

LEASE

THIS LEASE IS MADE effective October __, 2015, by and between Ship Creek Constructors, LLC, an Alaska corporation ("Landlord") and CannTest, LLC ("Tenant").

Landlord and Tenant agree as follows:

ARTICLE 1 -The Premises Being Leased

1.1 Landlord leases to Tenant approximately 2,112 sq. ft. of office space, located at 620 E. Whitney Road, Anchorage, Alaska, as more fully described in the attached **Exhibit A** (the "Leased Premises").

ARTICLE 2 -Term of Lease

2.1 Initial Term. The Initial Term shall commence November 1, 2015 and shall continue thru December 31, 2016.

Rent commencement shall begin on the January 1, 2016. Tenant may have immediate occupancy upon execution of Lease.

2.2 Renewal Options. Tenant may renew this Lease for up to two (2) additional terms of one (1) year each on the same terms and conditions, except the rent shall be adjusted in accordance with Article 3.4. Tenant shall give Landlord notice of intent to renew at least four (4) months prior to expiration of the term. Tenant must be in full compliance with Tenant's obligations under this Lease as a condition to renew.

ARTICLE 3 -Rent

3.1 Amount of Rent. The rent of the Leased Premises shall commence on the first day of the first month and be **Two Thousand Six Hundred Forty Dollars (\$2,640) per month**, payable in advance on the first day of each month. The rental payments shall be payable to Landlord at the Landlord's address. The first month's rent is to be paid in full at the time of signing of the lease.

3.2 Late Payments. If rent is not paid within ten (10) days after it is due, Landlord may, at its option, impose a late charge of One Hundred Dollars (\$100) per month. In addition, any unpaid rent shall bear interest at the rate of two (2) points above the Wells Fargo prime rate in Anchorage, Alaska, on the first day of the month the rent is not paid, until paid.

3.3 Security Deposit. Concurrently with Tenant's execution of this Lease, Tenant has deposited with Landlord the sum of Three Thousand Dollars and 00/100 (\$3,000.00). Said sum shall be held by Landlord as security for the faithful performance by Tenant of all the terms, covenants and conditions of this Lease to be kept and performed by Tenant during the term hereof. If Tenant defaults with respect to any provision of this Lease, including but not limited to the provision relating to the payment of rent, Landlord may (but shall not be required to) use, apply, or retain all or any part of the security deposit for the payment of any rent or any other sum in default or for the payment of any amount which Landlord may spend or become obligated to spend by reason of Tenant's default. If any portion of said deposit is so used or applied, Tenant shall, within ten (10) days after written demand therefore, deposit cash with Landlord in an amount sufficient to restore the security deposit to its original amount, and Tenant's failure to do

so shall be a default under this Lease. Landlord shall not be required to keep this security deposit separate from its general funds, and Tenant shall not be entitled to interest on such deposit. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, the security deposit or any balance thereof shall be returned to Tenant within thirty (30) days following expiration of the Lease term. In the event of termination of Landlord's interest in this Lease, Landlord shall transfer said deposit to Landlord's successor in interest.

3.4 Rent During Renewal Term. In the event Tenant exercises the renewal option as set forth in Article 2.2, the rent shall be increased based on Anchorage CPI-U Index per year for each renewal.

3.5 Operating Expenses. Landlord's operating costs for Building are covered by a portion of the rent, including property taxes, utilities, building insurance premiums, maintenance, repairs, and building management services, including security system. **Tenant shall pay for janitorial, telephone, and data expenses.**

ARTICLE 4 -Use of Leased Premises

4.1 Purpose. The Leased Premises shall be for general office purposes and for no other purpose without the prior written consent of Landlord.

4.2 Compliance with Laws/Building Rules and Regulations. Tenant shall comply with all requirements of any state or local law or regulation. Tenant shall observe all reasonable rules and regulations which Landlord may establish from time to time for the management, safety, and care of Building. Any violation of such rules and regulations shall, after twenty (20) days written notice and failure to correct, be deemed a material breach of this Lease by Tenant.

4.3 Hazardous Materials. Tenant shall be responsible to handle properly and segregate all hazardous and infectious waste and materials within the premises in accordance with all applicable state and local laws and regulations.

ARTICLE 5 -Utilities and Other Services Furnished by Landlord

5.1 List of Utilities and Services. Landlord shall furnish the following utilities and services at Landlord's expense:

- a) Electricity for normal lighting and power. Special or additional electrical requirements over and above the standard for office uses will be charged directly to tenant provided such additional power can be separately metered.
- b) Water
- c) Heating
- d) Hot and cold water.
- e) Parking: Back lot for four (4) vehicles, and front lot for four (4) vehicles, subject to availability and snow removal.

5.2 Interruption of Services. Landlord shall not be liable for any loss or damage caused by or resulting from any variation, interruption, or failure of said utilities and services due to any cause whatsoever, other than Landlord's negligence, and no temporary interruption or failure of such utilities and services shall be deemed an eviction of Tenant or relieve Tenant from any of Tenant's obligations.

ARTICLE 6 -Tenant Improvements

6.1 Description. In the event the State of Alaska Marijuana Control Board requires secure space, Landlord at Landlord's expense will (i) construct a demising wall to replace chain link partition, and (ii) install drains in required offices. All other Tenant Improvements done at the Tenant's expense with Landlords prior written permission.

6.2 Intentionally blank.

6.3 Intentionally blank.

6.4 Ownership. Landlord will own all permanent tenant improvements regardless of who bears the cost of such improvements. Tenant will not be required to remove any utility lines installed for temporary facilities, including gravel/asphalt pad.

6.5 Subsequent Alterations and Improvements Tenant shall not make any alterations, additions, or tenant improvements to the Leased Premises without the prior written consent of Landlord. Tenant shall provide to Landlord for Landlord's review and approval a detailed description of any proposed alterations or improvements. Landlord has the sole discretion to determine whether to approve such tenant improvements based on the possible effect of such alterations or improvements on the operation, value or appearance of Building A1 alterations, additions, and improvements, except Tenant's fixtures and equipment, shall immediately become the property of Landlord.

6.6 Delivery of Possession. If Landlord does not deliver possession at the commencement date the rent shall be abated until possession of the Leased Premises are tendered by Landlord. The Lease term shall not be extended by reason of any such delay. Landlord shall not be liable to Tenant for any damages caused by failure to deliver possession of the Leased Premises.

6.7 Condition of the Premises. The Tenant leases the premises "as is, where is" with no warranty of any nature from the Landlord.

ARTICLE 7-Maintenance, Repair and Management of Building

7.1 Tenant's Responsibility. Tenant shall keep the Leased Premises in a neat clean and sanitary condition and shall keep the Leased Premises and all items installed by Tenant in good condition and repair. Tenant shall not commit waste or nuisance of any kind on or about the Leased Premises and Tenant shall pay for all damages to the Leased Premises or the Building caused by misuse or neglect of the Leased premises or the Building by Tenant or Tenant's employees, agents, or invitees. At the expiration or termination of the Lease, Tenant shall surrender the Leased Premises in good condition and repair, normal wear and tear and damage by fire or other casualty accepted.

7.2 Management. All common facilities in the Building shall be subject to the exclusive control and management of the Landlord.

ARTICLE 8 -Destruction and Condemnation

8.1 Casualty Damage. If the Leased Premises are damaged by fire or other casualty and if the damage is repairable within sixty (60) days from the date of the occurrence, the damage shall be

repaired with due diligence by Landlord and in the meantime the monthly rental shall be abated in the same proportion that the untenable portion of the Leased Premises bears to the whole. If the Leased Premises or the Building is completely destroyed by fire or other casualty or should it be damaged to such an extent that the damage cannot be repaired within sixty (60) days of the occurrence, Landlord and Tenant shall each have the option to terminate this Lease by written notice to the other, which termination shall be effective as of the date of the damage. If the Lease is not terminated, Landlord shall commence and carry out with reasonable diligence any work necessary to restore or repair the Leased Premises. During the period from the date of the occurrence of damage to the date of completion of the repairs, the monthly rental shall be abated in the same proportion as the untenable portion of the Leased Premises bears to the entire Leased Premises.

8.2 Damage to Tenant's Property. Tenant shall be solely responsible for repairing any damage or filing any insurance claims relating to damage to Tenant's personal property or improvements made at Tenant's expense, unless such damage is caused by the sole negligence of Landlord.

8.3 Condemnation. If the Leased Premises are taken by any public or governmental authority under the power of eminent domain, this Lease shall terminate as of the date possession is taken by such authority. All condemnation awards or settlements shall be payable to Landlord except ~~for any award made separately to Tenant for the taking of Tenant's personal property or improvements or for the interruption of Tenant's business.~~

ARTICLE 9 -Insurance and Indemnification

9.1 Tenant's Insurance. Tenant shall, at Tenant's expense, maintain comprehensive general liability insurance insuring against any and all claims and risk for injury to or death of persons and loss of or damage to property occurring upon, in or about the Leased Premises with minimum limits of \$1,000,000 per occurrence and \$2,000,000 aggregate. Such policy or policies shall name the Landlord as an additional insured and shall be non-cancelable as to Landlord, except upon at least thirty (30) days prior written notice to Landlord. Tenant shall furnish to Landlord and keep current at all times during this Lease a certificate or other acceptable evidence verifying the insurance coverage required under this Lease. Tenant shall be solely responsible for securing any casualty insurance that Tenant deems necessary relating to any of Tenant's furniture, equipment, or other personal property maintained by Tenant at the Leased Premises. All insurance coverage procured by the Tenant shall be provided by insurance companies having policy holder ratings no lower than "A" and financial ratings not lower than "XII" in the Best Insurance Guide, latest edition in effect as of the date of this Lease and subsequently in effect at the time of renewal of any policies required by this Lease.

9.2 Landlord's Casualty Insurance. Landlord shall maintain such casualty insurance on the Building as Landlord deems necessary, providing Landlord is not obligated to insure any furniture, equipment, or other personal property not furnished by Landlord to Tenant under this Lease.

9.3 Waiver of Subrogation. Notwithstanding anything to the contrary in this Lease, Landlord and Tenant each waive all rights of recovery against the other for any loss or damage that may occur to the Leased Premises, or any improvements therein, or to the Building or any personal property therein, by reason of fire, the elements, or any other cause which could be insured against under the terms of standard fire and extended coverage insurance policies, regardless of cause or origin, including negligence of either Landlord or Tenant, their agents, employees or invitees. Landlord

and Tenant shall advise their respective insurers of the foregoing and such waiver shall be a part of each policy maintained by Landlord and Tenant which applies to the Leased Premises or the Building.

9.4 Limitation of Landlord's Liability. Landlord shall not be liable to Tenant or to any other persons for injury to or death of persons or for loss or damage to property (including property of the Tenant) occurring in the Leased Premises or the Building from any cause whatsoever, except to the extent caused by the Landlord's negligence.

9.5 Tenant's Indemnity. Tenant shall indemnify and hold Landlord harmless and Landlord shall indemnify and hold Tenant harmless from and against all losses, damages, liabilities and expenses (including reasonable attorney's fees) relating to any actual or alleged injury to or death of any person, or loss or damage to property caused by or resulting from any occurrence on the Leased Premises, except to the extent caused by the Landlord's or Tenant's negligence.

ARTICLE 10 -Default and Remedies

10.1 Event of Default. The occurrence of any of the following events shall be deemed an event of default:

- ~~a) If rent shall be in arrears for a period of ten (10) days or more;~~
- b) If Tenant fails to keep or perform any of the covenants or conditions of this Lease within twenty (20) days after written notice of default;
- c) If Tenant's leasehold interest shall be subject to attachment or levy;
- d) If a receiver is appointed for Tenant's property or any part thereof; or
- e) If a petition in bankruptcy or arrangement is filed by or against Tenant or if Tenant shall be declared insolvent or if assignment of Tenant's property shall be made for the benefit of creditors.

10.2 Remedies. In the event of the occurrence of any event of default, Landlord shall have the right, with written notice or demand to terminate this Lease, and at any time thereafter enter into and recover possession of the Leased Premises and remove Tenant and any other person occupying the same, by any lawful means and repossess and enjoy the Leased Premises without prejudice to any of the remedies that Landlord may have under this Lease, or at law equity, by reason of Tenant's default or of such termination. In the event of the occurrence of any event of default, and if Landlord elects not to terminate, this Lease shall continue in effect and Landlord may enforce all its rights and remedies under this Lease, or at law or equity, by reason of Tenant's default.

10.3 Termination by Reason of Default. In the event of termination by reason of an event of default, Landlord shall be entitled to recover immediately all unpaid monthly rental payments through the end of the Lease term, plus the cost of any cleanup, refurbishing, removal of Tenant's property and fixtures, any remodeling costs, attorney's fees, court costs, broker's commissions and advertising costs, and the unpaid costs of any tenant improvements being amortized over the term of this Lease.

ARTICLE 11 -Transfer of Interest

11.1 Assignment and Subletting. Tenant shall not assign, transfer, sublet or allow the occupancy of the whole or any part of the Leased Premises by another without the express written consent of the Landlord, which consent shall not be unreasonably withheld.

11.2 Subordination. Tenant agrees that this Lease shall be subordinate in interest to any mortgage or deed of trust covering the Building or Property now in effect or hereafter given by the Landlord; provided Tenant's occupancy of the Leased Premises shall not be interfered with so long as Tenant is not in breach of this Lease.

11.3 Successors and Assigns. Subject to the restrictions on assignment provided in Paragraph 11.1 above, all terms, conditions, covenants and agreements of this Lease shall extend to and be binding upon Landlord, Tenant and their respective successors and assigns and upon any person, firm or corporation coming into ownership or possession of any interest in the Leased Premises.

ARTICLE 12 -General Provisions

12.1 Taxes. Tenant shall pay any taxes levied on Tenant's personal property maintained in, on, or about the Leased Premises, and all license and excise fees and occupation taxes covering Tenant's business conducted on the Leased Premises, and any sales and rental taxes that may be assessed from time to time. Landlord shall pay any real property taxes and assessments payable on the Property.

12.2 Liens and Encumbrances. Tenant shall keep the Leased Premises free and clear from any liens and encumbrances including, without limitation, construction liens, arising out of the use and occupancy of the Leased Premises by Tenant.

12.3 Surrender of Possession. Tenant, at the expiration or sooner termination of this Lease, shall surrender the Leased Premises in good, neat, clean, and sanitary condition, except for the reasonable wear and tear and damage not caused by any act or omission by Tenant, its employees, agents, or invitees.

12.4 Holding Over. In the event Tenant remains in possession of the Leased Premises after the expiration of this Lease, Tenant shall be deemed to be occupying the Leased Premises as a Tenant from month-to-month, and shall be subject to all of the conditions and obligations of this Lease with the exception that the month-to-month rental rate may increase to 150% of the monthly rent payable for the last month preceding the expiration of the Lease term. All options granted under the terms of this Lease shall be deemed terminated and be of no further effect during said month-to-month tenancy.

12.5 Inspection. Landlord shall retain a passkey to the Leased Premises and shall have the right to enter the Leased Premise whenever reasonably necessary to exercise any right or privilege of Landlord under this Lease.

12.6 Arbitration. Except for action by the Landlord for a forcible entry and detainer action to retake the possession of the premises and evict the Tenant, any disagreement between the parties with respect to the interpretation or application of this Lease or the obligation of the parties hereunder shall be determined by arbitration. Such arbitration shall be conducted, upon request of either the Landlord or the Tenant before one arbitrator designated by the American Arbitration Association and in accordance with the Commercial Arbitration Rules of such Association. All arbitration proceedings hereunder shall be conducted in Anchorage, Alaska, and shall be binding upon both parties. Any costs or fees including attorney fees incurred as a result of arbitration as provided for herein shall be determined by the arbitrator and awarded as part of the arbitrator's

decision. It is the intention of this paragraph that any action for default of rent, or possession of the premises, shall not apply to the provisions of this arbitration agreement.

12.7 **Licensee Relationships.** For this real estate transaction licensees Lottie Michael, CCIM Guadalupe Caro-Ramos, and J Michael James of Commercial Real Estate Alaska, LLC shall represent Tenant but may assist Landlord. Hugh Wade, Licensee with Spire Commercial Real Estate, LLC represents Landlord but may assist Tenant. All parties confirm that oral and/or written disclosure of representation was provided as required by Alaska Statute 08.88.600.

12.8 **Attorney's Fees.** If any action is commenced to enforce any provision of this Lease, the prevailing party shall, in addition to its other remedies, be entitled to recover all its costs and reasonable attorney's fees.

12.9 **Force Majeure.** Notwithstanding anything to the contrary herein, Landlord shall not be liable for or responsible to Tenant for anything or for any delay caused by fire, earthquake, explosion, flood, hurricane, the elements, acts of God, action or interference of governmental authorities or agents, war, riots, strikes, or lockouts or any other cause, whether similar or dissimilar to the foregoing, which is beyond the reasonable control of Landlord, nor any delays due to such causes shall not be deemed a breach or default by the Landlord of the terms of this Lease.

12.10 **Entire Agreement.** This Lease contains the entire agreement of Landlord and Tenant. There are no agreements, terms, conditions or obligations other than those set forth herein. This Lease shall supersede all previous communications, representations or agreements, either verbal or written between Landlord and Tenant. This agreement may be modified only by written agreement signed by both Landlord and Tenant.

12.11 **Notices.** Any notice shall be sufficient if in writing and deposited in the US Mail by Priority Mail, or personally delivered to the address listed below:

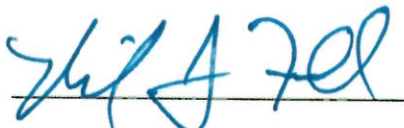
Landlord: Ship Creek Constructors, LLC
620 E. Whitney Road
Anchorage, Alaska 99501

Tenant: CannTest, LLC
2927 Wentworth Street
Anchorage, AK 99508

Notices mailed out will be deemed to have been delivered three (3) days after the deposit of such notice in any U.S. Post Office mail box.

(End of Body of Lease)

Landlord: Ship Creek Constructors, LLC



Ship Creek Constructors, LLC

Date: 10-28-15

By: Michael J. Fall, Member

Tenant: CannTest, LLC

DocuSigned by:
Mark Malagodi
40151DD6B4F34FA...

Date: 10/29/2015

CannTest, LLC

By: Mark Malagodi, Member