitted by Lessee or resulting from Lessee's operations and to permit the use of any of said areas only for normal parking and ingress and egress by said customers, patrons and service-suppliers, to and from the building occupied by Lessee and such other lessees of the Lessor. If, in the opinion of Lessor, unauthorized persons are using any of said areas by reason of the presence of Lessee in the demised premises, Lessee, upon demand of Lessor, shall take such action as is legally permissible without breach of the peace and by resorting to judicial relief, if necessary, to restrain the use of any of said areas by unauthorized persons or to remove any unauthorized persons from said areas; provided, however, nothing contained herein shall preclude Lessor from taking such action.

Section 3.13 RESTRICTION ON ASSIGNMENT AND SUBLETTING. (a) Subject to subsection 3.13(e) below, Lessee shall not assign this Lease, or any interest therein, and shall not sublet the said premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the agents and servants of Lessee excepted) to occupy or use the said premises, or any portion thereof, without the written consent of Lessor first had and obtained, and a consent to one assignment, subletting, occupation or use by any other person, shall not be deemed to be a consent to any subsequent assignment, subletting, occupation or use by another person. Any such assignment or subletting without such consent shall be void, and shall, at the option of Lessor, terminate this Lease. This Lease shall not, nor shall any interest therein, be assignable, as to the interest of Lessee, by operation of law, without the prior written consent of Lessor. Lessor shall have the right to review and approve the proposed assignee and the terms and conditions of such assignment or sublease and the amounts of subrents. Lessor may not unreasonably withhold consent, but Lessor may require reasonable additional rent. Any amounts (including any rent, lump sum payments, premiums, or other amounts paid to Lessee in connection with the sublease, assignment or occupation however characterized in the transaction) received by Lessee through such sublease, assignment, or occupation over and above the rental amounts as specified in Item 6 shall be deemed, and used for the purpose of determining the amount of additional rental payable to Lessor as consideration which shall not exceed 50% of the amounts received by Lessee over and above the Monthly Base Rent.

(b) If the Lessee is a corporation, the consent of the Lessor shall be required prior to the transfer of all or part of the corporate shares of Lessee by sale, assignment, bequest, inheritance, operation of law or other disposition, if such transfer would result in a change in the effective voting control of Lessee by the person or persons owning a majority of said corporate shares on the commencement date of this Lease. Lessor may, in addition to any other reason supportive of refusal to consent, refuse to consent to such transfer because of a belief reasonably formed that the proposed transfer would increase the possibility of default by the Lessee.

(c) Lessor may require payment of additional rent as consideration as set forth above. Each and every covenant, condition, or obligation imposed upon Lessee by this Lease, and each and every right, remedy or benefit afforded Lessor by this Lease shall not be impaired or diminished. No assignment or subletting of Lessee's interest permitted in this Section or consented to by Lessor shall in any way release Lessee of any liability and responsibility assumed under the terms of this Lease. The foregoing provision against subletting shall not prohibit Lessee from granting concessions for the operation of one or more departments of the business conducted in or upon the demised premises; provided, however, that each concession which may be granted by Lessee shall be subject to all the terms and provisions of this Lease.

(d) In the event Lessor shall consent to an assignment or sublease pursuant to the provisions hereof, Lessee shall pay Lessor's reasonable attorneys' fees incurred in connection with the giving of such consent and any reasonable administrative costs incurred.

(e) Notwithstanding anything to the contrary in Sections 3.13(a), (b), (c) or (d) above:

(1) Lessee shall be entitled to assign this Lease in its entirety, without the consent of the Lessor, in connection with the sale, exchange, or other transfer of Lessee's license to operate a medical marijuana dispensary for the geographic area in which the Premises are located, or in connection with the sale, exchange, or other transfer of all or substantially all of Lessee's ownership interests or its assets in the geographic area where the Premises are located; provided, however, that the assignee's financial wherewithal shall be at least equal to the financial strength of Lessee immediately prior to such assignment. Lessee shall promptly notify Lessor of any such assignment, which notice shall contain an indication of the assignee's financial strength.

(2) In the event of an assignment pursuant to Section 3.13(e)(1) above, Lessor shall not be entitled to receive any portion of the consideration received by Lessor in connection with such sale, exchange, transfer or assignment, and shall neither be entitled to increase the rent payable hereunder, nor be entitled to payment of additional rent or any premium as a consequence of said assignment.

Section 3.14 [RESERVED].

Section 3.15 RESERVATION OF COIN-OPERATED MACHINES, BACKGROUND MUSIC DEVISES AND SPEAKERS. No coin-operated machines shall be installed or operated in or about the premises nor any background music devices or interstore communication devices installed therein without the express consent of the Lessor in writing, and Lessee will pay to Lessor all reasonable costs incurred by Lessor as a result of approving said consent. Any background music devices installed with the consent of the Lessor shall not be operated so as to be distinctively audible from the common areas. In the case of any dispute over the intensity of the sound from the demised premises, the decision of the Lessor shall be controlling.

Section 3.16 UTILITY MAINS, ETC. Lessor shall have the right to locate utility mains and other facilities serving other premises within Lessee's premises, when such location is dictated by necessities of engineering design, good practice and/or code requirements. Such mains and other facilities shall be located so as to cause a minimum of interference with the Lessee, and to be unobtrusive in appearance. These facilities shall include but are not necessarily limited to drains, water supply, sewage lines, sewage vents, steam and condensate pipes, condenser cooling water pipes, electric power circuits, telephone circuits, pump stations, electric panelboards, sanitary vents, fresh air supply ducts and exhaust ducts.

Article IV

MAINTENANCE AND REPAIRS AND ALTERATIONS

Section 4.1 LESSEE'S MAINTENANCE OF PREMISES. Except as herein expressly provided, Lessee will at its own expense, from time to time and at all times during said term,

substantially repair, maintain, amend and keep all non-structural portions and interior finished surfaces of the demised premises, including, without limiting the generality of the foregoing, all windows, doors, glass, show windows moldings, utility pipes, drains, ducts, plumbing, air conditioning system within demised premises (if any) including but not limited to air handling units, fan coils, ducts registers, plenums, compressors, motors, condensing units controls, cooling towers, switches, piping, insulation, pumps, platforms, and other devices associated with the air conditioning system; electrical systems, equipment, machinery, interior facings and finishes, partitions, termites, rodents and other pest control within the demised premises, signs, lighting and plumbing fixtures, floors, and floor coverings, ceilings and ceiling finishes with all necessary reparations and replacements whatsoever in good order, condition and repair (including reasonably periodic painting of the interior). Lessee will also, at its own expense, from time to time and all times during said term will and substantially restore, repair, maintain, amend and keep both structurally and otherwise all improvements now or hereafter built or made within the demised premises with all necessary reparations and amendments whatsoever in good and safe repair, order and condition except for damage caused by Lessor's negligent acts following the commencement of the term and except for any perils covered by the standard fire and extended coverage insurance policy. Lessee shall also keep the common areas clean from rubbish which arise from their operation within the demised premises. Lessee will cause periodic inspection to be made by qualified persons of such buildings and other improvements for the purpose of ascertaining and curing infestation thereof by termites, rodents and other pests, and thereafter take all measures as may be required to prevent or cure any damage or destruction by such infestation. Lessee will at all times during said term keep the demised premises in a strictly clean and sanitary condition and will repair and make good all defects, required by the terms of this Lease to be repaired and made good by Lessee within thirty (30) days after the Lessor or its agents have given written notice of such repair and/or defect.

Section 4.2 LESSOR'S INSPECTION. The Lessee will allow the Lessor and the agents of the Lessor, at reasonable times to enter upon said premises and examine the condition thereof, and will promptly make good any defects for which the Lessee may be responsible hereunder within fifteen (15) days after written notice thereof, or sooner if the nature of such condition or the delay in its repair would cause, or create the risk of further damages to the premises. If the Lessee refuses or neglects to commence such repairs and complete the same within said period, the Lessor may, but shall not be obligated to make or cause such repairs to be made and shall not be responsible to the Lessee for any loss or damage that may accrue to the property, profession, occupation or business of the Lessee or of any third party by reason thereof, and if the Lessor make or cause such repairs to be made, the Lessee hereby agrees to pay forthwith on demand to the Lessor as additional rent the costs thereof, plus twenty percent (20%) of such costs to cover overhead and administrative expenses, with interest at the rate set forth in Section 9.6 herein accruing from the date of completion of repairs by Lessor until fully paid by Lessee.

Section 4.3 MAINTENANCE OF PLUMBING FACILITIES. The plumbing facilities (if any) shall not be used for any other purpose than that for which they are constructed, and no foreign substance of any kind shall be thrown therein, and the expense of any breakage, stoppage, or damage resulting from a violation of this provision shall be borne by Lessee, who shall, or whose employees, agents or invitees shall have caused it.

Section 4.4 FIRE OR OTHER CASUALTY. If the demised premises or any portion of the building in which the demised premises are located should be damaged or destroyed during the term hereof to an extent less than twenty-five percent (25%) of demised premises or the building, as the case may be, then Lessor, subject to any delay or inability from causes beyond Lessor's control, shall repair and/or rebuild the same to substantially the condition in which the same were immediately prior to such damage or destruction.

If the demised premises or any portion of the building in which the demised premises are located should be damaged or destroyed during the term hereof to an extent equal to or greater than twenty-five percent (25%) of demised premises or the building, as the case may be, then the Lessor may either terminate this Lease or repair or restore said damage or destruction, in which latter event Lessor shall repair and/or rebuild the same. Lessor shall advise Lessee in writing whether it intends to rebuild or repair within sixty (60) days after the casualty. If Lessor elects not to repair or rebuild, this Lease shall terminate without further notice, in which event all further obligations of either party shall cease, effective as of the date Lessee shall cease business in the demised premises. If such damage or destruction occurs and this Lease is not so terminated by Lessor, this Lease shall remain in full force and effect and the parties waive the provisions of any law to the contrary. Lessor's obligation under this paragraph shall in no event exceed the scope of the work to be done by the Lessor in the original construction of said building and the demised premises.

Lessee agrees during any period of reconstruction or repair of the demised premises and/or of said building to continue the operation of its business in the demised premises to the extent reasonably practicable.

Lessee shall, in the event of any damage or destruction affecting the demised premises, unless this Lease shall be terminated as in this section provided, forthwith replace or fully repair all plate glass, exterior signs, trade fixtures, equipment, display cases, mezzanine and other fixtures and improvements originally installed by Lessee. Lessee shall have no interest in the proceeds of any insurance carried by Lessor.

The Monthly Base Rent shall be abated proportionately during any period in which, by reason of any damage or destruction there is a substantial interference with the operation of the business of Lessee in the demised premises, having regard to the extent to which Lessee may be required to discontinue its business in the demised premises, and such abatement shall continue for the period commencing with such destruction or damage and ending with the completion by the Lessor of such work of repair and/or reconstruction as Lessor is obligated to do.

Section 4.5 ALTERATIONS. Lessee will not make any alterations or additions whatsoever to the demised premises without first obtaining Lessor's written approval of the plans and specifications. At least five (5) days prior to commencing any alterations, improvements, or other construction within the demised premises, Lessee shall deposit with Lessor a fully executed copy of the contract(s) therefor, a copy of any building permit, and furnish evidence satisfactory to Lessor that Lessee is financially able to pay the contractor, and shall furnish a copy of a Performance Bond and a Labor and Material Payment Bond in an amount equal to one hundred percent (100%) of the contract value, in a form and with a surety acceptable to Lessor, naming

Lessor and Lessee as obligees and insuring completion of the proposed work free and clear of all liens.

In the event Lessee is granted permission by Lessor to make, add to, or construct any improvements to the roof, ceiling, building or structure, Lessee shall be responsible for any additions, modifications, improvements, installation of equipment without limitation which maybe placed upon or about the roof, ceiling building or structure; furthermore Lessee, Lessee's architect, consultant, agent of, or Lessee's licensee shall at all times maintain the structural integrity of the roof and verify at time of installation of equipment or improvements load limits of same so as not to exceed the structural load bearing specifications and conditions of roof, ceiling and/or any part of the structure with, but not limited to, verifying calculations and records. Lessor and the agents of Lessor shall be allowed by Lessee, upon reasonable notice, to examine and inspect said records, equipment or improvements if deemed necessary by Lessor. Lessee will be responsible for any damage incurred, therein or thereafter to the demised premises, ceiling, building and/or any part of the structure due to penetration of the roof or ceiling membrane by Lessee or licensee of Lessee, and Lessee shall further indemnify, defend and hold Lessor harmless from all damage and claims. Any resulting repair that is necessary shall be done in a timely manner by Lessee in accordance with the provisions of Section 4.2 herein.

Lessee will pay to Lessor all reasonable costs incurred by Lessor as a result of obtaining said consent for approval, with said cost to include all reasonable architect's fees.

Lessee will also comply with all governmental regulations pertaining to any alterations to any part of or all of the demised premises.

Section 4.6 FIXTURES AND ALTERATIONS. All fixtures installed by Lessee shall be new or completely reconditioned. Lessee will not make or cause to be made any alterations or improvements or install or cause to be installed any trade fixtures, exterior signs, interior or exterior lighting, plumbing fixtures, shades or awnings or make any changes to the store front except upon the written consent of the Lessor. Lessee shall present to the Lessor plans and specifications for said work at the time approval is sought.

Section 4.7 ALTERATIONS BELONG TO LESSOR. All alterations or improvements to said premises shall remain for the benefit of the Lessor and shall not be removed unless otherwise expressly agreed in writing and shall be presumed to become an integral part of said premises.

Section 4.8 OVERLOADING. If after commencement of the term of this Lease, Lessee installs any electrical equipment that overloads the lines in the demised premises or the building of which it is a part, Lessee shall at its own expense make whatever changes are necessary to comply with the requirements of the Insurance Underwriters and governmental authorities having jurisdiction.

Section 4.9 SECURITY ALARM SYSTEM. Prior to installation of any security alarm system, Lessee will obtain the written approval of Lessor on the type of security alarm system to be installed on the premises. Lessor reserves the right to approve or withhold approval on the

type of system to be installed which is not satisfactory to Lessor, and Lessee will pay to Lessor all reasonable costs incurred by Lessor as a result of obtaining said approval.

Section 4.10 INCREASES IN FLOOR AREA. Lessee shall not at any time or time during the term hereof construct or add a floor or a mezzanine, loft, balcony within the demised premises or otherwise increase the Floor Area contained within, upon or about the demised premises without prior written approval of Lessor. Without limiting Lessor's discretion as to such approval, it is understood that Lessor may condition its approval upon payment by Lessee of all or portions of any costs of making changes in or additions to any parking or utility facility to better accommodate Lessee's increase in Floor Area, if such increase, either alone or together with any increases in Floor Area of the commercial office complex erected by Lessor or others from time to time, thereby obligating Lessor, pursuant to provisions of any applicable law or ordinance or any lease entered into by Lessor covering any portion of the commercial office complex or otherwise obligates Lessor to construct additional parking, Lessee shall, from time to time upon request by Lessor, pay Lessor a portion of the cost incurred or to be incurred by Lessor in constructing or causing to be constructed the additional parking Lessor is obligated to construct. Said portion to be paid by Lessee shall be a fraction of the cost, the numerator of which is said increase by Lessee in the Floor Area of the demised premises and the denominator of which is the Floor Area added to the commercial office complex by Lessee and all other persons, including without limitation Lessor, which on occasion the Lessor is obligated to construct said additional parking, a portion of the cost of which additional parking Lessee is requested by Lessor to pay. In the event Lessee is granted permission by Lessor to construct or add a floor or mezzanine, loft, or balcony within, upon, or about the demised premises, Lessor and Lessee shall execute a Lease Modification Agreement to reflect the amount of additional increased floor area and the new adjusted actual Floor Area thereof; said Agreement shall reflect the new Monthly Base Rent and the adjusted Operating Expenses as described in Section 2.2.

Article V

INSURANCE AND INDEMNITY

Section 5.1 INDEMNITY. Lessee will defend, indemnify and hold Lessor harmless from and against all claims, demands, and liability whatsoever for loss or damage to persons or property arising out of or in connection with the use or occupancy of the demised premises by Lessee or any other person claiming by, through, or under it, or any accident or fire on said premises, or any nuisance made or suffered on said premises, or any failure of Lessee to observe and perform its covenants herein contained, or from any act or negligence or omission to act of Lessee, its agents, contractors, servants, employees, sublessees, concessionaires or licensees in or about the demised premises or in connection with this Lease or any sublease or the use of the common areas in the commercial complex by Lessee or its employees or agents. In case any action or proceeding be brought against Lessor by reason of any such claim, even though such claim be based on alleged fault of Lessor, Lessee agrees to pay for all costs and expenses thereof including reasonable attorneys' fees and any judgments or settlement of claim secured against Lessor by reason of such action or proceedings.

Section 5.2 LIABILITY INSURANCE. Lessee will at its own expense effect and maintain during the whole of said term, a policy or policies of comprehensive public liability insurance in an insurance company or companies pursuant to Section 5.6 herein, approved by Lessor with respect to the demised premises and the use of the common areas in the commercial complex by Lessee and its employees and agents, with minimum limits of not less than $1,000,000 for bodily injury or death per occurrence and not less than $100,000 against claims for property damage, Lessee will increase said limits from time to time so that the same are not less than such limits as are being carried generally for similar properties and businesses in the City and County of Honolulu, State of Hawaii, and are not less than such limits as Lessor reasonably requests by notice to Lessee. Such insurance shall name the Lessor as an additional insured.

Section 5.3 INSURANCE. That Lessee will during said term keep all improvements now or hereafter erected on said premises insured against loss or damage by fire and any hazards, casualty, or contingency for which insurance is procurable which Lessee maybe able to insure with an insurance company or companies pursuant to Section 5.6 herein, in the name of the Lessee in an amount equal to the full replacement value of said improvements, and will pay all premiums thereon at the time and place the same are payable. Every policy shall be made payable in case of loss or damage to the parties as their interest may appear, and all compensation, indemnity or other monies paid on account of any loss or damage, other than rental value insurance, shall with all convenient speed be laid out in rebuilding, repairing or otherwise reinstating the same improvements in a good and substantial manner according to the plan and elevation of the improvements so destroyed or damaged, or according to such modified plan as shall be previously approved by the Lessor in writing. In the event such insurance proceeds are inadequate to accomplish the foregoing, the Lessee shall promptly pay for the difference. Should Lessee fail to pay for the difference, Lessor may, in addition to any other remedy it may have hereunder or under the law, cancel the Lease by giving Lessee written notice within thirty (30) days of the casualty and, upon receipt of said notice, Lessee shall assign all of its interest in said insurance proceeds to the Lessor and such proceeds shall be applied by the Lessor, at its sole option, to rebuilding or repairing of loss, destruction or damage, over the reduction of any indebtedness by Lessee to Lessor, or may be retained by Lessor toward payment for damages incurred to the leasehold.

Section 5.4 BUSINESS INTERRUPTION. Lessee, at its own cost and expense, shall obtain business interruption insurance on Lessee's operations in the demised premises or any part thereof from an insurance company or company pursuant to Section 5.6 herein and shall cause all of its sublessees, concessionaires, and licensees to also obtain such insurance on their respective operations in the demised premises or any part thereof. The business interruption insurance required to be obtained by Lessee shall insure that installments of minimum annual rent and percentage rent payable hereunder, together with the net amount thereon required to be paid under Article II of this Lease, shall be paid to Lessor for a period of not less than one (1) year following any damage, destruction or other casualty to any of the buildings, equipment or improvements situated upon the demised premises, or other event covered by such insurance, be required to be paid beyond the expiration date of this Lease or any extension thereof, and shall name the Lessor as an additional assured.

Section 5.5 PLATE GLASS INSURANCE. Lessee will procure, keep in force during the term and deposit with the Lessor, a policy or policies of plate glass insurance covering all plate glass in windows of the premises to the extent of their full insurable value and naming the Lessor as an additional assured.

Section 5.6 INSURANCE RATING AND CERTIFICATES OF INSURANCE. Lessee, at its own cost and expense, shall obtain the insurance coverages as pursuant to the provisions of this Article V, from an insurance company or companies qualified to do business in the State of Hawaii and having a general policy holder's rating of not less than "A" and a financial rating of "XV" or better, as rated in the most current available "Best's Insurance Reports", and shall deposit with Lessor current certificates of insurance together with every receipt for premiums or evidence thereof. All such certificates shall state that such insurance has been endorsed to provide that such insurance cannot be modified or terminated without at least thirty (30) days' prior written notice to Lessor and any mortgagee. If Lessee shall fail to provide any insurance required by this Article V, Lessor may, at its option, procure such insurance and pay the premiums therefor and Lessee shall be obligated to repay every such premium upon demand, plus interest thereon calculated from the date of such payment by Lessor at the rate provided in Section 9.6 of this Lease.

Section 5.7 ENCUMBRANCES. Lessee will not commit nor suffer any act of neglect whereby the demised premises or any interest therein shall become subject to any judgment, lien, charge or encumbrance whatsoever, other than such mortgage as may be permitted by Lessor, and will indemnify, defend and hold Lessor harmless from and against all loss, cost and expense with respect therein, including reasonable attorneys' fees.

Section 5.8 WAIVER OF SUBROGATION. All policies of insurance required to be maintained by Lessee shall provide that the liability of the insurer shall not be affected by, and that the insurer shall not claim any right of set off, counterclaim, apportionment, proration or contribution against Lessor or by reason of any other insurance obtained by Lessor or for any other tenant of Lessor, including Lessee.

SECTION 5.9 LIQUOR LIABILITY INSURANCE. Should the Lessee's use of the demised premises include any sale of liquor or dispensing of alcoholic beverages, Lessee shall, at its own cost and expense, obtain a Liquor Liability insurance policy or policies on Lessee's operations in the demised premises with an insurance company or companies pursuant to Section 5.6 herein, approved by Lessor with respect to the use of the demised premises its employees and agents, with minimum limits of not less than $1,000,000. Lessee shall increase said limits from time to time so that the same are not less than such limits being carried generally for similar properties and businesses in the City and County of Honolulu, State of Hawaii, and are not less than such limits as Lessor reasonably requests by notice to Lessee. Such insurance shall name the Lessor as an additional insured.

SECTION 5.10 LESSOR AS ADDITIONAL INSURED. All policies of insurance or bonds required to be maintained by Lessee under this Lease shall name Lessor as an additional insured and shall provide that such policies of insurance or bonds shall contain a

provision that they shall not be cancelled or materially altered without at least thirty (30) days' prior written notice to Lessor.

Article VI

CONDEMNATION

Section 6.1 EFFECT OF CONDEMNATION. In case at any time or times during said term the demised premises or the common areas or any part thereof shall be taken or condemned by any public authority having the power of eminent domain, then and in every such case the estate and interest of Lessee in every part of said premises and common areas taken or condemned shall at once cease and terminate, as of the day possession is taken by such public authority and all rentals shall be paid up to that date. All compensation and damage payable for or on account of said premises and common areas and the site thereof shall be payable to and be the sole property of Lessor, and Lessee shall have no interest in or claim to such compensation and damages or any part thereof whatsoever.

Section 6.2 PARTIAL TAKING. If only a part of the leased premises shall be taken under eminent domain, the Lease shall terminate as to the portion taken, and unless this Lease shall be terminated, as hereinafter provided, it shall continue in full force and effect as to the remainder of said premises and the Monthly Base Rent shall be reduced in the proportion the floor area taken bears to the total floor area demised, and Lessor at its own cost and expense, shall make all necessary repairs and alterations to the leased premises required by such taking; PROVIDED, HOWEVER, that the Lessor shall reserve the right to terminate this Lease at its option in any event, by written notice to the Lessee delivered on or before the date of surrendering possession to the public authority, effective as of such surrender of possession. All compensation and damages of any type whatsoever awarded for any taking, whole or partial, shall belong to and be the property of Lessor except as hereinafter provided.

Section 6.3 LESSEE'S DAMAGES. Lessee shall have the right to claim and recover from the condemning authority, but not from Lessor, such compensation as may be separately awarded or recoverable by Lessee in Lessee's own right on account of any and all damage to its business by reason of any condemnation and for or on account of any cost or loss to which Lessee might be put in removing Lessee's merchandise, furniture, fixtures and equipment from the demised premises, provided however, that Lessee may make such claim for compensation if and only if such claim does not affect or diminish the compensation payable to Lessor upon condemnation as provided for in this Article VI and such claim does not otherwise adversely affect Lessor.

Section 6.4 TEMPORARY TAKING. In the event of a condemnation of a leasehold interest in all or a portion of the demised premises without the condemnation of the fee simple title also, this Lease shall not terminate and such condemnation shall not excuse Lessee from full performance of all its covenants hereunder, but Lessee in such event shall be entitled to present or pursue against the condemning authority its claim for and to receive all compensation or damages sustained by it by reason of such condemnation, and Lessor's right to recover

compensation or damages shall be limited to compensation for and damages, if any, to its reversionary interest; it being understood, however, that during such time as Lessee shall be out of possession of the demised premises by reason of such condemnation, the Lease shall not be subject to forfeiture for failure to observe and perform those covenants not calling for the payment of money. In the event the condemning authority shall fail to keep the premises in the state of repair required hereunder, or to perform any other covenants not calling for the payment of money, Lessee shall have ninety (90) days after the restoration of possession to it within which to carry out its obligations under such covenant or covenants. At any time after such condemnation proceedings are commenced, Lessor shall have the right, at its option, to require Lessee to assign all compensation and damages payable by the condemner to Lessee to Lessor, to be held without liability for interest thereon as security for the full performance of Lessee's covenants hereunder, such compensation and damages received pursuant to said assignment to be applied first to the payment of rents, taxes, assessments, insurance premiums and all other sums from time to time payable by Lessee pursuant to the terms of this Lease as such sums fall due, and the remainder, if any, to be payable to Lessee, it being understood and agreed that such assignment shall not relieve Lessee of any of its obligations under this Lease with respect to such rents, taxes, assessments, insurance premiums and other sums except as the same shall be actually received by Lessor.

Article VII

DEFEASANCE

Section 7.1 RIGHT TO RE-ENTER. **In the event of the failure of Lessee to perform any of the obligations to pay money imposed on Lessee hereunder within TEN (10) days after written notice from the Lessor that said performance is overdue**, or if Lessee shall become bankrupt or insolvent, or file any debtor proceedings or take or have taken against Lessee in any court pursuant to any statute of the United States or of any State, a petition in bankruptcy or for reorganization or for the appointment of a receiver or trustee of all or a portion of Lessee's property, or if Lessee makes an assignment for the benefit of creditors, or if Lessee shall abandon said premises or suffer this Lease to be taken under any writ of execution, any such happening shall be considered a default by Lessee and Lessor at his option, besides other rights or remedies it may have, shall have the immediate right, with or without termination of this Lease, of re-entry and may remove all persons and property from the demised premises and such property may be removed and stored in a public warehouse or elsewhere at the cost of, and for the account of Lessee, all without service of notice or resort to legal process and without being deemed guilty of trespass, or becoming liable for any loss or damage which may be occasioned thereby.

It is agreed that since collection of any amounts past due will impose administrative costs on Lessor, in addition to any fees of collection agents or attorney's fees or other out of pocket costs, Lessee shall pay to Lessor a sum to reimburse Lessor for such administrative costs equal to $.05 for every dollar past due as set forth in each billing or other written demand rendered or made by Lessor, computed on the total amount of such billing or demand, but not to exceed one (1) such billing or demand per month. Said administrative costs shall be considered as additional

rental and shall be paid as part of the rent payable hereunder. Lessee shall pay to Lessor, on demand, interest at the rate described in Section 9.6 herein on the amount calculated from the due date of any delinquent rentals and other charges due hereunder.

Section 7.2 OTHER DEFAULT. It is mutually agreed that if the Lessee shall be in default in performing any of the terms or provisions of this Lease other than the provisions enumerated in Section 7.1, then, for each and every such default, Lessee shall pay to Lessor, upon demand and without any deduction or set off whatsoever, and without limiting, diminishing, or affecting in any manner any of the other rights or remedies Lessor may have, the sum of TWENTY-FIVE DOLLARS ($25.00) to reimburse Lessor for the administrative costs and expenses incurred in notifying Lessee of the discovery of such breach, and if the Lessor shall give the Lessee notice in writing of such default, and if the Lessee shall fail to cure such default within thirty (30) days after the date of receipt of such notice (hereinafter called the "grace period"), or if Lessee shall fail to use reasonable diligence in curing such default if the default is of such character as to require more than thirty (30) days to cure, then and in any such event, the Lessor may cure such default for the account of and at the cost and expense of the Lessee, and the sum so expended by the Lessor shall be deemed to be due and owing from Lessee to Lessor and on demand shall be paid by the Lessee on the day when rent shall next become due and payable; PROVIDED HOWEVER, that no such grace period shall apply to any subsequent default of the same general nature or character; PROVIDED FURTHER, that Lessor, besides other rights and remedies it may have, shall have the immediate right of re-entry and may remove all persons and property from the demised premises and such property may be removed and stored in a public warehouse or elsewhere at the cost of, and for the account of Lessee, all without service of notice or resort to legal process and without being deemed guilty of trespass, or becoming liable for any loss or damage which may be occasioned thereby.

Section 7.3 DISPOSAL OF PROPERTY. For each and every case where Lessor has removed and stored Lessee's property in accordance with one or more provisions of this Lease, in the event that Lessee fails to claim said property by taking actual possession of said property and paying immediately to Lessor any and all sums due as a result of Lessee's obligations under this Lease, including all costs incurred in the removal and storage of said property, within forty-five (45) days from the date of Lessor's removal of said property from demised premises, then said property shall become immediately and indefeasibly vested in the Lessor who shall be at liberty to dispose of such property as it sees fit and Lessee covenants with Lessor that in such event it shall make no claim against Lessor in respect of said property and will pay to Lessor all costs incurred by Lessor in the removal, storage, and disposal of said property. Lessor agrees that any and all proceeds from the disposition of said property shall first be applied to removal, storage, and disposal costs incurred by Lessor, then to any outstanding balance on Lessee's account owed to Lessor, and the balance, if any, shall be the sole property of Lessor.

Section 7.4 RIGHT TO RE-LET. Should Lessor elect to re-enter, as herein provided, or should it take possession pursuant to legal proceedings or pursuant to any notice provided for by law, it may either terminate this Lease, or it may from time to time without terminating this Lease, make such alterations and repairs as may be necessary in order to re-let the premises, and re-let said premises or a part thereof for such term or terms (which may be for a term extending beyond the term of this Lease) and at such rental or rentals and upon such other terms and

conditions as Lessor in its sole discretion may deem advisable; upon each such re-letting, all rentals received by the Lessor from such re-letting shall be applied first to the payment of any indebtedness other than rent hereunder from Lessee to Lessor; second, to the payment of any costs and expenses of such re-letting, including brokerage fees and attorneys' fees and costs of such alterations and repairs; third, to the payment of rent due and unpaid hereunder, and the residue, if any, shall be held by Lessor and applied to payment of future rent as the same shall become due and payable hereunder. If such rentals received from such re-letting during any month are less than that required to be paid during that month by Lessee hereunder, Lessee shall pay any such deficiency to Lessor before the end of such month. Termination may, but need not necessarily, be made effective by the giving of written notice to the Lessee of intention to end the term of this Lease, specifying a day not earlier than five (5) days thereafter, and upon the giving of such notice, the term of this Lease and all rights, title and interest of the Lessee hereunder shall expire as fully and completely on the day so specified as if that day were the date herein specifically fixed for the expiration of the term. No such re-entry or taking possession of said premises by Lessor shall be construed as an election on its part to terminate this Lease unless a written notice of such intention is given to Lessee or unless the termination thereof is decreed by a court of competent jurisdiction. Notwithstanding any such re-letting without termination, Lessor may at any time thereafter elect to terminate this Lease for such previous breach.

Section 7.5 DAMAGES ON TERMINATION. Should Lessor at any time terminate this Lease for any default, breach or failure of Lessee hereunder, then, in addition to any other rights or remedies available to Lessor hereunder or by law provided, Lessor may have and recover from Lessee, all damages Lessor may incur by reason of such default, breach or failure including, without limitation, damages for loss of percentage rentals determined in accordance with Section 7.5 hereof, all costs of recovering the premises including, without limitation, court costs and reasonable attorneys' fees for services in recovering possession, all costs and expenses of any re-letting including, without limitation, all costs of alterations and repairs, dividing and subdividing, of the premises in connection therewith, all brokerage commissions or other similar expenses of Lessor in connection with such re-letting, or, at the option of Lessor, Lessor may have and recover from Lessee the worth at the time of termination of this Lease, of the excess, if any, of the total Monthly Base Rental and percentage rental and other charges reserved in this Lease for the remainder of the term hereof, over the then reasonable rental value of the premises for the same period, all of which amounts, including attorneys' fees of Lessor, shall be immediately due and payable by Lessee to Lessor.

Section 7.6 NON WAIVER. Lessor's waiver of any breach by Lessee shall not operate to extinguish the term, covenant or condition being waived nor be deemed a waiver of Lessor's right to declare a forfeiture for a subsequent breach thereof. The subsequent acceptance of rent hereunder by Lessor shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant, or condition of this Lease, other than the failure of Lessee to pay the particular rental so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such rent. No covenant, term or condition of this Lease shall be deemed to have been waived by Lessor, unless such waiver is in writing and signed by Lessor.

Section 7.7 SEPARATE SUITS. Lessor shall have the privilege of splitting its cause of action for rent so as to permit institution of a separate suit or suits or proceedings for the Monthly

Base Rental hereunder reserved to Lessor, and a separate suit or suits or proceedings for the percentage rental and any other payment required hereunder, and neither the institution of such suit or proceedings nor the entering of judgment therein, shall bar Lessor from bringing a subsequent suit or proceedings for the Monthly Base Rental, or for the percentage rental, or for any other payments required hereunder.

Section 7.8 NO ACCORD AND SATISFACTION. No payment by Lessee or receipt by Lessor of a lesser amount than the monthly rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Lessor may accept such check or payment without prejudice to Lessor's right to recover the balance of such rent or pursue any other remedy in this Lease provided.

Section 7.9 WAIVER OF RIGHTS OF REDEMPTION. Lessee hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event of Lessee being evicted or dispossessed for any cause, or in the event of Lessor obtaining possession of the leased premises, by reason of the violation by Lessee of any of the covenants or conditions of this Lease, or otherwise.

Article VIII

ASSIGNMENT BY LESSOR

Section 8.1 ASSIGNMENT BY LESSOR PERMITTED. It is understood and agreed that Lessor may at any time, with or without notice to Lessee, sell, transfer, assign, mortgage or pledge all or any portion of the demised premises, or its interest as Lessor in this Lease.

Section 8.2 RELEASE OF LESSOR. In the event of any sale, transfer or assignment of Lessor's interest (except by way of mortgage or its interest as Lessor in this Lease), Lessor shall be released from all liability with respect to performance of any covenants or obligations on the part of the Lessor to be observed or performed under the Lease from and after the effective date of such sale, transfer or assignment, and shall not be liable for any act or omission of Lessor's assignee or any subsequent Lessor, nor be subject to any offset or defenses which Lessee may raise against Lessor's assignee or any subsequent landlord, provided that any funds in the hands of Lessor (including security deposits or prepaid rent) at the effective date of such sale, transfer or assignment shall be paid by Lessor to Lessor's assignee, and Lessor shall refund to Lessee or transfer to Lessor's assignee to be credited to the account of Lessee any discounts, prepaid rent or other amounts due and owing by Lessor to Lessee, it being intended that the covenants and obligations contained in this Lease on the part of the Lessor to be observed and performed shall be binding upon the Lessor only during the period during which it owns the demised premises and the Lessor's interest herein.

Section 8.3 ESTOPPEL CERTIFICATES. In the event that Lessor's mortgagee, or a prospective purchaser of Lessor's mortgage or of Lessor's interest in the demised premises or this Lease shall desire a statement from Lessee as to claims against Lessor on account of prepaid rent

or otherwise, Lessee agrees to deliver (in recordable form, if requested) to the party demanding the same, certifying (if such be the case) that this Lease is in full force and effect and unmodified (or stating the modifications), the dates to which rents, taxes, and other charges have been paid, and that there are no defenses or offsets thereto, or stating those defenses or offsets claimed by Lessee.

Section 8.4 ATTORNMENT. Lessee covenants and agrees, in the event the Lessor sells, transfers, or assigns all or any portion of the demised premises or its interest as Lessor in this Lease, or in the event any proceedings are brought for the foreclosure of any mortgage heretofore or hereafter made by the Lessor covering the demised premises (and which mortgage may also cover other premises) and the demised premises are sold in the foreclosure proceedings that Lessee will attorn to the purchaser upon any foreclosure or sale, be liable to pay the rent, taxes and other charges stated herein to such purchaser, and recognize such purchaser as the Lessor under this Lease, and that upon any foreclosure or sale, this Lease shall continue in effect as a Lease between the purchaser and the Lessee, it being nevertheless understood that such purchaser shall not be liable for any act or omission of a prior Lessor nor be subject to any offsets or defenses which Lessee may have against any prior Lessor. The Lessee, upon written request of any party in interest, shall execute such instrument or instruments as shall be requested to carry out the requirements of the paragraph.

Section 8.5 SUBORDINATION OF LEASE TO MORTGAGE. This Lease and all of the rights of Lessee hereunder shall be subordinated to any mortgage which is now or may hereafter be placed upon the demised premises or any property of which the demised premises are a part as security for any indebtedness of Lessor. Lessee covenants and agrees to execute any additional instrument in writing confirming this subordination and all of the rights of Lessee hereunder to any such mortgage as Lessor or its Mortgagee may require; provided, however, that Lessor, in respect of any mortgage which has or shall have priority over this Lease, agrees that the same shall be coupled with a non-disturbance agreement in favor of Lessee to the effect that notwithstanding any foreclosure of such mortgage or sale in lieu of or in foreclosure, Lessee's rights under this Lease, in accordance with the terms hereof, shall not be disturbed if it shall promptly attorn to said mortgagee or purchaser at foreclosure sale or at sale in lieu of foreclosure.

Section 8.6 NOTICE TO LESSOR'S MORTGAGEE. If the premises or any part thereof are at any time subject to a mortgage and Lessor's interest in this Lease or the rentals are assigned to such mortgagee, and Lessee is given written notice thereof, including the post office address of such Mortgagee, then Lessee shall not terminate this Lease for any default on the part of Lessor without first giving written notice to such Mortgagee, specifying the default in reasonable detail, and affording such mortgagee a reasonable opportunity to make performance for and on behalf of Lessor.

Article IX

GENERAL COVENANTS

Section 9.1 DAMAGE TO LESSEE'S PROPERTY. That the Lessee will and does hereby assume all risk of loss or damage to furniture, fixtures, supplies, merchandise, leasehold improvements, and other property, by whomsoever owned, stored or placed in the demised premises and does hereby agree that the Lessor will not be responsible for loss or damage to any such property occasioned by electricity, plumbing, gas, water, sprinkler or other pipes and sewage system or by the bursting, leaking, overflowing or running of any tank, washstand, closet or waste or other pipes in or about said premises or the building and commercial complex of which they are a part, nor for any damage occasioned by water coming into the demised premises from any sources whatsoever or for any damage arising from any acts or request of co-lessees or other occupants of the commercial complex or of adjacent property or the public, and the Lessee hereby agrees to indemnify and save harmless the Lessor from and against any and all claims for such loss or damage, other than damage caused by the willful act or gross neglect of the Lessor.

Section 9.2 [RESERVED]

Section 9.3 RIGHT TO CHANGE. Lessor reserves the right at any time to change, modify, remove, relocate or add to the building, driveways, entrances and exits, automobile parking areas, mall, service areas and other circulation areas as shown on said site plan, to rearrange parking spaces, and to add additional parking and to remove parking areas and spaces, as long as the minimum number of parking spaces as required by any governmental agency is maintained.

Section 9.4 WAIVER OF JURY TRIAL AND COUNTERCLAIMS. The parties hereto shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Lessor and Lessee, Lessee's use or occupancy of the Lease premises, and/or any claim of injury or damage. In the event Lessor commences any proceedings for nonpayment of rent, Monthly Base Rent, percentage rent, or additional rent, Lessee will not interpose any counterclaim of whatever nature or description in any such proceedings. This shall not, however, be construed as a waiver of the Lessee's right to assert such claims in any separate action or actions brought by the Lessee.

Section 9.5 LESSOR'S COSTS AND EXPENSES. In case of any breach by Lessee of its covenants herein contained, Lessor may at any time without notice, cure such breach for the account and at the expense of Lessee. Lessee will pay to Lessor within ten (10) days after the date of Lessor making personal delivery of statements therefor, (a) all costs and expenses, including reasonable attorneys' fees incurred or paid by Lessor, but required to be paid by Lessee under any covenant herein contained or paid or incurred by Lessor in enforcing any of the covenants and conditions of this Lease, in protecting itself against any breach thereof, in remedying any breach thereof, incurring any breach by Lessee of its covenants herein contained, in recovering possession of the demised premises or any part thereof, or in collecting any

delinquent rent or other charges payable hereunder by Lessee, or in connection with any litigation (other than condemnation proceedings) commenced by or against Lessee to which Lessor shall without fault be made party, and (b) a reasonable fee for reviewing and processing any request by Lessee for Lessor's consent or approval, which fee shall be a flat-rate service charge as established by the policy of Lessor, including without limitation reasonable fees of attorneys and other consultants retained by Lessor and the costs of Lessor's regular salaried staff in connection therewith, whichever is greater. All such costs, expenses and fees shall constitute additional rent and shall bear interest as provided in Section 9.6 hereof.

Section 9.6 INTEREST. Lessee shall also pay Lessor interest on all sums past due from Lessee payable under this Lease or expended or advanced by Lessor on Lessee's account from the due date or date of demand, as the case may be, to and including the date of payment, at the rate of eighteen percent (18%) per annum; provided, however, that in no event shall the interest rate charged by Lessor exceed the maximum rate per annum allowed by applicable law for said period.

Section 9.7 HOLDING OVER. If the Lessee remains in possession of the herein leased premises after the expiration of the Lease and without the execution of a new Lease, the Lessee shall be deemed to be occupying said premises as a Lessee from month to month, subject to all of the conditions, provisions and obligations of this Lease insofar as the same are applicable to a month to month tenancy except for rent, which shall be two hundred percent (200%) of the rent payable immediately prior to such expiration. Such tenancy from month to month may at any time be terminated, subject to all other terms and conditions hereof, by either the Lessor or the Lessee giving to the other thirty (30) days written notice of such intention to terminate the same.

Section 9.8 SURRENDER OF PREMISES. The Lessee shall, at least three (3) months before the end of said term, give to Lessor written notice of intention to surrender the premises on that date; if such notice is not given, the Lessee shall be liable for the rent for one (1) additional month as liquidated damages for failure to give such notice and not as a penalty.

At the termination of this Lease, by lapse of time or otherwise, Lessee will peaceably deliver up to Lessor, possession of the demised premises together with all improvements, additions, fixtures and alterations thereon, by whomsoever made or installed, and shall keep thereto, in the same condition of cleanliness, repair, sightliness, order and condition as the demised premises were in upon the commencement of business under the lease, reasonable wear and tear excepted, in accordance with Lessee's covenants herein contained to maintain and repair said premises. Upon written notice at least thirty (30) days prior to the end of the lease term, Lessor, in its sole discretion, may require that Lessee remove, at its sole cost and expenses, any part or all of its fixtures or improvements on, in, or about the demised premises at the time that Lessee surrenders the demised premises, and that Lessee shall repair all damage to the demised premises caused by or resulting from such removal and shall leave the demised premises in a clean and orderly condition. Lessee shall surrender all keys for the demised premises to Lessor at the place then fixed for the payment of rent and shall inform Lessor of all combinations on locks, safes and vaults, if any, in the demised premises. On such day all alterations, additions, improvements, all hard surface bonded or adhesively affixed flooring, and all fixtures on the demised premises other than Lessee's trade fixtures, operating equipment and carpeting, shall, at

Lessor's option, become the property of Lessor and shall remain upon and be surrendered with the demised premises as a part thereof, without disturbance, molestation or injury, and without credit to Lessee, its sublessees, concessionaires or licensees.

The Lessee will allow the Lessor during the last month of the term hereof to affix and to keep on said demised premises "To Let" or "For Lease" sign or signs or notice and will allow the Lessor to show the premises during business hours to prospective tenants.

Section 9.9 REMOVAL OF TRADE FIXTURES. Lessee may at any time during said term, if not then in default hereunder, and will, prior to the termination of this Lease, if so requested by Lessor, remove any trade fixtures and personal property installed by Lessee in or about the demised premises if such removal would not injure any structural portion of said premises. Lessee will at its own expense, repair promptly to Lessor's satisfaction, all damages caused by such removal and shall reimburse the Lessor for any loss of rent occasioned by such repair. If the Lessee fails to remove such property or any part thereof before the expiration of the Lease term or any earlier termination thereof, the property shall become immediately and indefeasibly vested in the Lessor absolutely who shall be at liberty to dispose of such property as it sees fit and the Lessee covenants with the Lessor that in such event it shall make no claim against the Lessor in respect of the said property and will pay to the Lessor the costs incurred by the Lessor together with a markup of ten percent (10%) on said cost to cover Lessor's overhead in the removal of the property and will continue paying the monthly rental in advance as paid during the term of the Lease until such time as the premises are restored to a condition in which they can be re-leased as well as any claims made by any succeeding lessee found on such delay. In such event, the Lessor will ask appropriate tradesmen for three (3) quotes for the removal of the fixtures and fittings and alterations and will accept the middle quote, or alternatively, whichever is the fastest so as not to prolong rental charges which will be on a monthly basis as hereinbefore provided, and it is clearly understood that the calling of the quotes and the arrangements for the removal of the fixtures, fittings and alterations will be entirely at the Lessor's discretion without the necessity to consult or notify the Lessee who in each case will indemnify and keep indemnified the Lessor against any claim, demands, actions or things made against the Lessor in respect thereof, PROVIDED HOWEVER, that in any instance, the Lessee shall make good any damage caused to the premises in the removal of the said property whether by the Lessee or by the Lessor or by contractors appointed by the Lessor on the Lessee's behalf arising from a breach by the Lessee of its covenants and undertakings herein contained. Lessee's obligation to observe or perform this covenant shall survive the expiration or other termination of the term of this Lease.

Section 9.10 NOTICES. Any notice or demand required or desired to be given to or served upon either Lessor or Lessee in connection with this Lease shall be deemed to have been sufficiently given or served for purposes by being sent as certified or registered mail, with return receipt postage prepaid, addressed to such party at its post office address as such party may from time to time designate in writing to the other party, or by being delivered personally to Lessee or any of its officers or Lessor, as the case may be, and any such notice or demand shall be deemed conclusively to have been given or served on the date of such registration or personal delivery.

Section 9.11 NO PARTNERSHIP INTENDED. It is expressly understood that Lessor does not, in any way or for any purpose, become a partner of Lessee in the conduct of its business, or otherwise, or joint adventurer or a member of a joint enterprise with Lessee.

Section 9.12 FORCE MAJEURE CLAUSE. In the event that either party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war or other reason of a like nature not the fault of the party delayed in performing work or doing acts required under the terms of this Lease, then performance of such act shall be excused for the period of the delay and the period for the performance of such act shall be extended for a period equivalent to the period of such delay. It is understood, however, that this provision shall not operate to excuse Lessee from the prompt payment of rental or any other payments required by the terms of this Lease.

Section 9.13 NO BROKER'S COMMISSION. Each of the parties represents and warrants that there are no claims for brokerage commissions or finder's fees in connection with the execution of this Lease unless expressly provided for in this Lease (by Item 9.13), and each of the parties agrees to indemnify the other against, and hold it harmless from, all liabilities arising from any such claim (including, without limitation, the cost of counsel fees in connection therewith).

Section 9.14 SUCCESSORS AND ASSIGNS. The term "Lessor" herein shall include the Lessor, its successors, successors in trust and assigns, and the term "Lessee" herein or any pronoun used in place thereof shall indicate and include the masculine or feminine, the singular or plural number and jointly and severally the individuals, firms, associations, partnerships, or corporations herein named as Lessee, and their and each of their respective successors, sucessors in trust, executors, administrators, and permitted assigns, according to the context hereof. PROVIDED HOWEVER, that neither this Lease nor any interest therein, nor any estate hereby created, shall pass without the prior written consent of the Lessor to any trustee or receiver in bankruptcy or to any other receiver or assign for the benefit of creditors or otherwise by operation of law.

Section 9.15 HEADINGS. The article and paragraph headings herein are inserted only for convenience and reference and shall in no way define, describe or limit the scope of intent of any provisions of this Lease.

Section 9.16 MISCELLANEOUS MATTERS. The necessary grammatical changes required to make the provisions of this Lease apply in the plural sense where there is more than one Lessee and to either corporations, associations, partnerships, or individuals, males or females, shall in all instances be assumed as though in each case carefully expressed. If any term, covenant or condition of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law. This Lease contains the entire agreement between the parties, and any executory agreement hereafter made

shall be ineffective to change, modify, discharge or effect an abandonment of it in whole or in part unless such executory agreement is in writing and signed by the party against whom enforcement of the change, modification, discharge or abandonment is sought. The laws of the State of Hawaii shall govern the validity, performance and enforcement of this Lease. The submission of this Lease for examination does not constitute a reservation of or option for the leased premises and this Lease becomes effective as a lease only upon execution and delivery thereof by Lessor and Lessee. The captions of the several articles contained herein are for convenience only and do not define, limit, describe or construe the contents of such articles. The covenants and conditions herein contained shall, subject to the provisions as to assignment, apply to and bind and inure to the benefit of the respective heirs, successors, executors, administrators and assigns of the parties hereto; and in any case where there shall be more than one Lessee, each Lessee shall be jointly and severally liable hereunder.

Section 9.17 NO LIABILITY FOR LESSOR'S REVIEW OR INSPECTION. Except as expressly provided in this Lease, neither the right of Lessor to approve, consent to, agree to, review or inspect any portion of the demised premises or any item or document pursuant to this Lease, nor the actual approval, consent, agreement, review or inspection by Lessor of any portion of the demised premises or any item or document (whether or not pursuant to request by Lessee, to the right of lessor or otherwise), shall give rise to or result in any duty on the part of Lessor to so approve, consent, agree, review or inspect or to so approve, consent, agree, review or inspect in accordance with any standard whatsoever.

Section 9.18 EXPENSES OF LESSOR. Lessee will pay to Lessor on demand all costs and expenses, including reasonable attorneys' fees, incurred by Lessor in enforcing any covenants or conditions contained in this Lease, in remedying any breach by Lessee, in collecting any delinquent rent, taxes or other charges hereunder payable by Lessee, in recovering possession or in connection with any litigation (other than condemnation proceedings) commenced by or against Lessee to which Lessor shall without fault on their part be made a party.

Section 9.19 LESSOR'S AGREEMENT, CONSENT OR APPROVAL. Except as expressly agreed herein by Lessor, in any case in which Lessor's agreement, consent or approval is required, necessary or provided for hereunder, such agreement, consent or approval shall be given solely in the discretion of Lessor and may be withheld with or without reason or for any reason whatsoever.

Section 9.20 COUNTERPARTS. The parties hereto agree that this instrument may be executed in counterparts, each of which shall be deemed an original, and said counterparts shall together constitute one and the same agreement, binding on all of the parties hereto, notwithstanding that all of the parties are not signatory to the same counterparts.

Section 9.21 OTHER MISCELLANEOUS CONDITIONS. See other conditions as specified in Item 15.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, Lessor and Lessee have executed these presents as of the day and year first above written.

SANPEI HAWAII CO., LTD.

By: _____
Its:

"Lessor"

[Signature page continues]

PONO ORGANICS INVESTORS LLC

By Organics Management LLC
Its Manager

By:_____
William C. Jarvis, Manager

"Lessee"

[Notary page follows]

STATE OF HAWAII)
) SS:
CITY AND COUNTY OF HONOLULU)

On this 22nd day of January, 2016, before me personally appeared William C. Jarvis, personally known to me (or proved to me on the basis of satisfactory evidence), who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

JULI R. PRICE STATE OF HAWAII NOTARY PUBLIC Commission Number 14-320

Notary Public, State of Hawaii
Name: Juli R. Price
My commission expires: 9/14/2018

NOTARY CERTIFICATION STATEMENT

Document Identification or Description: LEASE
☑ Doc. Date January 22, 2016 or
☐ Undated at time of notarization
No. of Pages: 35 Jurisdiction: First Circuit
(in which notarial act is performed)

Signature of Notary

Juli R. Price
Print Name of Notary

JULI R. PRICE STATE OF HAWAII NOTARY PUBLIC Commission Number 14-320

PONO wellness

CRITERION 5

-Addendum 6-

Store Safety and Crisis Management Plan

Store Safety and Crisis Management

Store Safety

Basics – Be Aware of Surroundings

- Do you have people sitting/sleeping in their car outside of retail?
- Are patients smoking or have car loads of people smoking outside?

PONO wellness

Individual Behaviors

- Are patients reselling product from their car after leaving store?
- Are people harassing customers to purchase cannabis for them from outside or in the parking lot?
- Are minors hanging around the building that are not of age to be using the products sold at the store?

PONO wellness

Individual Behaviors

- Does it seem like someone is scoping out your store front?
- Do they have a reason for loitering by the store?

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wellness

Store Ingress and Egress

- Make sure that secure doors are always properly closed and are locking correctly
- Never leave an outside door open for an extended period of time
- Never leave a key in any door
- When opening doors for a customer, double check and evaluate the person you are letting into the store

PONO wellness

Security Equipment

Cameras and Associated Fixtures

- Double check all cameras are working correctly throughout the day especially during shift changes and opening and closing times
- Make sure that all cameras have not been tampered with or have been bumped and moved
- Double check for no blackout spots or areas were someone can hide from the cameras

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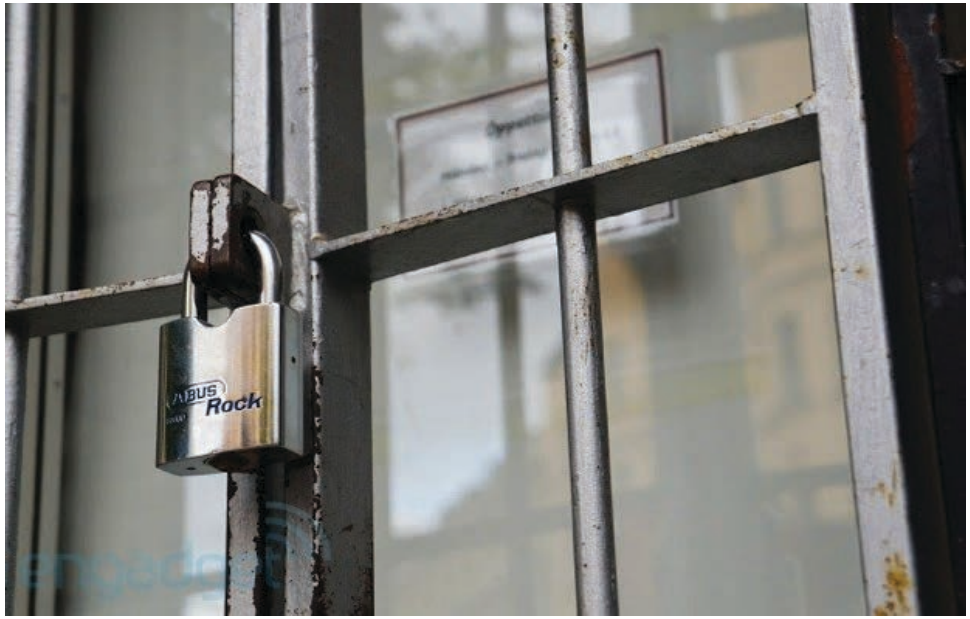
Access Points

- Make sure all blinds or drapes that cover windows remain down and closed to obstruct outside viewing
- No one should be able to look into the shop from the outside. This could be a security issue down the road

PONO wellness

Access Points

- Windows need to be closed and locked all the time to prevent someone from entering through



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Crisis Management

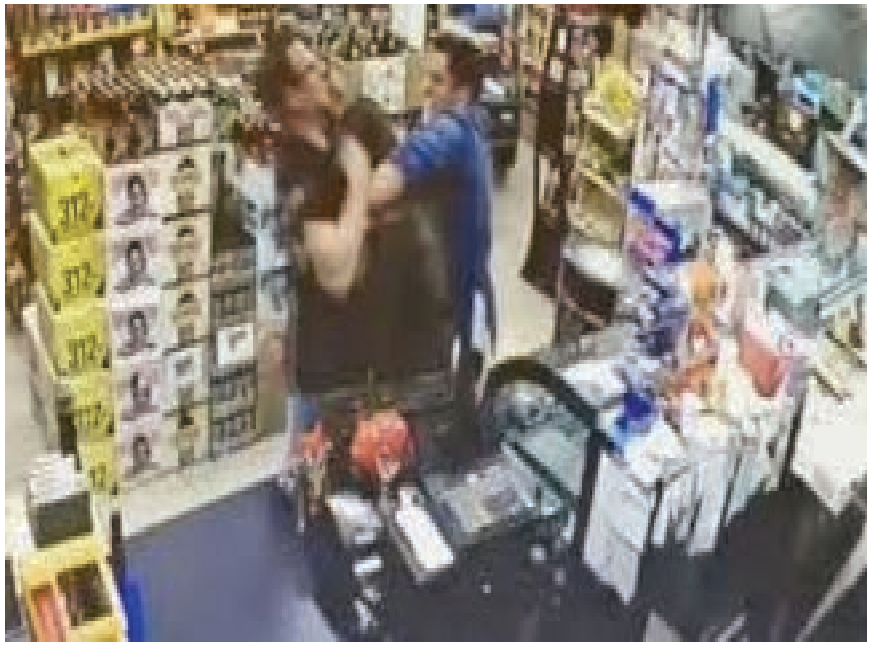
Robbery

- Nothing in your medical cannabis center is worth the risk of your injury or life
- Obey the demands of any robber and calmly hand over what they are asking for
- Move slowly to ensure your safety and the safety of those around you

PONO wellness

Personal Safety

- Do not attempt to apprehend the intruder
- If possible push a panic button but not at the risk of you or any other people



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Personal Safety

- Pay very close attention to the robber. Take mental notes on eye color, tattoos, and clothing. If able to see the intruders face do your best to memorize it the best you can

- Stay calm and breath steady and slow

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Emergency Situations

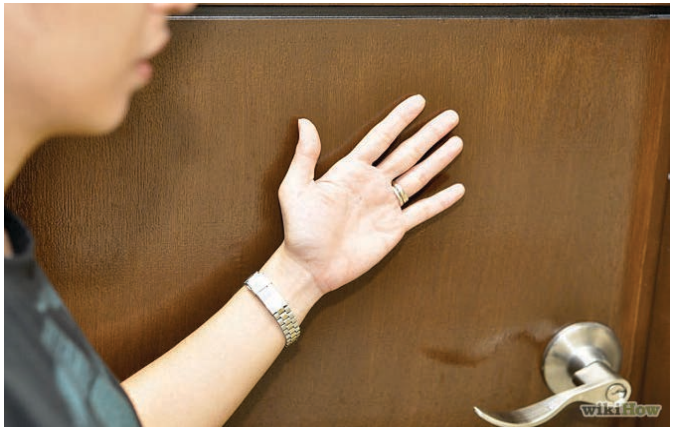
Fire

- For a fire you need to know your nearest fire exits and locations of fire extinguishers at all times
- If smoke is noticed stay low and leave the building as quick as possible with everyone

PONO wellness

Fire Safety

- Never open a door without checking the door's temperature first
- If door is not hot lightly touch door handle to check the temperature
- If door hand is not hot slowly open door and check for smoke



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Fire Safety

- If no smoke is present in the room stay low and move quickly through to the nearest fire exit
- Fire drills should be practiced every quarter by all employees to ensure the safety of everyone

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Conflict Resolution

- Violence in the workplace is an issue that most small businesses will not have to deal with
- However, violence is a increasing problem for the workplace
- More then likely it will be customer against customer
- Defuse the situation as quick as possible and keep the individuals involved separated

PONO wellness

Thank You

PONO
wellness

PONO wellness

CRITERION 5

-Addendum 7-

- **Sample Dispensary Logs & Protocols**

PONO wellness

Pono Wellness

1467 South King Street, Honolulu

Visitor Sign-In

Name	Company	Reason for Visit	Date	Time In	Time Out

Pacific Guardian Center
733 Bishop Street, Suite 1200
Honolulu, HI 96813

808.723.2054 (phone)
808.723.2106 (fax)
info@ponowellness.com

PONO wellness

ID Seizure Documentation

It is every employee's responsibility to ensure all age limit requirements are met and upheld in the retail store setting. Whether it is an existing member or new patient, all processes and procedures of identification verification must be performed. Any instance of an individual's identification credentials being questioned, refused, or confiscated should immediately be reported to management.

I.D. Seizure Information This I.D. was seized in accordance with Hawaii Department of Health Rules Date_____Time_____ Location_____ Seized By_____ Reason [Fraudulent] [Altered] [In Possession of Other]	I.D. Seizure Information This I.D. was seized in accordance with Hawaii Department of Health Rules Date_____Time_____ Location_____ Seized By_____ Reason [Fraudulent] [Altered] [In Possession of Other]	I.D. Seizure Information This I.D. was seized in accordance with Hawaii Department of Health Rules Date_____Time_____ Location_____ Seized By_____ Reason [Fraudulent] [Altered] [In Possession of Other]
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Pacific Guardian Center
733 Bishop Street, Suite 1200
Honolulu, HI 96813

808.723.2054 (phone)
808.723.2106 (fax)
info@ponowellness.com

PONO wellness

CRITERION 7 – Ability to comply with the requirements for inventory tracking, security, and sales limits for qualifying patients.

OVERVIEW – At Pono Wellness we are committed to ensuring that we (1) accurately track our inventory, (2) allow the Department real-time, 24-hour access to our inventory tracking system, (3) provide a safe and secure chain of custody for our product with clear safeguards and protections against product diversions, (4) comply with product sales limits, and (5) have a clear protocol for dealing with any breach or failure of our inventory tracking or security system, including suspending operations and notifying the Department. We will accomplish these objectives by:

- Utilizing a highly sophisticated software system developed by BioTrackTHC that will not only track our inventory, but also track our product from seed propagation, or micro propagation, to sale or destruction. The system will interface with the Department's computer software tracking system, also from BioTrack, so as to track and confirm all Patient and Caregiver purchases in the State of Hawaii. Our system will automatically impose a real-time stopper to prevent a Patient or Caregiver from purchasing more marijuana product than permitted by law; and
- Thoroughly educating our team members in the requirements of HRS Chapters 329, 329D, and HAR Chapter 11-850, and training our personnel in best industry practices for safe and secure storage and movement of marijuana products.

INVENTORY TRACKING – [redacted]

- The total amount of marijuana in the possession of all Pono facilities, from either seed or immature plant, including all plants that are derived from cuttings or cloning, until the marijuana, marijuana plants, or manufactured marijuana is sold or destroyed;
- The total amount of manufactured marijuana product inventory, including the equivalent physical weight of marijuana that is used to manufacture marijuana products, purchased by Patients or their Caregiver from all retail dispensing locations in the State in any fifteen or thirty-day period;
- The amount of waste produced by each plant at harvest;
- The yield and waste produced during extraction and processing;
- Updated water weight loss during the post harvest processing; and
- The transport of marijuana and manufactured marijuana products between Production Centers and Retail Dispensary locations, including tracking identification issued by the tracking system, the identity of the persons transporting the marijuana or marijuana

products, and the make, model, and license number of the vehicle being used for the transport;

INTERFACE WITH THE DEPARTMENT – Pono also selected the BioTrack inventory tracking software system because the Department selected BioTrack as its computer software vendor for the medical marijuana dispensary program. As Pono and the Department will both be utilizing BioTrack systems, they should interface seamlessly. Pono's Production Centers and Retail Dispensaries will have high-capacity T-1 internet connectivity, where available, and in all events the fastest available internet connections. We also plan to have multiple T-1 lines for redundancy, where available. Pono's computer software system will be connected to the Department's system and programmed so the Department will be able to access, in real-time, product purchase data for Pono Patients and Caregivers. We will utilize BioTrack preferred vendors for all organizational hardware needs (scales, scanners, terminals, and printers) to ensure maximum accuracy and compatibility with the Department's database. Further, all RFID tags printed by the BioTrack system will be tamper-evident, indelible, and weather-resistant.

CHAIN OF CUSTODY – [redacted]

SALES LIMITS – All Pono management, and all Retail Dispensary employees, will be educated and trained in the legal limitations for quantities of marijuana that may be sold to our Patients and Caregivers. The BioTrack system allows us to program in the four ounces per 15 day and eight ounces per 30 day limitations. Since every retail dispensary in the State, including Pono's system, will communicate with the Department's tracking system, we will be able to determine in real-time whether a Patient or Caregiver has exceeded the purchase limits, or how much quantity of marijuana is available for purchase by that particular Patient or Caregiver before they reach the legal limit. Our system will automatically impose a real-time stopper that will not allow a Patient or Caregiver to purchase more marijuana product than is permitted by law, and this stopper system cannot be manually overridden.

SYSTEM FAILURES – Every system, no matter how well designed, is subject to possible failure or breach. In the event of a breach or failure of our inventory tracking system, Pono will, and all Pono employees will be instructed to, suspend all operations dependent on the tracking system until the tracking system is fully operational.

COMPLIANCE CONFIDENCE – Pono's ownership group, advisory board, and pre-application operational hires have spent their entire professional careers in industries regulated by government agencies and independent accrediting entities. Accountability is ingrained throughout Pono's organization. We will continue to grow our Pono family post-licensure, with a top priority the hiring of an Inventory Manager, specifically overseeing all aspects of inventory tracking, ensuring that the system, product, and people are always congruent. Further, this position is already fortified with educational roadmaps and calculated standard operating procedures written to ensure success (job description, initial training, SOPs attached as addendum 2). This position's responsibilities and protocols have been modeled after FDA standard operating procedures regarding contemporary pharmacy relinquishing and receiving practices in order to ensure our monitoring strategies and plan of action are effective and consistent. As inventory undergoes changes throughout its life cycle, the ability to find, locate or recall a product, at any given time is crucial in maintaining safety and proper inventory control.

SHIFT'S EXPERIENCE – In addition to the reasons above, Pono is confident in its partner and their principals and will utilize their expertise whenever appropriate. Over a five year period they successfully navigated seed to sale tracking, security, and purchasing thresholds, (as well as employee recruiting, product testing, governmental reporting, building and police codes, etc.), in multiple jurisdictions with varying regulatory frameworks. The approach is simple and effective:

- Confer with source of regulation and the agency tasked with enforcing the regulation;
- Invite both parties to assist in training and explanation with their staff (or client's staff);
- Build an internal training program (documentation) based upon the above; and
- Present the curriculum until it becomes a culture of compliance.

PONO wellness

ADDENDA TO CRITERION 7

[FOLLOW THIS PAGE]

CRITERION 8 – Confidentiality of patient medical condition, health status, and purchases.

OVERVIEW – Pono Wellness' business is founded on the principle of combining traditional healthcare practices with safe and secure access to medical marijuana. Our clinical approach to dispensing medical marijuana and manufactured marijuana products exemplifies the experience and knowledge our employees, executive management, and Advisory Board Members have acquired through decades of clinical patient interaction and licensed medical practice. Although not bound by it, we have modeled our privacy policies on the rules set forth in the Health Insurance Portability and Accountability Act of 1996 (HIPAA) to ensure patient confidentiality, which compliments our traditional pharmacological approach to securing a qualifying patient's medical condition, health status, and product purchases.

CONFIDENTIALITY GUIDELINES – Pono takes our responsibility to maintain qualifying patients' health information confidentiality very seriously. Earning our patients' trust and confidence is critical to a successful healthcare provider-patient relationship. In order to accurately and effectively treat a medical condition, uncensored background information and medicinal feedback is integral to achieving positive and effective patient outcomes. As such, Pono has drafted a patient privacy and security policy that limits employee access to those employees for whom access to such information is necessary to meet patient needs. This policy will limit employee access to the minimum amount of patient information necessary to accomplish that specific employee's task. Pono will provide proper training and uphold employees to the strict confidentiality standards consistent with HIPAA. Specifically, Pono's employees will complete and pass a HIPAA training course for business associates provided by HIPAA Exams, Inc. (an online provider of continuing education for healthcare professionals, accredited by the American Nurses Credentialing Centers Commission on Accreditation, with clients ranging from the U.S.

Army and U.S. Air Force to higher education institutions such as Florida State University). Additionally, organizational HIPAA training will address (1) proper access to, and use of, electronic and hard-copy health records, (2) physical equipment use including cell phones, portable tablets, laptop computers, and other mobile devices, (3) personnel patient privacy policies, and (4) legal obligations.

HIPAA privacy and security protections are also built into our physical dispensing location and practices. Pono's first Retail Dispensary has specifically been designed to shield patients from public view and has incorporated private patient counseling areas following the community pharmacy model (as outlined by the Omnibus Budget Reconciliation Act of 1990). Records storage will use a model influenced by Pono CEO Bill Jarvis' previous experience in the telecommunications industry with Mobi PCS, which included responsibility for protecting tens of thousands of customers' personal data and proprietary network information. All patient records will be password protected and available on a need-to-know basis.

BIOTRACK PROTECTIONS – BioTrackTHC, Pono's chosen inventory tracking system, is another key to Pono's patient confidentiality program. To date, BioTrack stands alone as the only company to successfully deliver medical marijuana technology solutions to government agencies and the private sector. BioTrack features detailed patient profiles, transaction records to include date, time, product description and amount, and comprehensive data reporting delivered in a user-friendly interface. BioTrack's access control functions and permission settings enable Pono to identify what patient information is displayed to specific employees, thus allowing our staff to serve the patient responsibly while keeping information confidential. The Department's selection of BioTrack alleviated any concerns regarding technological incompatibility or Application Program Interface (API) issues between our software and that of the Department. Pono chose

BioTrack in order to ensure secure, confidential, transparent, and accurate communication of pertinent patient information with regulators, while also holding our employees accountable for compliant and secure patient transactions. To achieve these results, Pono will facilitate and provide comprehensive BioTrack training and instruction in traditional healthcare medical math techniques to ensure proficiency in computing percentages, decimals, fractions, metric/household measurement ratios, and percent solution computation.

HIRE THE MOST QUALIFIED STAFF – Another key to Pono's patient confidentiality program is our ability to hire individuals who are passionate about medical marijuana as medicine, possess a pharmacy technician or medical assistant background, and display the appropriate moral compass and compassion necessary to assist and educate patients. These individuals will also have a strong understanding of, and a professional and ethical commitment to, patient privacy.

ADVISORY BOARD MEMBERS – Pono's advisors are in the top of their respective practices in Hawaii and across the country. Our distinguished panel of medical practitioners and healthcare educators are award-winning professionals, published authors of both industry articles and authoritative books, logistical personnel administrators, and patient care advocates. Specifically:

- Christine Williams, JD, MBA, MHA – *Author of FERPA, GLBA, & HIPAA: The Alphabet Soup of Privacy* and a professor of Internet Law, Bioethics, and Healthcare Law at The College of William & Mary Law School;
- Charis Mastuwaki – BSN, RN, CPhT – Registered Nurse and former Director of Training at Hawaii Medical College; and
- Joseph Husslein – Former CEO of TakeCare, a private consumer health organization delivering medical solutions for over 40 years to over 30,000 patients in Guam and Saipan.

PONO wellness

ADDENDA TO CRITERION 8

[FOLLOW THIS PAGE]

PONO wellness

CRITERION 9 – Ability to comply with requirements for certified laboratory testing.

OVERVIEW – Pono Wellness' mission to provide the safest, highest quality medical marijuana in Hawaii, grown with environmentally friendly methods and conscientiously matched with individual patient needs, begins with product testing. Pono will *only* work with testing labs that meet or exceed the Department's requirements as outlined in H.A.R. Sections 11-850-81 through 85, H.R.S. Sections 329D-7 and 329D-8. Moreover, Pono will go above and beyond the required testing and implement its own, in-house, early microbiological testing protocols to verify cleanliness and quality prior to submitting product to the lab.

PONO'S PRE-TESTING PROTOCOLS – Pono will develop and implement an early, well-known microbiological testing protocol (Petri film technology) to be performed by Pono quality control officers at the Production Center. Testing will be done at specific times of the cultivation process. This early data will be used to verify cleanliness as a quality check prior to product being submitted to the laboratory and provide important information about the cleanliness of the cultivation process. The bacterial test would be a simple APC (aerobic plate count) used to survey the overall cleanliness of a substance or product and require a simple incubator and 48-hours to read the results. We will also conduct yeast and mold tests. The resulting data will enable Pono to verify "clean" product early in the growing process, and to take any necessary corrective actions to ensure that our products will be suitable for patient consumption and allow us to meet patient demand.

LAB TESTING – [redacted]

SAMPLING PROCEDURES – Pono will work with the laboratory technicians to use industry best practice concepts to ensure that viable testing samples of each harvest or production batch are obtained. We intend to implement a process in which sampling procedures are classified into two different categories, probability and non-probability sampling. This approach promotes a scientific structure that allows for both blind/random sampling of product lots and predetermined sampling of specific lots.

TESTING DATA – Testing will be done in compliance with all of the Department's rules and requirements, and specifically with all requirements set forth in H.A.R. Section 11-850-85. The testing lab will issue a certificate of analysis for each lot that includes supporting data. Pono will require the testing lab to certify that it tested the product samples in accordance with the requirements of Sections 11-850-85(c)(1), (c)(2), and (c)(3). These include the chemical profiles of the compounds Δ9-Tetrahydrocannabinol (THC), Tetrahydrocannabinolic Acid (THCA), Cannabidiol (CBD), Cannabidolic Acid (CBDA), Cannabigeriol (CBG) and Cannabinol (CBN), as well as contaminants (heavy metals, pesticides, solvents, extraneous materials), moisture content, microbiological impurities, and such additional testing as may be requested by the Department, all as set forth in Section 11-850-85. Additionally, and when applicable, we will have the laboratory include analytical medical marijuana and manufactured marijuana products support data to include flavonoid values, carbohydrate and fatty acid percentages, ketone and acid presences, and any other constituent that has had pharmacological effects established. Pono acknowledges that the science of cannabis testing is quickly evolving, and we intend to operate

at the forefront of the medical marijuana industry in implementing such further testing as may be developed.

QUALITY ASSURANCE – Production and manufacturing procedures will further dictate that products have been tested for conformity with specifications for identity, strength, purity, color, aroma, heavy metal contaminants, pesticide presence, microbiological impurities, and solvent residuals among other factors influencing product content, consistency, and contamination. Pono's internal testing mechanisms will consist of evaluating all products throughout their life cycle to include internal biological audits during production, manufacturing inspections in the processing laboratory, and organizational standards built on regulatory adherence.

KEY EMPLOYEES – Pono engaged in an intense search for these individuals during this pre-application phase as we felt it was vital to identify and hire key team members for our Production Center and manufacturing lab. These team members will play a critical role in developing and directing operations that meet and exceed the Department's independent laboratory testing regulations, leading Pono to regulatory compliance by going above and beyond what is required.

- Mark June-Wells, Ph.D. – Director of Extraction and Production for Pono Wellness and proficient in supercritical fluid extraction, essential oil refinement, product formulation, multivariate/univariate statistical modeling, and lab specifications and outfitting; and
- Tim Sullivan – Director of Cultivation for Pono Wellness with over 30 years of cultivation experience with multiple plant varieties (including medical marijuana as a registered caregiver in California and Oregon), diverse growing environments, accounting for crops, yields, loss, labor, and spacing requirements.

PONO wellness

ADDENDA TO CRITERION 9

[FOLLOW THIS PAGE]

CRITERION 10 – Ability to comply with requirements for signage, packaging, labeling, and product chain of custody of products.

OVERVIEW – Pono Wellness has studied in depth all of the statutory and regulatory requirements for signage, packaging, labeling and chain of custody for marijuana products and will comply with all such requirements. Pono's top priority concerning our retail dispensary signage is that we not only follow all regulations, but that we also do not disrupt the pre-existing neighborhood landscape and curb appeal of surrounding businesses, and we believe that our signage accomplishes both objectives. Our packaging and labeling will be clear, professional and informative. Our product chain of custody protocols are industry best practices, will minimize the risk of diversion and will ensure the safety of our product and the public at large.

SIGNAGE – We do not anticipate using business signage at our Production Center locations, which are very remote and not accessible to the public. Pono will comply with the sign requirements of H.A.R. Section 11-850-91 for our retail dispensary locations. Our initial retail site is located at 1467 S. King Street in Honolulu. We have signed a binding lease for this site for a minimum term of three years until May 2019. Our retail dispensary sign will be only 1,374 square inches (24"H x 57.25"L), smaller than the maximum 1,600 sq. inches allowed by the Department, and significantly smaller than the signage allowed by the Revised Ordinances of Honolulu, Chapter 21, Article 7 for the BMX-3 district in which our site is located. A picture of our signage for our South King Street store is attached as addendum 1.

PACKAGING – All Pono packaging containing medical marijuana and/or manufactured marijuana products will comply with H.R.S. § 329D-11, the Department's regulations, and be plain, opaque, and child-resistant. Pono's plain packaging will be devoid of colors, logos, and/or images, language statements, or any other marking(s) that are not permitted or that could be

deemed distracting or misleading. Opaque packaging will ensure that any medical marijuana products contained therein will be completely concealed and not externally visible, also mitigating the appeal of packaging to minors. Moreover, our packaging materials are safety compliant and certified. We intend to use CCREO sealable plastic bags (opaque with child resistant zipper) and COOLJARZ Child Resistant containers (solid color). These packaging products are described in more detail in addendum 2.

LABELING – All labeling will be white with black lettering and bear all information required by law and the Department's regulations. Information on labels will include, without limitation: "For Medical Use Only," "Not for resale or transfer to another person," instructions for use and "use by date," information about the contents and potency of the product, the name of the production center where marijuana in the product was produced, the batch number and date of packaging, a barcode generated by our tracking software and, in the case of a manufactured marijuana product, will list the equivalent physical weight of the marijuana used to manufacture the amount of product that is within the packaging, pursuant to H.R.S. §329D-9(c).

CHAIN OF CUSTODY – [redacted]

[redacted]

PONO'S PROMISE – Pono will ensure that all medical marijuana and manufactured marijuana products are properly packaged, labeled, and handled according to the law. Through education and training, uncompromising standards, and dedication to safety, we will establish and uphold a culture of compliance in which signage options, packaging selection, labeling practices, and chain of custody procedures are institutionally ingrained as a requirement for job performance and evaluation. We will focus on responsible product safety standards and internal quality assurance to not only meet the Department's and the State's legal requirements, but to exceed them.

PONO wellness

ADDENDA TO CRITERION 10

[FOLLOW THIS PAGE]

CRITERION 11 – Plan for secure disposal or destruction of medical marijuana and manufactured marijuana products.

Overview – Pono Wellness' plan for the secure disposal or destruction of marijuana and manufactured marijuana products will follow institutional standard operating procedures modeled after the Hawaii Department of Health Solid and Hazardous Waste Branch regarding proper waste disposal protecting the landscapes and watersheds of Hawaii. Further, we will ensure that best practices are thoroughly identified, developed, and implemented to have the most comprehensive and conscientious system in place. Pono will meet and exceed the rules of the Department of Health and in particular shall comply with the requirements in Section 11-850-43 regarding disposal or destruction of medical marijuana.

The Company adheres to the following policies:

(A) DISPOSAL PARAMETERS – Organizational protocols are in place to dispose or destroy any unused, unsold, contaminated, or expired medical marijuana or any waste products resulting from the cultivating or manufacturing process. Our procedural techniques will assure that the medical marijuana and manufactured medical marijuana products will not become available to unauthorized persons. All disposed products will be documented as subtracted from our BioTrackTHC inventory system. BioTrack software training will be a requirement of all Pono employees prior to participating in operational tasks as it is necessary to comprehend active and disposed of inventory weight(s) and amount(s), product reconciliation processes, and all other secure waste disposal aspects. A certified BioTrack representative or a qualified member of our internal compliance department will deliver all BioTrack education, and certificates of training completion will be kept in individual employee files for the Department of Health's access. We will implement a healthcare conscious approach in training our employees and have written our

logistical protocols based on structures already established by the Environmental Protection Agency, American Herbal Products Association, United States Pharmacopeia, and Consumer Product Safety Commission. We will consult with our community and healthcare advisors to ensure our practices are comprehensive and acceptable to the Department and comply with Public Safety Narcotics Enforcement Division standards.

(B) REGULATORY AGENCIES – Pono will destroy or dispose of unused, unsold, contaminated, or expired medical marijuana and manufactured marijuana products by a means prescribed by the Department or the Department of Public Safety Narcotics Enforcement division. We have considered all aspects of the pharmaceutical drug disposal process in our plan to include (1) addressing the incorrect waste of material down sink drains and toilets (water contamination), (2) not throwing away full form products in trash (landfill contamination), and (3) avoid recklessly disposing of products publicly (community contamination). Pono's disposal program focuses on public safety and compliance as well as environmental impact. We intend to work with the Hawaii Department of Health Solid and Hazardous Waste Branch to continually seek an environmentally friendly alternative to the landfill such as an approved net-zero green waste mulching or composting program. We understand how to avoid excessive waste in our operational procedures, utilizing every part of the plant during the production process. Pono will strive to have our plan for the secure disposal or destruction of medical marijuana and manufactured marijuana products maintain the integrity of Hawaii's environment and be ensure that no product diversion will occur or result in illegal, improper, or unsafe access by non-approved persons or minors.

(C) WRITTEN POLICIES – Waste will be disposed of utilizing standardized processes to minimize the development of odor and reduce the potential for the waste contents becoming an attractant,

harborage, or breeding location for pests. For this reason, marijuana plant waste collected during any stage of production will be marked as "Green Waste", which is defined as all marijuana debris and includes dead plants, roots, stems and fan leaves, unsatisfactory finished product, and all otherwise unused plant parts. Green Waste will be weighed daily, and will be continually recorded within BioTrack. Plant Radio Frequency Identification tag numbers, individual weight, type of product, and the time and date of disposal will be recorded on hard copy log forms and manually input into BioTrack. The design of our facility will establish designated receptacles and areas for regular trash and green waste that will be easily identified and readily available. Employees will wear Personal Protective Equipment (work suits, gloves, facemasks, safety goggles) while securely disposing or destroying marijuana and/or marijuana manufactured products. [redacted]

(D) END DESTINATION – Once medical marijuana and/or manufactured marijuana products have been adulterated to a non-retrievable form, they will be securely and safely disposed of. After destruction, rendered green waste product will be disposed of in either of the following modalities:

- At a solid waste site and disposal facility that provides a Certificate of Designation from the municipal governing body;

- Deposited at a compost facility that holds a Certificate of Designation from the Hawaii Department of Health Solid and Hazardous Waste Branch; or
- Composted on-site at our facility and operated in compliance with all regulations pertaining to solid waste sites and locations.

(E) SECURE PROCESS – [redacted]

In order to safely and securely verify the institutional plan for disposing or destroying marijuana and manufactured marijuana products, the same employee tasked with documenting waste weights and amounts will not be responsible for physically processing the green waste to its ultimate disposal. Green waste practices will abide by Good Manufacturing Practices and account for disposal or destruction variables such as timeline, temperature, and humidity. Handling of green waste for the purposes of intake, inventory, and destruction will follow Food and Drug Association standards, making it mandatory for employees to wear work suits, gloves, facemasks, and safety goggles when applicable, following all sanitation guidelines set forth in

our waste disposal standard operating procedures. To this end, we will document compliance with internal policies and all applicable federal, state, city, and Department regulations regarding the secure and safe disposal of medical marijuana and manufactured marijuana products and employee execution concerning published rules addressing contact transmission modalities (person, animal, or fomite), public contamination prevention (cross-contamination, sanitation, hygiene), and food grade storage considerations (temperature, perishable, container).

PONO wellness

ADDENDA TO CRITERION 11

[FOLLOW THIS PAGE]

CRITERION 12 – Ability to ensure product safety in accordance with laws and regulations.

OVERVIEW – Pono Wellness seeks to set the standard for producing the highest quality, most efficacious, consistent, safest marijuana and marijuana products in Hawaii. We will meet these objectives by: (1) creating a highly sanitary, disease and pest-free environment in the Production Center where our plants are grown and our products are manufactured, (2) using only OMRI-certified organic pest and disease-control treatments, doing in-house pre-lab testing, as well as third party lab-testing to verify our products' content, consistency and ensure it is free from contamination, (3) training our Production Center garden and extraction lab employees in the industry's best practices for marijuana cultivation and product manufacture, (4) packaging and labeling our products clearly, professionally and in strict compliance with all State laws and Department rules and regulations, (5) training our Retail Dispensary employees to interview and advise Patients appropriately, (6) educating our Patients and their Caregivers with the most reliable information available about medical marijuana and its applications, and (7) providing diligent follow-up with Patients and Caregivers to confirm proper administration of products and to obtain experience feedback.

PRODUCTION CENTER ENVIRONMENT AND SAFEGUARDS – The safeguards implemented for the preparation and processing of medical marijuana and manufactured marijuana products are only as good as the facility in which they take place. [redacted]

We took into consideration the use of materials like bacteria-resistant stainless steel work

surfaces, and fiberglass reinforced plastic interior paneling that provides a long term, durable, sanitary finish, meeting performance standards needed in food processing and healthcare industries. Our environmental contamination controls will specifically include:

- HVAC Safeguards – Puradigm air filtration system to manage mold, fungus, mildew and other airborne spores penetrating from facility workers and adjacent hallways. All air filtration systems will be periodically chlorinated for cleanliness;
- Biological Safety Cabinets – High Efficiency Particulate Air filtered workspace removing 99.97% of particulates 0.3 millimeters or larger;
- Employees will be required to pass through an ante-room to don disposable sterile gowns, head nets, booties and gloves prior to the entrance into any cultivation area. These steps will greatly reduce fungal spores commonly adhering to clothing and hair;
- Worker and Product Protection – All production personnel will wear personal protective equipment, consisting of work suit, shoe covers, gloves, facemask or respirator, and head covering, to decrease contact contamination; and
- Equipment – When selecting our processing lab equipment, we chose equipment that is not only functionally effective, but that has a proven track-record of safe operation, and that can be serviced safely and kept in a sanitary condition.

Pono believes Good Manufacturing Practices (GMP) should be implemented to ensure product safety, consistency, and efficacy. We have consulted with our highly experienced medical advisors, who promote GMP in their respected medical fields as critical processes that assist in decreasing adverse patient events due to high cleanliness and procedural standards. In the end, our production processes ensure we will produce consistent, pharmaceutical-grade marijuana.

PRODUCT CONSISTENCY AND PURITY – Pono will develop and implement an early microbiological testing protocol to be performed by Pono Wellness quality-control officers at the Production Center. Pono employees will be trained to perform basic microbiological screenings using well know Petri film technology at specific times of the cultivation. This early data would be used to verify cleanliness as a quality check prior to submitting product to the laboratory, and will provide important information about the cleanliness of the cultivation process. The bacterial test would be a simple APC (aerobic plate count) used to survey the overall cleanliness of a substance or product, using a simple incubator (and 48 hours to read the results). The yeast and mold test is similar and requires only a clean location at room temperature for incubation. The data will enable Pono to verify "clean" early in their process. Pono will only manufacture and distribute medical marijuana products allowed by State law and the rules and regulations of the Department. At present, the types of marijuana products Pono intends to manufacture include: capsules, lozenges, pills, oils and oil extracts, tinctures, ointments and skin lotions. Pono will test its marijuana plant material and its manufactured marijuana products with a laboratory certified by the Department. To our knowledge, the Department has not yet certified any lab to test marijuana in Hawaii. When the Department begins certifying labs, Pono will immediately review the list of qualified labs and select one or more with whom to do business. [redacted] Pono is positioned to move quickly to a definitive services agreement so that we can rapidly begin laboratory testing of our products. [redacted]

[redacted]. Pono will constantly and continuously test all of its products to confirm and verify the content of its product, including the active cannabinoid compounds (THC, CBD, CBG, etc.) in the product, as well as the potency of its products. We will also test all products for any contaminants or impurities like mold, fungus, chemicals and other substances to ensure we do not exceed the allowed limits of any such substances. Pono understands that inappropriate pesticides and chemical treatments of marijuana during cultivation may be potentially harmful to the health and well-being of our Patients and our employees. Therefore, Pono is committed to using only OMRI-certified organic pest and disease-control treatments during the cultivation process. Finally, Pono also will employ best practices for the safe-handling of marijuana at its Retail Dispensary site so as not to contaminate our product once it arrives at our Retail Dispensary location. Some of these safe-handling practices include: use of gloves when handling marijuana; keeping packages vacuum sealed until needed to avoid contact with contaminants; use of stainless steel packing surfaces, storing product in cool dry places, and regular, extensive cleaning of all surfaces that our products will touch.

PRODUCTION CENTER EMPLOYEE TRAINING – Pono's Production Center employee training protocols implement industry best practices to teach and train our team to follow strict sanitary standards for commercial manufacturing. Our Advisory Board and employee team includes highly accomplished medical, pharmaceutical, horticultural, and manufacturing professionals that will continually review and upgrade our training practices so that Pono is always current with industry best practices. For more information, training protocols attached as addendum 3.

PACKAGING AND LABELING – Pono seeks to protect its Patients, their family members, and pets by providing safe packaging and clear labeling on all products. Pono will make available and provide training to Patients for using tamper-resistant home storage systems (medication lock-

boxes), such as those offered by Stashlogix, for marijuana and marijuana products. Pono will comply with all requirements for marijuana and marijuana manufactured product packaging and labeling set forth in H.R.S. Chapter 329D and H.A.R. §11-850. See our response to Criterion 10 for Pono's detailed packaging and labeling safety protocols.

RETAIL DISPENSARY EMPLOYEE TRAINING, PATIENT EDUCATION, AND FOLLOW-UP – Employee training and patient education are critical to ensuring product and patient safety. Bill Jarvis has used a consultative sales process for years, and Pono will take an educational approach to advising Patients. Pono has hired Heather Heilman as our Director of Patient Wellness. Heather brings years of experience as a Senior Instructional Designer for Walgreens Specialty Pharmacy and will oversee our Retail Dispensaries. Heather is certified in GROW Coaching methods and has years of experience teaching complex medical concepts to pharmacy employees. The GROW model is one of the most popular methods in the international training community due to its simple but effective framework. Heather will bring these employee education techniques to training our Pono Retail Dispensary employees so they can better serve our patients. Further, Pono Advisor Charis Matsuwaki is an expert in the field of medical training. As an RN with years of pharmacy experience, along with several years as Director of Training with Hawaii Medical College, Charis possesses real world experience combined with formal training skills. Charis has personally taught classes in Medical Law and Ethics, Medical Terminology, Anatomy and Physiology, Pathophysiology, Advanced Pharmacology and Retail Pharmacy Practice. Charis will help Pono develop and refine its employee education protocols so that our team is the best trained and most prepared dispensary team in Hawaii. Please see our response to Criterion 5 for a fuller explanation of our approach to Patient education.

PONO wellness

ADDENDA TO CRITERION 12

[FOLLOW THIS PAGE]

PONO wellness

CRITERION 13 – No history of having a business license revoked.

SUMMARY – All members of the Pono Wellness team pride themselves on their spotless compliance background, and the professional reputations they have individually and collectively built.

[redacted]

THE PONO TEAM – The rest of Pono's ownership team shares a similar status of high integrity business performance. [redacted]

COMMUNITY SERVICE – While we are proud of our collectively positive status, we fundamentally believe the bar for entry into the medical marijuana dispensary business must be set higher. The decisions made over the next few months will have a great impact on our community. No amount of regulation will solve for an unethical provider. No sanctions are punitive enough to remedy the damage caused by irresponsible actions. We believe an effective medical marijuana dispensary program starts with the highest integrity business leaders. We believe our community deserves an industry that serves as a model for other states, and a program that sets an incredibly high bar for applicants.

Beyond merely complying with regulations, the owners of Pono have contributed greatly to the community, and have been recognized on many occasions for their efforts.

Philanthropy and associated action are a part of Bill's character and always have been, and he is excited at the opportunity to bring the same approach and social commitment to the medical marijuana industry. Every team member at Pono has been a positive contributor to the development of this new industry and we look forward to responsibly serving our community in the future. We commit sincerely and wholeheartedly to fulfill the obligations that the concept of pono creates, and we thank you for your consideration.

PONO wellness

ADDENDA TO CRITERION 13

[FOLLOW THIS PAGE]