COMMERCIAL LEASE AGREEMENT
between
KERRY TEEKELL INVESTMENTS, LLC
And
PHARMA INITIATIVE, LLC

THIS COMMERCIAL LEASE is issued and effective this 1st day of August 2018 by and between, Kerry Teekell Investments, LLC, referred to as the "Lessor," whose mailing address is 8801 Jewell Lake Road, Anchorage, Alaska 99502, and Pharma Initiative, LLC referred to as the "Lessee," whose mailing address is 4315 East Dimond Way, Wasilla, Alaska 99654.

1. **PROPERTY:** The Premises is located at 4315 East Dimond Way, Wasilla, Alaska 99654. Legal description: Lot 10 Block 4, Midway Estates Subdivision **(BOROUGH WEBSITE HAS BEEN HACKED AS SOON AS BACK UP WILL REVISE)**

2. **ALLOWED USE:** The premise may be occupied and used by Lessee for any lawful purpose, including as a licensed, Standard Marijuana Cultivation.

3. **LEASE FEE:** Lessee will pay in advance and without notice, an annual fee of $36,000.00 with monthly installments in the amount of three thousand ($3,000.00) dollars.. The first month will be due on the effective date of this Lease. Thereafter, subsequent monthly fees are due on the first day of each month for the term of the Lease. Any additional fees are specified in Special Conditions noted below. All payments required by this Lease must be made with a check or money order. A late fee of five percent (5%) of the annual rent will become due and payable after the 10th of each month during the term of this Lease. Lessee will be considered in default if payment is not received by the 15th of each month, during the term of this Lease. Lessee shall pay the State a $25 service charge on all checks returned for nonsufficient funds.

   All payments shall be sent to: Kerry Teekell Investments, LLC 8801 Jewell Lake Road, Anchorage, Alaska 99502

4. **LEASE TERM:** Lessee may occupy the Premises, commencing on August 1, 2018 and ending on August 23, 2023. Lessee will have the option to continue to occupancy Premises on a year to year or month-to-month basis, unless sooner revoked as provided herein.

5. **EARLY TERMINATION:** Lessee has the option of termination this agreement with 60 days written notice, and will be responsible for all rents during the 60 days prior to vacating the Premises.

6. **SECURITY DEPOSIT:** At the signing of the Lease, Lessee shall deposit with Lessor, in trust, a security deposit of One Thousand Dollars ($1,000.00) as security for the performance by Lessee of the terms under this Lease and for any damages caused by Lessee, Lessee's family, agents and visitors to the Premises. However, Lessor is not limited to the security deposit amount and Lessee

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remains liable for any balance. Lessee shall not apply or deduct any portion of any security deposit from the last, or any months, rent. Lessee shall not use or apply any such security deposit at any time in lieu of payment of rent. If Lessee breaches any terms or conditions of this Lease, Lessee shall forfeit any deposit, as permitted by law.

7. **OPTION TO PURCHASE:** During the term of the Lease, Lessor shall have the right to purchase the Leased Premises at any time for a purchase price of One Million Dollars ($1,000,000,000.)

8. **DEFAULTS:** If Lessee fails to perform or fulfill any obligation under this Lease, Lessee shall be in default of this Lease. Subject to any statute, ordinance or law to the contrary, Lessee shall have seven (7) days from the date of notice of default by the Lessor to cure the default. In the event the Lessee does not cure the default, Lessor may, at Lessor's option: (a) cure such default and the cost of such action may be added to Lessee's financial obligations under this Lease; or (b) declare Lessee in default of the Lease. In the event of default, Lessor may also, as permitted by law, re-enter the Premises and re-take possession of the Premises. Lessor may, at its option, hold Lessee liable for any difference between the rent that would have been payable under the Lease during the balance of the unexpired term, if this Lease had continued in force and any rent paid by any successive Lessee if the Premises are re-let. In the event the Lessor is unable to re-let the Premises during the remaining term of this Lease, after default by Lessee, the Lessor may at its option hold Lessee liable for the balance of the unpaid rent under this Lease if this Lease had continued in force. The failure of Lessees or their guests or invitees to comply with any term of this Agreement is grounds for termination of this tenancy, with appropriate notice to Lessees and procedures as required by law.

9. **POSSESSION AND SURRENDER OF PREMISES:** Lessee shall be entitled to possession of the Premises on the first day of the Lease term. At the expiration of the Lease, Lessee shall peaceably surrender the Premises to Lessor or Lessor's agent in good condition, as it was at the commencement of the Lease, reasonable wear and tear excepted.

10. **CONDITION OF PREMISES:** Lessee or Lessee's agent has inspected the Premises, the fixtures, the grounds, building and improvements and acknowledges that the Premises are in good and acceptable condition and are habitable. If at any time during the term of this Lease, in the Lessee's opinion, the conditions change, Lessee shall promptly provide reasonable notice to Lessor.

11. **ASSIGNMENT AND SUBLEASE:** Lessee shall not sublease the Premises or any part of the Premises, without written consent of the Lessor. Any assignment or sublease without Lessor's prior written consent shall, at Lessor's option, terminate this Lease.

12. **DANGEROUS MATERIALS:** Lessee shall not keep or have on or around the Premises any item of a dangerous, flammable, or explosive nature that might unreasonably increase the risk of fire or explosion on or around the Premises or that might be considered hazardous by any responsible insurance company.

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13. **UTILITIES AND SERVICES:** Lessee will be responsible for all utilities and services required on the Premises, to include: 1) all individually metered electrical service; 2) all individually metered and non-metered gas service; 3) septic pumping; 4) on-site disposal of trash, including trash receptacles; 3) snow removal as needed.

14. **PERSONAL PROPERTY TAXES:** Lessee will pay all taxes levied against any leasehold interest of the Lessee or personal property and trade fixtures owned or placed by the Lessee in the Premises.

15. **REAL ESTATE TAXES:** Lessee will pay all real estate taxes and assessments against the Premises, from the commencement date and shall pay to Lessor not later than twenty-one (21) days after the day on which the same may become initially due, all real estate taxes and assessments applicable to the leased Premises, together with any interest and penalties lawfully impose thereon as a result of Lessee's late payment thereof, which shall be levied upon the leased Premises during the term of this lease.

16. **ALTERATIONS AND IMPROVEMENTS:** Lessee agrees not to make any improvements or alternations to the Premises without prior written consent of the Lessor. If any alternations, improvements, or changes are made or built on or around the Premises except for fixtures and personal property that can be removed without damage to the Premises, they shall become the property of the Lessor and shall remain at the expiration of the Lease unless otherwise agreed to in writing.

17. **DAMAGE TO PREMISES:** If the Premises or part of the Premises are damaged or destroyed by fire or other casualty not due to Lessee's negligence, the rent will be abated during the time that the Premises are uninhabitable. If Lessor decides to not repair or rebuild the Premises, then this Lease shall terminate and the rent shall be prorated up to the time of the damage. Any unearned rent paid in advance shall be refunded to the Lessee.

18. **MAINTENANCE AND REPAIR:** Lessee will, at Lessee's sole expense, keep and maintain the Premises in good, clean and sanitary condition and repair during the term of this Lease and any renewal thereof. Lessee shall be responsible to make all repairs to the Premises, fixtures, appliances and equipment therein that may have been damaged by Lessee's misuse, waste or neglect, or that of the Lessee's family, agent, or visitor. Lessee agrees that no painting will be done on or about the Premises without the prior written consent of Lessor. Lessee shall promptly notify Lessor of any damage, defect or destruction of the Premises, or in the event of the failure of any of the appliances or the equipment. Lessor will use its best efforts to repair or replace any such damaged or defective area, appliance or equipment.

19. **RIGHT OF INSPECTION:** Lessee agrees to make the Premises available to Lessor or Lessor's agents for the purposes of inspection, making repairs or improvements, or to supply agreed services or show the Premises to prospective buyers or Lessees, or in the case of an emergency. Except in the case of emergency, Lessor shall give the Lessee reasonable notice of intent to enter.

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For these purposes, a twenty-four (24) hour notice is deemed reasonable. Lessee shall not, without Lessor's prior written consent, add, alter, or re-key any locks to the Premises. At all times, the Lessor shall be provided with a key or keys capable of unlocking all such locks and gaining entry. Lessee further agrees to notify Lessor in writing if Lessee installs any burglar alarm system, including instructions on how to disarm it in case of an emergency entry.

During any entry by Lessor or its agents on the Premises, Lessor and Lessee agents or employees shall be over the age of twenty-one (21) and shall comply with Lessee's visitor policy, show government issued photo identification, wear a visitor badge, remain in eyesight of a designated Lessee agent, comply with and sign in and out of visitor log, as is required by the Alaska State Marijuana Control Board Regulations. At no time shall Lessor have more that five (5) persons enter the Premises.

20. **ABANDONMENT:** If Lessee abandons the Premises or any personal property during the term of this Lease, the Lessor may at its option enter the Premises by any legal means without liability to Lessee and may at the Lessor's option terminate the Lease. Abandonment is defined as absence of the Lessees from the Premises for at least thirty (30) consecutive days without notice to the Lessor. If Lessee abandons the Premises while the rent is outstanding for more than fifteen (15) days and there is no reasonable evidence other than the presence of the Lessee's personal property that the Lessee is occupying the unit, Lessor may, at Lessor's option, terminate this agreement and regain possession in the manner prescribed by law. Lessor will dispose of all abandoned personal property on the Premises in manner allowed by law.

    Lessor shall not take into its possession any marijuana or marijuana product and shall contact the State of Alaska AMCO division prior to any access to the licensed Premises if Lessee cannot be reached, abandons the property, or similar event.

21. **SECURITY:** Lessee understands that the Lessor does not provide any security alarm system or other security for Lessee or the Premises. In the event any alarm system is provided, Lessee understands that such an alarm system is not warranted to be complete in all respects or to be sufficient to protect Lessee or the Premises. Lessee releases Lessor from any loss, damage, claim, or injury resulting from the failure of any alarm system, security, or from the lack of any alarm system or security.

22. **SEVERABILITY:** If any or parts of this Lease shall be held unenforceable for any reason, the remainder of this agreement shall continue in full force and effect. If any provision of this Lease is deemed invalid or unenforceable by any court or competent jurisdiction, and if limiting such provision would make this provision valid, then such provision shall be deemed to be construed as so limited.

23. **INSURANCE:** Lessor and Lessee shall each be responsible for maintaining appropriate insurance for their respective interests in the Premises and property located on the Premises. Lessee understands that Lessor will not provide any insurance coverage for Lessee's property. Lessor

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will not be responsible for any loss of Lessee's property, whether by theft, fire, riots, strikes, acts of God, or otherwise. Lessee will be required to obtain and provide proof of commercial liability insurance with the Lessor identified as "Named Insured" on the Certificate of Insurance. Commercial Liability Insurance shall have minimum coverage of $1,000,000 per occurrence.

24. **INDEMNIFICATION:** To the extent permitted by law, the Lessee will indemnify and hold Lessor and Lessor's property, including the Premises, free and harmless from any liability for losses, claims, injury to or death of any person, including Lessee, or for damage to property arising from Lessee using and occupying the Premises or from the acts or omissions of any person or persons, including Lessee, in or about the Premises with Lessee's express or implied consent except Lessor's act or negligence.

25. **LEGAL FEES:** In the event any legal action by the Parties arises out of this Lease, the losing party shall pay the prevailing party reasonable attorney's fees and costs in addition to all other relief.

26. **BINDING EFFECT:** The covenants and conditions contained in the Lease shall apply to and bind the parties and their heirs, legal representatives, successors and permitted assigns of the parties.

27. **GOVERNING LAW:** The Lease shall be governed by and construed in accordance with the laws of the State of Alaska and Matanuska-Susitna Borough.

28. **ENTIRE AGREEMENT:** This Lease constitutes the entire agreement between the parties and supersedes any prior understanding or representation of any kind preceding the date of this Agreement. There are no other promises, conditions, understandings, or other agreements, oral or written, relating to the subject matter of this Lease. This Lease may be modified in writing and must be signed by both Lessor and Lessee.

29. **NOTICE:** After Lessee receives approval from the Alaska Marijuana Control Office to commence operations, the Lessee agrees to provide Lessor with 30 days' notice before commencing in the commercial cultivation of cannabis so the Lessor may enact their increased commercial insurance liability policy. Any notice required or otherwise given pursuant to this Lease shall be in writing and mailed, certified and return receipt requested, with postage prepaid, or delivered by overnight delivery service, to Lessee, at the Premises and to the Lessor, at the address above, for the payment of rent. Either party may change such addresses from time to time by providing notice as set forth above.

30. **CUMULATIVE RIGHTS:** Lessor's and Lessee's rights under this Lease are cumulative, and shall not be construed as exclusive of each other unless otherwise required by law.

31. **WAIVER:** The failure of either party to enforce any provisions of the Lease shall not be deemed a waiver or limitation of that party's right to subsequently enforce and compel strict compliance

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with every provision of this Lease. The acceptance of rent by Lessor does not waive Lessor's right to enforce any provisions of this Lease.

32. **DISPLAY OF SIGNS:** Lessor or Lessor's agent may display "For Sale" or "For Rent" or "Vacancy" or similar signs on or about the Premises and enter to show the Premises to prospective Lessees during the last sixty (60) days of this Lease. Lessee agrees that no signs shall be placed on the Premises without the prior written consent of the Lessor.

33. **PARKING:** Lessee shall be entitled to use two parking spaces in the front of the building for the parking of motor vehicles, and additional parking spaces for up to eight vehicles in the back of the building.

34. **KEYS:** Lessee shall be given two keys for the Premises. Lessee shall be charged **$25.00** if all keys are not returned or Lessor following termination of the Lease or if keys are lost and must be replaced during tenancy.

35. **COMMERCIAL INSURANCE STIPULATION:** The Lessee also agrees to pro-rate the Lessor for the remaining balance of the yearly premium of the Lessor's commercial insurance policy, should for any reason the Lessee have to abandon the lease prior to the compensation of the pro-rated annual lease/insurance policy term.

IN WITNESS, THEREOF, Lessee and Lessor have each executed this Commercial Lease Agreement on the day herein above as written.

KERRY TEEKELL INVESTMENTS, LLC

Kerry Teekell, Owner

7.30.18
Date

PHARMA INITIATIVE, LLC

David Huskey, Authorized Official

7-30-18
Date

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