ALASKA COMMERCIAL SUBLEASE

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ALASKA COMMERCIAL SUBLEASE

THIS SUBLEASE ("Sublease") dated as of Dec 9 2018 is made between AKTHC LLC, an Alaska incorporated organization with the registered address of 110 North Willow, Suite 137, Kenai, AK 99611 ("Sublandlord"), and Chase Griffith, registered address of 54200 Leonard Dr., Kenai, AK 99611 ("Subtenant").

RECITALS

- Sublandlord is the tenant under the Alaska Commercial Lease Agreement with Option to Purchase dated August 10, 2016 (the "Master Lease"), pursuant to which Gloria Ager ("Master Landlord) leased to Sublandlord the real property located in the City of Sterling, State of Alaska, described as T 5N R 8W SEC 17 Seward Meridian KN 2005121 GREGORY AGER ADDN LOT 56-A, which is commonly known and numbered as 32630 June Drive, Sterling, AK 99672 ("Master Premises").

- A copy of the Master Lease is attached and incorporated in this Sublease as Exhibit A.

AGREEMENT

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NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

Section 1. Sublease

Sublandlord subleases to Subtenant on the terms and conditions in this Sublease the entire portion of the Master Premises ("Premises"), further described as: the real property located in the City of Sterling, Alaska, commonly known and numbered as 32630 June Drive, Sterling, Alaska 99672, the legal description being T 5N R 8W SEC 17 Seward Meridian KN 2005121 GREGORY AGER ADDN LOT 56-A.

Section 2. Warranty by Sublandlord

Sublandlord warrants to Subtenant that the Master Lease has not been amended or modified except as expressly set forth in this Sublease. Under this Sublease, the Sublandlord transfers all conditions/duties/liabilities and warranties imposed on it, under the provisions of the Master Lease, to the Subtenant. Sublandlord, under this Agreement, affirms that he has no knowledge of any claim by Master Landlord that Sublandlord is in default or breach of any of the provisions of the Master Lease.

Section 3. Term

The term of this Sublease (the "Term") will commence on the date abovementioned (the "Commencement Date"), and will expire after (2) two years ("Expiry Date"), unless terminated sooner in accordance with the provisions of this Sublease, This lease will move to a Month to Month automatically after the 2 years expire. Sublandlord will deliver the Possession of the Premises ("Possession") to Subtenant immediately following the Commencement Date. If for any reason Sublandlord does not deliver Possession to Subtenant on the Commencement of the Term for reasons beyond the Sublandlord's control, Sublandlord will not be subject to any liability and the Expiry Date will not be extended due to the delay. Following the Commencement Date, if Possession does not occur then Rent will be abated until delivery of Possession. Cg

Should the Sublandlord not deliver Possession to Subtenant within thirty (30) days after the Commencement Date, at any time after that and before delivery of Possession, Subtenant may give written notice to Sublandlord of Subtenant's intention to cancel this Sublease. The notice will set forth an effective date for the cancellation, which will be at least ten (10) days after delivery of notice to Sublandlord. If Sublandlord delivers Possession to Subtenant on or before this effective date, this Sublease will remain. If Sublandlord fails to deliver Possession to Subtenant on or before this effective date, this Sublease will be canceled. Upon cancellation, all consideration previously paid by Subtenant to Sublandlord on account of this Sublease will be

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returned to Subtenant, this Sublease will have no further force, and Sublandlord will have no further liability to Subtenant because of this delay or cancellation under this Sublease. If Sublandlord permits Subtenant to take Possession prior to the Commencement Date, the early Possession will be subject to the provisions of this Sublease, including, without limitation, the payment of rent.

If there is a local, state, or federal ban or prohibition regarding the operation of the marijuana-related business (including the revocation of License) to be operated at the Premises during the term of this Sublease, Or the marijuana licenses become inactive for any reason, Subtenant will be allowed out of the lease within (90) days of said ban or prohibition.

Section 4. Rent

Subtenant agrees to pay Master Landlord rental charges in the amount of $2,500 monthly to be sent to PO Box 1305, Sterling, AK 99672 or deposited in her Alaska USA account without deduction, setoff, notice, or demand, the sum of per month as set forth in the Original Master Lease, in advance by the fifth day of each month of the Term.

In addition to all other provisions of this Sublease, Subtenant shall pay Additional Rental Charges of 13 percent ("Additional Rental Charges") of gross revenues created/ generated/ collected from any commercial activity carried out on the premises or as a result of the Subtenant having Possession. Sublandlord will only qualify to receive the Additional Rental Charges after the Subtenant's revenue reaches $12,500 in gross sales per month i.e. if the Subtenant receives $12,501 in gross sales in a month, Subtenant shall pay $1,625.13 to the Sublandlord as Additional Rental Charge. As an incentive to Subtenant, Additional Rental Charges shall decrease to 10% per month once the gross revenue exceeds more than $1,500,000 within a calendar year i.e. if in the month of October of any given calendar year, the gross revenue for the said year reaches $1,500,000 then Subtenant shall pay Sublandlord a decreased rate of 10 percent of monthly gross sales for the remaining months of the year. Upon qualification to receive Additional Rental Charges, it will be paid to the Sublandlord by the Subtenant on or before the fifth day of the following month i.e. if gross sales for the month of January exceed $12,500, the Additional Rental Charges (calculated on the above formula) will be paid on or before the fifth day of February. When calculating additional rental charges, sales taxes will not be included in gross revenues. Marijuana taxes will be allowed to be deducted from gross revenues when marijuana is produced at this premise. Any late payments of Additional Rental Charges will nullify this Sublease and grant the Sublandlord right to repossess the Premises.

Failure to pay rent on the fifth of every month by the Subtenant shall deem a material breach of this Sublease, and shall entitle Sublandlord or Master Landlord to repossess the premises without any delays.

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Additional Rental Charges will be deposited in the Sublandlord's bank account or any other method requested by Sublandlord.

Subtenant is also required, as a material term of this Sublease, to lease equipment from Sublandlord. Subtenant must execute a Lease of Equipment Agreement and comply with its terms. A breach of the Lease of Equipment Agreement is deemed by the Subtenant and Sublandlord to be a material breach of this Sublease and shall allow Sublandlord to repossess the premises from subtenant.

Section 5. Security Deposit

Subtenant will deposit with Sublandlord on execution of this Sublease the sum of **$2,500.00** as security for Subtenant's faithful performance of Subtenant's obligations under this Sublease ("Security Deposit"). If Subtenant fails to pay Rent, as per Section 4 above, or other charges when due under this Sublease, or fails to perform any obligations under this Sublease, Sublandlord will use any or all portions of the Security Deposit for the payment of any Rent or other amount then due and/or unpaid, for the payment of any other sum for which Sublandlord may become obligated because of Subtenant's default or breach, or for any loss sustained by Sublandlord as a result of Subtenant's default or breach.

If Sublandlord uses any portion of the Security Deposit, Subtenant will, within ten (10) days restore the Security Deposit to the full amount originally deposited. Subtenant's failure to do so will constitute a default under this Sublease. Sublandlord will not be required to keep the Security Deposit separate from its general accounts, and will have no obligation or liability for payment of interest on the Security Deposit. If Sublandlord assigns its interest in this Sublease, Sublandlord will deliver to its assignee as much of the Security Deposit as Sublandlord then holds.

Within ten (10) days after the Term has expired or Subtenant has vacated the Premises or any final adjustment pursuant to Section 4 of this Sublease has been made, whichever occurs last, and provided that Subtenant is not then in default under this Sublease, the Security Deposit, or as much as remains that has not been applied by Sublandlord, will be returned to Subtenant or to the last assignee, if any, of Subtenant's interest under this Sublease.

Section 6. Late Charge and Interest

The late payment of any Rent will cause Sublandlord to incur additional costs, including the cost to maintain in full force the Master Lease, administration and collection costs, and processing and accounting expenses. If Master Landlord has not received any installment of Rent within

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five (5) days after that amount is due, Subtenant will pay five percent (5%) of the delinquent amount directly to the Master Landlord, which is agreed to represent a reasonable estimate of the cost incurred by Sublandlord.

Section 7. Use of Premises

The Premises will be used and occupied as a marijuana retail store as well as for a cultivation and storage facility and any other marijuana related or incidental uses thereto to the extent the same are legally permissible, comply with applicable laws and zoning, and are otherwise consistent with the character of the Master Lease, as a first-class retail building project, and for no other use or purpose.

No harmful or environmentally toxic products shall be placed in, on or around the Premises. Harmful or environmentally toxic products include but are not limited to those that cause damage to the septic system. If Subtenant dumps any harmful fertilizers or other environmentally toxic products, it will be liable for the cost to repair the cleanup cost.

As stated in the Master Lease, Subtenant is responsible and shall comply with all local, state, and federal laws. Any and all damages caused by Subtenant through the use of the Premises will be Subtenant's sole responsibility to pay for and remedy; Subtenant shall indemnify and hold Sublandlord and Master Landlord harmless from and against liabilities, penalties, losses, damages, costs and reasonable expenses (including reasonable attorneys' fees), demands, causes of action, claims or judgments (collectively, "Claims") arising out of personal injury, death or property damage occurring in, on, or about the Sublease Premises or any part thereof or occasioned by any act or omission of Subtenant, its officers, employees, agents, licensees, contractors or invitees. The foregoing indemnity of Sublandlord by Subtenant shall also extend to Claims made by Master Landlord against Sublandlord as a result of any breach of this Sublease or the Master Lease by Subtenant.

Section 8. Assignment and Subletting

Subtenant will not assign this Sublease or further sublet all or any part of the Premises without the prior written consent of both Sublandlord and Master Landlord. Such consent shall not be unreasonably withheld, provided that if the Master Landlord provides consent to any assignment or further sublet of the Premises, then the Sublandlord shall also provide such consent.

Section 9. Other Provisions of Sublease

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All applicable terms and conditions of the Master Lease are incorporated into and made a part of this Sublease (if not in conflict with this Sublease) as if Sublandlord were the landlord, Subtenant the tenant, and the Premises the Master Premises. Subtenant assumes and agrees to perform the tenant's obligations under the Master Lease during the Term to the extent that these obligations are applicable to the Premises. Sublandlord will exercise due diligence in attempting to cause Master Landlord to perform its obligations under the Master Lease for the benefit of Subtenant. If the Master Lease terminates, at the option of Master Landlord, this Sublease will terminate and the parties will be relieved of any further liability or obligation under this Sublease. However, if the Master Lease terminates as a result of a default or breach by Sublandlord or Subtenant under this Sublease or the Master Lease, the defaulting party will be liable to the non-defaulting party for the damage suffered as a result of the termination. Regardless, if the Master Lease gives Sublandlord any right to terminate the Master Lease in the event of the partial or total damage, destruction, or condemnation of the Master Premises or the building or project of which the Master Premises are a part, the exercise of this right by Sublandlord will not constitute a default or breach.

Communications from Master Landlord. Sublandlord agrees to forward and otherwise relay to subtenant any and all relevant communications, including but not limited to those related to the Master Lease made by Master Landlord to Sublandlord immediately (within three (3) business days) absent exigent circumstances.

Insurance. Subtenant is required to maintain insurance on the Premises as provided for in the Master Lease.

Improvements to Property. Any improvements made to the Premises by subtenant will remain with the Premises, not including personal property of subtenant, including any outside structures (such as greenhouses).

Section 10. Termination

Subtenant shall be in default of this Lease if Subtenant fails to fulfill any lease obligation or term by which Subtenant is bound. Subject to any governing provisions of law to the contrary, if Subtenant fails to cure any financial obligation within 5 days (or any other obligation within 10 days) after written notice of such default is provided by Landlord to Tenant, Landlord may elect to cure such default and the cost of such action shall be added to Subtenant's financial obligations under this Lease.

A Termination Date ("Termination Date") is the date on which this Sublease stands terminated, subject to any terms of this Sublease.

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Section 11. Insurance

At all times Subtenant, shall keep the Premises insured to the full cost of reinstatement under a policy complying with the terms of this Sublease.

Section 12. Option to Renew

Subtenant, upon satisfactory performance of this Sublease shall have the option to renew this Sublease for the remaining term of the master lease, on the same terms, providing the Premises are: leased to Sublandlord on the same terms. This option to renew is subject to all the provision to this Sublease. This option to renew is not transferable; the parties hereto acknowledge and agree that they intend that the aforesaid option to extend this Sublease shall be "personal" to Subtenant as set forth above and that in no event will any assignee have any rights to exercise the aforesaid option to extend.

Section 13. No Broker

Sublandlord and Subtenant each warrant that they have not dealt with any real estate broker in connection with this transaction. Sublandlord and Subtenant each agree to indemnify, defend, and hold the other harmless against any damages incurred as a result of the breach of the warranty contained in this Sublease.

Section 14. Notices

All notices and demands that may be required or permitted by either party to the other will be in writing. All notices and demands by the Sublandlord to Subtenant will be sent by United States Mail, postage prepaid, addressed to the Subtenant at the Premises, and to the address in this Sublease below, or to any other place that Subtenant may from time to time designate in a notice to the Sublandlord. All notices and demands by the Subtenant to Sublandlord will be sent by United States Mail, postage prepaid, addressed to the Sublandlord at the address in this Sublease, and to any other person or place that the Sublandlord may from time to time designate in a Notice to the Subtenant, or by E-mail.

To Sublandlord:

AKTHC LLC
C/O Brad Henson
201 Saddle Creek RD.

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Cullowhee, NC 28723

To Subtenant:

Chase Griffith
54200 Leonard Drive
Kenai, AK 99611
DBA: Permafrost Distributors

Section 15. Successors and Assigns

This Sublease will be binding on and inure to the benefit of the parties to it, their heirs, executors, administrators, successors in interest, and assigns.

Section 16. Entry

Sublandlord reserves the right to enter the Premises on reasonable notice to Subtenant to inspect the Premises or the performance by Subtenant of the terms and conditions of this Sublease and, during the last six (6) months of the Term, to show the Premises to prospective Subtenant. In an emergency, no notice will be required for entry.

Section 17. Property Taxes

Subtenant shall be responsible for paying all real and personal property taxes with respect to the Premises as well as all sales taxes and taxes assessed against Subtenant in his line of business.

Section 18. Utilities

Subtenant shall pay all charges for water, sewer, gas, electricity, internet, telephone and other services and utilities used by Subtenant on the Premises during the term of this Sublease unless otherwise expressly agreed in writing by Master Landlord or Sublandlord.

Section 19. Signs

Following Master Landlord or Sublandlord's consent, Subtenant shall have the right to place on the Premises, at locations selected by Subtenant, any signs which are permitted by applicable zoning ordinances and/or private restrictions. Subtenant shall repair all damage to the Premises resulting from the removal of signs installed by Subtenant at the end of the Sublease.

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Section 20. Parking

During the term of this Sublease, Subtenant shall have the use of the parking areas, driveways, and footways. The driveway entrance from the Sterling Hwy to the parking area may have to be modified to comply with Kenai Peninsula Borough Code. Sublandlord or Master Landlord will consent to any modifications proposed by Subtenant.

Section 21. Building Rules

Subtenant will comply with the rules of the building adopted and altered by Master Landlord from time to time and will cause all of its agents, employees, invitees and visitors to do the same; all changes to such rules will be sent by Sublandlord to Subtenant in writing.

Section 22. Quiet Possession

Master Landlord, as well as Sublandlord, covenants and warrants that upon performance by Subtenant of its obligations hereunder Master Landlord will keep and maintain Subtenant in exclusive, quiet, peaceable and undistributed and uninterrupted possession and enjoyment of the Premises during the term of this Sublease.

Section 23. Condemnation

If a legally, constituted authority condemns the building or such part thereof which shall make the Premises unsuitable for leasing, this Sublease shall cease.

Section 24. Entire Agreement

This Sublease sets forth all the agreements between Sublandlord and Subtenant concerning the Premises, and there are no other agreements either oral or written other than as set forth in this Sublease. The exhibits to this Sublease are part of the agreement.

Section 25. Time of Essence

Time is of the essence in this Sublease, however, the parties agree that they have been given the opportunity to have this Sublease reviewed by their respective legal representatives.

Section 26. Consent by Master Landlord

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This sublease will have no effect unless consented to by Master Landlord, with the same exhibited to this Sublease as Exhibit B.

Section 27. Governing Law

This Sublease will be governed by and construed in accordance with the state laws of Alaska.

NOTARIZED SIGNATURES AND MASTER LANDLORD CONSENT BELOW

FURTHER AFFIANT I SAYETH NAUGHT.

A duly representative of
AKTHC, LLC
Name: Bradley Henson
Occupation: owner
Date: 12-9-16

SUBSCRIBED AND SWORN to before me this 9 day of December 2016 by the authorized Sublandlord representative.

Notary Public in and for Alaska
My Commission Expires: July 15, 2017
Name:
Registration Number:
Date:

OFFICIAL SEAL
PATRICIA M. HIME
NOTARY PUBLIC-STATE OF ALASKA
My Comm. Expires July 15, 2017

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FURTHER AFFIANT I SAYETH NAUGHT.

A duly representative of
PERMAFROST DISTRIBUTORS
Name: Chase Griffith
Occupation: owner
Date: 12-9-16

SUBSCRIBED AND SWORN to before me this 9 day of December 2016 by the authorized Subtenant representative.

Notary Public in and for Alaska
My Commission Expires: July 15, 2017
Name:
Registration Number:
Date:

OFFICIAL SEAL
PATRICIA M. HIME
NOTARY PUBLIC-STATE OF ALASKA
My Comm. Expires July 15, 2017

EXHIBIT A

Master LEASE

EXHIBIT B

Master Landlord's Consent to Sublease

The undersigned ("Master Landlord"), landlord under the Master Lease, consents to the Sublease without waiver of any restriction in the Master Lease concerning further assignment or subletting. Master Landlord certifies that, as of the date of Master Landlord's execution, Sublandlord is not in default or breach of any of the provisions of the Master Lease, and that the Master Lease has ~~not~~ been amended or modified except as expressly set forth in the Sublease.

C.R.6.874

FURTHER AFFIANT I SAYETH NAUGHT.

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SUBSCRIBED AND SWORN on before me this 19 day of DECEMBER 2016, by Gloria Ager.

Gloria Ager

Gloria Ager
Date:

Notary Public in and for ~~Alaska~~ FLORIDA
My Commission Expires: 05-13-2019
Name:
Registration Number:
Date: 12/19/2016

ADRIA D. DEGRAZIO
Notary Public - State of Florida
Commission # FF 230318
My Comm. Expires May 13, 2019
Bonded through National Notary Assn.

DISCLAIMER: Removal of Cannabis product not authorized: The landlord/lessor shall not take possession of or remove marijuana from the premises, AMCO will be contacted if the removal is necessary.

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