Commercial Lease

Houston Lodge Marketplace LLC at 16996 W Parks Highway, Houston, Alaska

(61.629860 latitude -149.807486 longitude, or Township 18N Range 3W Section 22 Lot C3)

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Clause 1. Identification of Landlord (Manager) and Tenant

This Agreement is entered into between **Alaska Biotech LLC** and **Ronald Pickett** ("Tenants") and **Audrey Morlock** doing business as the **Houston Lodge Marketplace LLC** ("Landlord"). Each Tenant is jointly and severally liable for the payment of rent and performance of all other terms of this Agreement.

Clause 2. Identification of Premises

Subject to the terms and conditions in this Agreement, Landlord rents to Tenant, and Tenant rents from Landlord, for commercial purposes only, **Suite E** (the basement) of the Houston Lodge Marketplace, located at **16996 W. Parks Highway, Houston, Alaska 99694** ("the Premises"), rights of ingress & egress for the basement, and the Employee Smoke Shack.

Clause 3. Limits on Use and Occupancy

It is understood that the premises are to be used for the licensed cultivation of cannabis, its processing and packaging, as well as any legal other uses determined by Mr. Pickett. No smoking is allowed within the building, but is permitted outside at least 25' from any buildings providing the butts are properly disposed of.

Clause 4. Term of the Tenancy

The term of the rental will begin on June 25, 2016 and end on July 1, 2021. If Tenant vacates before the term ends, Tenant will be liable for the balance of the rent for the remainder of the term, unless the Alaska laws change concerning marijuana, or the Federal government interferes with the operations of Alaska Biotech LLC. If Alaska Biotech LLC or Mr. Pickett are no longer allowed to cultivate marijuana, then he has the right to terminate this lease with no penalties to him or his company. Otherwise, upon expiration of this lease it will automatically renew to a 'month to month' tenancy, unless either party gives written notice.

Clause 5. Payment of Rent

Regular monthly rent.

After Tenant has sold his first crop he will pay to Landlord a monthly rent of $ **8820**, payable in advance on the first day of each month, except when that day falls on a weekend or legal holiday, in which case rent is due on the next business day. Rent will be paid to **Landlord** or at such other place as Landlord designates.

Delivery of payment.

Rent may be paid:

[ ] by mail, to _____

[**X**] in person, at **Houston Lodge Marketplace**

Form of payment.

Manager will accept payment in these forms:

[X] personal check made payable to **Houston Lodge Marketplace LLC**

[**X**] cashier's check made payable to **Houston Lodge Marketplace LLC**

[ ] credit card

[**X**] money order made payable to **Houston Lodge Marketplace LLC**

[**X**] cash

Prorated first month's rent.

For the period from Tenant's move-in date June 25, 2016, through the end of December, 2016, Tenant will pay to Landlord a monthly rent of $1.00. This amount will be paid on or before the date the Tenant moves in. This will allow for the build out to finish to Mr. Pickett's satisfaction, as well as for Mr. Pickett's first crops to be grown, harvested, dried, cured and sold. After his first crop has been sold, regular rent charges will commence.

Clause 6. Late Charges

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If Tenant fails to pay the rent in full before the end of the **5th** day after it's due, Tenant will pay Landlord a late charge of **$50**, plus **5% of the monthly rent** for each additional day that the rent remains unpaid. If rent has not been received by 9 a.m. of the 6th day of the month, then a ten (10) day notice will be posted. Landlord does not waive the right to insist on payment of the rent in full on the date it is due.

Clause 7. Returned Check and Other Bank Charges

If any check offered by Tenant to Landlord in payment of rent or any other amount due under this Agreement is returned for lack of sufficient funds, a "stop payment," or any other reason, Tenant will pay Landlord a returned check charge of **$35** and all further rent payments will need to be cash, money order or cashier's check.

Clause 8. Security Deposit

No Security Deposit is required of Mr. Pickett or Alaska Biotech LLC.

Clause 9. Utilities.

Tenant will pay all utility charges, except for the following, which will be paid by Landlord:

Garbage, water, natural gas, heating oil and snow removal.

Clause 10. Assignment and Subletting

Tenant will not sublet any part of the premises or assign this Agreement without the prior written consent of Landlord. Further, covenants in this Lease Agreement, once breached, cannot afterward be performed; and that *Unlawful Detainer* proceedings may commence.

Clause 11. Tenant's Responsibilities

Good housekeeping is expected of everyone. Tenant agrees to keep the premises clean, sanitary, and in good condition. No junk cars or extended automotive repairs are allowed on the property, and cigarette butts, trash, oil stains, etc. are the expected to be promptly taken care of by the Tenant. Willful disregard to these conditions can be grounds for termination of this agreement.

Upon termination of the tenancy, the premises will be returned to the Landlord in a condition identical to that which existed when Tenant took occupancy, except for ordinary wear and

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tear. Any defects or dangerous conditions in and about the premises of which Tenant becomes aware will be noted to the Landlord; and will reimburse Landlord, on demand by Landlord, for the cost of any repairs to the premises damaged by Tenant or Tenant's guests or business invitees through misuse or neglect.

Tenant has examined the premises and has found them to be in good, safe, and clean condition and repair, except as noted in the *Manager/Tenant Checklist* (see attached). If there is anything about the Premises that needs attention, the Tenant agrees to report it to the Manager within three (3) days of taking possession of the property so that corrections can be made. Failure to file any written notice of defects will be legal binding proof that the property was in good condition at the time of occupancy.

Clause 12. Repairs and Alterations by Tenant

Tenant will make any repairs to the Premises as he sees fit.

Clause 13. Violating Laws and Causing Disturbances

Tenant is entitled to quiet enjoyment of the premises. Tenant and guests or invitees will not use the premises or adjacent areas in such a way as to: (1) violate any law or ordinance, including laws prohibiting the use, possession, or sale of illegal drugs; (2) commit waste (severe property damage); or (3) create a nuisance by annoying, disturbing, inconveniencing, or interfering with the quiet enjoyment and peace and quiet of any other tenant or nearby resident. Willful disregard to these conditions can be grounds for termination of this agreement.

Clause 14. Pets

No animal, bird, or other pet will be kept on the premises, even temporarily, except properly trained service animals needed by blind, deaf, or disabled persons, unless prior written permission from the Manager has been obtained and the appropriate security deposit submitted. At no time will cats be allowed.

Clause 15. Landlord's Right to Access

The Landlords right to enter the premises is severely restricted. Except in cases of emergency, Tenant's abandonment of the premises, or court order, Landlord shall not enter

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the Premises.

Clause 16. Extended Absences by Tenant

Tenant will notify Landlord in advance if Tenant will be away from the premises for **7** or more consecutive days. During such absence, Landlord may enter the premises only for an emergency that can be documented.

If Tenant is gone for more than 14 days without paying rent in advance for that month, or while owing back rent from previous months, the Landlord has the right to take immediate possession of the Premises and bar the Tenant from returning. Landlord will advise the State of Alaska – AMCO of the situation, but will not remove any marijuana or marijuana products. All other personal property left behind will be stored at Tenant's expense. AM

Clause 17. Possession of the Premises

a. Tenant's failure to take possession.

If, after signing this Agreement, Tenant fails to take possession of the premises, Tenant will still be responsible for paying rent and complying with all other terms of this Agreement.

b. Landlord's failure to deliver possession.

If Landlord is unable to deliver possession of the premises to Tenant for any reason, including, but not limited to, **failure to complete the build out to Mr. Pickett's specifications**, Tenant will have the right to terminate this Agreement upon proper notice as required by law. In such event, Landlord's liability to Tenant will be limited to the return of all sums previously paid by Tenant to Landlord.

Clause 18. Payment of Court Costs and Attorney Fees in a Lawsuit

In any action or legal proceeding to enforce any part of this Agreement, the prevailing party shall recover reasonable attorney fees and court costs.

Clause 19. Disclosures /Attachments

Tenant acknowledges that Landlord has made the following disclosures /attachments regarding the premises:

[**X**] Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards

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[**X**] Military Clause Agreement

Clause 20. Authority to Receive Legal Papers

The Landlord, any person managing the premises, and anyone designated by the Landlord are authorized to accept service of process and receive other notices and demands, which may be delivered to:

[**X**] Landlord at the following address: 16966 W. Parks Highway, Houston, AK. 99694

[**X**] Audrey Morlock at Box 873273, in Wasilla, AK. 99687

Clause 21. Tenant Insurance

No rights of storage are given by this agreement. Landlord will not be liable for any loss of Tenant's property. Tenant hereby acknowledges this and agrees to make no such claims for any losses or damages against the Landlord or Manager. Tenant agrees to purchase insurance at their own expense – sufficient to protect themselves and their property from fire, theft, burglary, breakage, electrical connections, etc. They acknowledge that failure to procure insurance, they alone shall bear the possible consequences.

Clause 22. Validity of Each Part

If any portion of this Agreement is held to be invalid, its invalidity will not affect the validity or enforceability of any other provision of this Agreement.

Clause 23. Grounds for Termination of Tenancy

The failure of Tenant or Tenant's guests or invitees to comply with any term of this Agreement, or the misrepresentation of any material fact on Tenant's rental application, is grounds for termination of the tenancy, with appropriate notice to tenants and procedures as required by law.

Clause 24. Entire Agreement

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This document constitutes the entire Agreement between the parties. No representations, other than those contained here and those implied by law, have been made by Landlord or Tenant. Any modifications to this Agreement must be in writing signed by Manager and Tenant.

Audrey Morlock

Audrey Morlock (Landlord)

16966 W. Parks Highway, Houston, AK. 99694

Oct 7, 2016

Date

Oct 7, 2016

Date

AK. Biotech L.L.C.

Alaska Biotech LLC

Oct 7, 2016

Date

Ronald Pickett

Signature

Ronald Pickett

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