

Alaska Business License # 1033200

Alaska Department of Commerce, Community, and Economic Development

Division of Corporations, Business and Professional Licensing
P.O. Box 110806, Juneau, Alaska 99811-0806

This is to certify that

PERMAFROST DISTRIBUTORS

54200 LEONARD DR. KENAI AK 99611

owned by

CHASE R GRIFFITH

is licensed by the department to conduct business for the period

December 27, 2016 through December 31, 2017
for the following line of business:

- 11 - Agriculture, Forestry, Fishing and Hunting
- 42 - Trade

This license shall not be taken as permission to do business in the state without having complied with the other requirements of the laws of the State or of the United States.

This license must be posted in a conspicuous place at the business location.
It is not transferable or assignable.

Chris Hladick





July 19, 2017

Kenai Peninsula Borough
Attn: Johni Blankenship
VIA Email: jblankenship@kpb.us
CC: micheleturner@kpb.us

License Number:	11519
License Type:	Limited Marijuana Cultivation Facility
Licensee:	CHASE R GRIFFITH
Doing Business As:	PERMAFROST DISTRIBUTORS
Physical Address:	32630 June Dr. Sterling, AK 99672
Designated Licensee:	CHASE R GRIFFITH
Phone Number:	907-980-7584
Email Address:	Chase.Griffith@AKPermafrost.com

AMCO has received a complete renewal application for the above listed license (see attached application documents) within your jurisdiction. This is the notice required under 3 AAC 306.035(c)(2).

To protest the approval of this application pursuant to 3 AAC 306.060, you must furnish the director **and** the applicant with a clear and concise written statement of reasons for the protest within 60 days of the date of this notice, and provide AMCO proof of service of the protest upon the applicant.

3 AAC 306.060 states that the board will uphold a local government protest and deny an application for a marijuana establishment license unless the board finds that a protest by a local government is arbitrary, capricious, and unreasonable.

At the May 15, 2017, Marijuana Control Board meeting, the board delegated to me the authority to approve renewal applications with no protests, objections, or notices of violation. However, if a timely protest or objection is filed for this application, or if any notices of violation have been issued for this license, the board will consider the application. In those situations, a temporary license will be issued pending board consideration.

If you have any questions, please email amco.localgovernmentonly@alaska.gov.

Sincerely,

Erika McConnell

Erika McConnell
Director



Alaska Marijuana Control Board

Form MJ-20: Renewal Application Certifications

What is this form?

This renewal application certifications form is required for all marijuana establishment license renewal applications. Each person signing an application for a marijuana establishment license must declare that he/she has read and is familiar with AS 17.38 and 3 AAC 306. A person other than a licensee may not have direct or indirect financial interest (as defined in 3 AAC 306.015(e)(1)) in the business for which a marijuana establishment license is issued, per 3 AAC 306.015(a).

This form must be completed and submitted to AMCO's main office by each licensee (as defined in 3 AAC 306.020(b)(2)) before any license renewal application will be considered complete.

Section 1 – Establishment Information

Enter information for the licensed establishment, as identified on the license application.

Licensee:	Chase Griffith	License Number:	11519		
License Type:	Limited Marijuana Cultivation Facility				
Doing Business As:	Permafrost Distributors				
Premises Address:	32630 June Dr				
City:	Sterling	State:	AK	ZIP:	99672

Section 2 – Individual Information

Enter information for the individual licensee who is completing this form.

Name:	Chase Griffith				
Title:	Owner				

Section 3 – Changes to Licensed Marijuana Establishment

Read each line below, and then sign your initials in the box to the right of only the applicable statement:

Initials

I certify that **no changes have been made**, except for those that have been previously reported or requested on a form prescribed by the Board, to this licensed establishment's business name, ownership, licensed premises diagram, or operating plan, and (for marijuana product manufacturers) that I do not wish to request Board approval for production of any new proposed marijuana products.

I certify that **a change has been or will be made** to one or more of the items listed above for this establishment, and I understand that an additional form(s) and fee(s) must be submitted to AMCO before any renewal application for this license can be considered complete.

If you have selected the second certification, please list any and all of the five types of changes that need to be reported/requested:





Alaska Marijuana Control Board

Form MJ-20: Renewal Application Certifications

Section 4 – Certifications

Read each line below, and then sign your initials in the box to the right of any applicable statements:

Initials

I certify that I have not been convicted of any criminal charge in the previous two calendar years.

CG

I certify that I have not committed any civil violation of AS 04, AS 17.38, or 3 AAC 306 in the previous two calendar years.

CG

Sign your initials to the following statement only if you are unable to certify one or both of the above statements:

Initials

I have attached a written explanation for why I cannot certify one or both of the above statements, which includes the type of offense, as required under 3 AAC 306.035(b)(4).

Read each line below, and then sign your initials in the box to the right of each statement:

Initials

I certify that no person other than a licensee listed on my marijuana establishment license renewal application has a direct or indirect financial interest, as defined in 3 AAC 306.015(e)(1), in the business for which the marijuana establishment license has been issued.

CG

I certify that this establishment complies with any applicable health, fire, safety, or tax statute, ordinance, regulation, or other law in the state.

CG

I certify that I have not violated any restrictions pertaining to this particular license type, and that this license has not been operated in violation of a condition or restriction imposed by the Marijuana Control Board.

CG

I certify that I understand that providing a false statement on this form, the online application, or any other form provided by or to AMCO is grounds for rejection or denial of this application or revocation of any license issued.

CG

As an applicant for a marijuana establishment license renewal, I declare under penalty of unsworn falsification that I have read and am familiar with AS 17.38 and 3 AAC 306, and that this application, including all accompanying schedules and statements, is true, correct, and complete. I agree to provide all information required by the Marijuana Control Board in support of this application and understand that failure to do so by any deadline given to me by AMCO staff may result in additional fees or expiration of this license.

Signature of licensee

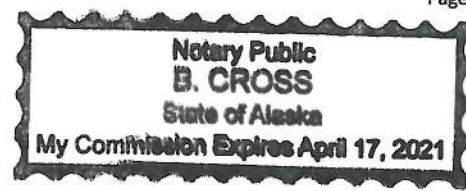
Chase Griffith

Printed name of licensee

Notary Public in and for the State of Alaska

My commission expires: April 17, 2021

Subscribed and sworn to before me this 23 day of June, 2017.



Alcohol & Marijuana Control Office

License Number: 11519

License Status: Active

License Type: Limited Marijuana Cultivation Facility

Doing Business As: PERMAFROST DISTRIBUTORS

Business License Number: 1033200

Designated Licensee: CHASE R GRIFFITH

Email Address: Chase.Griffith@AKPermafrost.com

Local Government: Kenai Peninsula Borough

Community Council:

Latitude, Longitude: 60.526806, -150.725088

Physical Address: 32630 June Dr.
Sterling, AK 99672
UNITED STATES

Licensee #1

Type: Individual

Name: CHASE R GRIFFITH



Phone Number: 907-980-7584

Email Address: Chase.Griffith@AKPermafrost.com

Mailing Address: 54200 Leonard Dr.
Kenai, AK 99611
UNITED STATES

Note: No entity officials entered for this license.

Note: No affiliates entered for this license.

ALASKA COMMERCIAL SUBLEASE
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ALASKA COMMERCIAL SUBLEASE

THIS SUBLEASE ("Sublease") dated as of Dec. 9, 2016 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



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, with an option to extend the lease by the subtenant. 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.

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



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.



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



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



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.



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.



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.



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




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.

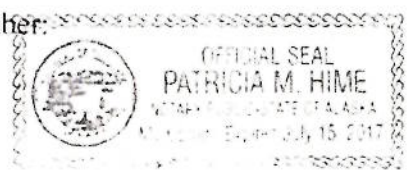


A duly representative of
AKTHC, LLC
Name: *Bradley Hansen*
Occupation: *owner*
Date: *12-9-16*

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:



FURTHER AFFIANT I SAYETH NAUGHT.

[Handwritten Signature]

A duly representative of
PERMAFROST DISTRIBUTORS

Name: *Chris Griffith*

Occupation: *owner*

Date: *12 9 16*

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

[Handwritten Signature]

Notary Public in and for Alaska

My Commission Expires: July 15, 2017

Name:

Registration Number:

Date:

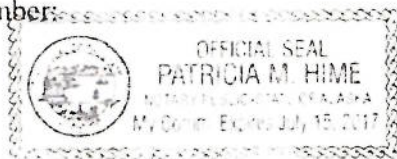


EXHIBIT A

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. 6.174

FURTHER AFFIANT I SAYETH NAUGHT.



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

Gloria Ager

Gloria Ager

Date:

12/19/2016

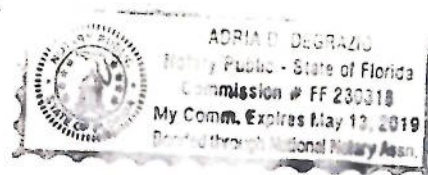
Notary Public in and for ~~Alaska~~ Florida

My Commission Expires: 05/13/2019

Name:

Registration Number:

Date: 12/19/2016



ALASKA COMMERCIAL LEASE AGREEMENT

WITH OPTION TO PURCHASE

This commercial lease agreement ("lease") is made and effective Dec 9, 2016 by and between **GLORIA AGER** ("Landlord") and **AKTHC LLC** ("Tenant") an Alaskan Limited Liability Company. Landlord is the owner of the premises and improvements commonly known and numbered as 32630 June Drive, Sterling, Alaska 99672.

Landlord makes available for lease of the building and land identified as T 5N R 8W SEC 17 Seward Meridian KN 2005121 GREGORY AGER ADDN LOT 56-A (herein after referred to as the "Legal Description") for Lease Premises.

Landlord desires to lease the leased premises to Tenant and Tenant desires to lease the leased premises from Landlord for the term, at the rental and upon the covenants, conditions and provisions herein set forth.

THEREFORE, in consideration of the mutual promises herein, contained and other good and valuable consideration, it is agreed:

TERM

Landlord hereby leases the Leased premises to Tenant, and Tenant hereby leases the same from landlord, for "Initial term" beginning in August 2016 for a period of five years (5 years). As a conditions precedent to commencement of lease on August 1, 2016, Tenant is authorized to do a walk through with appropriate personnel to inspect premises for mechanical and structural defects in premises any time after June 1, 2016. Additionally, Tenant shall have a first option to purchase the property and improvements.

If the U.S. Federal Government, State of Alaska, Kenai Peninsula Borough, or any other local entity or form of government prohibits tenant from operating his marijuana retail sales business operating "AKTHC" at the location intended to be leased by Landlord to Tenant at any time during the period of this lease starting August 1, 2016, Tenant shall be entitled to terminate said lease with a sixty (60) day notice to Landlord.

RENTAL

Tenant shall pay to Landlord during the Rental Term the sum of \$2,500.00 per month due and payable by the 5th of each month at such place designated by Landlord. Rent for the balance of the lease term will then be \$2,500.00 base rent per month. Tenant shall also pay to Landlord a "Security Deposit" in the amount of \$2,500.00.

OPTION TO PURCHASE

Tenant, upon satisfactory performance of this lease shall have the option to purchase the real estate and building described here in for a purchase price of THREE HUNDRED NINETY-FIVE THOUSAND AND 00/100 DOLLARS (\$395,000.00) at an interest rate of 6%. Tenant shall pay 20% down and make payments on a monthly basis over a ten (10) year period. There shall be no penalty for early payoff of the note. Each party shall promptly execute any and all further documents including Sales Agreement that may be required to purchase said property. The Landlord shall credit toward the purchase price at closing the sum of three thousand dollars (\$3,000.00) but not any of the lease payments shall be included.

To exercise this option to purchase, the Tenant must deliver to Landlord a written notice of Tenant's intent to purchase by October 1, 2018. In addition, the written notice must specify a valid closing date.

USE

Tenant may utilize the premises as a marijuana retail store as well as for a cultivation and storage facility and other Marijuana related business.

SUBLEASE AND ASSIGNMENT

Tenant shall not sublease all or part of the Leased Premises, or assign this Lease in whole or in part without Landlords consent which will not be unreasonable denied. Said sublease shall incorporate the terms and conditions of this lease.

REPAIRS

During the lease term, Tenant shall make, at Tenant's expense, all necessary repairs to the Leased Premises. Repairs shall include such items as routine repairs of floors, walls, ceilings, and other parts of the Leased Premises damaged or worn through normal occupancy, except for major mechanical systems or the roof, subject to the obligations of the parties otherwise set forth in this lease.

ALTERATIONS AND IMPROVEMENTS

Tenant shall have the right to quiet enjoyment of the premises and may make any changes to the interior of the premises. Tenant shall have the right to place and install personal property, trade fixtures, equipment and other temporary installations in and upon the Leased Premises, and fasten the same to the premises. Tenant may also use any leftover mounts or property that Landlord consents to. All personal property, equipment, machinery, trade fixtures and temporary installations, whether acquired by Tenant at the commencement of the Lease term or placed or installed on the Leased Premises by Tenant thereafter, shall remain Tenant's property free and clear of any claim by Landlord any of Landlord's mounts that Landlord allows Tenant to use will remain Landlord's property, Tenant shall have the right to remove the same at any time during the term of this Lease provided that all the damage to the Leased premises caused by such removal shall be repaired by Tenant at Tenant's expense. Tenant will specifically be permitted to install safes to secure property.

PROPERTY TAXES

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

INSURANCE

If the Leased Premises or any other part of the Building is damaged by fire or other casualty resulting from an act of negligence of Tenant or any of the Tenant's agents, employees or invitees, rent shall not be diminished or abated while such

damages are under repair, and Tenant shall be responsible for the costs of repair not covered by insurance.

Landlord shall maintain fire and extended coverage insurance on the Building of the Leased Premises in such amounts as Landlords shall deem appropriate. Tenant shall be responsible, at its expense, for fire and extended coverage insurance on all of its personal property, including removable trade fixtures, located in the lease premises.

Tenant shall, at its own expense, maintain a policy or policies of comprehensive general liability insurance with respect to the respective activities of each in the Building with the premiums thereon fully paid on or before due date, issued by and binding upon some insurance company approved by Landlord, such insurance to afford minimum protection of not less than \$1,000,000 combined single limit coverage of bodily injury, property damage or combination thereof. Landlord shall be listed as an additional insured on Tenant's policy or policies of comprehensive general liability insurance, and Tenant shall provide Landlord with current Certificates of Insurance evidencing Tenant's compliance with this paragraph. Tenant shall obtain the agreement of Tenant's insurers to notify Landlord that a policy is due to expire at least (10) days prior to such expiration. Landlord shall not be required to maintain insurance against thefts within the leased premises or the Building.

UTILITIES

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

SIGNS

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

ENTRY

Landlord shall have the right to enter upon the Leased Premises during business hours to inspect the same, provided Landlord shall not unreasonably interfere with Tenant's business on the Leased Premises.

PARKING

During the term of this Lease, Tenant 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. Landlord will consent to any modifications proposed by Tenant.

BUILDING RULES

Tenant will comply with the rules of the Building adopted and altered by 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 Landlord to Tenant in writing.

DAMAGE and DESTRUCTION

If the Leased Premises or any part of thereof or any appurtenance thereto is so damaged by fire, casualty or structural defects that the same cannot be used for Tenant's purposes, then Tenant shall have the right within ninety (90) days following the damages to elect by notice to Landlord to terminate this Lease as of the date of such damage. In the event of minor damages to any part of the Leased Premises, and if such damages does not render the Leased Premises unusable for Tenant's purposes, Landlord shall promptly repair such damage at the cost of the Landlord. In making the repairs called for in this paragraph, Landlord shall not be liable for any delays resulting from strikes, governmental restrictions, inability to obtain necessary materials or labor or other matter which are beyond reasonable control of Landlord. Tenant shall be relieved from paying rent and other charges during any portion of lease term that the Lease Premises are inoperable or unfit for occupancy, in whole or in part, for Tenant's purposes. Rentals and other charges paid in advance for any such periods shall be credited on the next ensuing payments, if any, but no further payments are to be made

and any such advance payments shall be refunded to Tenant. The provision of this paragraph extend to not only the matters aforesaid, but to also any occurrence which is beyond Tenant's reasonable control and which renders the Leased Premises, or any appurtenance thereto, inoperable or unfit for occupancy or use, in whole or in part, for Tenant's purposes.

DEFAULT

If default shall at any time be made by Tenant in the payment of rent when due to Landlord as herein provided, and if said default shall continue for fifteen (15) days after written notice thereof shall have been given to Tenant by Landlord, or if default shall be made in any other covenants or conditions to be kept, observed and performed by Tenant, and such default shall continue for thirty (30) days after notice thereof in writing to Tenant by Landlord without correction thereof having been commenced and thereafter diligently prosecuted, Landlord may declare the term of the Leased Premises ended, Landlord may reenter said premises. Landlord shall have, in addition to the remedy above provided, any other right or remedy available to Landlord on account of any Tenant default, either in law or equity. Landlord shall use reasonable efforts to mitigate its damages.

QUIET POSSESSION

Landlord covenants and warrants that upon performance by Tenant of its obligations hereunder Landlord will keep and maintain Tenant in exclusive, quiet, peaceable and undistributed and uninterrupted possession and enjoyment of the Leased Premises during the term of this lease.

CONDEMNATION

If an legally, constituted authority condemns the Building or such part thereof which shall make the Leased Premises unsuitable for leasing, this Lease shall cease when the public authority takes possession, and Landlord and Tenant shall account for rental as of that date. Such terminations shall be without prejudice to the rights of either party to recover compensation from the condemning authority for any loss or damages caused by the condemnation. Neither party shall have any rights in or to any award made to the other by the condemning authority.

SUBORDINATION

Tenant accepts this Lease subject to and subordinate to any mortgage, deed of trust or other lien presently existing or hereafter arising upon the Leased Premises, or upon the Building and to any renewals, refinancing and extensions thereof, but Tenant agrees that any such mortgagee shall have the right at any time to subordinate such mortgage, deed of trust or other lien to this Lease on such terms and subject to such conditions as such mortgagee may deem appropriate in its discretion. Landlord is hereby irrevocably vested with full power and authority to subordinate this Lease to any mortgage, deed of trust or other lien now existing or hereafter placed upon the Leased Premises of the Building, and Tenant agrees upon demand to execute such further instruments subordinating this lease or atoning to the holder of any such liens as Landlord may request. IN the event that Tenant should fail to execute any instrument of subordination herein required to be executed by Tenant promptly as requested, Tenant hereby irrevocably constitutes Landlord as its attorney-in-fact to execute such instrument in Tenant's name, place and stead, it being agreed that such power is one coupled with an interest. Tenant agrees that it will from time to time upon request by Landlord execute and deliver to such persons as Landlord shall request a statement in recordable form certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as so modified), stating the dates to which rent and other charged payable under this Lease have been paid, stating that Landlord is not in default hereunder) or if Tenant alleges a default stating the nature of such alleged default) and further stating such other matters as Landlord shall reasonably require.

SECURITY DEPOSIT

The Security Deposit shall be held by Landlord without liability for interest and as security for the performance by Tenant of Tenant's covenants and obligations under this Lease, it being expressly understood that the Security Deposit shall not be considered an advance payment of rental or a measure of Landlord's damages in case of default by Tenant unless otherwise provided by mandatory non-waivable law or regulation, Landlord may commingle the Security Deposit with Landlord's other funds.

Landlord may, from time to time, without prejudice to any, other remedy, use the Security Deposit to the extent necessary to make good any arrearages of rent or to satisfy any other covenant or obligation of Tenant hereunder. Following any such application of the Security Deposit, Tenant shall pay to Landlord on demand the amount so applied in order to restore the Security Deposit to its original amount. If Tenant is not in default at the termination of this Lease, the balance of the Security Deposit remaining after any such application shall be returned by Landlord to Tenant if Landlord transfers its interest in the premises during the term of this Lease. Landlord may assign the Security Deposit to the transferee and thereafter shall have no further liability for the return of such Security Deposit.

NOTICE

Any notice required or permitted under this Lease shall be deemed sufficiently given or served if sent by United States certified mail, return receipt requested, addressed as follows:

Landlord

GLORIA AGER

P O Box 1305

Sterling, AK 99672

Tenant

AKTHC, LLC

Brad Henson

201 Saddle Creek Road

Cullowhee, NC 28723

Landlord and Tenant shall each have the right from time to time to change the place notice is to be given under this paragraph by written notice thereof to the other party.

BROKERS

Tenant represents that Tenant was not shown the Premises by any real estate broker or agent and that Tenant has not otherwise engaged in, any activity which could form the basis for a claim for real estate commission, brokerage fee, finder's fee or other similar charge, in connections with this Lease.

WAIVER

No waiver of any default of Landlord of Tenant hereunder shall be implied from any omission to take any action on account of such default if such default persists or is repeated, and no express

waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by Landlord or Tenant shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition.

HEADINGS

The headings used in this Lease are for convenience of the parties only and shall not be considered interpreting the meaning of any provision of this Lease.

SUCCESSORS

The provisions of this Lease shall extend to and be binding upon Landlord and Tenant and their respective legal representatives, successors and assigns.

CONSENT

Landlord shall not unreasonably withhold or delay its consent with respect to any matter for which Landlord's consent is required or desirable under this Lease.

PERFORMANCE

If there is a default with respect to any of Landlord's covenant, warranties or representations under this Lease and if the default continues more than fifteen (15) days after notice in writing from Tenant to Landlord specifying the default, Tenant may, at its option and without affecting any other remedy hereunder, cure such default and deduct the costs thereof from the next accruing installment or installments of rent payable hereunder until Tenant shall have been fully reimbursed for such expenditures together with interest thereon at a rate equal to the lessor of five percent (5%) per annum or the then lawful rate permitted by the Alaska Court System. If this Lease terminates prior to Tenant's receiving full reimbursement, Landlord shall pay the unreimbursed balance plus accrued interest to Tenant on demand.

COMPLIANCE WITH LAW

Tenant shall comply with all laws, order, ordinance and other public requirements now or hereafter pertaining to Tenant's use of the Leased Premises. Landlord shall comply with all laws,

orders, ordinance and other public requirements now or hereafter affecting the Leased Premises.

FINAL AGREEMENT

This Agreement terminates and supersedes all prior understanding or agreement on this subject matter hereof. This Agreement may be modified only by a further writing that is duly executed by both parties.

GOVERNING LAW

This Agreement shall be governed, construed and interpreted by, through and under the Laws of the State of Alaska. It shall be a condition precedent to this lease going into effect on August 1, 2016, that Tenant is not prohibited from operating his business "AKTHC" by any Federal, State of Alaska, or Kenai Borough.

DATED this 9 day of Dec 2016.

Landlord

Gloria Ager
GLORIA AGER

Tenant

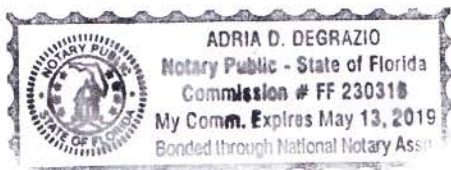
AKTHC LLC
Brad Henson
By: Brad Henson, Manager

STATE OF FLORIDA)
) :ss.
ORANGE County)

THIS IS TO CERTIFY that on this 19 day of DECEMBER, 2016, before me the undersigned Notary Public in and for the State of Florida, personally appeared **GLORIA AGER** known to me to be the person named in the foregoing instrument, and acknowledged to me that she executed the same freely and voluntarily for the uses and purposes therein contained.

IN WITNESS HEREOF, I have hereunto set my hand and seal the day and year first hereinabove written.

Adria D. Degrazio
NOTARY PUBLIC, State of Florida
My Commission Expires: 05-13-2019



STATE OF ALASKA)
 :ss.
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 9th day of December, 2016, before me the undersigned Notary Public in and for the State of Alaska, personally appeared **BRAD HENSON**, to me known to be the General Manager of **AKTHC LLC.**, a Limited Liability corporation, and known to me to be the person who executed the within instrument on behalf of the corporation herein named, and acknowledged to me that such corporation executed the same pursuant to it Operating Agreement.

IN WITNESS HEREOF, I have hereunto fixed my hand and seal the day and year last above written.

Rhoda M. Dolifka
NOTARY PUBLIC, State of Alaska
My Commission Expires: 3-30-2018

