

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**Amendment No. 1  
FORM S-1/A  
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

**AGRIFORCE GROWING SYSTEMS, LTD.**

*(Exact Name of Registrant as Specified in its Charter)*

**British Columbia**  
*(State or other jurisdiction of  
incorporation or organization)*

**3420**  
*(Primary Standard Industrial  
Classification Code Number)*

**46-0820877**  
*(I.R.S. Employer  
Identification No.)*

**777 Hornby Street, Suite 600  
Vancouver, BC V6Z 1S4  
Canada  
(604) 757-0952**  
*(Address, including zip code, and telephone number,  
including area code, of principal executive offices)*

**Jolie Kahn, Esq.  
12 E. 49<sup>th</sup> Street, 11<sup>th</sup> floor  
New York, NY 10017  
(516) 217-6379**  
*(Address, including zip code, and telephone number,  
including area code, of agent for service)*

**Copies to:**

Jolie Kahn, Esq.  
12 E. 49<sup>th</sup> Street, 11<sup>th</sup> floor  
New York, NY 10017  
(516) 217-6379

Approximate date of proposed sale to public: As soon as practicable on or after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. ☒ [X]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐ [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐ [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐ [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ [ ]  
Non-accelerated filer ☒ [X]

Accelerated filer ☐ [ ]  
Smaller reporting company ☒ [X]

☒ [X] Emerging growth company

☐ [ ] If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to section 7(a)(2)(B) of the Securities Act.

**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to Be Registered	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee (2)
Units consisting of:		
(i) Shares of common stock, par value \$0.0001 per share (2)(3)(4)	\$	\$
(ii) Series A Warrants to purchase shares of common stock, par value \$0.0001 per share (3)(4)(5)		
(iii) Series B Warrants to purchase shares of common stock, par value \$0.0001 per share (3)(4)(5)		
Shares of common stock, par value \$0.0001 per share underlying Series A Warrants and Series B Warrants (2)		

Underwriters' common stock purchase warrants (6)

Common stock underlying underwriters' common stock purchase warrants (2)(7)

\$

\$

**Total**

\$

\$

- (1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(o) under the Securities Act of 1933, as amended.
- (2) Pursuant to Rule 416, there are also being registered such indeterminable additional securities as may be issued to prevent dilution as a result of stock splits, stock dividends or similar transactions.
- (3) Includes shares the underwriter has the option to purchase to cover over-allotments, if any.
- (4) In accordance with Rule 457(i) under the Securities Act, no separate registration fee is required with respect to the warrants registered hereby.
- (5) There will be issued warrants to purchase one share of common stock. The Series A Warrants are exercisable at a per share exercise price equal to 110% of the public offering price of one share of common stock, and the Series B Warrants are exercisable at a per share exercise price equal to 100% of the public offering price of one share of common stock. This also includes \_\_\_\_\_ million warrants issuable upon full exercise of the Series B Warrants pursuant to the cashless exercise provision therein at the stated floor price of 20% of the offering price, which is \$\_\_\_\_\_ at an assumed offering price of \$\_\_\_\_\_.
- (6) No fee pursuant to Rule 457(g) under the Securities Act.
- (7) The warrants are exercisable at a per share exercise price equal to 110% of the public offering price. As estimated solely for the purpose of recalculating the registration fee pursuant to Rule 457(g) under the Securities Act, the proposed maximum aggregate offering price of the underwriters' warrants is equal to 110% of \$\_\_\_\_\_ (5% of \$\_\_\_\_\_).

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Commission acting pursuant to said Section 8(a) may determine.**

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#### **EXPLANATORY NOTE**

AgriFORCE Growing Systems Ltd. has prepared this Amendment No. 1 to the Confidential Draft Registration Statement on Form S-1 (File No.377-03651) for the sole purpose of filing with the Securities and Exchange Commission (“SEC”) exhibits not previously filed with the Draft Registration Statement on S-1 filed on October 9, 2020 (the “Original Confidential DRS”) because of a limitation on the number of exhibits that may accompany it on the Edgar servers. Save for the aforementioned inclusion of additional exhibits to the Original Confidential DRS, nothing herein amends the Original Confidential DRS and the draft prospectus that accompanies it and accordingly such prospectus has not been included herein.

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## ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following exhibits are filed with this registration statement.

Exhibit No.	Description
1.1	Form of Underwriting Agreement**
3.1	Articles of Incorporation and Bylaws of Issuer***
3.2	Articles of Incorporation of Daybreak Ag Systems Ltd***
3.3	Certificate of Incorporation of West Pender Investments***
3.4	Certificate of Incorporation of AGI IP Co***
3.5	Certificate of Incorporation of West Pender Management Co.***
3.6	Certificate of Incorporation of West Pender Holdings, Inc.***
4.1	Form of Series A Warrant, Series B Warrant and Representatives Warrant**
4.2	Amended and Restated Stock Option Plan – Form of Stock Option Certificate attached as Schedule A***
4.3	Form of Warrant Certificate for \$0.50 warrants issued in December 2018 in connection with \$0.35 unit offering**
4.4	Form of Warrant Certificate for \$2.00 warrants issued in May 2019 in connection with \$1.00 preferred unit financing***
4.5	Form of Broker Compensation Warrant Certificate for \$1.00 warrants issued to brokers in connection in May 2019 in connection with \$1.00 preferred unit financing***
5.1	Opinion of Jolie Kahn, Esq.**
10.1	<a href="#"><u>Vacant Land Purchase Agreement, dated July 13, 2020, between Company and Coachella Properties, Inc.*</u></a>
10.2	<a href="#"><u>Pharmhaus-Cultivation Facility Lease (8-13-2019)(EXECUTED)*</u></a>
10.3	<a href="#"><u>Pharmhaus-IP Licensing Agreement (8-13-2019)(EXECUTED)*</u></a>
10.4	<a href="#"><u>Pharmhaus-Services Agreement (8-13-2019)(EXECUTED)*</u></a>
10.5	<a href="#"><u>Fabritec - Consulting Agreement-SIGNED-2019-05-15*</u></a>
10.6	<a href="#"><u>Fabritec - Consulting Agreement Addendum-SIGNED-2019-05-15*</u></a>
10.7	<a href="#"><u>Fabritec - Final GMP Contract Change Order -SIGNED-2019-07-25*</u></a>
10.8	<a href="#"><u>Capital Funding Group-Commercial Loan Terms Sheet - Re Coachella 3837v2*</u></a>
10.9	<a href="#"><u>Commerical Loan Agreement with Alterna Bank-2020-04-30*</u></a>
10.10	<a href="#"><u>Vacant Land Offer Extension of Time Addendum Coachella-IM Signed*</u></a>
10.11	<a href="#"><u>Commission Agreement Debt Fee Agreement-Mansfield and West Pender Holdings (Agriforce) -updated*</u></a>
10.12	<a href="#"><u>Warrant Agreement -35 Cent Warrant-Subscription-Agreement-ICAP-VENTURES-2018-10-22*</u></a>
10.13	<a href="#"><u>Subscription Agreement for \$1 Preferred Share with \$2 Common Share Warrant Example-Bourassa*</u></a>
10.14	<a href="#"><u>Stock Option Certificate Example-Cannaboid*</u></a>
10.15	<a href="#"><u>Warrant Agreement -35 Cent Shares-with 50 Cent warrant-Example-AORAM*</u></a>
14.1	Code of Ethics**
21.1	List of Subsidiaries**
23.1	Consent of Marcum, LLP**
23.6	Consent of Jolie Kahn, Esq. (included in Exhibit 5.1)**

\* Filed herewith.

\*\* To be filed by amendment

\*\*\* Previously Filed



## SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Vancouver, British Columbia on October 9, 2020.

### AGRIFORCE GROWING SYSTEMS, LTD.

By: \_\_\_\_\_

Name: Ingo Mueller

Title: Chief Executive Officer and Director (Principal Executive Officer)

By: \_\_\_\_\_

Name: Richard Wong

Title: Chief Financial Officer (Principal Accounting Officer)

Pursuant to the requirements of the Securities Act, this registration statement has been signed below by the following persons in the capacities and on the dates indicated.

<b>Person</b>	<b>Capacity</b>	<b>Date</b>
_____ Ingo Mueller	Chief Executive Officer and Director (Principal Executive Officer)	October 9, 2020
_____ Richard Wong	Chief Financial Officer and Director (Principal Accounting Officer)	October 9, 2020
_____ William J. Meekison	Director	October 9, 2020
_____ David Welch	Director	October 9, 2020
_____ Donald Nicholson	Chairman of the Board and Director	October 9, 2020





CALIFORNIA  
ASSOCIATION  
OF REALTORS®

**VACANT LAND PURCHASE AGREEMENT  
AND JOINT ESCROW INSTRUCTIONS**  
(C.A.R. Form VLP, Revised 12/18)

Date Prepared: July 13, 2020

**1. OFFER:**

- A. THIS IS AN OFFER FROM** West Pender Holdings Inc., and/or assignee ("Buyer").  
**B. THE REAL PROPERTY** to be acquired is approx. 41.37 acres SEC Ave 54/Enterprise Way, situated in Coachella (City), Riverside (County), California, 92236 (Zip Code), Assessor's Parcel No. see addendum ("Property").  
**Further Described As** approx. 41.37 acres SEC Avenue 54/Enterprise Way, Coachella  
**C. THE PURCHASE PRICE** offered is Four Million Dollars \$ 4,000,000.00

- D. CLOSE OF ESCROW** shall occur on                      (date) (or ☒ 90 Days After Acceptance).  
**E.** Buyer and Seller are referred to herein as the "Parties." Brokers are not Parties to this Agreement.

**2. AGENCY:**

- A. DISCLOSURE:** The Parties each acknowledge receipt of a ☒ "Disclosure Regarding Real Estate Agency Relationships" (C.A.R. Form AD).

- B. CONFIRMATION:** The following agency relationships are confirmed for this transaction:  
**Seller's Brokerage Firm** Desert Pacific Properties License Number 01420416  
 Is the broker of (check one): ☐ the seller; or ☒ both the buyer and seller. (dual agent)  
 Seller's Agent Susan Harvey License Number 00957590  
 Is (check one): ☐ the Seller's Agent. (salesperson or broker associate) ☒ both the Buyer's and Seller's Agent. (dual agent)

- Buyer's Brokerage Firm** Desert Pacific Properties License Number 01420416  
 Is the broker of (check one): ☐ the buyer; or ☒ both the buyer and seller. (dual agent)  
 Buyer's Agent Paula Turner License Number 00702492  
 Is (check one): ☐ the Buyer's Agent. (salesperson or broker associate) ☒ both the Buyer's and Seller's Agent. (dual agent)

- C. POTENTIALLY COMPETING BUYERS AND SELLERS:** The Parties each acknowledge receipt of a ☒ "Possible Representation of More than One Buyer or Seller - Disclosure and Consent" (C.A.R. Form PRBS).

**3. FINANCE TERMS:** Buyer represents that funds will be good when deposited with Escrow Holder.

- A. INITIAL DEPOSIT:** Deposit shall be in the amount of                      \$ 120,000.00

(1) Buyer Direct Deposit: Buyer shall deliver deposit directly to Escrow Holder by electronic funds transfer, ☐ cashier's check, ☐ personal check, ☐ other                      within 3 business days after Acceptance (or Five (5) business days of Seller's acceptance.);

- OR (2)** ☐ Buyer Deposit with Agent: Buyer has given the deposit by personal check (or                     ) to the agent submitting the offer (or to                     ), made payable to                     . The deposit shall be held uncashed until Acceptance and then deposited with Escrow Holder within 3 business days after Acceptance (or                     ).  
 Deposit checks given to agent shall be an original signed check and not a copy.

(Note: Initial and increased deposits checks received by agent shall be recorded in Broker's trust fund log.)

- B. INCREASED DEPOSIT:** Buyer shall deposit with Escrow Holder an increased deposit in the amount of                      \$                      within                      Days After Acceptance (or                     ).

If the Parties agree to liquidated damages in this Agreement, they also agree to incorporate the increased deposit into the liquidated damages amount in a separate liquidated damages clause (C.A.R. Form RID) at the time the increased deposit is delivered to Escrow Holder.

- C. ☐ ALL CASH OFFER:** No loan is needed to purchase the Property. This offer is NOT contingent on Buyer obtaining a loan. Written verification of sufficient funds to close this transaction IS ATTACHED to this offer or ☐ Buyer shall, within 3 (or                     ) Days After Acceptance, Deliver to Seller such verification.

**D. LOAN(S):**

- (1) **FIRST LOAN:** in the amount of                      \$ 2,000,000.00

This loan will be conventional financing **OR** ☐ FHA, ☐ VA, ☐ Seller financing (C.A.R. Form SFA), ☐ assumed financing (C.A.R. Form AFA), ☒ subject to financing, ☐ Other                     . This loan shall be at a fixed rate not to exceed                      % or, ☐ an adjustable rate loan with initial rate not to exceed                      %. Regardless of the type of loan, Buyer shall pay points not to exceed                      % of the loan amount.

- (2) **SECOND LOAN** in the amount of                      \$

This loan will be conventional financing **OR** ☐ Seller financing (C.A.R. Form SFA), ☐ assumed financing (C.A.R. Form AFA), ☐ subject to financing ☐ Other                     . This loan shall be at a fixed rate not to exceed                      % or, ☐ an adjustable rate loan with initial rate not to exceed                      %. Regardless of the type of loan, Buyer shall pay points not to exceed                      % of the loan amount.

- (3) **FHA/VA:** For any FHA or VA loan specified in 3D(1), Buyer has 17 (or                     ) Days After Acceptance to Deliver to Seller written notice (C.A.R. Form FVA) of any lender-required repairs or costs that Buyer requests Seller to pay for or otherwise correct. Seller has no obligation to pay or satisfy lender requirements unless agreed in writing. A FHA/VA addendum clause (C.A.R. Form FVAC) shall be a part of this transaction.

Buyer's Initials ( TM ) ( TM ) ( TM )  
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**VLP, REVISED 12/18 (PAGE 1 OF 11)**

Seller's Initials (                      ) ( SV )



**VACANT LAND PURCHASE AGREEMENT (VLP, PAGE 1 OF 11)**

Desert Pacific Properties, 77-933 Las Mesas Road, Palm Desert, CA 92211 Phone: (760)360-8200 Fax: (760)360-7580 41.37 ac South  
 Paula Turner Produced with zipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48026 www.zipLogix.com



Property Address: approx. 41.37 acres SEC Ave 54/Enterprise Way, Coachella, 92236Date: July 13, 2020**E. ADDITIONAL FINANCING TERMS:**

**F. BALANCE OF DOWN PAYMENT OR PURCHASE PRICE** in the amount of ..... \$ 1,880,000.00  
to be deposited with Escrow Holder pursuant to Escrow Holder instructions.

**G. PURCHASE PRICE (TOTAL):** ..... \$ 4,000,000.00

**H. VERIFICATION OF DOWN PAYMENT AND CLOSING COSTS:** Buyer (or Buyer's lender or loan broker pursuant to paragraph 3J(1)) shall, within 3 (or \_\_\_\_\_) Days After Acceptance, Deliver to Seller written verification of Buyer's down payment and closing costs. (☐ Verification attached.)

**I. APPRAISAL CONTINGENCY AND REMOVAL:** This Agreement is (☒ is NOT) contingent upon a written appraisal of the Property by a licensed or certified appraiser at no less than the purchase price. Buyer shall, as specified in paragraph 19B(3), in writing, remove the appraisal contingency or cancel this Agreement within 17 (or \_\_\_\_\_) Days After Acceptance.

**J. LOAN TERMS:**

**(1) LOAN APPLICATIONS:** Within 3 (or \_\_\_\_\_) Days After Acceptance, Buyer shall Deliver to Seller a letter from Buyer's lender or loan broker stating that, based on a review of Buyer's written application and credit report, Buyer is prequalified or preapproved for any NEW loan specified in paragraph 3D. If any loan specified in paragraph 3D is an adjustable rate loan, the prequalification or preapproval letter shall be based on the qualifying rate, not the initial loan rate. (☐ Letter attached.)

**(2) LOAN CONTINGENCY:** Buyer shall act diligently and in good faith to obtain the designated loan(s). Buyer's qualification for the loan(s) specified above is a contingency of this Agreement unless otherwise agreed in writing. If there is no appraisal contingency or the appraisal contingency has been waived or removed, then failure of the Property to appraise at the purchase price does not entitle Buyer to exercise the cancellation right pursuant to the loan contingency if Buyer is otherwise qualified for the specified loan. Buyer's contractual obligations regarding deposit, balance of down payment and closing costs are not contingencies of this Agreement.

**(3) LOAN CONTINGENCY REMOVAL:**

Within 21 (or \_\_\_\_\_) Days After Acceptance, Buyer shall, as specified in paragraph 19, in writing, remove the loan contingency or cancel this Agreement. If there is an appraisal contingency, removal of the loan contingency shall not be deemed removal of the appraisal contingency.

**(4) ☐ NO LOAN CONTINGENCY:** Obtaining any loan specified above is NOT a contingency of this Agreement. If Buyer does not obtain the loan and as a result Buyer does not purchase the Property, Seller may be entitled to Buyer's deposit or other legal remedies.

**(5) LENDER LIMITS ON BUYER CREDITS:** Any credit to Buyer, from any source, for closing or other costs that is agreed to by the Parties ("Contractual Credit") shall be disclosed to Buyer's lender. If the total credit allowed by Buyer's lender ("Lender Allowable Credit") is less than the Contractual Credit, then (i) the Contractual Credit shall be reduced to the Lender Allowable Credit, and (ii) in the absence of a separate written agreement between the Parties, there shall be no automatic adjustment to the purchase price to make up for the difference between the Contractual Credit and the Lender Allowable Credit.

**K. BUYER STATED FINANCING:** Seller is relying on Buyer's representation of the type of financing specified (including but not limited to, as applicable, all cash, amount of down payment, or contingent or non-contingent loan). Seller has agreed to a specific closing date, purchase price and to sell to Buyer in reliance on Buyer's covenant concerning financing. Buyer shall pursue the financing specified in this Agreement. Seller has no obligation to cooperate with Buyer's efforts to obtain any financing other than that specified in the Agreement and the availability of any such alternate financing does not excuse Buyer from the obligation to purchase the Property and close escrow as specified in this Agreement.

**L. SELLER FINANCING:** The following terms (or ☐ the terms specified in the attached Seller Financing Addendum) (C.A.R. Form SFA) apply ONLY to financing extended by Seller under this Agreement.

**(1) BUYER'S CREDIT-WORTHINESS:** Buyer authorizes Seller and/or Brokers to obtain, at Buyer's expense, a copy of Buyer's credit report. Within 7 (or \_\_\_\_\_) Days After Acceptance, Buyer shall provide any supporting documentation reasonably requested by Seller.

**(2) TERMS:** Buyer's promissory note, deed of trust and other documents as appropriate shall incorporate and implement the following additional terms: (i) the maximum interest rate specified in paragraph 3D shall be the actual fixed interest rate for Seller financing; (ii) deed of trust shall contain a REQUEST FOR NOTICE OF DEFAULT on senior loans; (iii) Buyer shall sign and pay for a REQUEST FOR NOTICE OF DELINQUENCY prior to Close Of Escrow and at any future time if requested by Seller; (iv) note and deed of trust shall contain an acceleration clause making the loan due, when permitted by law and at Seller's option, upon the sale or transfer of the Property or any interest in it; (v) note shall contain a late charge of 6% of the installment due (or \_\_\_\_\_) if the installment is not received within 10 days of the date due; (vi) title insurance coverage in the form of a joint protection policy shall be provided insuring Seller's deed of trust interest in the Property (any increased cost over owner's policy shall be paid by Buyer); and (vii) tax service shall be obtained and paid for by Buyer to notify Seller if property taxes have not been paid.

**(3) ADDED, DELETED OR SUBSTITUTED BUYERS:** The addition, deletion or substitution of any person or entity under this Agreement or to title prior to Close Of Escrow shall require Seller's written consent. Seller may grant or withhold consent in Seller's sole discretion. Any additional or substituted person or entity shall, if requested by Seller, submit to Seller the same documentation as required for the original named Buyer. Seller and/or Brokers may obtain a credit report, at Buyer's expense, on any such person or entity.

**M. ASSUMED OR "SUBJECT TO" FINANCING:** Seller represents that Seller is not delinquent on any payments due on any loans. Seller shall, within the time specified in paragraph 19, provide Copies of all applicable notes and deeds of trust, loan balances, and current interest rates to Buyer. Buyer shall then, as specified in paragraph 19B(3), remove this contingency or

Buyer's Initials ( TM ) ( IM ) ( JS )Seller's Initials (        ) ( SV )

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VACANT LAND PURCHASE AGREEMENT (VLPA PAGE 2 OF 11)

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41.37 ac South



Property Address: approx. 41.37 acres SEC Ave 54/Enterprise Way, Coachella, 92236Date: July 13, 2020

cancel this Agreement. Differences between estimated and actual loan balances shall be adjusted at Close Of Escrow by cash down payment. Impound accounts, if any, shall be assigned and charged to Buyer and credited to Seller. Seller is advised that Buyer's assumption of an existing loan may not release Seller from liability on that loan. If this is an assumption of a VA Loan, the sale is contingent upon Seller being provided a release of liability and substitution of eligibility, unless otherwise agreed in writing. If the Property is acquired subject to an existing loan, Buyer and Seller are advised to consult with legal counsel regarding the ability of an existing lender to call the loan due, and the consequences thereof.

**4. SALE OF BUYER'S PROPERTY:**

A. This Agreement and Buyer's ability to obtain financing are NOT contingent upon the sale of any property owned by Buyer.

OR B. ☐ This Agreement and Buyer's ability to obtain financing are contingent upon the sale of property owned by Buyer as specified in the attached addendum (C.A.R. Form COP).

5. ☐ **MANUFACTURED HOME PURCHASE:** The purchase of the Property is contingent upon Buyer acquiring a personal property manufactured home to be placed on the Property after Close Of Escrow. Buyer ☐ has ☐ has not entered into a contract for the purchase of a personal property manufactured home. Within the time specified in paragraph 19, Buyer shall remove this contingency or cancel this Agreement, (or ☐ this contingency shall remain in effect until the Close Of Escrow of the Property).

6. ☐ **CONSTRUCTION LOAN FINANCING:** The purchase of the Property is contingent upon Buyer obtaining a construction loan. A draw from the construction loan ☐ will ☐ will not be used to finance the Property. Within the time specified in paragraph 19, Buyer shall remove this contingency or cancel this Agreement (or ☐ this contingency shall remain in effect until Close Of Escrow of the Property).

**7. ADDENDA AND ADVISORIES:**

A. ADDENDA: ☐ Addendum # \_\_\_\_\_ (C.A.R. Form ADM)  
☐ Back Up Offer Addendum (C.A.R. Form BUO) ☐ Court Confirmation Addendum (C.A.R. Form CCA)  
☐ Septic, Well and Property Monument Addendum (C.A.R. Form SWPI)  
☐ Short Sale Addendum (C.A.R. Form SSA) ☒ Other See Addendum and Exhibit "A"

**B. BUYER AND SELLER ADVISORIES:**

☒ Buyer's Vacant Land Additional Inspection Advisory (C.A.R. Form BVLIA)  
☐ Probate Advisory (C.A.R. Form PA) ☒ Statewide Buyer and Seller Advisory (C.A.R. Form SBSA)  
☐ Trust Advisory (C.A.R. Form TA) ☐ REO Advisory (C.A.R. Form REO)  
☐ Short Sale Information and Advisory (C.A.R. Form SSIA) ☐ Other \_\_\_\_\_

**8. OTHER TERMS:****9. ALLOCATION OF COSTS**

A. **INSPECTIONS, REPORTS AND CERTIFICATES:** Unless otherwise agreed, in writing, this paragraph only determines who is to pay for the inspection, test, certificate or service ("Report") mentioned; it **does not determine who is to pay for any work recommended or identified in the Report.**

(1) ☐ Buyer ☒ Seller shall pay for a natural hazard zone disclosure report, including tax ☐ environmental ☐ Other: \_\_\_\_\_  
 prepared by First American NHD, not to exceed \$150

(2) ☐ Buyer ☐ Seller shall pay for the following Report \_\_\_\_\_  
 prepared by \_\_\_\_\_

(3) ☐ Buyer ☐ Seller shall pay for the following Report \_\_\_\_\_  
 prepared by \_\_\_\_\_

**B. ESCROW AND TITLE:**

(1) (a) ☒ Buyer ☒ Seller shall pay escrow fee 1/2 Buyer & 1/2 Seller

(b) Escrow Holder shall be Orange Coast Title Escrow

(c) The Parties shall, within 5 (or \_\_\_\_\_) Days After receipt, sign and return Escrow Holder's general provisions.

(2) (a) ☐ Buyer ☒ Seller shall pay for owner's title insurance policy specified in paragraph 18E

(b) Owner's title policy to be issued by Orange Coast Title  
 (Buyer shall pay for any title insurance policy insuring Buyer's lender, unless otherwise agreed in writing.)

**C. OTHER COSTS:**

(1) ☐ Buyer ☒ Seller shall pay County transfer tax or fee \_\_\_\_\_

(2) ☐ Buyer ☐ Seller shall pay City transfer tax or fee \_\_\_\_\_

(3) ☐ Buyer ☐ Seller shall pay Homeowners' Association ("HOA") transfer fee \_\_\_\_\_

(4) Seller shall pay HOA fees for preparing all documents required to be delivered by Civil Code §4525.

(5) Buyer to pay for any HOA certification fee.

(6) ☐ Buyer ☐ Seller shall pay HOA fees for preparing all documents other than those required by Civil Code §4525.

(7) ☐ Buyer ☐ Seller shall pay for any private transfer fee \_\_\_\_\_

(8) ☐ Buyer ☐ Seller shall pay for \_\_\_\_\_

(9) ☐ Buyer ☐ Seller shall pay for \_\_\_\_\_

10. **CLOSING AND POSSESSION:** Possession shall be delivered to Buyer: (i) ☐ at 6 PM or ( 5:00 ☐ AM/ ☒ PM ) on the date of Close Of Escrow; (ii) ☐ no later than \_\_\_\_\_ calendar days after Close Of Escrow; or (iii) ☐ at \_\_\_\_\_ ☐ AM/ ☐ PM on \_\_\_\_\_

The Property shall be unoccupied, unless otherwise agreed in writing. Seller shall provide keys and/or means to operate all Property locks. If Property is located in a common interest subdivision, Buyer may be required to pay a deposit to the Homeowners'

Buyer's Initials ( TM ) ( IM ) ( JA )

Seller's Initials ( \_\_\_\_\_ ) ( SV )

**VACANT LAND PURCHASE AGREEMENT (VLPA PAGE 3 OF 11)**

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41.37 ac South





Property Address: approx. 41.37 acres SEC Ave 54/Enterprise Way, Coachella, 92236Date: July 13, 2020

Association ("HOA") to obtain keys to accessible HOA facilities.

**11. ITEMS INCLUDED IN AND EXCLUDED FROM SALE:**

**A. NOTE TO BUYER AND SELLER:** Items listed as included or excluded in the MLS, flyers or marketing materials are **not** included in the purchase price or excluded from the sale unless specified in 11B or C.

**B. ITEMS INCLUDED IN SALE:**

- (1) All EXISTING fixtures and fittings that are attached to the Property;  
 (2) The following items:

- (3) Seller represents that all items included in the purchase price, unless otherwise specified, are owned by Seller.  
 (4) All items included shall be transferred free of liens and without Seller warranty.

**C. ITEMS EXCLUDED FROM SALE:****12. STATUTORY AND OTHER DISCLOSURES AND CANCELLATION RIGHTS:**

**A. NATURAL AND ENVIRONMENTAL HAZARD DISCLOSURES AND OTHER BOOKLETS:** Within the time specified in paragraph 19A, Seller shall, if required by Law: (i) Deliver to Buyer earthquake guide(s) (and questionnaire), environmental hazards booklet; (ii) disclose if the Property is located in a Special Flood Hazard Area; Potential Flooding (Inundation) Area; Very High Fire Hazard Zone; State Fire Responsibility Area; Earthquake Fault Zone; and Seismic Hazard Zone; and (iii) disclose any other zone as required by Law and provide any other information required for those zones.

**B. WITHHOLDING TAXES:** Within the time specified in paragraph 19A, to avoid required withholding, Seller shall Deliver to Buyer or qualified substitute, an affidavit sufficient to comply with federal (FIRPTA) and California withholding Law (C.A.R. Form AS or QS).

**C. MEGAN'S LAW DATABASE DISCLOSURE:** Notice: Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at [www.meganslaw.ca.gov](http://www.meganslaw.ca.gov). Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides. (Neither Seller nor Brokers are required to check this website. If Buyer wants further information, Broker recommends that Buyer obtain information from this website during Buyer's inspection contingency period. Brokers do not have expertise in this area.)

**D. NOTICE REGARDING GAS AND HAZARDOUS LIQUID TRANSMISSION PIPELINES:** This notice is being provided simply to inform you that information about the general location of gas and hazardous liquid transmission pipelines is available to the public via the National Pipeline Mapping System (NPMS) Internet Web site maintained by the United States Department of Transportation at <http://www.npms.phmsa.dot.gov/>. To seek further information about possible transmission pipelines near the Property, you may contact your local gas utility or other pipeline operators in the area. Contact information for pipeline operators is searchable by ZIP Code and county on the NPMS Internet Web site.

**E. CONDOMINIUM/PLANNED DEVELOPMENT DISCLOSURES:**

- (1) **SELLER HAS: 7 (or \_\_\_\_ ) Days** After Acceptance to disclose to Buyer whether the Property is a condominium, or is located in a planned development or other common interest subdivision (C.A.R. Form VLQ).  
 (2) If the Property is a condominium or is located in a planned development or other common interest subdivision, Seller has 3 (or \_\_\_\_ ) Days After Acceptance to request from the HOA (C.A.R. Form HOA1): (i) Copies of any documents required by Law; (ii) disclosure of any pending or anticipated claim or litigation by or against the HOA; (iii) a statement containing the location and number of designated parking and storage spaces; (iv) Copies of the most recent 12 months of HOA minutes for regular and special meetings; and (v) the names and contact information of all HOAs governing the Property (collectively, "CI Disclosures"). Seller shall itemize and Deliver to Buyer all CI Disclosures received from the HOA and any CI Disclosures in Seller's possession. Buyer's approval of CI Disclosures is a contingency of this Agreement as specified in paragraph 19B(3). The Party specified in paragraph 9, as directed by escrow, shall deposit funds into escrow or direct to HOA or management company to pay for any of the above.

**13. SELLER DOCUMENTATION AND ADDITIONAL DISCLOSURE:**

**A.** Within the time specified in paragraph 19, if Seller has actual knowledge, Seller shall provide to Buyer, in writing, the following information:

- (1) **LEGAL PROCEEDINGS:** Any lawsuits by or against Seller, threatening or affecting the Property, including any lawsuits alleging a defect or deficiency in the Property or common areas, or any known notices of abatement or citations filed or issued against the Property.  
 (2) **AGRICULTURAL USE:** Whether the Property is subject to restrictions for agricultural use pursuant to the Williamson Act (Government Code §§51200-51295).  
 (3) **DEED RESTRICTIONS:** Any deed restrictions or obligations.  
 (4) **FARM USE:** Whether the Property is in, or adjacent to, an area with Right to Farm rights (Civil Code §3482.5 and §3482.6).  
 (5) **ENDANGERED SPECIES:** Presence of endangered, threatened, 'candidate' species, or wetlands on the Property.  
 (6) **ENVIRONMENTAL HAZARDS:** Any substances, materials, or products that may be an environmental hazard including, but not limited to, asbestos, formaldehyde, radon gas, lead-based paint, fuel or chemical storage tanks, and contaminated soil or water on the Property.  
 (7) **COMMON WALLS:** Any features of the Property shared in common with adjoining landowners, such as walls, fences, roads, and driveways, and agriculture and domestic wells whose use or responsibility for maintenance may have an effect on the Property.  
 (8) **LANDLOCKED:** The absence of legal or physical access to the Property.  
 (9) **EASEMENTS/ENCROACHMENTS:** Any encroachments, easements or similar matters that may affect the Property.  
 (10) **SOIL FILL:** Any fill (compacted or otherwise), or abandoned mining operations on the Property.  
 (11) **SOIL PROBLEMS:** Any slippage, sliding, flooding, drainage, grading, or other soil problems.  
 (12) **EARTHQUAKE DAMAGE:** Major damage to the Property or any of the structures from fire, earthquake, floods, or landslides.  
 (13) **ZONING ISSUES:** Any zoning violations, non-conforming uses, or violations of "setback" requirements.  
 (14) **NEIGHBORHOOD PROBLEMS:** Any neighborhood noise problems, or other nuisances.

**B. RENTAL AND SERVICE AGREEMENTS:** Within the time specified in paragraph 19, Seller shall make available to Buyer for inspection and review, all current leases, rental agreements, service contracts and other related agreements, licenses, and permits pertaining to the operation or use of the Property.

**C. ☐ TENANT ESTOPPEL CERTIFICATES:** Within the time specified in paragraph 19, Seller shall deliver to Buyer tenant estoppel certificates (C.A.R. Form TEC) completed by Seller or Seller's agent, and signed by tenants, acknowledging: (i) that tenants' rental or lease agreements are unmodified and in full force and effect (or if modified, stating all such modifications); (ii) that no lessor defaults exist; and (iii) stating the amount of any prepaid rent or security deposit.

Buyer's Initials ( MM ) ( MM )  
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Seller's Initials ( SV )

**VACANT LAND PURCHASE AGREEMENT (VLP-A PAGE 4 OF 11)**

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41.37 ac South



Property Address: approx. 41.37 acres SEC Ave 54/Enterprise Way, Coachella, 92236Date: July 13, 2020

- D. **MELLO-ROOS TAX; 1915 BOND ACT:** Within the time specified in paragraph 19, Seller shall: (i) make a good faith effort to obtain a notice from any local agencies that levy a special tax or assessment on the Property (or, if allowed, substantially equivalent notice), pursuant to the Mello-Roos Community Facilities Act, and Improvement Bond Act of 1915, and (ii) promptly deliver to Buyer any such notice obtained.
- E. **SELLER VACANT LAND QUESTIONNAIRE:** Seller shall, within the time specified in paragraph 19, complete and provide Buyer with a Seller Vacant Land Questionnaire (C.A.R. Form VLQ).
14. **SUBSEQUENT DISCLOSURES:** In the event Seller, prior to Close Of Escrow, becomes aware of adverse conditions materially affecting the Property, or any material inaccuracy in disclosures, information or representations previously provided to Buyer of which Buyer is otherwise unaware, Seller shall promptly provide a subsequent or amended disclosure or notice, in writing, covering those items. **However, a subsequent or amended disclosure shall not be required for conditions and material inaccuracies disclosed in reports ordered and paid for by Buyer.**
15. **CHANGES DURING ESCROW:**
- A. Prior to Close Of Escrow, Seller may engage in the following acts, ("Proposed Changes"), subject to Buyer's rights in paragraph 15B: (i) rent or lease any part of the premises; (ii) alter, modify or extend any existing rental or lease agreement; (iii) enter into, alter, modify or extend any service contract(s); or (iv) change the status of the condition of the Property.
- B. At least 7 (or     ) Days prior to any Proposed Changes, Seller shall give written notice to Buyer of such Proposed Changes. Within 5 (or     ) Days After receipt of such notice, Buyer, in writing, may give Seller notice of Buyer's objection to the Proposed Changes, in which case Seller shall not make the Proposed Changes.
16. **CONDITION OF PROPERTY:** Unless otherwise agreed in writing: (i) the Property is sold (a) "AS-IS" in its PRESENT physical condition as of the date of Acceptance and (b) subject to Buyer's Investigation rights; (ii) the Property, including pool, spa, landscaping and grounds, is to be maintained in substantially the same condition as on the date of Acceptance; and (iii) all debris and personal property not included in the sale shall be removed by Close Of Escrow.
- A. Seller shall, within the time specified in paragraph 19A, DISCLOSE KNOWN MATERIAL FACTS AND DEFECTS affecting the Property, including known insurance claims within the past five years, and make any and all other disclosures required by law.
- B. Buyer has the right to conduct Buyer Investigations of the property and, as specified in paragraph 19B, based upon information discovered in those investigations: (i) cancel this Agreement; or (ii) request that Seller make Repairs or take other action.
- C. **Buyer is strongly advised to conduct investigations of the entire Property in order to determine its present condition. Seller may not be aware of all defects affecting the Property or other factors that Buyer considers important. Property improvements may not be built according to code, in compliance with current Law, or have had permits issued.**
17. **BUYER'S INVESTIGATION OF PROPERTY AND MATTERS AFFECTING PROPERTY:**
- A. Buyer's acceptance of the condition of, and any other matter affecting the Property, is a contingency of this Agreement as specified in this paragraph and paragraph 19B. Within the time specified in paragraph 19B(1), Buyer shall have the right, at Buyer's expense unless otherwise agreed, to conduct inspections, investigations, tests, surveys and other studies ("Buyer Investigations"), including, but not limited to, the right to: (i) inspect for lead-based paint and other lead-based paint hazards; (ii) inspect for wood destroying pests and organisms; (iii) review the registered sex offender database; (iv) confirm the insurability of Buyer and the Property; and (v) satisfy Buyer as to any matter specified in the attached Buyer's Inspection Advisory (C.A.R. Form BIA). Without Seller's prior written consent, Buyer shall neither make nor cause to be made: (i) invasive or destructive Buyer Investigations except for minimally invasive testing; or (ii) inspections by any governmental building or zoning inspector or government employee, unless required by Law.
- B. Seller shall make the Property available for all Buyer Investigations. Buyer shall (i) as specified in paragraph 19B, complete Buyer Investigations and, either remove the contingency or cancel this Agreement, and (ii) give Seller, at no cost, complete Copies of all investigation reports obtained by Buyer, which obligation shall survive the termination of this Agreement.
- C. **Buyer indemnity and Seller protection for entry upon property:** Buyer shall: (i) keep the Property free and clear of liens; (ii) repair all damage arising from Buyer Investigations; and (iii) indemnify and hold Seller harmless from all resulting liability, claims, demands, damages and costs of Buyer's Investigations. Buyer shall carry, or Buyer shall require anyone acting on Buyer's behalf to carry, policies of liability, workers' compensation and other applicable insurance, defending and protecting Seller from liability for any injuries to persons or property occurring during any Buyer Investigations or work done on the Property at Buyer's direction prior to Close Of Escrow. Seller is advised that certain protections may be afforded Seller by recording a "Notice of Non-responsibility" (C.A.R. Form NNR) for Buyer Investigations and work done on the Property at Buyer's direction. Buyer's obligations under this paragraph shall survive the termination or cancellation of this Agreement and Close Of Escrow.
- D. **BUYER IS STRONGLY ADVISED TO INVESTIGATE THE CONDITION AND SUITABILITY OF ALL ASPECTS OF THE PROPERTY AND ALL MATTERS AFFECTING THE VALUE OR DESIRABILITY OF THE PROPERTY, INCLUDING BUT NOT LIMITED TO, THE ITEMS SPECIFIED BELOW. IF BUYER DOES NOT EXERCISE THESE RIGHTS, BUYER IS ACTING AGAINST THE ADVICE OF BROKERS. BUYER UNDERSTANDS THAT ALTHOUGH CONDITIONS ARE OFTEN DIFFICULT TO LOCATE AND DISCOVER, ALL REAL PROPERTY CONTAINS CONDITIONS THAT ARE NOT READILY APPARENT AND THAT MAY AFFECT THE VALUE OR DESIRABILITY OF THE PROPERTY. BUYER AND SELLER ARE AWARE THAT BROKERS DO NOT GUARANTEE, AND IN NO WAY ASSUME RESPONSIBILITY FOR, THE CONDITION OF THE PROPERTY. BROKERS HAVE NOT AND WILL NOT VERIFY ANY OF THE ITEMS IN THIS PARAGRAPH 17, UNLESS OTHERWISE AGREED IN WRITING.**
- E. **SIZE, LINES, ACCESS AND BOUNDARIES:** Lot size, property lines, legal or physical access and boundaries including features of the Property shared in common with adjoining landowners, such as walls, fences, roads and driveways, whose use or responsibility for maintenance may have an effect on the Property and any encroachments, easements or similar matters that may affect the Property. (Fences, hedges, walls and other natural or constructed barriers or markers do not necessarily identify true Property boundaries. Property lines may be verified by survey.) (Unless otherwise specified in writing, any numerical statements by Brokers regarding lot size are APPROXIMATIONS ONLY, which have not been and will not be verified, and should not be relied upon by Buyer.)
- F. **ZONING AND LAND USE:** Past, present, or proposed laws, ordinances, referendums, initiatives, votes, applications and permits affecting the current use of the Property, future development, zoning, building, size, governmental permits and inspections. Any zoning violations, non-conforming uses, or violations of "setback" requirements. (Buyer should also investigate whether these matters affect Buyer's intended use of the Property.)
- G. **UTILITIES AND SERVICES:** Availability, costs, restrictions and location of utilities and services, including but not limited to, sewerage, sanitation, septic and leach lines, water, electricity, gas, telephone, cable TV and drainage.

Buyer's Initials ( TM ) ( LM ) ( Jo )Seller's Initials (      ) ( SN )

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VACANT LAND PURCHASE AGREEMENT (VLPA PAGE 5 OF 11)

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41.37 ac South



Property Address: approx. 41.37 acres SEC Ave 54/Enterprise Way, Coachella, 92236Date: July 13, 2020

- H. ENVIRONMENTAL HAZARDS:** Potential environmental hazards, including, but not limited to, asbestos, lead-based paint and other lead contamination, radon, methane, other gases, fuel, oil or chemical storage tanks, contaminated soil or water, hazardous waste, waste disposal sites, electromagnetic fields, nuclear sources, and other substances, including mold (airborne, toxic or otherwise), fungus or similar contaminant, materials, products or conditions.
- I. GEOLOGIC CONDITIONS:** Geologic/seismic conditions, soil and terrain stability, suitability and drainage including any slippage, sliding, flooding, drainage, grading, fill (compacted or otherwise), or other soil problems.
- J. NATURAL HAZARD ZONE:** Special Flood Hazard Areas, Potential Flooding (Inundation) Areas, Very High Fire Hazard Zones, State Fire Responsibility Areas, Earthquake Fault Zones, Seismic Hazard Zones, or any other zone for which disclosure is required by Law.
- K. PROPERTY DAMAGE:** Major damage to the Property or any of the structures or non-structural systems and components and any personal property included in the sale from fire, earthquake, floods, landslides or other causes.
- L. NEIGHBORHOOD, AREA AND PROPERTY CONDITIONS:** Neighborhood or area conditions, including Agricultural Use Restrictions pursuant to the Williamson Act (Government Code §§51200-51295), Right To Farm Laws (Civil Code §3482.5 and §3482.6), schools, proximity and adequacy of law enforcement, crime statistics, the proximity of registered felons or offenders, fire protection, other government services, availability, adequacy and cost of any speed-wired, wireless internet connections or other telecommunications or other technology services and installations, proximity to commercial, industrial or agricultural activities, existing and proposed transportation, construction and development that may affect noise, view, or traffic, airport noise, noise or odor from any source, abandoned mining operations on the Property, wild and domestic animals, other nuisances, hazards, or circumstances, protected species, wetland properties, botanical diseases, historic or other governmentally protected sites or improvements, cemeteries, facilities and condition of common areas of common interest subdivisions, and possible lack of compliance with any governing documents or Homeowners' Association requirements, conditions and influences of significance to certain cultures and/or religions, and personal needs, requirements and preferences of Buyer.
- M. COMMON INTEREST SUBDIVISIONS; OWNER ASSOCIATIONS:** Facilities and condition of common areas (facilities such as pools, tennis courts, walkways, or other areas co-owned in undivided interest with others), Owners' Association that has any authority over the subject property, CC&Rs, or other deed restrictions or obligations, and possible lack of compliance with any Owners' Association requirements.
- N. SPECIAL TAX:** Any local agencies that levy a special tax on the Property pursuant to the Mello-Roos Community Facilities Act or Improvement Bond Act of 1915.
- O. RENTAL PROPERTY RESTRICTIONS:** Some cities and counties impose restrictions that limit the amount of rent that can be charged, the maximum number of occupants and the right of a landlord to terminate a tenancy.
- P. MANUFACTURED HOME PLACEMENT:** Conditions that may affect the ability to place and use a manufactured home on the Property.
- 18. TITLE AND VESTING:**
- A.** Within the time specified in paragraph 19, Buyer shall be provided a current preliminary title report ("Preliminary Report"). The Preliminary Report is only an offer by the title insurer to issue a policy of title insurance and may not contain every item affecting title. Buyer's review of the Preliminary Report and any other matters which may affect title are a contingency of this Agreement as specified in paragraph 19B. The company providing the Preliminary Report shall, prior to issuing a Preliminary Report, conduct a search of the General Index for all Sellers except banks or other institutional lenders selling properties they acquired through foreclosure (REOs), corporations, and government entities. Seller shall within **7 Days** After Acceptance, give Escrow Holder a completed Statement of Information.
- B.** Title is taken in its present condition subject to all encumbrances, easements, covenants, conditions, restrictions, rights and other matters, whether of record or not, as of the date of Acceptance except for: (i) monetary liens of record (which Seller is obligated to pay off) unless Buyer is assuming those obligations or taking the Property subject to those obligations; and (ii) those matters which Seller has agreed to remove in writing.
- C.** Within the time specified in paragraph 19A, Seller has a duty to disclose to Buyer all matters known to Seller affecting title, whether of record or not.
- D.** At Close Of Escrow, Buyer shall receive a grant deed conveying title (or, for stock cooperative or long-term lease, an assignment of stock certificate or of Seller's leasehold interest), including oil, mineral and water rights if currently owned by Seller. Title shall vest as designated in Buyer's supplemental escrow instructions. THE MANNER OF TAKING TITLE MAY HAVE SIGNIFICANT LEGAL AND TAX CONSEQUENCES. CONSULT AN APPROPRIATE PROFESSIONAL.
- E.** Buyer shall receive a "CLTA/ALTA Homeowner's Policy of Title Insurance", if applicable to the type of property and buyer. A title company, at Buyer's request, can provide information about the availability, desirability, coverage, and cost of various title insurance coverages and endorsements. If Buyer desires title coverage other than that required by this paragraph, Buyer shall instruct Escrow Holder in writing and shall pay any increase in cost.
- 19. TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS:** The following time periods may only be extended, altered, modified or changed by mutual written agreement. Any removal of contingencies or cancellation under this paragraph by either Buyer or Seller must be exercised in good faith and in writing (C.A.R. Form CR or CC).
- A. SELLER HAS: 7 (or \_\_\_\_ ) Days** After Acceptance to Deliver to Buyer all Reports, disclosures and information for which Seller is responsible under paragraphs 3M, 7A, 8, 9, 12A, B, and E, 13, 16A and 18A. Buyer after first Delivering to Seller a Notice to Seller to Perform (C.A.R. Form NSP) may cancel this Agreement if Seller has not Delivered the items within the time specified.
- B. (1) BUYER HAS: 17 (or 75 ) Days** After Acceptance, unless otherwise agreed in writing, to:
- (i) complete all Buyer Investigations; review all disclosures, reports, and other applicable information, which Buyer receives from Seller; and approve all matters affecting the Property; and (ii) Deliver to Seller Signed Copies of Statutory Disclosures and other disclosures Delivered by Seller in accordance with paragraph 12A.
- (2) Within the time specified in paragraph 19B(1), Buyer may request that Seller make repairs or take any other action regarding the Property (C.A.R. Form RR). Seller has no obligation to agree to or respond to (C.A.R. Form RRRR) Buyer's requests.
- (3) By the end of the time specified in paragraph 19B(1) (or as otherwise specified in this Agreement), Buyer shall Deliver to Seller a removal of the applicable contingency or cancellation (C.A.R. Form CR or CC) of this Agreement. However, if any report, disclosure or information for which Seller is responsible is not Delivered within the time specified in paragraph 19A, then Buyer has **5 (or \_\_\_\_ ) Days** After Delivery of any such items, or the time specified in paragraph 19B(1), whichever is later, to Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement.

Buyer's Initials ( TM ) ( LM ) ( JS )Seller's Initials (        ) ( SV ) 

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VACANT LAND PURCHASE AGREEMENT (VLPA PAGE 6 OF 11)

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41.37 ac South



Property Address: approx. 41.37 acres SEC Ave 54/Enterprise Way, Coachella, 92236Date: July 13, 2020

- (4) **Continuation of Contingency:** Even after the end of the time specified in paragraph 19B(1) and before Seller cancels, if at all, pursuant to paragraph 19C, Buyer retains the right, in writing, to either (i) remove remaining contingencies, or (ii) cancel this Agreement based on a remaining contingency. Once Buyer's written removal of all contingencies is Delivered to Seller, Seller may not cancel this Agreement pursuant to paragraph 19C(1).
- C. SELLER RIGHT TO CANCEL:**
- (1) **Seller right to Cancel; Buyer Contingencies:** If, by the time specified in this Agreement, Buyer does not Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement, then Seller, after first Delivering to Buyer a Notice to Buyer to Perform (C.A.R. Form NBP), may cancel this Agreement. In such event, Seller shall authorize the return of Buyer's deposit, except for fees incurred by Buyer.
- (2) **Seller right to Cancel; Buyer Contract Obligations:** Seller, after first delivering to Buyer a NBP, may cancel this Agreement if, by the time specified in this Agreement, Buyer does not take the following action(s): (i) Deposit funds as required by paragraph 3A or 3B or if the funds deposited pursuant to paragraph 3A or 3B are not good when deposited; (ii) Deliver a notice of FHA or VA costs or terms as required by paragraph 3D(3) (C.A.R. Form FVA); (iii) Deliver a letter as required by paragraph 3J(1); (iv) Deliver verification as required by paragraph 3C or 3H or if Seller reasonably disapproves of the verification provided by paragraph 3C or 3H; (v) Return Statutory Disclosures as required by paragraph 12A; or (vi) Sign or initial a separate liquidated damages form for an increased deposit as required by paragraphs 3B and 27B; or (vii) Provide evidence of authority to sign in a representative capacity as specified in paragraph 19. In such event, Seller shall authorize the return of Buyer's deposit, except for fees incurred by Buyer.
- D. NOTICE TO BUYER OR SELLER TO PERFORM:** The NBP or NSP shall: (i) be in writing; (ii) be signed by the applicable Buyer or Seller; and (iii) give the other Party at least 2 (or     ) Days After Delivery (or until the time specified in the applicable paragraph, whichever occurs last) to take the applicable action. A NBP or NSP may not be Delivered any earlier than **2 Days** Prior to the expiration of the applicable time for the other Party to remove a contingency or cancel this Agreement or meet an obligation specified in paragraph 19.
- E. EFFECT OF BUYER'S REMOVAL OF CONTINGENCIES:** If Buyer removes, in writing, any contingency or cancellation rights, unless otherwise specified in writing, Buyer shall conclusively be deemed to have: (i) completed all Buyer Investigations, and review of reports and other applicable information and disclosures pertaining to that contingency or cancellation right; (ii) elected to proceed with the transaction; and (iii) assumed all liability, responsibility and expense for Repairs or corrections pertaining to that contingency or cancellation right, or for the inability to obtain financing.
- F. CLOSE OF ESCROW:** Before Buyer or Seller may cancel this Agreement for failure of the other Party to close escrow pursuant to this Agreement, Buyer or Seller must first Deliver to the other Party a demand to close escrow (C.A.R. Form DCE). The DCE shall: (i) be signed by the applicable Buyer or Seller; and (ii) give the other Party at least 3 (or     ) Days After Delivery to close escrow. A DCE may not be Delivered any earlier than **3 Days** Prior to the scheduled close of escrow.
- G. EFFECT OF CANCELLATION ON DEPOSITS:** If Buyer or Seller gives written notice of cancellation pursuant to rights duly exercised under the terms of this Agreement, the Parties agree to Sign mutual instructions to cancel the sale and escrow and release deposits, if any, to the party entitled to the funds, less fees and costs incurred by that party. Fees and costs may be payable to service providers and vendors for services and products provided during escrow. Except as specified below, **release of funds will require mutual Signed release instructions from the Parties, judicial decision or arbitration award.** If either Party fails to execute mutual instructions to cancel escrow, one Party may make a written demand to Escrow Holder for the deposit (C.A.R. Form BDRD or SDRD). Escrow Holder, upon receipt, shall promptly deliver notice of the demand to the other Party. If, within 10 Days After Escrow Holder's notice, the other Party does not object to the demand, Escrow Holder shall disburse the deposit to the Party making the demand. If Escrow Holder complies with the preceding process, each Party shall be deemed to have released Escrow Holder from any and all claims or liability related to the disbursement of the deposit. Escrow Holder, at its discretion, may nonetheless require mutual cancellation instructions. **A Party may be subject to a civil penalty of up to \$1,000 for refusal to sign cancellation instructions if no good faith dispute exists as to who is entitled to the deposited funds (Civil Code §1057.3).**
- 20. REPAIRS:** Repairs shall be completed prior to final verification of condition unless otherwise agreed in writing. Repairs to be performed at Seller's expense may be performed by Seller or through others, provided that the work complies with applicable Law, including governmental permit, inspection and approval requirements. Repairs shall be performed in a good, skillful manner with materials of quality and appearance comparable to existing materials. It is understood that exact restoration of appearance or cosmetic items following all Repairs may not be possible. Seller shall: (i) obtain invoices and paid receipts for Repairs performed by others; (ii) prepare a written statement indicating the Repairs performed by Seller and the date of such Repairs; and (iii) provide Copies of invoices and paid receipts and statements to Buyer prior to final verification of condition.
- 21. FINAL VERIFICATION OF CONDITION:** Buyer shall have the right to make a final verification of the Property within 5 (or     ) Days Prior to Close Of Escrow, NOT AS A CONTINGENCY OF THE SALE, but solely to confirm: (i) the Property is maintained pursuant to paragraph 16; (ii) Repairs have been completed as agreed; and (iii) Seller has complied with Seller's other obligations under this Agreement (C.A.R. Form VP).
- 22. ENVIRONMENTAL HAZARD CONSULTATION:** Buyer and Seller acknowledge: (i) Federal, state, and local legislation impose liability upon existing and former owners and users of real property, in applicable situations, for certain legislatively defined, environmentally hazardous substances; (ii) Broker(s) has/have made no representation concerning the applicability of any such Law to this transaction or to Buyer or to Seller, except as otherwise indicated in this Agreement; (iii) Broker(s) has/have made no representation concerning the existence, testing, discovery, location and evaluation of/for, and risks posed by, environmentally hazardous substances, if any, located on or potentially affecting the Property; and (iv) Buyer and Seller are each advised to consult with technical and legal experts concerning the existence, testing, discovery, location and evaluation of/for, and risks posed by, environmentally hazardous substances, if any, located on or potentially affecting the Property.

 Buyer's Initials ( TM ) ( IM ) ( DS )

 Seller's Initials (      ) ( SV )


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VACANT LAND PURCHASE AGREEMENT (VLPA PAGE 7 OF 11)

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41.37 ac South



Property Address: approx. 41.37 acres SEC Ave 54/Enterprise Way, Coachella, 92236Date: July 13, 2020

**23. PRORATIONS OF PROPERTY TAXES AND OTHER ITEMS:** Unless otherwise agreed in writing, the following items shall be PAID CURRENT and prorated between Buyer and Seller as of Close Of Escrow: real property taxes and assessments, interest, rents, HOA regular, special, and emergency dues and assessments imposed prior to Close Of Escrow, premiums on insurance assumed by Buyer, payments on bonds and assessments assumed by Buyer, and payments on Mello-Roos and other Special Assessment District bonds and assessments that are now a lien. The following items shall be assumed by Buyer WITHOUT CREDIT toward the purchase price: prorated payments on Mello-Roos and other Special Assessment District bonds and assessments and HOA special assessments that are now a lien but not yet due. Property will be reassessed upon change of ownership. Any supplemental tax bills shall be paid as follows: (i) for periods after Close Of Escrow, by Buyer; and (ii) for periods prior to Close Of Escrow, by Seller (see C.A.R. Form SPT or SBSA for further information). TAX BILLS ISSUED AFTER CLOSE OF ESCROW SHALL BE HANDLED DIRECTLY BETWEEN BUYER AND SELLER. Prorations shall be made based on a 30-day month.

**24. BROKERS:**

- A. COMPENSATION:** Seller or Buyer, or both, as applicable, agrees to pay compensation to Broker as specified in a separate written agreement between Broker and that Seller or Buyer. Compensation is payable upon Close Of Escrow, or if escrow does not close, as otherwise specified in the agreement between Broker and that Seller or Buyer.
- B. SCOPE OF DUTY:** Buyer and Seller acknowledge and agree that Broker: (i) Does not decide what price Buyer should pay or Seller should accept; (ii) Does not guarantee the condition of the Property; (iii) Does not guarantee the performance, adequacy or completeness of inspections, services, products or repairs provided or made by Seller or others; (iv) Does not have an obligation to conduct an inspection of common areas or areas off the site of the Property; (v) Shall not be responsible for identifying defects on the Property, in common areas, or offsite unless such defects are visually observable by an inspection of reasonably accessible areas of the Property or are known to Broker; (vi) Shall not be responsible for inspecting public records or permits concerning the title or use of Property; (vii) Shall not be responsible for identifying the location of boundary lines or other items affecting title; (viii) Shall not be responsible for verifying square footage, representations of others or information contained in Investigation reports, Multiple Listing Service, advertisements, flyers or other promotional material; (ix) Shall not be responsible for determining the fair market value of the Property or any personal property included in the sale; (x) Shall not be responsible for providing legal or tax advice regarding any aspect of a transaction entered into by Buyer or Seller; and (xi) Shall not be responsible for providing other advice or information that exceeds the knowledge, education and experience required to perform real estate licensed activity. Buyer and Seller agree to seek legal, tax, insurance, title and other desired assistance from appropriate professionals.

**25. REPRESENTATIVE CAPACITY:** If one or more Parties is signing the Agreement in a representative capacity and not for him/herself as an individual then that Party shall so indicate in paragraph 37 or 38 and attach a Representative Capacity Signature Disclosure (C.A.R. Form RCSD). Wherever the signature or initials of the representative identified in the RCSD appear on the Agreement or any related documents, it shall be deemed to be in a representative capacity for the entity described and not in an individual capacity, unless otherwise indicated. The Party acting in a representative capacity (i) represents that the entity for which that party is acting already exists and (ii) shall Deliver to the other Party and Escrow Holder, within 3 Days After Acceptance, evidence of authority to act in that capacity (such as but not limited to: applicable portion of the trust or Certification Of Trust (Probate Code §18100.5), letters testamentary, court order, power of attorney, corporate resolution, or formation documents of the business entity).

**26. JOINT ESCROW INSTRUCTIONS TO ESCROW HOLDER:**

- A. The following paragraphs, or applicable portions thereof, of this Agreement constitute the joint escrow instructions of Buyer and Seller to Escrow Holder,** which Escrow Holder is to use along with any related counter offers and addenda, and any additional mutual instructions to close the escrow: paragraphs 1, 3, 4B, 5, 6, 7A, 8, 9, 12B, 18, 19G, 23, 24A, 25, 26, 32, 35, 36, 37, 38 and paragraph D of the section titled Real Estate Brokers on page 11. If a Copy of the separate compensation agreement(s) provided for in paragraph 24A, or paragraph D of the section titled Real Estate Brokers on page 10 is deposited with Escrow Holder by Broker, Escrow Holder shall accept such agreement(s) and pay out from Buyer's or Seller's funds, or both, as applicable, the Broker's compensation provided for in such agreement(s). The terms and conditions of this Agreement not set forth in the specified paragraphs are additional matters for the information of Escrow Holder, but about which Escrow Holder need not be concerned. Buyer and Seller will receive Escrow Holder's general provisions, if any, directly from Escrow Holder and will execute such provisions within the time specified in paragraph 9B(1)(c). To the extent the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Seller will execute additional instructions, documents and forms provided by Escrow Holder that are reasonably necessary to close the escrow and, as directed by Escrow Holder, within 3 (or \_\_\_\_\_) Days, shall pay to Escrow Holder or HOA or HOA management company or others any fee required by paragraphs 9, 12 or elsewhere in this Agreement.
- B. A Copy of this Agreement including any counter offer(s) and addenda shall be delivered to Escrow Holder within 3 Days After Acceptance (or \_\_\_\_\_). Buyer and Seller authorize Escrow Holder to accept and rely on Copies and Signatures as defined in this Agreement as originals, to open escrow and for other purposes of escrow. The validity of this Agreement as between Buyer and Seller is not affected by whether or when Escrow Holder Signs this Agreement. Escrow Holder shall provide Seller's Statement of Information to Title company when received from Seller. If Seller delivers an affidavit to Escrow Holder to satisfy Seller's FIRPTA obligation under paragraph 12B, Escrow Holder shall deliver to Buyer a Qualified Substitute statement that complies with federal Law.**
- C. Brokers are a party to the escrow for the sole purpose of compensation pursuant to paragraph 24A and paragraph D of the section titled Real Estate Brokers on page 11. Buyer and Seller irrevocably assign to Brokers compensation specified in paragraph 24A, and irrevocably instruct Escrow Holder to disburse those funds to Brokers at Close Of Escrow or pursuant to any other mutually executed cancellation agreement. Compensation instructions can be amended or revoked only with the written consent of Brokers. Buyer and Seller shall release and hold harmless Escrow Holder from any liability resulting from Escrow Holder's payment to Broker(s) of compensation pursuant to this Agreement.**
- D. Upon receipt, Escrow Holder shall provide Seller and Seller's Broker verification of Buyer's deposit of funds pursuant to paragraph 3A and 3B. Once Escrow Holder becomes aware of any of the following, Escrow Holder shall immediately notify all Brokers: (i) if Buyer's initial or any additional deposit is not made pursuant to this Agreement, or is not good at time of deposit with Escrow Holder; or (ii) if Buyer and Seller instruct Escrow Holder to cancel escrow.**

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VACANT LAND PURCHASE AGREEMENT (VLPA PAGE 8 OF 11)

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41.37 ac South



Property Address: approx. 41.37 acres SEC Ave 54/Enterprise Way, Coachella, 92236Date: July 13, 2020

E. A Copy of any amendment that affects any paragraph of this Agreement for which Escrow Holder is responsible shall be delivered to Escrow Holder within 3 Days after mutual execution of the amendment.

**27. REMEDIES FOR BUYER'S BREACH OF CONTRACT:**

- A. Any clause added by the Parties specifying a remedy (such as release or forfeiture of deposit or making a deposit non-refundable) for failure of Buyer to complete the purchase in violation of this Agreement shall be deemed invalid unless the clause independently satisfies the statutory liquidated damages requirements set forth in the Civil Code.
- B. **LIQUIDATED DAMAGES:** If Buyer fails to complete this purchase because of Buyer's default, Seller shall retain, as liquidated damages, the deposit actually paid. Buyer and Seller agree that this amount is a reasonable sum given that it is impractical or extremely difficult to establish the amount of damages that would actually be suffered by Seller in the event Buyer were to breach this Agreement. Release of funds will require mutual, Signed release instructions from both Buyer and Seller, judicial decision or arbitration award. AT TIME OF ANY INCREASED DEPOSIT BUYER AND SELLER SHALL SIGN A SEPARATE LIQUIDATED DAMAGES PROVISION INCORPORATING THE INCREASED DEPOSIT AS LIQUIDATED DAMAGES (C.A.R. FORM RID).

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**28. DISPUTE RESOLUTION:**

- A. **MEDIATION:** The Parties agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration or court action through the C.A.R. Consumer Mediation Center ([www.consumermediation.org](http://www.consumermediation.org)) or through any other mediation provider or service mutually agreed to by the Parties. The Parties also agree to mediate any disputes or claims with Broker(s), who, in writing, agree to such mediation prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. Mediation fees, if any, shall be divided equally among the Parties involved. If, for any dispute or claim to which this paragraph applies, any Party (i) commences an action without first attempting to resolve the matter through mediation, or (ii) before commencement of an action, refuses to mediate after a request has been made, then that Party shall not be entitled to recover attorney fees, even if they would otherwise be available to that Party in any such action. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED. Exclusions from this mediation agreement are specified in paragraph 28C.

**B. ARBITRATION OF DISPUTES:**

The Parties agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration. The Parties also agree to arbitrate any disputes or claims with Broker(s), who, in writing, agree to such arbitration prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of transactional real estate Law experience, unless the parties mutually agree to a different arbitrator. The Parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 9 of Part 3 of the Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction. Enforcement of this agreement to arbitrate shall be governed by the Federal Arbitration Act. Exclusions from this arbitration agreement are specified in paragraph 28C.

"NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."

"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."

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**C. ADDITIONAL MEDIATION AND ARBITRATION TERMS:**

- (1) **EXCLUSIONS:** The following matters are excluded from mediation and arbitration: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract as defined in Civil Code §2985; (ii) an unlawful detainer action; and (iii) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court.
- (2) **PRESERVATION OF ACTIONS:** The following shall not constitute a waiver nor violation of the mediation and arbitration provisions: (i) the filing of a court action to preserve a statute of limitations; (ii) the filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies; or (iii) the filing of a mechanic's lien.
- (3) **BROKERS:** Brokers shall not be obligated nor compelled to mediate or arbitrate unless they agree to do so in writing. Any Broker(s) participating in mediation or arbitration shall not be deemed a party to the Agreement.

**29. SELECTION OF SERVICE PROVIDERS:** Brokers do not guarantee the performance of any vendors, service or product providers ("Providers"), whether referred by Broker or selected by Buyer, Seller or other person. Buyer and Seller may select ANY Providers of their own choosing.

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VACANT LAND PURCHASE AGREEMENT (VLPA PAGE 9 OF 11)

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41.37 ac South



Property Address: approx. 41.37 acres SEC Ave 54/Enterprise Way, Coachella, 92236Date: July 13, 2020

**30. MULTIPLE LISTING SERVICE ("MLS"):** Brokers are authorized to report to the MLS a pending sale and, upon Close Of Escrow, the sales price and other terms of this transaction shall be provided to the MLS to be published and disseminated to persons and entities authorized to use the information on terms approved by the MLS.

**31. ATTORNEY FEES:** In any action, proceeding, or arbitration between Buyer and Seller arising out of this Agreement, the prevailing Buyer or Seller shall be entitled to reasonable attorneys fees and costs from the non-prevailing Buyer or Seller, except as provided in paragraph 28A.

**32. ASSIGNMENT:** Buyer shall not assign all or any part of Buyer's interest in this Agreement without first having obtained the written consent of Seller. Such consent shall not be unreasonably withheld unless otherwise agreed in writing. Any total or partial assignment shall not relieve Buyer of Buyer's obligations pursuant to this Agreement unless otherwise agreed in writing by Seller (C.A.R. Form A0AA).

**33. EQUAL HOUSING OPPORTUNITY:** The Property is sold in compliance with federal, state and local anti-discrimination Laws.

**34. TERMS AND CONDITIONS OF OFFER:** This is an offer to purchase the Property on the above terms and conditions. The liquidated damages paragraph or the arbitration of disputes paragraph is incorporated in this Agreement if initialed by all Parties or if incorporated by mutual agreement in a counteroffer or addendum. If at least one but not all Parties initial, a counter offer is required until agreement is reached. Seller has the right to continue to offer the Property for sale and to accept any other offer at any time prior to notification of Acceptance. Buyer has read and acknowledges receipt of a Copy of the offer and agrees to the confirmation of agency relationships. If this offer is accepted and Buyer subsequently defaults, Buyer may be responsible for payment of Brokers' compensation. This Agreement and any supplement, addendum or modification, including any Copy, may be Signed in two or more counterparts, all of which shall constitute one and the same writing.

**35. TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES:** Time is of the essence. All understandings between the Parties are incorporated in this Agreement. Its terms are intended by the Parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. Except as otherwise specified, this Agreement shall be interpreted and disputes shall be resolved in accordance with the Laws of the State of California. **Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed, except in writing Signed by Buyer and Seller.**

**36. DEFINITIONS:** As used in this Agreement:

A. "Acceptance" means the time the offer or final counter offer is accepted in writing by a Party and is delivered to and personally received by the other Party or that Party's authorized agent in accordance with the terms of this offer or a final counter offer.

B. "Agreement" means this document and any counter offers and any incorporated addenda, collectively forming the binding agreement between the Parties. Addenda are incorporated only when Signed by all Parties.

C. "C.A.R. Form" means the most current version of the specific form referenced or another comparable form agreed to by the parties.

D. "Close Of Escrow" means the date the grant deed, or other evidence of transfer of title, is recorded.

E. "Copy" means copy by any means including photocopy, NCR, facsimile and electronic.

F. "Days" means calendar days. However, after Acceptance, the last Day for performance of any act required by this Agreement (including Close Of Escrow) shall not include any Saturday, Sunday, or legal holiday and shall instead be the next Day.

G. "Days After" means the specified number of calendar days after the occurrence of the event specified, not counting the calendar date on which the specified event occurs, and ending at 11:59 PM on the final day.

H. "Days Prior" means the specified number of calendar days before the occurrence of the event specified, not counting the calendar date on which the specified event is scheduled to occur.

I. "Deliver", "Delivered" or "Delivery", unless otherwise specified in writing, means and shall be effective upon: personal receipt by Buyer or Seller or the individual Real Estate Licensee for that principal as specified in the section titled Real Estate Brokers on page 11, regardless of the method used (i.e., messenger, mail, email, fax, other).

J. "Electronic Copy" or "Electronic Signature" means, as applicable, an electronic copy or signature complying with California Law. Buyer and Seller agree that electronic means will not be used by either Party to modify or alter the content or integrity of this Agreement without the knowledge and consent of the other Party.

K. "Law" means any law, code, statute, ordinance, regulation, rule or order, which is adopted by a controlling city, county, state or federal legislative, judicial or executive body or agency.

L. "Repairs" means any repairs (including pest control), alterations, replacements, modifications or retrofitting of the Property provided for under this Agreement.

M. "Signed" means either a handwritten or electronic signature on an original document, Copy or any counterpart.

**37. EXPIRATION OF OFFER:** This offer shall be deemed revoked and the deposit, if any, shall be returned to Buyer unless the offer is Signed by Seller and a Copy of the Signed offer is personally received by Buyer, or by \_\_\_\_\_ who is authorized to receive it, by 5:00 PM on the third Day after this offer is signed by Buyer (or by \_\_\_\_\_ AM/ PM, on (date)).

☒ One or more Buyers is signing the Agreement in a representative capacity and not for him/herself as an individual. See attached Representative Capacity Signature Disclosure (C.A.R. Form RCSD-B) for additional terms.

Date 7/14/2020 BUYER [Signature]

(Print name) West Pender Holdings Inc.

Date 7/13/2020 BUYER [Signature]

(Print name) and/or assignee

DocuSigned by:

[Signature]

DocuSigned by:

[Signature]

☐ Additional Signature Addendum attached (C.A.R. Form ASA).

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Seller's Initials ( DS ) ( SN )

VACANT LAND PURCHASE AGREEMENT (VLPA PAGE 10 OF 11)

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41.37 ac South



Property Address: approx. 41.37 acres SEC Ave 54/Enterprise Way, Coachella, 92236Date: July 13, 2020

**38. ACCEPTANCE OF OFFER:** Seller warrants that Seller is the owner of the Property, or has the authority to execute this Agreement. Seller accepts the above offer and agrees to sell the Property on the above terms and conditions, and agrees to the above confirmation of agency relationships. Seller has read and acknowledges receipt of a Copy of this Agreement, and authorizes Broker to Deliver a Signed Copy to Buyer.

☐ (If checked) SELLER'S ACCEPTANCE IS **SUBJECT TO ATTACHED COUNTER OFFER (C.A.R. Form SCO or SMCO) DATED:** \_\_\_\_\_

☒ One or more Sellers is signing the Agreement in a representative capacity and not for him/herself as an individual. See attached Representative Capacity Signature Disclosure (C.A.R. Form RCSD-S) for additional terms.

Date 7/15/2020

SELLER

(Print name) Nb Coachella Prop Inc.

Date \_\_\_\_\_

SELLER

(Print name) \_\_\_\_\_

☐ Additional Signature Addendum attached (C.A.R. Form ASA).

(Initials)

(Do not initial if making a counter offer.) **CONFIRMATION OF ACCEPTANCE:** A Copy of Signed Acceptance was personally received by Buyer or Buyer's authorized agent on (date) 7/15/2020 at \_\_\_\_\_  
☐ AM/ ☐ PM. **A binding Agreement is created when a Copy of Signed Acceptance is personally received by Buyer or Buyer's authorized agent whether or not confirmed in this document. Completion of this confirmation is not legally required in order to create a binding Agreement; it is solely intended to evidence the date that Confirmation of Acceptance has occurred.**

**REAL ESTATE BROKERS:****A. Real Estate Brokers are not parties to the Agreement between Buyer and Seller.****B. Agency relationships are confirmed as stated in paragraph 2.****C. If specified in paragraph 3A(2), Agent who submitted the offer for Buyer acknowledges receipt of deposit.**

**D. COOPERATING (BUYER'S) BROKER COMPENSATION:** Seller's Broker agrees to pay Buyer's Broker and Buyer's Broker agrees to accept, out of Seller's Broker's proceeds in escrow, the amount specified in the MLS, provided Buyer's Broker is a Participant of the MLS in which the Property is offered for sale or a reciprocal MLS. If Seller's Broker and Buyer's Broker are not both Participants of the MLS, or a reciprocal MLS, in which the Property is offered for sale, then compensation must be specified in a separate written agreement (C.A.R. Form CBC). Declaration of License and Tax (C.A.R. Form DLT) may be used to document that tax reporting will be required or that an exemption exists.

**E. PRESENTATION OF OFFER:** Pursuant to Standard of Practice 1-7, if Buyer's Broker makes a written request, Seller's Broker shall confirm in writing that this offer has been presented to Seller.

Buyer's Brokerage Firm Desert Pacific PropertiesBy Paula Turner DRE Lic. # 00702492DRE Lic. # 01420416Date 7/13/2020Address 77-933 Las Montanas Road, Ste. 101City Palm DesertState CA Zip 92211Telephone (760)360-8200Fax (760)360-7580E-mail paula@dpplc.comSeller's Brokerage Firm Desert Pacific PropertiesBy Susan Harvey DRE Lic. # 00957590DRE Lic. # 01420416Date 7/14/2020Address 77-933 Las Montanas Road, Ste 101City Palm DesertState CA Zip 92211Telephone (760)360-8200Fax (760)360-7580E-mail susan@dpplc.com**ESCROW HOLDER ACKNOWLEDGMENT:**

Escrow Holder acknowledges receipt of a Copy of this Agreement, (if checked, ☐ a deposit in the amount of \$ \_\_\_\_\_), counter offer numbers \_\_\_\_\_ ☐ Seller's Statement of Information and \_\_\_\_\_, and agrees to act as Escrow Holder subject to paragraph 26 of this Agreement, any

supplemental escrow instructions and the terms of Escrow Holder's general provisions.

Escrow Holder is advised that the date of Confirmation of Acceptance of the Agreement as between Buyer and Seller is \_\_\_\_\_

Escrow Holder Orange Coast Title Escrow

Escrow # \_\_\_\_\_

By Claudia Holcomb Date \_\_\_\_\_Address 3536 Concoors, Ste. 120 Ontario, CA 91764Phone/Fax/E-mail 909-987-5433 / claudiah@octitle.com

Escrow Holder has the following license number # \_\_\_\_\_

☐ Department of Business Oversight, ☐ Department of Insurance, ☐ Department of Real Estate.

**PRESENTATION OF OFFER:** (\_\_\_\_\_) Seller's Broker presented this offer to Seller on \_\_\_\_\_ (date).

Broker or Designee Initials

**REJECTION OF OFFER:** (\_\_\_\_\_) No counter offer is being made. This offer was rejected by Seller on \_\_\_\_\_ (date).

Seller's Initials

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THIS FORM HAS BEEN APPROVED BY THE CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.). NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ACCURACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION. A REAL ESTATE BROKER IS THE PERSON QUALIFIED TO ADVISE ON REAL ESTATE TRANSACTIONS. IF YOU DESIRE LEGAL OR TAX ADVICE, CONSULT AN APPROPRIATE PROFESSIONAL.

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Buyer's Acknowledgment that page 11 is part of this Agreement

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**CONTRACT ADDENDUM TO  
VACANT LAND PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS  
FOR APPROX. 41.37 ACRES SEC AVENUE 54/ENTERPRISE WAY, COACHELLA  
DATED JULY 13, 2020  
NB COACHELLA PROP INC. / WEST PENDER HOLDINGS INC.**

In the event of a conflict between the terms provided by pages one through eleven of the Vacant Land Purchase Agreement and Joint Escrow Instructions entered into by and between NB Coachella Prop Inc. and West Pender Holdings Inc. dated July 13, 2020 ("Form VLPA") and this Addendum, the provisions of this Addendum shall control and supersede the contrary or inconsistent provisions in Form VLPA to the extent of said contrary or inconsistent provisions.

With reference to the paragraphs enumerated in the Form VLPA, the following provisions amend and supercede said paragraphs as set forth below.

**1. OFFER:**

B. The Assessor's Parcel Numbers are: 763-280-009 and 763-290-003.

**8. OTHER TERMS:**

A. Within the time specified in paragraph 19.A, Seller shall deliver to Buyer copies of all available documents, plat maps, parcel maps, engineering reports, geological studies, toxic materials reports, market studies, soils reports, current property tax bills, existing leases and any other documents relevant to the purchase, holding and future development of the property.

B. If this escrow is terminated for any reason other than Seller's breach, then at Seller's request and as a condition to the return of Buyer's deposit, Buyer shall within Five (5) days after written request deliver to Seller, at no charge, copies of all surveys, engineering studies, soil reports, maps, master plans, feasibility studies and other similar items prepared by or for Buyer that pertain to the Property

**9. ALLOCATION OF COSTS:**

**A. INSPECTIONS, REPORTS AND CERTIFICATES:**

(1) Desert Pacific Properties to order and Seller to pay for costs, not to exceed \$150, of a natural hazard zone disclosure report to be delivered to Escrow. Buyer, Seller, Listing Agent and Selling Agent to receive a copy of the natural hazard zone disclosure report as well as sign the natural hazard zone disclosure report prior to the close of escrow. Escrow Holder shall provide to Buyer, Seller, Buyer's Agent and Seller's Agent a copy of signed natural hazard zone disclosure.

**B. ESCROW AND TITLE:**

1. Escrow Holder shall be:

Claudia Holcomb  
Orange Coast Title Company  
3536 Concourse Suite 120  
Ontario, CA 91764  
Phone (909) 987-5433 Email: claudiah@octitle.com

2. Title Officer shall be:

Helen Johnson  
Orange Coast Title Company  
3536 Concourse Suite 120  
Ontario, CA 91764  
Phone (909) 987-5433 Email: Helen@octitle.com

**13. SELLER DOCUMENTATION AND ADDITIONAL DISCLOSURE:**

**A.6. ENVIRONMENTAL HAZARDS:**

To the best of Seller's actual knowledge the property has not been used as a dumpsite or for the storage of any Hazardous Material. Buyer understands and acknowledges that subject property is agricultural land and may have been subject to the use of pesticides, fertilizer and/or similar agricultural chemical from time to time. It shall be Buyer's sole and absolute responsibility to investigate the Property and conduct whatever tests Buyer deems necessary to satisfy Buyer as to the absence of hazardous materials. For the purposes of this Agreement, "Hazardous Material" means hazardous, toxic or dangerous waste, substances or material defined as such in any federal, state or local statute, law, ordinance, code, rule and regulation, order or decree.

A.15. Buyer is aware the property is a part of the Rancho Coachella Business Center and there are recorded Covenants, Conditions, and Restrictions which govern the development and use of the subject property. Copies of which will be provided by the Title Company.

Buyer and Seller acknowledge receipt of copy of this page, which constitutes Page 12 of 15.

Buyer's Initials TM IM Jan

Seller's Initials SN



**CONTRACT ADDENDUM TO  
VACANT LAND PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS  
FOR APPROX. 41.37 ACRES SEC AVENUE 54/ENTERPRISE WAY, COACHELLA  
DATED JULY 13, 2020  
NB COACHELLA PROP INC. / WEST PENDER HOLDINGS INC.**

**16. CONDITION OF PROPERTY:**

- i. Buyer agrees to purchase Property in its present "as is" condition with no representation or warranties of any kind made by Seller. It shall be Buyer's sole and absolute responsibility to determine suitability or fitness of said Property for Buyer's intended purpose. Buyer acknowledges and agrees that Seller has not at any time made and does not make any warranties or representations of any kind or character, expressed or implied, with respect to the Property, including, but not limited to, any warranties or representations as to habitability, merchantability, fitness for a particular purpose, title (other than Seller's warranty of title to be set forth in the deed), zoning, tax consequences, physical or environmental condition, presence or absence of hazardous materials or waste, operating history or projection, valuation, governmental approvals, governmental regulations, the truth, accuracy or completeness of any item or any other information provided by or on behalf of Seller to Buyer or any other matter or thing regarding the Property. Upon closing Seller shall sell and convey to Buyer and Buyer agrees to accept the Property in its present "as is, where is, and with all faults" conditions with no representations or warranties of any kind made by Seller. It shall be Buyer's sole and absolute responsibility to investigate the Property and conduct whatever tests Buyer deems necessary to satisfy Buyer to the absence of hazardous materials, condition of the Property and suitability or fitness of said Property for Buyer's intended purpose.
- iii. All debris and personal property not included in the sale will not be removed by the Seller.

**17. BUYER'S INVESTIGATION OF PROPERTY AND MATTERS AFFECTING PROPERTY:**

- C. Seller hereby grants to Buyer, its agents and contractor, a revocable right to enter upon the property during the escrow period for such matters as conducting surveys, soil tests, environmental assessments and/or engineering studies. Buyer agrees to hold Seller harmless, and indemnify Seller from any and all claims arising out of said right to enter and further agrees to return property to its original condition. Buyer agrees in the event escrow does not close, Buyer shall turn over to Seller all copies of results of tests and studies.
- Q. **ABILITY TO USE AND DEVELOP THE PROPERTY:** This offer is contingent upon Buyer's approval to their sole satisfaction of the condition of the property and their ability to use and develop the property within the time period specific in Paragraph 19 B.

**18. TITLE AND VESTING:**

- A. Title Company shall plot all easements of record and provide copies of recorded documents within seven (7) days after acceptance.

**19. TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS:**

- B.1. Buyer shall have seventy five (75) calendar days from execution of purchase contract to approve or disapprove all of Buyer's contingencies, including but not limited to, Preliminary Title Report and any items in paragraph 17. If written approval is not delivered within the above time limit, then all contingencies will be conclusively deemed disapproved and Escrow Holder shall return Buyer's One Hundred Twenty Thousand Dollar (\$120,000) deposit to Buyer less cancellation charges, if any and escrow shall thereupon terminate. Upon the satisfaction of all the Buyer's contingencies, the deposit shall be immediately released by escrow agent to Seller and shall be deemed non-refundable, except in the event of Seller's default. Said deposit shall apply towards purchase price upon closing.

Further, after the completion of due diligence, if Buyer does not go forward with the purchase, then Buyer and Seller mutually agree that Escrow Holder shall be authorized to immediately cancel escrow with no further instructions from Buyer or Seller.

**20. PRORATIONS OF PROPERTY TAXES AND OTHER ITEMS:**

Escrow Holder shall prorate any Coachella Valley Water District stand by charges.

Buyer and Seller acknowledge receipt of copy of this page, which constitutes Page 13 of 15.

Buyer's Initials TM IM [Signature] Seller's Initials [Signature] SN

**CONTRACT ADDENDUM TO  
VACANT LAND PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS  
FOR APPROX. 41.37 ACRES SEC AVENUE 54/ENTERPRISE WAY, COACHELLA  
DATED JULY 13, 2020  
NB COACHELLA PROP INC. / WEST PENDER HOLDINGS INC.**

**24. BROKERS:**

**C. BROKER DISCLOSURES:**

SIZE REPRESENTATIONS: Assuming that representation of square footage or lot size may have been made, Buyer understands and agrees that said representations are only approximations of the exact size or dimensions. Buyer shall have the right to make or obtain his own exact measurement.

Seller, real estate broker and agents in this transaction do not warrant or represent the actual square footage of the building or land, or the exact location of property lines. Buyer acknowledges that all information and statistics, including, but not limited to, square footage of the residence, room size, boundary lines, lot size, etc., as stated by the real estate agents in the multiple listing service, brochures, flyers, advertising, or any other oral or written communication relating to the Property are approximate and given only as a general reference and the correctness thereof shall not be relied upon by Buyer. The real estate agents source of said information is either information provided by Seller and/or information obtained from a title company printout of basic information from the Assessor's office. Said information has NOT been independently verified by the real estate agent, and cannot be relied upon by Buyer. Buyer is invited to obtain his/her facts, information and statistics, including square footage and survey, from independent sources. Buyer must verify for accuracy any information Buyer intends to rely upon prior to close of escrow.

SOILS AND LAND: Buyer and Seller acknowledge that real estate broker and agents are not experts in the field of soils engineering and have no knowledge of the soils condition of subject property. Therefore, in purchasing this property, it is expressly agreed between Buyer and Seller that Buyer is purchasing the property in its "as is" condition and with all faults as to soil and soil related problems of any nature whatsoever whether caused from the soil in its natural state or modified by third persons or business entities. Buyer and Seller have been advised that Southern California in general, consists of clay, adobe, expansive soils, and there are major and minor faults lines throughout this area. Therefore, Buyer is advised to seek the service of qualified soils engineers, structural engineers or other experts of their own choosing in order to determine the condition and suitability of the property. Buyer and Seller agree that soils be considered an area that is inaccessible to a reasonably competent and diligent visual inspection and hereby hold Desert Pacific Properties Inc and its agents harmless from any damages or loss in value suffered to subject property by virtue of any soil, structural or design related problems.

ENVIRONMENTAL: The Buyer is further advised that the desert is sometimes subject to environmental hazards such as high winds, blowing sand, extreme heat, temperature swings, flooding and earthquakes. There are also several types of pests, roaches, termites, spiders, skunks, raccoons, coyotes, and other vermin not found in other areas. In Palm Springs, Thermal and Bermuda Dunes, the airport is located close to populous areas and many properties are subject to the attendant airport noises. It shall be the Buyer's sole responsibility to satisfy itself as to the acceptability of airport impacts to the subject property.

PRELIMINARY TITLE REPORT: Buyer is strongly encouraged to examine a "Preliminary Title Report" and to review CC&R's, any easements and public right-of-ways that may affect subject property.

MULTI SPECIES HABITAT: Riverside County has prepared a Multi Species Habitat Conservancy for the various areas of the County. Desert Pacific Properties strongly recommends the Buyer contact Riverside County Planning Department and Coachella Valley Association of Governments (CVAG) to obtain details on land use restrictions of the proposed plan.

Riverside County  
Planning Department  
4080 Lemon Street, 2<sup>nd</sup> Floor  
Riverside, CA 92502  
Telephone: 909-955-3200

CVAG  
73-710 Fred Waring Drive, Ste. 200  
Palm Desert, CA 92260  
Telephone: 760-346-1127  
website: [www.cvag.org](http://www.cvag.org)

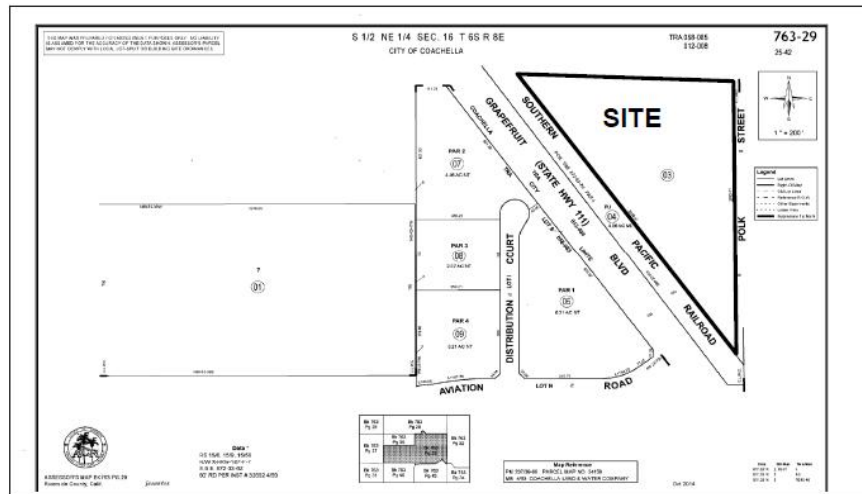
Buyer and Seller acknowledge receipt of copy of this page, which constitutes Page 14 of 15.

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**CONTRACT ADDENDUM TO  
VACANT LAND PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS  
FOR APPROX. 41.37 ACRES SEC AVENUE 54/ENTERPRISE WAY, COACHELLA  
DATED JULY 13, 2020  
NB COACHELLA PROP INC. / WEST PENDER HOLDINGS INC.**

**EXHIBIT "A"**



Buyer and Seller acknowledge receipt of copy of this page, which constitutes Page 15 of 15.

Buyer's Initials TM IM Seller's Initials SN

## CULTIVATION FACILITY LEASE

This Cultivation Facility Lease ("**Lease**") is made as of August 13, 2019 ("**Effective Date**") by and between HYDROHAUS HOLDINGS (US), INC., a Delaware corporation ("**Lessor**") and PHARMHAUS (CALIFORNIA) LLC, a California limited liability company ("**Tenant**"). Lessor and Tenant are referred to hereinafter individually as a "**Party**" and collectively as the "**Parties**."

In consideration of the mutual promises herein contained, Lessor and Tenant hereby agree as follows:

1. **Definitions.** As used herein, the following terms shall have the following meanings:

"**Facility**" means that certain cultivation facility owned and constructed by Landlord and located on the Real Property.

"**Lease Year**" means each consecutive twelve (12) month period elapsing after the Commencement Date.

"**Premises**" means the Real Property, all permanent improvements, equipment and machinery currently affixed to and/or located on the Real Property, the Facility, and all equipment and personal property for cultivation of cannabis, hemp, or other high value agricultural products contained within the Facility.

"**Real Property**" means two parcels near the southeast corner of Harley Knox and Paris Boulevard, City of Perris, California, as more particularly described in **Exhibit A** attached hereto and made a part hereof.

2. **Lease of Premises.** Lessor hereby leases to Tenant, and Tenant hereby takes from Lessor, the Premises for the Lease Term (as hereinafter defined), upon all of the terms, covenants and conditions set forth in this Lease.

3. **Term.** The term of this Lease ("**Lease Term**") shall commence on the date that Lessor obtains a certificate of occupancy (or similar authorization) for the Facility from the City of Perris ("**Commencement Date**") and shall terminate one-year thereafter unless terminated in accordance with the provisions of this Lease. The Lease shall automatically renew for consecutive one (1) year terms (each, when effective, a "**Lease Term**"), so long as Tenant is current on payments due to Lessor, unless either Party delivers written notice to the other not less than thirty (30) days before the expiration of the then-current Lease Term stating its intention not to renew the Lease.

4. **Rent.**

4.1. Fixed Rent. Commencing on the Commencement Date, Tenant shall pay to Lessor an annual fixed rent ("**Fixed Rent**") in the amount of four million eight hundred thousand dollars (\$4,800,000) per year. Monthly installments of Fixed Rent shall be due and payable in equal and consecutive monthly installments on the first day of each calendar month, in advance, during the Lease Term. Fixed Rent shall be due and payable as set forth above without demand therefor and without abatement, counterclaim, deduction or setoff.

4.2 Additional Rent. Tenant shall, from the Commencement Date, pay punctually, as and when the same shall become due and payable, in addition to Fixed Rent, all other sums payable by Tenant hereunder (whether directly to Lessor or to third parties) as Additional Rent (and Fixed Rent and Additional Rent may from time to time be collectively referred to throughout this Lease as "Rent"). In addition to Rent, Tenant shall also pay the amount of any use or sales tax on Rent imposed by the State of California and any local government, which taxes and other assessments shall be paid at the same time and in the same manner as each payment of Rent.

5. Maintenance, Repair, Replacement.

5.1. General Obligations. During the Lease Term, all maintenance, repairs, and/or replacements, both inside and outside, in and about the Premises which may be necessary, required or desirable to maintain the Premises and all improvements located thereon at all times in good order and condition (ordinary and reasonable wear and tear excepted), all repairs and maintenance necessary or desirable (ordinary and reasonable wear and tear excepted) to the walls, roof, foundation and structural and non-structural parts of any buildings, all interior and exterior pipes, mains, conduits, irrigation systems, utility systems, downspouts and mechanical equipment, in, upon, at or servicing the Premises, and all landscaping, parking areas, loading docks, and drives, shall be performed and paid for by Tenant at its sole cost and expense. Tenant hereby agreeing it shall maintain, repair, and/or replace as necessary to keep and maintain the Premises and all portions thereof in good order and condition. Lessor specifically reserves the right to approve all contractors and vendors utilized by Tenant to perform Tenant's maintenance, repair and/or replacement obligations hereunder on structural components and on all mechanical or other Premises systems; prior to contracting for any such work (except in cases of emergency) Tenant shall provide Lessor with the identity of all contractors and vendors (together with reasonable supporting documentation relative to such parties' financial status, insurance and experience at the assigned tasks) for Lessor's approval, which approval Lessor agrees not to unreasonably withhold, delay or condition. Upon Tenant's request, Lessor agrees to review Tenant's projected annual maintenance, repair and/or replacement expenditures and upon approval of such budgets, separate approval(s) of individual line items shall not be necessary. For routine, non-structural maintenance and repairs, Lessor's approval shall not be necessary. In addition, Tenant shall not enter into any contracts with respect to the Premises which are not cancellable without penalty on no more than 30 days' notice unless Lessor has first approved the contract in writing. Tenant shall keep the Premises free and clear of rubbish and debris and shall store its refuse and rubbish in properly enclosed areas. Tenant shall be responsible, at its expense, for refuse removal from the Premises. Tenant shall not commit waste and shall keep both the Premises and all portions thereof (interior and exterior) in a reasonably neat and clean condition at all times. In the event Tenant fails to maintain, repair and/or replace the Premises



and/or any portion thereof in good condition and repair, Lessor shall be entitled, following a thirty (30) day notice to Tenant and Tenant's failure to commence and diligently pursue to completion all necessary work as reasonably specified by Lessor, to assume maintenance, repair and replacement obligations of the Premises, at Tenant's sole cost and expense, and Tenant thereafter shall pay Lessor, as Additional Rent, all expenses, costs and disbursements of every kind and nature which Lessor incurs to maintain and repair (including replacements where reasonably necessary) the Premises in the condition required by this paragraph. Such costs to be paid by Tenant to Lessor shall include, without limitation, capital expenditures (where reasonably necessary, which shall not be amortized but paid in full as incurred) and an administrative fee equal to 5% of Rent. Lessor and its authorized agents shall have access to the Premises as necessary to perform maintenance and repair functions hereunder.

From and after Lessor's election to assume maintenance and repair of the Premises, Tenant shall initially pay, as Additional Rent applicable to such costs, the sum reasonably estimated by Lessor as the projected annual amount of such costs, said sum to be paid in equal and consecutive monthly installments, in advance, on the first day of each and every month, pro-rated, as necessary, to account for any partial month. Within 90 days of the end of each calendar year, Lessor shall reconcile actual expenses for such year and provide Tenant with a statement of such actual expenses; Tenant shall, within 30 days of receipt of such statement, pay the amount due to the extent that such actual expenses are in excess of the sums paid to Lessor on a monthly basis as provided for herein. Lessor, upon Tenant's request, agrees to provide Tenant with reasonable backup and/or supporting documentation with respect to all or any portion(s) of such statement. The Lessor may adjust the monthly payment and increase the same based on prior experience; Lessor shall give Tenant a credit against the next installment(s) of Rent if for any year the actual, reconciled expenses are less than as estimated herein and paid for monthly by Tenant. Tenant shall, at its expense, have the right at all reasonable times (but in no event more often than once per annum) and upon reasonable advance notice, to audit Lessor's books and records relating to such costs. Any such audit shall be limited to the most recently completed year.

5.2. Consultation with Lessor. Section 5.1 above sets forth certain obligations of Tenant regarding maintenance, repair and replacement for the Premises. Without derogation to the general applicability of Section 5.1., Tenant shall not perform any maintenance, repair, or replacement activities in connection with the Facility without first consulting with Lessor and obtaining Lessor's written consent and instructions as to the manner of conducting the necessary activities. Tenant acknowledges that consultation with Lessor related to maintenance and repair of the Facility is necessary to protect the suitability of the Facility for cultivation and to protect Lessor's goodwill associated therewith. The provisions in Section 5.1. are subject to Tenant first complying with this Section 5.2. as applicable.

6. Taxes.

6.1. Tenant shall pay as Additional Rent all Taxes (as hereinafter defined).

6.2. The term "**Taxes**" shall mean all taxes, real property taxes, personal property taxes, taxes assessed and/or levied on Utility Installations (as hereinafter defined),

special and general assessments, water rents (including without limitation any and all charges or assessments applicable to well water usage), rates and charges, sewer rents, and other governmental impositions and charges of every kind and nature whatsoever, extraordinary as well as ordinary, and each and every installment thereof which shall or may during the Lease Term (commencing on the Commencement Date) be charged, levied, laid, assessed, imposed, or become due and payable with respect to the Premises, or any part thereof, or any buildings, appurtenances, equipment and/or personal property owned by Lessor or Tenant and located thereon or therein or any part thereof, under or by virtue of all present or future laws, ordinances, requirements, orders, directives, rules or regulations of the federal, state, county or local governments but only to the extent allocable to the Lease Term.

6.3. The term "**Utility Installations**" refers to all floor and window coverings, air and/or vacuum lines, power panels, electrical distribution, security and fire protection systems, communication cabling, lighting fixtures, HVAC equipment, plumbing, and fencing in or on the Premises.

6.4. Should any governmental taxing authority levy, assess or impose any tax, excise or assessment (other than income or franchise or profit, corporate, business, inheritance, sales, transfer or excise tax) upon or against the rentals payable by Tenant to Lessor, either by way of substitution for, or in addition to, any existing tax on land or buildings or otherwise, Tenant shall be responsible for and shall pay directly, or reimburse Lessor, for such tax, excise, or assessment. With respect to all Tax bills in Lessor's name, Tenant shall pay Lessor for all such Taxes on or before the later to occur if (i) ten (10) days prior to the last day that such Taxes may be paid without incurring interest or penalty; or (ii) thirty (30) days of Tenant's receipt of the Tax bill from Lessor. Provided Tenant timely pays Lessor, as aforesaid, Tenant shall not be responsible for any interest or penalties with respect to Taxes in Lessor's name; should Tenant fail to timely pay Lessor, Tenant shall be responsible for any resulting interest and/or penalties. Tenant shall timely pay, directly to the taxing authority, all Tax bills in Tenant's name.

6.5. Tenant shall have the initial right to file an application for reduction or abatement of real estate taxes upon the Premises and/or personal property taxes attributable to the Premises for each tax year during the Lease Term. Notwithstanding the foregoing, if within thirty (30) days from the last day for filing such an application Lessor shall not have received a notice from Tenant that Tenant intends to file the same, Lessor shall have the right, but not the obligation, to file such an application. The tax professional utilized by the party filing an application shall be subject to the approval of the non-filing party, which approval shall not be unreasonably withheld, delayed or conditioned. In addition, the party filing such an application shall, upon the request of the non-filing party, provide the non-filing party, prior to submittal, with copies of all applications, filings, and other information and documentation in connection with the filing of such application. Tenant shall file such application in its own name unless it must file in Lessor's name, in either case at Tenant's sole cost and expense. Lessor agrees to execute whatever applications and related documents are reasonably necessary in this regard, provided Lessor is reasonably satisfied that such documents are accurate and complete in all material respects. If Tenant shall file an application for reduction or abatement or an appeal to protest an assessment pursuant to the terms hereof, the same shall be at Tenant's sole cost, risk and expense, Tenant will prosecute the same to final determination with due diligence and shall



not, without Lessor's written consent, which consent shall not be unreasonably withheld, delayed or conditioned, settle, compromise or discontinue the same, except, however, Tenant may discontinue the prosecution of same at any time after giving Lessor notice thereof and an opportunity to take over the prosecution of the same. Lessor will cooperate with Tenant and furnish any pertinent information in its files reasonably required by Tenant in connection with any such application or appeal. All refunds or rebates of any portion of the real estate taxes payable during the Lease Term as a result of a reduction of such real estate taxes by final determination of legal proceedings, settlement or otherwise, shall (after Lessor deducts all expenses incurred, if Lessor prosecutes such proceeding) belong to Tenant; should such refund or rebate be paid to Lessor, Lessor shall within ten (10) days after actually receiving the refund pay Tenant such net amount.

7. Insurance Premiums. Tenant shall pay all insurance premiums on all policies specified in Section 25.2.

8. Refunds. Tenant shall be entitled to any refunds, abatements or credits of items of payments made by Tenant pursuant to Section 5, Section 6, and Section 7 of this Lease which Lessor receives and which have been paid by Tenant as set forth in this Lease, after deducting any reasonable out of pocket costs and expenses incurred by Lessor in the recovery thereof. Nothing contained herein shall be construed to require Tenant to pay (i) principal, interest or any other charge under any mortgage obtained by Lessor on the Premises, and (ii) any inheritance, estate, succession, transfer, gift, franchise, or income or profit taxes that are or may be imposed upon Lessor. Subject to the foregoing sentence, it is the intent of the parties that the Fixed Rent payable under this Lease shall be absolutely net to Lessor, such that all expenses of every nature relating to the Premises shall be payable 100% by Tenant. The provisions of this Section 8 (including without limitation all final adjustments to account for all items of Additional Rent) shall survive any termination or expiration of this Lease.

9. Personal Property.

9.1. General Obligations. Lessor and Tenant acknowledge and agree that the Premises includes certain fixtures, irrigation equipment, machinery and other items of personal property currently located at the Premises. Tenant hereby accepts such fixtures and personal property in "as is" condition in all respects, and Tenant shall be responsible for maintaining and repairing such personalty. If any of such personalty needs to be replaced, Tenant shall do so at its sole cost. Upon the termination of this Lease, and upon Lessor's request, Tenant shall convey such replacement personalty to Lessor by warranty bill of sale.

9.2. Consultation with Lessor. Section 9.1 above sets forth certain obligations of Tenant regarding maintenance and repair of personal property located on the Premises. Without derogation to the general applicability of Section 9.1., Tenant shall not perform any maintenance or repair activities of personal property items in connection with the Facility without first consulting with Lessor and obtaining Lessor's written consent and instructions as to the manner of conducting the necessary maintenance or repair.

10. Utilities. Commencing on the Commencement Date, Tenant shall pay all utility charges of every nature applicable to the Premises during the Lease Term directly to the applicable utility company. Tenant agrees to reimburse Lessor for any utility charges incurred by Lessor applicable to the time period after the Commencement Date but prior to the utility commencing billing in Tenant's name. The utility charges for which Tenant shall pay include any applicable hookup, connection and/or user charges, as well as consumption charges. Lessor shall not be liable for any interruption in services or for any surges or interruption of electricity or other utilities.

11. Use of Premises. The Premises shall be used for cultivation and related uses and for no other purpose without Lessor's prior written consent. All use of the Premises must be in compliance with all applicable laws, ordinances and regulations of all governmental or quasi-governmental authorities and of all insurance companies insuring the Premises, including, but not limited to, licenses and authorizations applicable to cannabis, hemp, and other high value agricultural products as applicable. Without limiting the foregoing, no portion of the Premises shall be used for residential or other dwelling purposes.

12. Signage. Tenant shall not install any signage except in compliance with all applicable law and without first obtaining Lessor's prior written consent.

13. No Assignment or Subletting; Operators.

13.1. No Assignment. Tenant shall not sublet or rent the Premises, in whole or in part, or assign, transfer, mortgage or otherwise encumber or transfer this Lease, or permit the Premises to be used or occupied by others, in all or in part.

13.2. Operator. Tenant may hire a third party to conduct cultivation activities on Tenant's behalf in the Facility ("**Operator**"), subject to Lessor providing its prior written consent to Tenant's use of the Operator. Lessor may withhold its consent for any reason, including if Lessor is dissatisfied, in its sole reasonable discretion, with any of the information submitted by Tenant under Section 13.3 of this Lease. Notwithstanding that the prior express written consent of Lessor may have been obtained, the following shall apply:

13.2.1 Contemporaneously with the granting of Lessor's aforesaid consent, Tenant shall cause the Operator to expressly assume in writing and agree to perform all of the covenants, duties, and obligations of Tenant hereunder and such Operator shall be jointly and severally liable therefore along with Tenant.

13.2.2 All terms and provisions of this Lease shall continue to apply after any such transaction.

13.2.3 In any case where Lessor consents, Tenant shall nevertheless remain directly and primarily liable for the performance of all of the covenants, duties, and



obligations of Tenant hereunder (including, without limitation, the obligation to pay all Rent and other sums herein provided to be paid), and Lessor shall be permitted to enforce the provisions of this instrument against the undersigned Tenant and/or any Operator without demand upon or proceeding in any way against any other person. Neither the consent by Lessor to any Operator nor the collection or acceptance by Lessor of rent from any Operator shall be construed as a waiver or release of the initial Tenant from the terms and conditions of this Lease or relieve Tenant or Operator from obtaining the consent in writing of Lessor to any further third-party operator or management company.

13.2.4 Tenant hereby assigns to Lessor the rent and other sums due from any Operator and hereby authorizes and directs each such Operator to pay such rent or other sums directly to Lessor; provided however, that until the occurrence of an Event of Default, Tenant shall have the license to continue collecting such rent and other sums.

13.2.5 In the event that Lessor consents to any assignment or subletting, it is specifically agreed and understood that 100% of the net fixed rent, additional rent and/or lump sum assignment compensation or other net compensation of any other type or nature which is received by Tenant in excess of sums due and payable under this Lease shall be considered Additional Rent due and payable from Tenant to Lessor hereunder. Such sums shall be received by Tenant in trust for the benefit of Lessor, and shall within ten (10) days be immediately delivered to Lessor by Tenant. It is the purpose and intent of this paragraph 13.2 that all payments by Operator to Tenant related to Operator's use of the Premises received by Tenant shall be paid to Lessor as and when received by Tenant.

13.3. Submission of Information. If Tenant requests Lessor's consent to an Operator, Tenant will submit in writing to Lessor: (i) the name and address of the proposed Operator; (ii) a counterpart of the proposed agreement with Operator; (iii) reasonably satisfactory information as to the nature and character of the business of the Operator and as to the nature of its proposed use of the Facility; (iv) banking, financial or other credit information reasonably sufficient to enable Lessor to determine the financial responsibility and character of the Operator; (v) executed estoppel certificates from Tenant containing such information as provided in Section 32 of this Lease; and (vi) any other information reasonably requested by Lessor.

13.4. Transfers to Related Entities. Notwithstanding anything in this Section 13 to the contrary, provided no Event of Default exists under this Lease, Tenant may, after providing written notice to Lessor, assign this Lease or sublet all or any portion of the Premises to any Related Entity (as hereinafter defined); provided that (i) in the event of an assignment or designation, such Related Entity assumes in full all of Tenant's obligations under this Lease; (ii) Lessor is provided with a counterpart of the fully executed agreement of assignment or sublease, and Tenant receives no compensation from the Related Entity in excess of sums due and payable under this Lease; (iii) Tenant remains liable under the terms of this Lease; (iv) such Related Entity is not a governmental entity or agency; (v) such Related Entity's use requirement does not differ from the permitted use described herein; and (vi) such Related Entity does not require additional services other than those agreed to be provided by Lessor under the terms of this Lease and does not increase any risk to Lessor (including, without limitation, causing increased insurance rates or increased environmental hazards). "Related Entity" shall be defined as any



(i) wholly-owned subsidiary or parent of Tenant, (ii) any entity resulting from a transaction with an entity into or with which Tenant is merged or consolidated, or (iii) any entity to which substantially all of Tenant's assets are transferred.

14. Compliance with Law. Tenant shall throughout the Lease Term, at its sole expense, promptly comply with all present and future laws and regulations of all federal, state, and municipal governments (except to the extent federal law conflicts with California law) and appropriate departments, commissions, boards, and officers thereof, or of any policies of insurance affecting the same of which Tenant has notice, or any other body now or hereafter exercising similar functions, which may be applicable to the Premises, Tenant's use thereof, and/or the business operations therefrom, and shall hold Lessor harmless from any fine, penalty or other charge that may be imposed as a result of any such non-compliance. If Lessor is required to comply with any of the foregoing, then Tenant shall be required to pay Lessor's costs therefor, such payment to be made within ten (10) days after demand by Lessor. Any increase in Lessor's insurance premiums caused by Tenant, or Tenant's use of the Premises, shall be paid by Tenant to Lessor upon demand as Additional Rent hereunder.

15. Condition of the Premises.

15.1. Condition of Premises. Tenant hereby agrees that it has examined the Premises, is satisfied with the condition thereof, is not relying upon any information, warranty, or other statement by Lessor not specifically set forth herein with respect to the Premises, and hereby accepts the Premises in its "as is" condition in all respects.

15.2. Alterations and Improvements. If Tenant deems it necessary or beneficial to make alterations or improvements in or to the Premises or to any systems of the Premises, in each such instance, Tenant shall first deliver to Lessor complete and detailed plans and specifications therefor ("Project"), for Lessor's approval. Tenant may not make any changes to the Facility or the Premises without the prior written consent of Lessor in each instance, which consent may be withheld in Lessor's sole discretion. If approved by Lessor, whether at the Commencement Date or at any other time during the Lease Term, such improvements or alterations shall be performed at the cost of Tenant and strictly in compliance with the proposal as approved by Lessor. Lessor shall the option to (i) manage the Project, pursuant to terms and costs as agreed in writing by the Parties, or (ii) allow Tenant to manage the Project. If Tenant manages the Project, Lessor shall have the right to approve the selection of Tenant's contractors and/or subcontractors performing any work with respect to the Premises, said approval to be withheld in Lessor's reasonable discretion. Prior to commencing any such work, Tenant shall procure (or cause its contractor to procure) and deliver to Lessor comprehensive builder's risk, "all risk", and comprehensive general liability and property damage insurance certificates, in amounts and underwritten by companies reasonably satisfactory to Lessor, naming Lessor as an additional insured party, and requiring at least thirty (30) days' notice to Lessor prior to any cancellation or modification thereof, and such performance and payment bonds as may be required by Lessor. Any approved alteration or improvement shall be performed in a good and workmanlike manner, in accordance with all applicable laws, and in a manner so that the structural integrity of existing improvements shall not be impaired and the suitability of the Premises for cultivation of cannabis, hemp or other high value agricultural products will not be

impaired. Tenant shall obtain all necessary permits and, at Lessor's option, shall submit to Lessor as-built drawings and/or lien waivers, as required by Lessor. Upon the making of such alterations or improvements the same shall become the property of Lessor, provided, however, that, at its option, Lessor may, on the termination of this Lease, require that Tenant remove the same at no expense to Lessor and repair any damage caused by such removal so that the Premises shall be left by Tenant in the condition that the Premises were in as of the Commencement Date, ordinary wear and tear excepted.

16. Lessor's Right of Entry. Lessor and Lessor's authorized agents shall have the right, upon reasonable prior notice, and any time in cases of emergency, to enter upon the Premises from time to time in order to inspect the same and to perform maintenance, repairs and replacements to the Premises which Lessor deems appropriate, but this right shall be exercised in such a manner so as not to unreasonably interfere with Tenant's use and enjoyment of the Premises.

17. Liens. Tenant will indemnify and save Lessor harmless from all mechanics' liens or damages arising with respect to the Premises as a result of any work or services performed by or on behalf of Tenant and should any such lien be recorded, Tenant will within thirty (30) days after such lien is recorded pay or bond and discharge same. Should any such lien be recorded and not be released or discharged, Lessor may, at Lessor's option (but without obligation so to pay or discharge such lien) and after fifteen (15) days' notice to Tenant, pay and discharge any such lien, at the cost and expense of Tenant. Lessor's consent to the performance by Tenant of work on the Premises shall not be deemed consent to or permission for the liening of the Premises by any of Tenant's contractors. All contractors, subcontractors, mechanics, laborers, materialmen and others who perform any work, labor or services, or furnish any materials or otherwise participate in any improvements to the Premises, and who are not acting pursuant to a direct contract with Lessor, are hereby given notice that Tenant is not authorized to subject Lessor's interest in the Premises to any claim for mechanics, laborers, materialmen's liens, or other liens, and all persons dealing directly or indirectly with Tenant may not look to the Premises as security for payment. Under no circumstances shall the interest of Lessor in and to the Premises be subject to liens for improvements made by Tenant or subject to any construction, mechanic's, laborer's or materialmen's lien or any other lien or charge because of or arising from any contract or obligation of Tenant.

18. Default: Remedies.

18.1. Events of Default. Notwithstanding any other provision of this Lease, the occurrence of any of the following shall constitute an "Event of Default":

18.1.1. Tenant fails to make payment when due for Rent within five (5) days after a written demand therefor; or Tenant or any contractor of Tenant fails to maintain any insurance coverage(s) required hereunder, which failure continues for five (5) days after written notice from Lessor; or Tenant commences any alteration or improvement to the Premises without Lessor's prior written consent; or Tenant fails to observe or perform any other term, condition or covenant herein binding upon or obligating Tenant within ten (10) days after written notice from Lessor, provided, however, if such failure cannot reasonably be cured within said 10-day period,



then such cure period shall be extended for so long as is reasonably necessary to complete the cure provided Tenant has commenced to cure the default within the 10-day period and diligently pursues such cure to completion; or

18.1.2. Either Party fails to perform any material obligation or covenant to the other under this Lease, which is not cured to the reasonable satisfaction of the other Party (in its reasonable discretion) within ten (10) days after the date that such Party receives written notice that such obligation or covenant has not been performed; or

18.1.3. Either Party breaches any material representation or material warranty made or repeated or deemed to have been made or repeated by the Party, or any warranty or representation proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated under this Lease; provided, however, that if such breach is curable, such breach is not cured to the reasonable satisfaction of the other Party within ten (10) days after the date that such Party receives notice that corrective action is needed; or

18.1.4. Either Party becomes Bankrupt;

18.1.5. Tenant sells, leases, subleases, transfers or otherwise disposes of, in one transaction or a series of related transactions, all or a material portion of its licenses related to cultivation or other commercial activities for cannabis, hemp, or other high value agricultural products; or

18.1.6. Licensee is in default with respect to any other agreement between Licensee and Licensor, including, but not limited to, Intellectual Property Licensing Agreement and/or Services Agreement.

18.1.5. "**Bankrupt**" means a Party that (i) is dissolved, other than pursuant to a consolidation, amalgamation or merger, (ii) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due, (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors, (iv) institutes a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, (v) has a resolution passed for its winding-up, official management or liquidation, other than pursuant to a consolidation, amalgamation or merger, (vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for all or substantially all of its assets, (vii) has a secured party take possession of all or substantially all of its assets, or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets, (viii) files an answer or other pleading admitting or failing to contest the allegations of a petition filed against it in any proceeding of the foregoing nature, (ix) causes or is subject to any event with respect to which, under applicable law, has an analogous effect to any of the foregoing events, (x) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy under any bankruptcy or insolvency law or other similar law affecting creditors' rights and such proceeding is not

dismissed within fifteen (15) days or (xi) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing events.

18.2. Remedies Upon Event of Default.

18.2.1. Notwithstanding any other provision of this Lease, if any Event of Default with respect to Lessor, on the one hand, or Tenant, on the other hand (such defaulting Party, the "**Defaulting Party**") has occurred and is continuing, Lessor (where the Tenant is the Defaulting Party) or Tenant (where Lessor is the Defaulting Party) (such non-defaulting Party, the "**Non-Defaulting Party**") may, without notice, (i) declare all of the Defaulting Party's obligations under this Lease to be forthwith due and payable, all without presentment, demand, protest or further notice of any kind, all of which are expressly waived by the Defaulting Party, exercise any rights and remedies provided or available to the Non-Defaulting Party under this Lease or at law or equity.

18.2.2. Notwithstanding any other provision of this Lease, if an Event of Default has occurred and is continuing with respect to the Defaulting Party, the Non-Defaulting Party shall have the right, immediately and at any time(s) thereafter, to terminate this Lease.

18.3. Lessor's Additional Remedies. Upon the occurrence of any Event of Default, Lessor, at its option, without further notice or demand to Tenant except as hereinafter expressly set forth, may, in addition to all other rights and remedies provided in this Lease and/or available at law or in equity, all of which are expressly reserved, elect one or more of the following remedies:

18.3.1. Terminate this Lease and Tenant's right of possession of the Premises, and recover all damages to which Lessor is entitled under law, specifically including but without limitation, all of Lessor's reasonable expenses of reletting (including, without limitation, market rental concessions to new tenants, repairs, alterations, legal fees and brokerage commissions). If Lessor elects to terminate this Lease, every obligation of the parties shall cease as of the date of such termination, except that Tenant shall remain liable for: payment of Rent through the date of termination, performance of all other terms and conditions of this Lease to the date of termination, and performance of all other terms and conditions of this Lease which expressly survive termination hereof;

18.3.2. Terminate Tenant's right of possession of the Premises without terminating this Lease, in which event Lessor may, but shall not be obligated to, relet the Premises, or any part thereof, for the account of Tenant, for such rent and term and upon such other conditions as are acceptable to Lessor. For purposes of such reletting, Lessor is authorized to redecorate, repair, alter and improve the Premises to the extent necessary in Lessor's discretion. Until Lessor relets the Premises, Tenant shall remain obligated to pay Rent to Lessor as provided in this Lease. If and when the Premises are relet and if a sufficient sum is not realized from such reletting after payment of all of Lessor's expenses of reletting (including, without limitation, rental concessions to new tenants, repairs, alterations, legal fees and brokerage commissions) to satisfy the payment of Rent due under this Lease for any month, Tenant shall pay Lessor any such deficiency upon demand. Tenant agrees that Lessor may file



suit to recover any sums due Lessor under this Section 18.3 from time to time and that such suit or recovery of any amount due Lessor shall not be any defense to any subsequent action brought for any amount not previously reduced to judgment in favor of Lessor;

18.3.3. Terminate this Lease and Tenant's right of possession of the Premises, and recover from Tenant the net present value of the Rent due from the date of termination until the expiration date of the full Lease Term as defined in Section 3 of this Lease;

18.3.4. In addition to the foregoing, re-enter and repossess the Premises and remove all persons and effects therefrom, by summary proceeding, ejectment or other legal action or by using such force as may be necessary. Lessor shall have no liability by reason of any such re-entry, repossession or removal; and/or

18.3.5. Elect, following any Event of Default to pursue any and all other rights, remedies and damages resulting from Tenant's default.

18.4. Rights Upon Possession. If Lessor takes possession pursuant to this Section 18, with or without terminating this Lease, Lessor may, at its option, remove Tenant's alterations, signs, personal property, equipment and other evidences of tenancy, and store them at Tenant's risk and expense or dispose of them as Lessor may see fit, and take and hold possession of the Premises; provided, however, that if Lessor elects to take possession only without terminating this Lease, such entry and possession shall not terminate this Lease or release Tenant, in whole or in part, from the obligation to pay the Rent reserved hereunder for the full Lease Term or from any other obligation under this Lease.

18.5. No Waiver. If Lessor shall institute proceedings against Tenant and a compromise or settlement thereof shall be made, the same shall not constitute a waiver of any other covenant, condition or agreement herein contained, nor of any of Lessor's rights hereunder. No waiver by Lessor of any breach shall operate as a waiver of such covenant, condition or agreement itself, or of any subsequent breach thereof. No payment of Rent by Tenant or acceptance of Rent by Lessor shall operate as a waiver of any breach or default by Tenant under this Lease. No payment by Tenant or receipt by Lessor of a lesser amount than the monthly installment of Rent herein stipulated shall be deemed to be other than a payment on account of the earliest unpaid Rent, nor shall any endorsement or statement on any check or communication accompanying a check for the payment of Rent be deemed an accord and satisfaction, and Lessor may accept such check or payment without prejudice to Lessor's right to recover the balance of such Rent or to pursue any other remedy provided in this Lease. No re-entry by Lessor, and no acceptance by Lessor of keys from Tenant, shall be considered an acceptance of a surrender of the Lease.

18.6. Defaulting Party Not Excused. A party whose actions and/or omissions give rise to an Event of Default cannot use the occurrence of the Event of Default as grounds for excusing its obligations, terminating this Lease, or otherwise reducing its liability to the Non-Defaulting Party.

19. Survival. The following provisions will survive termination or expiration of this Lease: Sections 8, 19, 20, 21, and 22.

20. Indemnification. Each party will indemnify and defend the other party and that party's officers, directors, employees, successors and assigns (the "**Indemnified Parties**") from and against all third-party claims and liabilities resulting from, arising out of, or relating to: (i) any breach by that party of any of its obligations or representations hereunder, or (ii) injury or death, or damage to any property caused by or arising from the errors, acts or omissions of that party. Indemnification hereunder shall be subject to the Indemnified Party promptly giving the indemnifying party notice of a claim for indemnification and providing assistance as reasonably requested by the indemnifying party.

21. Dispute Resolution.

21.1. Governing Law and Venue. This Lease shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in such state without giving effect to the choice of law principles of such state that would require or permit the application of the laws of another jurisdiction. Any dispute regarding this Lease shall be resolved in the County of Los Angeles, State of California without exception.

21.2. Mediation. The Parties agree first to mediate any dispute or claim arising between them out of this Lease before resorting to arbitration. The Parties shall mutually agree upon a mediator. If the Parties cannot mutually agree upon a mediator, the matter shall be submitted to Judicial Arbitration and Mediation Service (JAMS) for mediation. Mediation fees, if any, shall be divided equally among the Parties involved. Each Party shall bear their own attorney fees incurred in connection with the preparation for or attendance at the Mediation. Refusal to mediate by any Party shall make such Party responsible for all of the attorney fees and costs of the other Party or Parties in any legal action, notwithstanding which Party is the prevailing party.

21.3. Arbitration. In the event of a dispute related to or arising from the terms of this Lease, which cannot first be resolved through mediation, such dispute shall be resolved through binding arbitration before a single arbitrator mutually chosen by the Parties from JAMS located in Los Angeles County, California. The cost of the arbitration proceeding and any proceeding in court to confirm or to vacate any arbitration award, or any other court action as applicable, including, without limitation, reasonable attorneys' fees and costs, shall be borne by the unsuccessful party, as determined by the arbitrator, and shall be awarded as part of the arbitrator's award. It is specifically understood and agreed that any party may enforce any award rendered pursuant to the arbitration provisions of this Section by bringing suit in any court of competent jurisdiction. This agreement to arbitrate shall be specifically enforceable. The parties agree that the arbitrator shall have authority to grant injunctive or other forms of equitable relief to any party. This section shall survive the termination or cancellation of this Lease. Each Party shall pay its own proportionate share of arbitrator fees and expenses. The arbitrator[s] shall be entitled to award the foregoing arbitration and administrative fees and expenses as damages in his/her discretion. If a party fails to submit the fees specified by JAMS, such party may not participate or continue to participate in the arbitration proceedings. The arbitrator shall deem



such party in default as if such party were in default in a court of law. Default judgment may be entered against such party.

22. Limitation on Lessor's Liability.

22.1. Tenant shall look solely to Lessor's then equity interest in the Premises, for recovery of any judgment from Lessor, it being agreed that neither Lessor (original or successor), nor any partner (general or limited), associate, executor, participant, principal, agent, employee, executor, or other fiduciary, beneficiary, officer, or other person or entity in or of any partnership, association, joint venture, corporation or other entity, trust, or estate from time to time owning Landlord's interest in this Lease, shall ever be personally liable for any such judgment, or for the payment of any monetary obligation to Tenant (it being agreed by Tenant that such exoneration from personal liability is and shall be absolute and complete with no exception whatsoever).

22.2. The term "Lessor" as used in this Lease, so far as covenants or agreements on the part of the Lessor are concerned, shall be limited to mean and include only the owner of the Lessor's interest in this Lease at the time in question, and in the event of any subsequent transfer or transfers of such interest, Lessor herein named (and in case of any subsequent transfer, the then transferor) shall be automatically freed and relieved from and after the date of such transfer of all liability as respects the performance of any covenants or agreements on the part of Lessor contained in this Lease thereafter to be performed. Upon any such transfer, the transferee shall be deemed to have assumed, subject to the limitations of this Section 22, all of the terms of this Lease to be performed by Lessor.

22.3. With respect to any obligations to be performed by one party to another, the performing party shall never be responsible for failure to perform the same when (and the time for performance of the same shall be extended for such period as the performing party is) prevented from doing so by strike, lockout, breakdown, accident, order or regulation of or by any governmental authority, or, after reasonable effort to obtain same, because of failure of supply, or, after reasonable effort to obtain same, inability to obtain supplies, parts or employees necessary to furnish such services, or because of war or other emergency, or for any cause beyond the performing party's control. Notwithstanding the foregoing, the provisions of this Section 22.3 shall not apply to any payment obligations hereunder, and no time for performance shall be extended when the payment of money can cause performance.

22.4. Under no circumstances whatsoever, shall Lessor ever be liable under this Lease for consequential or special damages.

23. Hazardous Substances. Tenant shall not use, store or permit toxic waste or other toxic or hazardous substances or materials ("**Hazardous Materials**") on the Premises during the term of this Lease, without the prior written consent of Lessor. In the event Tenant desires to use or store Hazardous Materials on the Premises, Tenant shall request such use in an application to Lessor which shall explain in detail the types of chemicals/substances which Tenant desires to use, the proposed location and manner of storage of same and the manner of disposition of such chemicals/substances or by-products or remains thereof. Tenant shall deliver to Lessor copies of

all studies, reports and other information submitted by Tenant to any governmental entity or agency regulating the use of such Hazardous Materials, concurrently with the delivery of same to such governmental agency or entity. In no event shall Tenant store any Hazardous Materials in underground tanks. The proposed use of such Hazardous Materials shall be approved, if necessary, by the local fire department and the exterior of the Premises shall clearly set forth a label as to the Hazardous Materials located within the Premises. In the event that any such Hazardous Materials are hereinafter found on, under or about the Premises except as expressly allowed by Lessor, Tenant shall take all necessary and appropriate actions and shall spend all necessary sums to cause the same to be cleaned up and immediately removed from and about the Premises, and Lessor shall in no event be liable or responsible for any costs or expenses incurred in so doing. Tenant shall at all times observe and satisfy the requirements of, and maintain the Premises in compliance with, all federal, state and local environmental protection, occupational, health and safety and similar laws, ordinances, restrictions, licenses and regulations, including but not limited to, the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.), Safe Drinking Water Act (42 U.S.C. Section 3000(f) et seq.), Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), Clean Air Act (42 U.S.C. Section 7401 et seq.), Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.), California Health and Safety Code (Section 25100 et seq. and Section 39000 et seq.), and California Water Code (Section 13000 et seq.). Should Tenant at any time receive any notice of violation of any laws, including those aforementioned, or be given a citation with respect thereto, Tenant shall (i) immediately notify Lessor of such violation or citation, (ii) provide Lessor with a copy of same, (iii) cure the deficiency set forth in the violation or citation within fifteen (15) days after the date of receipt thereof and (iv) immediately provide Lessor with proof of the curing of such deficiency or complained of matter. Should Tenant at any time default in or fail to perform or observe any of its obligations under this Section 23, Lessor shall have the right, but not the duty, without limitation upon any of Lessor's other rights pursuant hereto, to perform the same, and Tenant agrees to pay to Lessor, within ten (10) days of demand, all costs and expenses incurred by Lessor in connection therewith, including without limitation, attorneys' fees related to these specific costs and expenses. Tenant hereby indemnifies Lessor and agrees to defend with counsel selected by Lessor and hold Lessor harmless for any loss incurred by or liability imposed on Lessor by reason of Tenant's failure to perform or observe any of its obligations or agreements under this Section 23. Lessor may enter the Premises at any time, without notice, for the purpose of ascertaining compliance by Tenant with the requirements of this Section 23.

24. Recording. Tenant shall not record this Lease, and any such recording will be a default hereunder. Each party shall, on the request of the other, execute a recordable form notice of lease ("**Memorandum of Lease**"), which notice shall include, without limitation, the provisions of the last two (2) sentences of Section 17 hereof. In no event shall such document set forth the rental or other charges payable by Tenant under this Lease, and any such document shall expressly state that it is executed pursuant to the provisions contained in this Lease, and is not intended to vary the terms and conditions of this Lease. Upon any termination of this Lease prior to the expiration of the Lease Term, the parties shall execute a recordable form termination of the Memorandum of Lease.

25. Insurance.



25.1. Certain Insurance Risks. Tenant will not do or permit to be done any act or thing upon the Premises which would: (i) jeopardize or conflict with fire insurance policies covering the Premises; or (ii) subject Lessor to any liability or responsibility for injury to any person or persons or to property by reason of any business or operation being conducted upon the Premises.

25.2 Required Coverage. At all times during the Lease Term, Tenant shall carry and maintain, at its sole expense, the following insurance:

25.2.1. Insurance covering the buildings and other permanent improvements at the Real Property to the full replacement value thereof, excluding Tenant's personal property, plants and trade fixtures. Such coverage shall expressly include flood and "windstorm" coverage (i.e., hurricanes and other windstorms).

25.2.2. Bodily injury and property damage liability insurance, with a combined single occurrence limit of not less than \$5,000,000. All such insurance will be on a commercial general liability form including without limitation, personal injury and contractual liability coverage for the performance by Tenant of the indemnity agreements set forth in this Lease to the extent reasonably insurable.

25.2.3. Insurance covering (i) all of Tenant's furniture and fixtures, machinery, equipment and any other personal property owned or used in Tenant's business and found in, on or about the Premises; (ii) all personal property comprising the Premises; and (iii) any leasehold improvements to the Premises made by Tenant, in an amount not less than the full replacement cost. Property forms will provide coverage on an open perils basis insuring against "all risks of direct physical loss." All policy proceeds will be used for the repair or replacement of the property damaged or destroyed, however, if this Lease terminates under the provisions Section 26 of this Lease, Tenant will be entitled to any proceeds resulting from damage to Tenant's furniture and fixtures, machinery and equipment, stock and any other personal property;

25.2.4. Worker's compensation insurance insuring against and satisfying Tenant's obligations and liabilities under the worker's compensation laws of the state in which the Premises are located, including employer's liability insurance in the limit of \$2,000,000 aggregate. Such insurance shall include waiver of subrogation rights against Lessor; and

25.2.5. Comprehensive automobile liability will be carried at a limit of liability not less than \$2,000,000 combined bodily injury and property damage.

25.2.6. All insurance required under this Section 25.2 shall be issued by such good and reputable insurance companies qualified to do and doing business in the state in which the Premises are located and having a rating not less than A- as rated in the most current copy of Best's Insurance Report in the form customary to this locality.

25.3. Forms of the Policies. Certificates of insurance together with copies of the endorsements when applicable and evidence of premium payment shall be delivered to Lessor

prior to the earlier to occur of the Commencement Date or Tenant's occupancy of the Premises and from time to time at least ten (10) days prior to the expiration of the term of each such policy. All policies maintained by Tenant will name Lessor and any such other persons or firms as Lessor specifies from time to time as additional insureds. All policies maintained by Tenant will provide that they may not be terminated nor may coverage be reduced except after thirty (30) days' prior written notice to Lessor. All commercial general liability and property policies maintained by Tenant will be written as primary policies, not contributing with and not supplemental to the coverage that Lessor may carry. The property insurance under paragraph 25.2.1 above and the commercial general liability insurance required to be maintained by Tenant by this Section 25 will not be subject to a deductible greater than \$50,000.00.

25.4. Waiver of Subrogation. Lessor and Tenant each waive any and all rights to recover against the other or against the agents of such other party for any loss or damage to such waiving party in excess of deductible amounts arising from any cause covered by any property, general liability and/or auto liability insurance required to be carried by such party pursuant to this Section 25 or any other property, general liability and/or auto liability insurance actually carried by such party to the extent of the limits of such policies. Lessor and Tenant, from time to time, will cause their respective insurers to issue appropriate waiver of subrogation rights endorsements to all property, general liability and/or auto liability insurance policies carried in connection with the Premises or the contents of the Premises. Tenant agrees to cause all other occupants of the Premises claiming by, under or through Tenant, to execute and deliver to Lessor such a waiver of claims and to obtain such waiver of subrogation rights endorsements.

25.5. Adequacy of Coverage. Lessor and its agents make no representation that the limits of liability specified to be carried by Tenant pursuant to this Section 25 are adequate to protect Tenant. If Tenant believes that any of such insurance coverage is inadequate, Tenant will obtain such additional insurance coverage as Tenant deems adequate, at Tenant's sole expense.

26. Damage to Premises.

26.1. General Obligations. In the event of damage to the Premises or any portion thereof by fire, the elements, or other insured casualty, Tenant shall be responsible for the cost of such repairs and, at the option of Lessor, Tenant shall be responsible for managing the repairs. Tenant shall deliver to Lessor complete and detailed plans and specifications for repairing the damages to the same condition that existed prior to such casualty, for Lessor's approval, except that during the last six (6) months of the Lease Term, Tenant may terminate this Lease upon the occurrence of any "material damage." The Parties shall proceed as if the restoration work was a Project under Section 15.2 of this Lease. Tenant shall perform all restoration work in a manner which is consistent, in all respects, with the provisions and requirements of Section 15.2 hereof. The occurrence of any casualty loss shall not result in any abatement or reduction of Rent payable hereunder. Lessor agrees that Tenant shall be entitled to the insurance proceeds pursuant to the insurance maintained under paragraph 25.2.1, to reimburse Tenant for restoration costs, provided, however, if Tenant elects to terminate as permitted by this Section 26 all such proceeds shall be assigned and/or delivered to Lessor and shall be the sole property of Lessor. As used herein, "material damage" means damage costing more than \$250,000 to repair.



26.2. Consultation with Lessor. Section 26.1 above sets forth certain obligations of Tenant regarding repair upon damage to the Premises. Without derogation to the general applicability of Section 26.1., Tenant shall not perform any repair activities in connection with the Facility without first consulting with Lessor and obtaining Lessor's written consent and instructions as to the manner of conducting the necessary activities. Tenant acknowledges that consultation with Lessor related to repair of the Facility is necessary to protect the suitability of the Facility for cultivation and to protect Lessor's goodwill associated therewith. The provisions in Section 26.1. are subject to Tenant first complying with this Section 26.2. as applicable.

27. Condemnation. If the entire Real Property is taken by condemnation or any right of eminent domain, this Lease shall automatically terminate effective as of the date which title vests in the condemning authority. If any material portion of the Real Property is taken by condemnation or any right of eminent domain, such that Tenant may no longer feasibly operate its business from the Real Property, either party may terminate this Lease. Such right of termination shall be effectuated by giving notice from one party to the other. If a partial taking occurs hereunder without termination, then Fixed Rent shall be equitably adjusted to reflect the loss in rental value (if any), effective as of the date when title vests in the condemning authority. Tenant shall have no claim against Lessor (or otherwise) as a result of such taking. Lessor alone, and not Tenant, shall have the right to participate in and receive damages and/or compensation for any such taking. Tenant hereby grants to Lessor all of the Tenant's rights, if any, to such damages and covenants to execute and deliver such further instruments of assignment thereof as Lessor may from time to time request.

28. Subordination: Mortgagee Protection.

28.1. Subordination. Provided Lessor causes its lender to enter into a Non-Disturbance Lease as contemplated by this Section 28.1, this Lease is and shall be subordinate to any mortgage or mortgages hereafter encumbering the Premises or any portion thereof or interest therein, without the necessity of any further documents. Tenant agrees to execute and deliver any further instruments which may be required to further effectuate said subordination and nondisturbance and to attorn to the holder of any such mortgage if the holder subsequently becomes the owner of the Premises if such mortgagee shall require such attornment, upon demand of Lessor, provided the foregoing is not inconsistent with Tenant's Non-Disturbance Lease. Upon such attornment no such mortgagee or purchaser shall be (a) liable for any act or omission of Lessor (provided that any such mortgagee or purchaser shall be responsible for curing on-going defaults to the extent they continue beyond the date such mortgagee or purchaser acquires title to the Premises), or (b) bound by any payment of Rent, or other charge made more than thirty (30) days in advance of the due date thereof, or (c) bound by any assignment, surrender, termination, cancellation (except as permitted by this Lease), or by any amendment or modification of this Lease made without the express written consent of such mortgagee if such mortgagee holds its mortgage at the time the instrument in question is executed and Tenant has received written notice of such mortgagee and its address. Notwithstanding anything to the contrary in this Section 28.1, Tenant's agreements contained in this Section 28.1 are conditioned upon Lessor's mortgagee entering into a Non-Disturbance Lease with Tenant. As used in this Lease, the term "Non-Disturbance Lease" shall mean an



agreement, in recordable form, executed, acknowledged and delivered by the holder of any mortgage to Tenant, providing in substance that (i) so long as no default exists under this Lease which is continuing beyond the expiration of any applicable grace and/or notice period, the holder shall not name or join Tenant nor any "person" (as hereinafter defined) claiming through or under Tenant as a party defendant to any action for foreclosure or other enforcement of the remedies of the holder under the mortgage (unless required by law as a condition precedent to commencing or proceeding with any such action or other enforcement proceeding); (ii) so long as no default exists under this Lease which is continuing beyond the expiration of any grace and/or notice period, the leasehold estate, possession and use of the Premises in accordance with the terms of this Lease and all other rights of Tenant (and any person claiming through or under Tenant) under this Lease shall not be interfered with, affected or disturbed in any way by reason of the subordination of this Lease to the mortgage, or any enforcement of the mortgage or any sale pursuant to the foreclosure of the mortgage or any deed or assignment in lieu of foreclosure or similar device; (iii) so long as no default exists under this Lease which is continuing beyond expiration of any grace and/or notice period, this Lease shall not be terminated by the holder in connection with, or by reason of, foreclosure or other proceedings for the enforcement of the mortgage, or by reason of a transfer of the landlord's interest under this Lease pursuant to the taking of a deed or assignment in lieu of foreclosure or similar device, or by reason of any other enforcement proceeding with respect to any mortgage, the Lease shall be unaffected by any of foregoing proceedings; (iv) so long as no default exists under this Lease which is continuing beyond expiration of any grace and/or notice period, the holder shall, upon foreclosure or other device whereby the holder controls the decision making of the fee owner of the Premises, honor all of the terms, conditions and covenants to be performed under this Lease on the part of the Lessor named herein.

28.2. Mortgagee Protection. Tenant agrees to give any mortgagee by certified mail, return receipt requested, a copy of any notice of default served upon Lessor, provided that before such notice Tenant has been notified in writing of the name and address of such mortgagee. Tenant further agrees that if Lessor shall have failed to cure such default within the time provided for in this Lease (or if no time is specified, then within 10 days), then mortgagee shall have an additional thirty (30) days within which to cure such default; provided, however, that if such default cannot be reasonably cured within that time, then such mortgagee shall have such additional time as may be necessary to cure such default so long as mortgagee has commenced and is diligently pursuing the remedies necessary to cure such default (including, without limitation, the commencement of foreclosure proceedings, if necessary), in which event this Lease shall not be terminated or Rent abated while such remedies are being so diligently pursued.

29. Quiet Enjoyment. Upon compliance with the terms, conditions, covenants, agreements, and provisions of this Lease to be performed by Tenant, Tenant may peaceably and quietly have, hold and enjoy the Premises for the Lease Term.

30. Expiration/Hold Over. At the expiration of the Lease Term, Tenant will quit and surrender the Premises in as good a state and condition as reasonable use and wear thereof will permit, and comply with the provisions of Section 15.2 hereof, as applicable. Any holding over by Tenant shall not operate, except by written agreement, to extend or renew this Lease, and no

tenancy of any duration shall be created thereby, provided, however, if Tenant does hold over, without creating any additional estate in Tenant, the then Fixed Rent during the holding over period shall be one hundred fifty percent (150%) percent of the Fixed Rent provided for in the Lease immediately prior to such holding over period.

31. Estoppel Certificates. Tenant and Lessor agree that at any time and from time to time (but not more frequently than annually) within fifteen (15) days following written notice from the other that both will execute, acknowledge and deliver in recordable form a statement in writing certifying whether this Lease is in full force and effect and if it is in full force and effect, what modifications have been made to the date of the certificates and whether or not any defaults or offsets exist with respect to this Lease and if there are, what they are claimed to be and setting forth the dates to which rent and other charges have been paid in advance, if any, and stating whether or not either party is in default and if so, specifying what the default may be and stating the amount of security deposited with Lessor and stating the commencement and termination dates of the Lease. The failure of either party to timely execute, acknowledge and deliver to said party a statement as above shall constitute an acknowledgement by said party that this Lease is unmodified and in full force and effect, without default, and the rent and other charges have been duly and fully paid to and including the respective due dates immediately preceding the date of notice regarding such statement.

32. Additional Terms.

32.1. Notice. Any notices required or permitted under the Lease shall be in writing and shall be deemed to have been given: (i) on the date of delivery, if personally delivered to the Party to whom notice is to be given; (ii) one (1) business day after mailing, if sent via overnight mail by a nationally recognized overnight delivery service, or if sent via email to the email address provided by a party hereunder to the other for purposes of notice under this Lease, or if sent by facsimile to a party at the facsimile number provided by the party, or (iii) two (2) business days after mailing, if mailed to the party to whom notice is to be given, by registered or certified mail, return receipt requested, postage prepaid, and addressed to the address provided below:

If to Licensor:	1055 West Georgia Street, Suite 1500 Vancouver, British Columbia V6E 4N7, Canada
If to Licensee:	988 Stearns Drive, #3 Los Angeles, CA 90048

33.2. Authority. Each person signing this Lease in a representative capacity represents and warrants that he/she has been authorized by and on behalf of such person's respective principal or principals to execute and deliver this Lease.

32.3. Amendments. No amendment, modification, waiver or discharge of this Lease will be valid, unless it is in writing and signed by the party against which the enforcement of the modification, waiver, or discharge is or may be sought.



32.4. No Waiver. No act, delay or omission by any party shall be deemed a waiver of any right, power, or remedy of such party unless such waiver is in writing, and then only to the extent set forth therein. All remedies, either under this Lease or by law or otherwise afforded to a party, shall be cumulative and not alternative. No waiver of any provision, right or remedy under this Lease on any one occasion shall constitute a waiver of any other provision, right or remedy on said occasion or the same or any other provision, right or remedy on any other occasion.

32.5. Entire Lease. The Lease contains the entire agreement between the parties regarding the subject matter of the Lease, and the Lease expressly supersedes all previous or contemporaneous agreements, understandings, representations or statements between the parties regarding those matters. It is mutually agreed and understood that there are no terms, conditions, covenants and/or warranties, either expressed and/or implied, other than those set forth in this Lease.

32.6. Severability. If any of the provisions of this Lease shall contravene the laws of any country, it is agreed that such invalidity or illegality shall not invalidate this Lease, but instead this Lease shall be construed as if it did not contain the provision(s) claimed or held to be invalid or illegal in the particular jurisdiction concerned, insofar as such construction does not materially affect the substance of this Lease, and the rights and obligations of the parties hereto shall be construed and enforced accordingly. In the event, however, that such claimed invalidity or illegality shall substantially alter the relationship between the parties hereto, materially affecting adversely the interest of either party in such jurisdiction, then the parties hereto shall negotiate an alternative provision not conflicting with such laws so as to maintain, to the degree reasonably possible, the business and economic benefits and liabilities as initially set forth herein. If such invalidity or illegality is such that it is not possible to reasonably restore the business and economic benefits and liabilities of the parties, then the party whose interests are adversely affected shall have the right to terminate only that portion of this Lease that is materially impacted by such invalidity or illegality.

32.7. No Third-Party Rights. Nothing in the Lease, express or implied, is intended to confer any rights or remedies under or by reason of this Lease upon any person, other than the Parties and their respective successors and assigns.

32.8. Headings. The Section headings set forth in this Lease are for convenience only and do not convey any substantive meaning or effect. Section headings shall not be used in interpreting any portion of this Lease.

32.9. Neutral Interpretation. This Lease constitutes the product of the negotiation of the parties hereto and in the enforcement hereof shall be interpreted in a neutral manner, and not more strongly for or against any party based on the source of the draftsmanship hereof.

32.10. Electronic Signature. The exchange of copies of this Lease and of signature pages by facsimile or similar electronic transmission shall constitute effective

execution and delivery of this Lease as to the parties hereto, and such facsimile or electronic signatures on such counterparts are deemed originals for all purposes.

32.11. Counterparts. This Lease may be executed in any number of counterparts, and each such counterpart shall be deemed to be an original and all of which shall constitute but one and the same agreement.

32.12. Singular & Plural. All references in this Lease to the singular shall include the plural where applicable, and all references to gender shall include both genders and the neuter.

32.13. Binding Upon Successors. The terms of this Lease shall be binding upon the direct or indirect successors or assigns of the parties.

32.14. No Assignment. This Lease, and the rights provided herein, may not be assigned by Cultivator without the prior written consent of the Consultant.

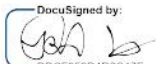
(SIGNATURES ON NEXT PAGE)



IN WITNESS WHEREOF, the Parties have caused this Cultivation Facility Lease to be executed by their duly authorized representatives as of the Effective Date.

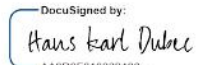
**LESSOR:**

**HYDROHAUS HOLDINGS (US), INC.**

By:  DocuSigned by:  
Richard Wong, Chief Financial Officer

**TENANT:**

**PHARMHAUS (CALIFORNIA) LLC**

By:  DocuSigned by:  
Hans Karl Dubec, Manager

**EXHIBIT A**

**Description of Premises**



## INTELLECTUAL PROPERTY LICENSING AGREEMENT

This Intellectual Property Licensing Agreement ("**Agreement**") is made and entered into as of August 13, 2019 ("**Effective Date**"), by and between Canivate Holdings (US), Inc., a Delaware corporation ("**Licensor**") and PharmHaus (California) LLC, a California limited liability company ("**Licensee**").

WHEREAS Licensor owns and/or controls certain intellectual property rights in the field of cannabis, hemp, and other high value agricultural product cultivation.

WHEREAS Licensor desires to license its intellectual property rights to Licensee.

WHEREAS Licensee desires to obtain such licenses from Licensor.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and obligations undertaken herein, Licensor and Licensee agree as follows:

### ARTICLE 1 - DEFINITIONS

1.1. Definitions. As used herein, the following terms shall have the following meanings:

"**Affiliate**" means, in relation to any Person, any entity controlled, directly or indirectly, by such Person, any entity that controls, directly or indirectly, such Person, or any entity directly or indirectly under common control with such Person. For this purpose, "**control**" of any entity or Person means ownership of a majority of the issued shares or voting power or control in fact of the entity or Person.

"**IP Rights**" means Licensed Patents, Licensor Know-How, and Trademarks.

"**Know-How**" means any and all of the following related to cultivation and/or commercial activities of cannabis, hemp and other high value agricultural products: proprietary data, results, material(s), technology, and nonpublic information of any type whatsoever, in any tangible or intangible form, including know-how, trade secrets, practices, techniques, methods, processes, inventions, developments, specifications, formulations, formulae, materials or compositions of matter of any type or kind (patentable or otherwise), software, algorithms, marketing reports and plans, market research, expertise, technology, test data (including pharmacological, biological, chemical, biochemical, toxicological, preclinical and clinical test data), analytical and quality control data, stability data, other study data, and procedures.

"**Licensor Know-How**" means Know-How owned or controlled by Licensor.

"**Licensed Patents**" means all patents and patent applications listed in Exhibit A.

"**Licensee**" means PharmHaus (California) LLC, a California limited liability company, and its present divisions, affiliates, and Subsidiaries (as defined below).

**"Licensee Products"** means any and all cannabis, hemp, or other high value agricultural products cultivated, produced, manufactured or sold by Licensee which use, incorporate, or rely upon the IP Rights.

**"Licensor"** means HydroHaus Holdings (US), Inc., a Delaware corporation, and its past, present, or future divisions, affiliates, and Subsidiaries (as defined below).

**"Net Sales"** means the gross amount invoiced by or on behalf of Licensee or any of its Subsidiaries or sublicensees (or any permitted distributors) on account of sales of Licensee Product, less the following deductions specifically and solely related to Licensee Product and actually allowed consistent with GAAP: (a) customary trade, cash or quantity discounts actually paid, granted or accrued, to the extent not already reflected in the amount invoiced, including cash rebates to customers; (b) excise, import and sales taxes, customs, duties, and other fees of a similar nature to the extent included in the price and separately itemized on the invoice or otherwise documented to Licensor's reasonable satisfaction (but specifically excluding, for clarity, any income taxes assessed against the income arising from such sale); (c) outbound freight, shipment, and insurance costs to the extent included in the price and separately itemized on the invoice or otherwise documented to Licensor's reasonable satisfaction; (d) amounts actually paid, granted, or accrued on (i) returns in accordance with Licensee's returned goods policy provided to Licensor or (ii) recalls; and (e) compulsory payments and rebates directly related to the sale of the Licensee Product paid to a Governmental Authority pursuant to governmental regulations by reason of any national or local health insurance program or similar program. For clarity, (i) Net Sales shall not be reduced by the amount of any commissions paid to individuals, whether they are associated with independent sales agencies or regularly employed by Licensee, its Subsidiaries or sublicensees (or any agent, distributee, or designee thereof), or for a cost of collection or any other amount not specifically set forth in (a) through (e) above and (ii) the amount of any discounts, rebates or allowances granted or taken with respect to the total sales to a customer for multiple products of Licensee, its Subsidiaries or sublicensees (or any agent, distributee, or designee thereof) shall not be deducted in calculating Net Sales. Any of the items set forth above that would otherwise be deducted from the invoice price in the calculation of Net Sales but which are separately charged to, and paid by, third parties shall not be deducted from the invoice price in the calculation of Net Sales. In the case of any sale or transfer of Licensee Product other than in an arm's length transaction exclusively for cash, such as barter, counter-trade, sampling, or named patient program, Net Sales shall be determined by referencing Net Sales at which substantially similar quantities of Licensee Product are sold in an arm's length transaction for cash.

**"Out-of-Pocket Costs"** means costs and expenses paid to third parties (or payable to third parties and accrued in accordance with GAAP) other than Subsidiaries or employees.

**"Party"** and **"Parties"** refers to Licensor and/or Licensee as applicable.

**"Person"** means an individual, a partnership, a corporation, an association, a limited liability company, a joint stock company, a trust, a joint venture, an unincorporated organization, a group, a governmental authority or any other type of entity.



**"Regulatory Filings"** means any documents filed by Licensee with any local, state, or federal regulatory agency or body.

**"Subsidiaries"** means and collectively include any corporation, company, partnership, joint venture, firm, affiliate, or other entity in any country of the world in which a party hereto, on or after the Effective Date, directly and/or indirectly, owns or controls:

(1) in the case of corporate entities, equal to or greater than fifty percent (50%) or, in jurisdictions other than the United States, the maximum percentage that a foreign investor may own if less than fifty percent (50%), pursuant to local laws and regulations of such jurisdictions when such entity was formed, of the stock or participating shares entitled to vote for the election of directors; and

(2) in the case of non-corporate entities, equal to or greater than fifty percent (50%) or, in jurisdictions other than the United States, the maximum percentage that a foreign investor may own if less than fifty percent (50%), pursuant to local laws and regulations of such jurisdictions when such entity was formed, of the equity interest with the power to direct management policies of such non-corporate entity.

**"Term"** means the period of time beginning on the Effective Date and ending as specified in Article 5 hereof.

**"Territory"** means the locations listed on Exhibit B, unless and until this Agreement is terminated with respect to any such location in accordance with the terms of this Agreement.

**"Trademarks"** means the marks, trademarks registrations, and trademark applications listed on Exhibit C.

## ARTICLE 2 - GRANT OF RIGHTS

2.1. Grant. Subject to the terms and conditions of this Agreement, Licensor grants to Licensee, during the Term, a non-exclusive, non-transferable, license to use the IP Rights in connection with cannabis, hemp, and other high value agricultural products cultivated, manufactured, and sold by Licensee throughout the Territory. Except as set forth in this Agreement, such license as may be granted in this Agreement may not be assigned, pledged, encumbered or otherwise transferred by Licensee, voluntarily or involuntarily, by operation of law or otherwise, without Licensor's prior written consent, which consent may be withheld in Licensor's sole discretion, and any attempt to do so in violation of this Agreement will be without legal effect and void under this Agreement. To the extent that the IP Rights licensed hereunder include any trade secrets, Licensee shall not reveal, distribute or otherwise disclose the trade secrets to any third party.

2.2. Identification. Licensee agrees that all packaging containing individual Licensee Products, documentation therefor, and, when possible, actual Licensee Products sold by Licensee, Affiliates, and/or sublicensees of Licensee, will be appropriately marked with the number of any applicable patent(s) licensed hereunder in accordance with each country's patent

laws, including Title 35, United States Code, and shall also include designations indicating Licensor's ownership of applicable Trademarks, to the extent such marking is necessary or required to fully preserve patent, trademark, and intellectual property rights in each such country.

2.3. No Contest. In the event Licensee (or sublicensee or any entity or person acting on its behalf) initiates any proceeding or otherwise asserts any claim challenging the validity or enforceability of any licensed patent right or the IP Rights in any court, administrative agency or other forum, then (i) then Licensor may immediately terminate this Agreement upon written notice to Licensee, and (ii) Licensee shall reimburse Licensor for its legal costs and expenses incurred in defending any such challenge.

2.4. Grant Back. Licensee hereby (i) grants to Licensor an irrevocable, perpetual, world-wide, exclusive, royalty-free license to any developments or improvements which Licensee may make in the Licensed Products, with the right to sub-license, and (ii) agrees to disclose all such developments or improvements to Licensor. Any and all rights granted pursuant to this Section 2.4 shall survive termination of this Agreement.

2.5. Subsidiaries. The Parties recognize that each Party may perform some or all of its obligations under this Agreement through Subsidiaries; provided, however, that each Party shall remain responsible for and be guarantor of the performance by its Subsidiaries and shall cause its Subsidiaries to comply with the provisions of this Agreement in connection with such performance. Each Party hereby expressly waives any requirement that the other Party exhaust any right, power or remedy, or proceed against a Subsidiary, for any obligation or performance hereunder prior to proceeding directly against such Party. Wherever in this Agreement the Parties delegate responsibility to Subsidiaries, the Parties agree that such entities may not make decisions inconsistent with this Agreement, amend the terms of this Agreement or act contrary to its terms in any way.

2.6. Sublicense. Licensee shall have the right to grant sublicenses to any sublicensee under all of its rights under the license granted pursuant to Section 2.1, or to subcontract the performance of its obligations hereunder, at any given time during the Term in any part of the Territory; provided however that with respect to each such sublicense or subcontract, as the case may be: (i) with respect to each sublicensee, Licensor shall be notified in writing at least twenty (20) business days in advance of the grant (including a description of the rights to be granted, the identity of the sublicensee and the countries involved) and, if such sublicensee is not a Subsidiary of Licensee, Licensee shall obtain the prior written consent of Licensor thereto, such consent not to be unreasonably withheld; (ii) Licensee shall ensure that each of its sublicensees and subcontractors accepts and complies with all applicable terms and conditions of this Agreement, and Licensee shall remain responsible for, and shall guarantee, the performance of its sublicensees and subcontractors hereunder; and (iii) any such sublicense or subcontract shall (a) be subject and subordinate to the terms and conditions of this Agreement, (b) be subject to an appropriate written agreement that imposes on any such sublicensee or subcontractor all applicable terms, conditions, and obligations under this Agreement, including the reporting, audit, inspection and confidentiality provisions hereunder, (c) contain a provision prohibiting such sublicensee or subcontractor from further sublicensing and subcontracting and (d) not in any way diminish, reduce, or eliminate any of Licensee's obligations under this Agreement. For



the avoidance of doubt, Licensee will remain directly responsible for all amounts owed to Licensors under this Agreement. Licensee hereby expressly waives any requirement that Licensors exhaust any right, power, or remedy, or proceed against a sublicensee or subcontractor for any obligation or performance hereunder prior to proceeding directly against Licensee.

2.7. Licensors' Grant of Rights to Third Parties. During the Term of this Agreement, Licensors shall retain the sole and absolute right to grant other non-exclusive licenses for some or all of the IP Rights to other entities not affiliated with Licensee, and Licensors shall retain ownership of the IP Rights.

2.8. Licensors' Retention of Rights. Licensors retain all rights in the IP Rights not expressly granted to Licensee in this Agreement.

### ARTICLE 3 - PAYMENT

3.1. License Fee. In consideration of the rights granted to Licensee under this Agreement, Licensee agrees to pay to Licensors an annual lump sum ("**License Fee**"). The amount of the initial License Fee shall be four million thousand dollars (\$4,000,000) per year and shall be paid by Licensee within thirty (30) calendar days after the Effective Date (or the equivalent monthly fee in 12 equal installments per month).

3.2. Renewal Fee. On each and every anniversary of the Effective Date, for so long as this Agreement is in effect, Licensee shall pay Licensors a License Fee in an amount as determined by Licensors in its sole discretion, but which shall not be less than the amount of the License Fee for the prior year.

3.3. Report. Within thirty (30) days of the end of each calendar quarter Licensee shall provide Licensors with a report that includes: (i) a statement of the amount of gross sales of Licensee Product, (a) in the Territory as a whole and (b) on a location-by-location and month-by-month basis during the applicable calendar quarter; (ii) an itemized calculation of Net Sales (a) in the Territory as a whole and (b) on a country-by-country and month-by-month basis, showing for both (a) and (b) deductions provided for in the definition of "**Net Sales**" during such calendar quarter; and (iii) the total Royalty Payment payable to Licensors with respect to Net Sales during such calendar quarter.

3.4. Payment. Licensee will remit all Payments to Licensors by the electronic transfer of funds to the following bank account:

Bank Name:	TBD
Account Name:	TBD
Account Number:	TBD
Routing Number:	TBD
SWIFT Code:	TBD

Licensee shall bear any bank charges of such transfer charged by a bank which transfers the payment to Licensor. Licensor shall bear any bank charges incurred after the money is transferred from Licensee.

#### ARTICLE 4 - QUALITY CONTROL

4.1. General. Licensor shall have the right to oversee the use of the IP Rights by Licensee.

4.2. Licensor's Policies and Standards. Licensee acknowledges that Licensor has provided, or will make available, to Licensee certain policies and standards necessary for the preservation of the goodwill and reputation associated with the Trademarks and the value associated with the IP Rights. (Such collection of policies and standards as may be amended or supplemented from time to time by Licensor are collectively referred to hereinafter as the "**Policies & Standards**"). Furthermore, Licensee acknowledges that Licensor shall have the right from time to time in its reasonable discretion, to adopt new Policies & Standards or amend any existing Policies & Standards, which Licensee shall follow and adhere to in exercise of rights in the IP Rights hereunder. Licensor shall give written notice to Licensee of any subsequently adopted or amended Policies & Standards. Any such newly adopted or amended Policies & Standards shall take effect with respect to this Agreement thirty (30) days from receipt by Licensee.

4.3. Licensee's Compliance with Policies & Standards. Licensee shall at all times during the Term of this Agreement comply with, and shall cause each of its Affiliates as well as any agents, contractors or consultants providing promotional, marketing, or regulatory filing services, at all times during the Term of this Agreement to comply with the Policies & Standards. Licensor and Licensee acknowledge and agree that Licensee shall be responsible for any violation of or failure to comply with the Policies & Standards by any employee, manager, executive, director, contractor or other agent of Licensee.

4.4. Licensee's Policies. Licensee shall have the right to adopt additional policies and standards ("**Licensee's Policies**") so long as same do not conflict with or contradict the Policies & Standards. If any of Licensee's Policies conflict with or contradict any of the Policies & Standards, Licensee shall promptly discontinue use of such conflicting Licensee's Policies to the extent that such Licensee's Policies are in conflict with the Policies & Standards.

4.5. Modifications to IP Rights. Except as set forth in the Policies & Standards, Licensee shall not make or use any modification to any of the IP Rights without the prior express written approval of Licensor, which approval may be withheld in Licensor's sole discretion.

4.6. Provision of Samples. Licensee will provide Licensor with representative samples of any new materials that use or contain the IP Rights that have been prepared for, in connection with, or related to the promotion, sale, regulatory activities or performance of Licensee's products and services at least ten (10) business days prior to any filing, distribution or use of such new materials should same have been prepared or made by Licensee or a third-party agent or contractor retained by Licensee (collectively, "**3rd Party Works**"). Licensor shall have the



right to review and in its reasonable discretion approve or reject the use or display of the IP Rights as may appear in such 3rd Party Works. For materials prepared as Regulatory Filings, Licensee shall submit to Licensor representative samples of such Regulatory Filings and Licensor shall have the right to review and in its reasonable discretion approve or reject such use of only the IP Rights as may be contained or used in the Regulatory Filings. Any item submitted for approval shall be reviewed and either approved or disapproved within ten (10) business days after submission to Licensor. Once approved, no further approval from Licensor shall be required for extended promotions, advertising or marketing campaigns using such approved materials; provided however, that Licensor must approve any changes to the IP Rights as used in the Regulatory Filings. If Licensee has not received approval or disapproval from Licensor, and Licensee has contacted the Licensor by telephone, email, or writing to make arrangements for the review of the items, the submission shall then be deemed approved.

#### **ARTICLE 5 - DEFAULT, TERM, TERMINATION, AND SURVIVAL**

5.1 Events of Default. Notwithstanding any other provision of this Agreement, the occurrence of any of the following shall constitute an “**Event of Default**”:

(a) Licensee fails to make payment when due under Section 3 within five (5) days after a written demand therefor; or

(b) Either Party fails to perform any material obligation or covenant to the other under this Agreement, which is not cured to the reasonable satisfaction of the other Party (in its reasonable discretion) within ten (10) days after the date that such Party receives written notice that such obligation or covenant has not been performed; or

(c) Either Party (or, if applicable, any Affiliate of such Party) breaches any material representation or material warranty made or repeated or deemed to have been made or repeated by the Party, or any warranty or representation proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated under this Agreement; provided, however, that if such breach is curable, such breach is not cured to the reasonable satisfaction of the other Party within ten (10) days after the date that such Party receives notice that corrective action is needed; or

(d) Either Party becomes Bankrupt; or

(e) Licensee sells, leases, subleases, transfers or otherwise disposes of, in one transaction or a series of related transactions, all or a material portion of its licenses related to cultivation or other commercial activities for cannabis, hemp, or other agricultural products; or

(f) Licensee is in default with respect to any other agreement between Licensee and Licensor, including, but not limited to, Cultivation Facility Lease and/or Services Agreement.

5.2 Remedies Upon Event of Default.

(a) Notwithstanding any other provision of this Agreement, if any Event of Default with respect to the Licensor, on the one hand, or Licensee, on the other hand (such as defaulting Party, the “**Defaulting Party**”) has occurred and is continuing, Licensee (where the Licensor is the Defaulting Party) or the Licensor (where Licensee is the Defaulting Party) (such as non-defaulting Party, the “**Non-Defaulting Party**”) may, without notice, (i) declare all of the Defaulting Party’s obligations under this Agreement to be forthwith due and payable, all without presentment, demand, protest or further notice of any kind, all of which are expressly waived by the Defaulting Party, exercise any rights and remedies provided or available to the Non-Defaulting Party under this Agreement or at law or equity, including all remedies provided under the Uniform Commercial Code.

(b) Notwithstanding any other provision of this Agreement, if an Event of Default has occurred and is continuing with respect to the Defaulting Party, the Non-Defaulting Party shall have the right, immediately and at any time(s) thereafter, to terminate this Agreement.

5.3 Defaulting Party Not Excused. A party whose actions and/or omissions give rise to an Event of Default cannot use the occurrence of the Event of Default as grounds for excusing its obligations, terminating this Agreement, or otherwise reducing its liability to the Non-Defaulting Party.

5.4 Term of Agreement and Renewal Terms. The term of this Agreement shall begin on the Effective Date and shall terminate one-year thereafter unless terminated in accordance with the terms of this Agreement (“**Term**”). The Agreement shall automatically renew for consecutive one (1) year terms (each, when effective, a “**Term**”), so long as Licensee pays the License Fee as set forth in Section 3.2, of this Agreement, unless either Party delivers written notice to the other not less than thirty (30) days before the expiration of the then-current Term stating its intention not to renew the Agreement.

5.5. Survival. The following provisions will survive termination or expiration of this Agreement: Section 2.4; Article 8.

## **ARTICLE 6 – OWNERSHIP; INFRINGEMENT; ENFORCEMENT**

6.1. Ownership. Licensee acknowledges and agrees that the IP Rights and the goodwill associated with the IP Rights are owned by Licensor and are the exclusive property of Licensor and can be used only with Licensor’s prior written consent as granted through this Agreement. Licensee will retain the goodwill in its business apart from the goodwill associated with the use of the Marks and IP Rights. Licensee further acknowledges and agrees that upon the termination of this Agreement all of Licensee’s rights in the IP Rights shall cease, and Licensee shall have no interest in or right to use any of the IP Rights, including, but not limited to, the Policies & Standards, proprietary management systems or any trade secrets which may have come into the possession of Licensee. Licensee will not in any manner represent that it owns the IP Rights or any part or component of the IP Rights, and Licensee hereby acknowledges that its use of the IP Rights shall not create any right, title, or interest in or to the IP Rights in favor of Licensee, but that all use by Licensee of the IP Rights shall inure to the sole benefit of and be on behalf of Licensor. Should Licensee use any part or component of the IP Rights or create any



expansion of the IP Rights, Licensee shall execute and deliver to Licensor an assignment of all rights Licensee might have created in any work, trademark, or other intellectual property right using or including the IP Rights together with any goodwill associated with the IP Rights for such expansion. Licensee further acknowledges and agrees that Licensee will not at any time do, or cause to be done, any act or thing to contest, oppose, seek to invalidate or in any way impair or intend to impair the validity or enforceability of any applications, registrations, or rights in or for the IP Rights or any of Licensor's exclusive right, title and interest in the IP Rights.

6.2. Registrations: Corporate Names. Licensee will not register or apply to register any corporate name, trademark, copyright, design registrations or any other proprietary rights, in any country, state or other jurisdiction utilizing any part or component of the IP Rights unless expressly agreed in writing by Licensor.

6.3. Claim of Infringement. Each of the Parties shall promptly, but in any event no later than ten (10) days after receipt of notice thereof, notify the other Party in writing in the event of any claims by a Third Party of alleged infringement of intellectual property rights by either Party or Subsidiaries or sublicensees or subcontractors with respect to commercial activities ("**Infringement Claim**"). With respect to any such infringement claim, the Parties shall attempt to negotiate in good faith a resolution with respect thereto. If the Parties cannot resolve such claim with the appropriate third parties within thirty (30) days after the receipt of the notice pursuant to this, then the following shall apply:

(a) In the case of any such claim against either Party related to the IP Rights, Licensor shall have the option of determining in its sole discretion whether Licensor or Licensee shall be deemed to be the "**Controlling Party**" for purposes of such Infringement Claim. The other Party shall reasonably assist the Controlling Party in its role as the Controlling Party;

(b) The Controlling Party shall assume control of the defense of such infringement claim. The non-Controlling Party, upon request of the Controlling Party, agrees to join in any such litigation at the Controlling Party's expense, and in any event to reasonably cooperate with the Controlling Party at the Controlling Party's expense. The non-Controlling Party will have the right to consult with the Controlling Party concerning such infringement claim and to participate in and be represented by independent counsel in any litigation in which such non-Controlling Party is a party at its own expense. The Controlling Party shall have the exclusive right to settle any Infringement Claim without the consent of the other Party, unless such settlement shall have a material adverse impact on the other Party (in which case the consent of such other Party shall be required). For purposes of this Section any settlement that would involve the waiver of rights (including the rights to receive payments) of such other Party shall be deemed a material adverse impact and shall require the consent of such other Party, such consent not to be unreasonably withheld; and

(c) If a Party shall become engaged in or participate in any suit described in this Section, the other Party shall cooperate, and shall cause its and its Subsidiaries' employees to cooperate, with such Party in all reasonable respects in connection therewith, including giving testimony and producing documents lawfully requested, and using its reasonable efforts to make available to the other, at no cost to the other (other than reimbursement of actually incurred,

reasonable out-of-pocket travel and lodging expenses), such employees who may be helpful with respect to such suit, investigation, claim, or other proceeding.

6.4. Enforcement. Enforcement of the IP Rights against third party infringement shall be subject to the following:

(a) Licensor will have the first right (but not the obligation) to take the appropriate steps to enforce or defend any Intellectual Property against infringement by a third party, and may take steps including the initiation, prosecution, and control of any suit, proceeding, or other legal action by counsel of its own choice. Licensor shall bear the costs of such enforcement or defense, as applicable. Notwithstanding the foregoing, Licensee will have the right, at its own expense, to be represented in any such action by counsel of its own choice.

(b) In the event that Licensor does not choose to enforce against a third party infringer within 180 days of notice of such infringement, Licensee shall have the right (but not the obligation) to take the appropriate steps to enforce or defend any Intellectual Property against infringement by a third party, and may take steps including the initiation, prosecution, and control of any suit, proceeding, or other legal action by counsel of its own choice. Licensee shall bear the costs of such enforcement or defense, as applicable. Notwithstanding the foregoing, Licensor will have the right, at its own expense, to be represented in any such action by counsel of its own choice.

(c) If one Party brings any suit, action or proceeding under this Section, the other Party agrees to be joined as party plaintiff if necessary to prosecute the suit, action, or proceeding and to give the first Party reasonable authority to file and prosecute the suit, action, or proceeding; provided, however, that neither Party will be required to transfer any right, title, or interest in or to any property to the other Party or any other party to confer standing on a Party hereunder.

(d) The Party not pursuing the suit, action, or proceeding hereunder will provide reasonable assistance to the other Party, including by providing access to relevant documents and other evidence and making its employees available, subject to the other Party's reimbursement of any out of pocket costs incurred by the non-enforcing or defending Party in providing such assistance.

(e) Licensee shall not, without the prior written consent of Licensor (in its sole discretion), enter into any compromise or settlement relating to any claim, suit, or action that it brought under this Section that admits the invalidity or unenforceability of the IP Rights, or requires Licensor to pay any sum of money, or otherwise adversely affects the rights of Licensor with respect to such Intellectual Property or Licensor's rights hereunder (including the rights to receive payments).

(f) Any settlements, damages or other monetary awards (a "**Recovery**") recovered pursuant to a suit, action, or proceeding brought pursuant to this Section will be allocated first to the costs and expenses of the Party taking such action, and second, to the costs and expenses (if any) of the other Party, with any remaining amounts (if any) to be allocated as



follows: (a) to the extent that such Recovery is a payment for lost sales of the Licensee Product in the Territory, the Parties will negotiate in good faith the distribution of Recovery, and (b) all remaining Recoveries shall be payable to the Party taking such action.

#### **ARTICLE 7 - WARRANTIES, REPRESENTATIONS, AND DISCLAIMERS**

7.1. Licensee. Licensee warrants and represents that it has the right to enter into this Agreement with Licensors.

7.2. Licensors. Licensors make the following warranties and representations:

(a) Licensors are the owner of the IP Rights and/or has the right to grant rights, licenses, privileges, releases, non-assertions, and immunities under or relating to the IP Rights. In the event Licensors breach this warranty and representation, it will indemnify Licensee and, without limitation, at Licensors' own expense shall in good faith make reasonable commercial efforts to secure any rights necessary for Licensee to enjoy the rights, licenses, privileges, releases, non-assertions, and immunities granted herein under or relating to the IP Rights.

(b) Licensors have the full power to enter into and perform all terms, conditions, and obligations under this Agreement with Licensee. To the extent required, Licensors shall obtain any and all needed consents for entering into and discharging all of its obligations under this Agreement.

(c) There are no liens, conveyances, mortgages, assignments, encumbrances, other licenses, or other agreements which would prevent or impair the full and complete exercise of the rights, licenses, privileges, releases, non-assertions, and immunities granted by Licensors to Licensee, its respective successors and assigns, customers, whether immediate or remote, and suppliers with respect to the IP Rights pursuant to the specific terms and conditions of this Agreement.

(d) No agreements have been or shall be entered into which would interfere with the rights, licenses, privileges, releases, non-assertions, and immunities granted by Licensors to Licensee, its respective successors and assigns, or its customers, whether immediate or remote, and its suppliers with respect to the IP Rights during the Term.

(e) Licensors are not aware of any reason that the IP Rights are invalid, however, nothing herein contained shall be construed as a warranty by Licensors that the Intellectual Property rights are valid.

(f) Licensors are not aware that any Licensee Product infringes any third-party patents, however, nothing herein contained shall be construed as a warranty by Licensors that any Licensee Product does not infringe patents held by third parties.

7.3. Disclaimer. Nothing herein contained shall be construed as an admission by Licensee, its distributors, dealers, suppliers, agents, or customers, including OEM and private label customers, whether direct or indirect, or immediate or remote that (i) there has been direct

and/or contributory infringement of, and/or inducement to infringe, the IP Rights hereunder, or (ii) the IP Rights are valid.

## ARTICLE 8 - CONFIDENTIALITY

### 8.1. Confidential Information. For purposes of this Agreement:

(a) “**Confidential Information**” means Licensor’s Know-How, the Policies & Standards, and any and all confidential or proprietary information, financial or otherwise, about the business, affairs, and assets of Licensor or its Affiliates, and Licensor’s management strategies, whether or not any such documents, information, or materials are marked “confidential” or “proprietary”; and

(b) “**Representative**” means the employees, contractors, agents, directors, officers, legal counsel, accountants and financial advisors of a party.

8.2. Nondisclosure of Confidential Information. None of Licensee, its Affiliates, or their Representatives, shall disclose or use any Confidential Information that is disclosed to any of them by Licensor other than as permitted by this Agreement. Licensee shall use the same degree of care as it uses with respect to its own proprietary information to prevent disclosure of Confidential Information to third parties. These restrictions of confidentiality above shall not apply to any information which:

(a) is in the public domain at the time of the disclosure or subsequently becomes in the public domain without any action or omission by Licensee;

(b) can be shown by Licensee to be already in its possession; or

(c) is received by Licensee from a third party under no obligation of confidentiality to Licensor.

(d) disclosure is compelled or required by a valid subpoena or other legal mandate; provided, however, in the event that Licensee or its Representatives receive such a subpoena or other legal mandate, it shall provide Licensor with prompt written notice of same as far in advance as practicable of the date Licensee is required to make such disclosure so that Licensor may seek an appropriate protective order for the Confidential Information or waive compliance with the provisions this Article 8; and in the absence of a protective order or the receipt of a waiver hereunder, if Licensee or any of its Representatives is nonetheless, in the written opinion of such party’s legal counsel, so compelled to disclose the Confidential Information, Licensee and its Representative may disclose only that portion of the Confidential Information that is, based on the written advice of its legal counsel, legally required to be disclosed.

8.3. Obligations Upon Termination. Upon a termination of this Agreement for whatever reason, each party shall promptly return, in the manner reasonably directed by the other parties, all of the Confidential Information that has been furnished to it or, alternatively, each



party shall promptly destroy copies of all documents or materials in its possession or control that contain Confidential Information or portions of Confidential Information of the other parties, in whatever form or medium such copies or portions are contained, whether tangible, electronic, or otherwise, unless retention of same is required by Federal, state or other law, rule or regulation; and shall timely furnish to the other parties a written certificate to the reasonable satisfaction of the other party certifying that such destruction has taken place.

8.4. Survival. Unless otherwise agreed by the Parties, the restrictions of confidentiality shall survive termination of this Agreement and shall extend in perpetuity.

## ARTICLE 9 - DISPUTE RESOLUTION

9.1. Governing Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in such state without giving effect to the choice of law principles of such state that would require or permit the application of the laws of another jurisdiction. Any dispute regarding this Agreement shall be resolved in the County of Los Angeles, State of California without exception.

9.2. Mediation. The Parties agree first to mediate any dispute or claim arising between them out of this Agreement before resorting to arbitration. The Parties shall mutually agree upon a mediator. If the Parties cannot mutually agree upon a mediator, the matter shall be submitted to Judicial Arbitration and Mediation Service (JAMS) for mediation. Mediation fees, if any, shall be divided equally among the Parties involved. Each Party shall bear their own attorney fees incurred in connection with the preparation for or attendance at the Mediation. Refusal to Mediate by any Party shall make such Party responsible for all of the attorney fees and costs of the other Party or Parties in any legal action, notwithstanding which Party is the prevailing party.

9.3. Arbitration. In the event of a dispute related to or arising from the terms of this Agreement, which cannot first be resolved through mediation, such dispute shall be resolved through binding arbitration before a single arbitrator mutually chosen by the Parties from JAMS located in Los Angeles County, California. The cost of the arbitration proceeding and any proceeding in court to confirm or to vacate any arbitration award, or any other court action as applicable, including, without limitation, reasonable attorneys' fees and costs, shall be borne by the unsuccessful party, as determined by the arbitrator, and shall be awarded as part of the arbitrator's award. It is specifically understood and agreed that any party may enforce any award rendered pursuant to the arbitration provisions of this Section by bringing suit in any court of competent jurisdiction. This agreement to arbitrate shall be specifically enforceable. The parties agree that the arbitrator shall have authority to grant injunctive or other forms of equitable relief to any party. This section shall survive the termination or cancellation of this Agreement. Each Party shall pay its own proportionate share of arbitrator fees and expenses. The arbitrator[s] shall be entitled to award the foregoing arbitration and administrative fees and expenses as damages in his/her discretion. If a party fails to submit the fees specified by JAMS, such party may not participate or continue to participate in the arbitration proceedings. The arbitrator shall deem

such party in default as if such party were in default in a court of law. Default judgment may be entered against such party.

#### ARTICLE 10 - OTHER PROVISIONS

##### 10.1. Additional Terms.

(a) Notice. Any notices required or permitted under the Agreement shall be in writing and shall be deemed to have been given: (i) on the date of delivery, if personally delivered to the Party to whom notice is to be given; (ii) one (1) business day after mailing, if sent via overnight mail by a nationally recognized overnight delivery service, or if sent via email to the email address provided by a party hereunder to the other for purposes of notice under this Agreement, or if sent by facsimile to a party at the facsimile number provided by the party, or (iii) two (2) business days after mailing, if mailed to the party to whom notice is to be given, by registered or certified mail, return receipt requested, postage prepaid, and addressed to the address provided below:

If to Licensor: 1055 West Georgia Street, Suite 1500  
Vancouver, British Columbia V6E 4N7, Canada

If to Licensee: 988 Stearns Drive, #3  
Los Angeles, CA 90048

(b) Authority. Each person signing this Agreement in a representative capacity represents and warrants that he/she has been authorized by and on behalf of such person's respective principal or principals to execute and deliver this Agreement.

(c) Amendments. No amendment, modification, waiver or discharge of this Agreement will be valid, unless it is in writing and signed by the party against which the enforcement of the modification, waiver, or discharge is or may be sought.

(d) No Waiver. No act, delay or omission by any party shall be deemed a waiver of any right, power, or remedy of such party unless such waiver is in writing, and then only to the extent set forth therein. All remedies, either under this Agreement or by law or otherwise afforded to a party, shall be cumulative and not alternative. No waiver of any provision, right or remedy under this Agreement on any one occasion shall constitute a waiver of any other provision, right or remedy on said occasion or the same or any other provision, right or remedy on any other occasion.

(e) Entire Agreement. The Agreement contains the entire agreement between the parties regarding the subject matter of the Agreement, and the Agreement expressly supersedes all previous or contemporaneous agreements, understandings, representations or statements between the parties regarding those matters. It is mutually agreed and understood that there are no terms, conditions, covenants and/or warranties, either expressed and/or implied, other than those set forth in this Agreement.



(f) Severability. If any of the provisions of this Agreement shall contravene the laws of any country, it is agreed that such invalidity or illegality shall not invalidate this Agreement, but instead this Agreement shall be construed as if it did not contain the provision(s) claimed or held to be invalid or illegal in the particular jurisdiction concerned, insofar as such construction does not materially affect the substance of this Agreement, and the rights and obligations of the parties hereto shall be construed and enforced accordingly. In the event, however, that such claimed invalidity or illegality shall substantially alter the relationship between the parties hereto, materially affecting adversely the interest of either party in such jurisdiction, then the parties hereto shall negotiate an alternative provision not conflicting with such laws so as to maintain, to the degree reasonably possible, the business and economic benefits and liabilities as initially set forth herein. If such invalidity or illegality is such that it is not possible to reasonably restore the business and economic benefits and liabilities of the parties, then the party whose interests are adversely affected shall have the right to terminate only that portion of this Agreement that is materially impacted by such invalidity or illegality.

(g) No Third-Party Rights. Nothing in the Agreement, express or implied, is intended to confer any rights or remedies under or by reason of this Agreement upon any person, other than the Parties and their respective successors and assigns.

(h) Headings. The Section headings set forth in this Agreement are for convenience only and do not convey any substantive meaning or effect. Section headings shall not be used in interpreting any portion of this Agreement.

(i) Neutral Interpretation. This Agreement constitutes the product of the negotiation of the parties hereto and in the enforcement hereof shall be interpreted in a neutral manner, and not more strongly for or against any party based on the source of the draftsmanship hereof.

(j) Electronic Signature. The exchange of copies of this Agreement and of signature pages by facsimile or similar electronic transmission shall constitute effective execution and delivery of this Agreement as to the parties hereto, and such facsimile or electronic signatures on such counterparts are deemed originals for all purposes.

(k) Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart shall be deemed to be an original and all of which shall constitute but one and the same agreement.

(l) Singular & Plural. All references in this Agreement to the singular shall include the plural where applicable, and all references to gender shall include both genders and the neuter.

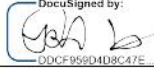
(m) Binding Upon Successors. The terms of this Agreement shall be binding upon the direct or indirect successors or assigns of the parties.

(n) No Assignment. This Agreement, and the rights and licenses provided herein, may not be assigned by Licensee without the prior written consent of the Licensor.

IN WITNESS WHEREOF, the Parties have caused this Intellectual Property Licensing Agreement to be executed by their duly authorized representatives as of the Effective Date.

**LICENSOR:**

**CANIVATE HOLDINGS (US), INC.**

By:    
Richard Wong, Chief Financial Officer

**LICENSEE:**

**PHARMHAUS (CALIFORNIA) LLC**

By:    
Hans Karl Dubec, Manager



**EXHIBIT A**

LICENSED PATENTS

Description of Patent – Structures for growing plants and related apparatuses and methods. Canadian Provisional Patent Application #62/815,131.

**EXHIBIT B**

**TERRITORY**

The Territory for this Agreement is the State of California.



**EXHIBIT C**

**TRADEMARKS**

<b>Mark</b>	<b>Canadian Trademark Registration No.</b>
PLANET LOVE	1942554
HYDROFILM	1942547
HYDROHAUS	1934896
HYDROHOUSE	1934895
CANIVATE	1949210
THE CANIVATE WAY	1949209

## SERVICES AGREEMENT

This Services Agreement (“**Agreement**”) is effective as of August 13, 2019 (“**Effective Date**”), by and between West Pender Management Co., a Nevada corporation (“**Consultant**”) and PharmHaus (California) LLC, a California limited liability company (“**Licensee**”). Consultant and Licensee are referred to hereinafter individually as a “**Party**” and collectively as the “**Parties**.”

WHEREAS, Licensee desires to secure Consultant's services as set forth herein; and

WHEREAS, Consultant has the requisite competency to perform such services and desires to provide its services to Licensee.

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, the sufficiency of which is acknowledged by Consultant and Licensee, the Parties agree as follows:

1. Incorporation. The above recitals and all exhibits attached hereto are incorporated herein by reference.

2. Services.

a. Scope of Services. Consultant shall perform the services and all reasonable tasks incidental thereto as specified herein and in any and all Statements of Work (each a “**SOW**”, and collectively “**SOWs**”) entered into between Consultant and Licensee during the term of this Agreement, which SOWs are incorporated herein and made a part hereof by this reference (collectively, the “**Services**”). The Parties agree and understand that the Services shall include consultation, marketing, branding, strategic planning, logistics, training, and administrative services.

b. Standard of Performance. Consultant may provide services to other parties related to cultivation. Consultant shall perform the Services in accordance with the degree of professional skill, care and diligence shown by professionals of a comparable scope, purpose and magnitude customarily provided in the performance of such Services.

c. Change Orders. Periodically, additional services may be required or desired that change the scope of the Services. No changes to the scope of Services shall be binding upon and effective against Consultant unless the change is approved in writing by Consultant and Licensee, all as more fully set forth in the SOWs.

3. Personnel. Consultant shall provide and utilize any personnel it deems necessary to satisfactorily and successfully perform the Services. Further, all Services that require the exercise of professional skill or judgment will be performed by professionals qualified and competent in the applicable discipline and appropriately licensed, if required by law.



4. Term. This Agreement shall be effective as of the Effective Date and shall continue in full force and effect until the Agreement is terminated in accordance with the provisions for termination set forth herein ("**Term**").

5. Fees and Related Matters.

a. Fee. As payment for the performance of the Services, Consultant shall be compensated in such amounts and in such manner and means as is mutually agreed upon by the parties and set forth in the SOWs ("**Fee**").

b. Taxes. Consultant shall be solely responsible for paying its own income, social security and other employment taxes related to performing Services.

c. Expenses. Consultant shall be reimbursed for out-of-pocket expenses incurred by Consultant in connection with providing the Services upon receipt of a written invoice from Consultant.

d. Accounting. In connection with the Services, Consultant shall keep and maintain separate books and records reflecting the Services provided in accordance with this Agreement and any SOW. All such books and records shall be kept for a period of one (1) year after the expiration or termination of this Agreement.

6. Ownership/Confidentiality.

a. Use/License of Documents. Consultant shall retain the rights and ownership of its written materials that are supplied to Licensee in accordance with this Agreement ("**Work Product**"). Licensee shall receive a non-exclusive, limited license to use the Work Product during the term of this Agreement in connection with operating cultivation facilities. Work Product shall include intellectual property, including trade secrets and know-how of Consultant in existence prior to this Agreement or developed by Consultant independent of this Agreement or any SOW during the Term of this Agreement (which shall be and remain the property of Consultant).

b. Confidentiality. Each party acknowledges that certain proprietary information and materials, including, but not limited to, intellectual property, trade secrets and know-how of Consultant and Licensee, which are being provided to the other party under this Agreement and any SOW are non-public and confidential ("**Confidential Information**"). Neither party shall make Confidential Information available to a third party without the other party's prior written consent. Neither party shall issue press releases or grant press interviews related to the Services, or disseminate any information regarding the Services without the other party's prior written consent. If either party is presented with a subpoena or a request for documents by any administrative agency regarding any records, data or documents related to the Services, such party shall immediately give notice to the other party and agree that the other party may timely contest the subpoena or request before the Confidential Information is required to be submitted to a court or other third party; provided, however, that subpoenaed party shall not be obligated to withhold such delivery beyond that time as may be ordered by the court or

administrative agency unless the subpoena or request is quashed or the time to produce is otherwise extended.

7. Representations and Warranties and Certain Covenants.

a. Consultant Representations and Warranties and Covenants. In connection with this Agreement and any SOW, Consultant represents and warrants and covenants that:

- i. It is ready, willing and able to perform, and will perform, the Services in accordance with this Agreement and any SOW; and
- ii. Consultant understands the nature of the Services, and Consultant has determined that the Services are feasible of performance in accordance with the terms of this Agreement and any relevant SOW; and
- iii. Consultant is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Consultant has all requisite power and authority to execute and deliver this Agreement and any SOW and to perform its obligations hereunder and under any SOW; and
- iv. Consultant is not subject to any investigation by any federal, state or local governmental agency, including, but not limited to, the State of California or any political subdivision thereof; and
- v. The execution and delivery of this Agreement and any SOW and the consummation of the transactions contemplated hereby and in any SOW have been duly authorized by all requisite action on the part of Consultant. This Agreement and any SOW executed in connection herewith constitutes the legal, valid and binding agreement of Consultant, enforceable against Consultant in accordance with its terms (except insofar as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally, or by principles governing the availability of equitable remedies); and
- vi. The execution and delivery of this Agreement and any SOW and the consummation of the transactions contemplated hereby and under any SOW will not: (i) conflict with or result in any violation of any provision of the charter, bylaws, operating agreement or organizational document of Consultant, each as amended to date; or (ii) conflict with, result in any violation or breach of, constitute a default under, give rise to any right of termination or acceleration (with or without notice or the lapse of time or both) pursuant to, or result in being declared void or voidable, any term or provision of any note, bond, mortgage, indenture, lease, license, contract or other instrument to which Consultant is a party of or by which any of its properties or assets are or may be bound; or (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to Consultant; and
- vii. Consultant specifically disclaims any liability whatsoever resulting from Licensee's use of the Services.



viii. Disclaimer of Warranties. CONSULTANT MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE, EXCEPT THOSE EXPRESSLY SET FORTH IN THIS AGREEMENT OR ANY APPLICABLE SOW.

b. Licensee Representations and Warranties and Covenants. In connection with this Agreement, Licensee represents, warrants and covenants that:

i. Licensee is duly organized, validly existing and in good standing under the laws of the State of California. Licensee has all requisite corporate power and authority to execute and deliver this Agreement and any SOW and to perform its obligations hereunder and under any SOW; and

ii. The execution and delivery of this Agreement and any SOW and the consummation of the transactions contemplated herein and in any SOW, have been duly authorized by all requisite corporate action on the part of Licensee. This Agreement and any SOW executed in connection herewith constitutes the legal, valid and binding agreement of Licensee, enforceable against Licensee in accordance with its terms (except insofar as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally, or by principles governing the availability of equitable remedies); and

iii. The execution and delivery of this Agreement and any SOW and the consummation of the transactions contemplated hereby and in any SOW will not: (i) conflict with or result in any violation of any provision of the articles of organization or operating agreement of Licensee, each as amended to date; or (ii) conflict with, result in any violation or breach of, constitute a default under, give rise to any right of termination or acceleration (with or without notice or the lapse of time or both) pursuant to, or result in being declared void or voidable, any term or provision of any note, bond, mortgage, indenture, lease, license, contract or other instrument to which Licensee is a party or by which any of its properties or assets are or may be bound; or (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to Licensee; and

iv. Licensee will support and cooperate with Consultant in any manner reasonably necessary, appropriate or desirable in order to assist Consultant and facilitate Consultant's performance of the Services under any SOW. Licensee will provide Consultant access to Licensee's resources (including without limitation, data, infrastructure, personnel, etc.) reasonably necessary, appropriate or desirable in order to assist Consultant with the performance of the Services under any SOW.

8. Termination/Default/Remedies.

8.1 Events of Default. Notwithstanding any other provision of this Agreement, the occurrence of any of the following shall constitute an "Event of Default":

- a. Licensee fails to make payment when due for Services within five (5) days after a written demand therefor; or
- b. Either Party fails to perform any material obligation or covenant to the other under this Agreement, which is not cured to the reasonable satisfaction of the other Party (in its reasonable discretion) within ten (10) days after the date that such Party receives written notice that such obligation or covenant has not been performed; or
- c. Either Party (or, if applicable, any Affiliate of such Party) breaches any material representation or material warranty made or repeated or deemed to have been made or repeated by the Party, or any warranty or representation proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated under this Agreement; provided, however, that if such breach is curable, such breach is not cured to the reasonable satisfaction of the other Party within ten (10) days after the date that such Party receives notice that corrective action is needed; or
- d. Either Party becomes Bankrupt; or
- e. Licensee sells, leases, subleases, transfers or otherwise disposes of, in one transaction or a series of related transactions, all or a material portion of its licenses related to cultivation or other commercial activities for cannabis, hemp, or other high value agricultural products; or
- f. Licensee is in default with respect to any other agreement between Licensee and Licensor, including, but not limited to, Cultivation Facility Lease and/or Intellectual Property Licensing Agreement.

#### 8.2 Remedies Upon Event of Default.

- a. Notwithstanding any other provision of this Agreement, if any Event of Default with respect to Consultant, on the one hand, or Licensee, on the other hand (such defaulting Party, the “**Defaulting Party**”) has occurred and is continuing, Consultant (where the Licensee is the Defaulting Party) or Licensee (where Consultant is the Defaulting Party) (such non-defaulting Party, the “**Non-Defaulting Party**”) may, without notice, (i) declare all of the Defaulting Party’s obligations under this Agreement to be forthwith due and payable, all without presentment, demand, protest or further notice of any kind, all of which are expressly waived by the Defaulting Party, exercise any rights and remedies provided or available to the Non-Defaulting Party under this Agreement or at law or equity, including all remedies provided under the Uniform Commercial Code.
- b. Notwithstanding any other provision of this Agreement, if an Event of Default has occurred and is continuing with respect to the Defaulting Party, the Non-Defaulting Party shall have the right, immediately and at any time(s) thereafter, to terminate this Agreement.



8.3 Defaulting Party Not Excused. A party whose actions and/or omissions give rise to an Event of Default cannot use the occurrence of the Event of Default as grounds for excusing its obligations, terminating this Agreement, or otherwise reducing its liability to the Non-Defaulting Party.

8.4 Term of Agreement and Renewal Terms. The term of this Agreement shall begin on the Effective Date and shall terminate one-year thereafter unless terminated in accordance with the terms of this Agreement ("Term"). The Agreement shall automatically renew for consecutive one (1) year terms (each, when effective, a "Term"), so long as Licensee is current on payments due to Consultant, unless either Party delivers written notice to the other not less than thirty (30) days before the expiration of the then-current Term stating its intention not to renew the Agreement.

8.5. Survival. The following provisions will survive termination or expiration of this Agreement: Section 6, Section 10, Section 11.

9. Insurance. Each party shall maintain general liability insurance, and each party agrees to obtain and maintain, during the term of this Agreement, insurance against risks that include, without limitation, worker's compensation in accordance with state statutory requirements, general liability and injuries to persons and property, on its employees and personnel and in regard to any and all functions, duties, services and obligations which it has under the terms of this Agreement.

10. Indemnification. Each party will indemnify and defend the other party and that party's officers, directors, employees, successors and assigns (the "Indemnified Parties") from and against all third-party claims and liabilities resulting from, arising out of, or relating to: (i) any breach by that party of any of its obligations or representations hereunder, or (ii) injury or death, or damage to any property caused by or arising from the errors, acts or omissions of that party. Indemnification hereunder shall be subject to the Indemnified Party promptly giving the indemnifying party notice of a claim for indemnification and providing assistance as reasonably requested by the indemnifying party.

11. Dispute Resolution.

a. Governing Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in such state without giving effect to the choice of law principles of such state that would require or permit the application of the laws of another jurisdiction. Any dispute regarding this Agreement shall be resolved in the County of Los Angeles, State of California without exception.

b. Mediation. The Parties agree first to mediate any dispute or claim arising between them out of this Agreement before resorting to arbitration. The Parties shall mutually agree upon a mediator. If the Parties cannot mutually agree upon a mediator, the matter shall be submitted to Judicial Arbitration and Mediation Service (JAMS) for mediation. Mediation fees, if any, shall be divided equally among the Parties involved. Each Party shall bear their own

attorney fees incurred in connection with the preparation for or attendance at the Mediation. Refusal to mediate by any Party shall make such Party responsible for all of the attorney fees and costs of the other Party or Parties in any legal action, notwithstanding which Party is the prevailing party.

c. Arbitration. In the event of a dispute related to or arising from the terms of this Agreement, which cannot first be resolved through mediation, such dispute shall be resolved through binding arbitration before a single arbitrator mutually chosen by the Parties from JAMS located in Los Angeles County, California. The cost of the arbitration proceeding and any proceeding in court to confirm or to vacate any arbitration award, or any other court action as applicable, including, without limitation, reasonable attorneys' fees and costs, shall be borne by the unsuccessful party, as determined by the arbitrator, and shall be awarded as part of the arbitrator's award. It is specifically understood and agreed that any party may enforce any award rendered pursuant to the arbitration provisions of this Section by bringing suit in any court of competent jurisdiction. This agreement to arbitrate shall be specifically enforceable. The parties agree that the arbitrator shall have authority to grant injunctive or other forms of equitable relief to any party. This section shall survive the termination or cancellation of this Agreement. Each Party shall pay its own proportionate share of arbitrator fees and expenses. The arbitrator[s] shall be entitled to award the foregoing arbitration and administrative fees and expenses as damages in his/her discretion. If a party fails to submit the fees specified by JAMS, such party may not participate or continue to participate in the arbitration proceedings. The arbitrator shall deem such party in default as if such party were in default in a court of law. Default judgment may be entered against such party.

12. Additional Terms.

a. Notice. Any notices required or permitted under the Agreement shall be in writing and shall be deemed to have been given: (i) on the date of delivery, if personally delivered to the Party to whom notice is to be given; (ii) one (1) business day after mailing, if sent via overnight mail by a nationally recognized overnight delivery service, or if sent via email to the email address provided by a party hereunder to the other for purposes of notice under this Agreement, or if sent by facsimile to a party at the facsimile number provided by the party, or (iii) two (2) business days after mailing, if mailed to the party to whom notice is to be given, by registered or certified mail, return receipt requested, postage prepaid, and addressed to the address provided below:

If to Consultant: 1055 West Georgia Street, Suite 1500  
Vancouver, British Columbia V6E 4N7, Canada

If to Licensee: 988 Stearns Drive, #3  
Los Angeles, CA 90048

b. Authority. Each person signing this Agreement in a representative capacity represents and warrants that he/she has been authorized by and on behalf of such person's respective principal or principals to execute and deliver this Agreement.



c. Amendments. No amendment, modification, waiver or discharge of this Agreement will be valid, unless it is in writing and signed by the party against which the enforcement of the modification, waiver, or discharge is or may be sought.

d. No Waiver. No act, delay or omission by any party shall be deemed a waiver of any right, power, or remedy of such party unless such waiver is in writing, and then only to the extent set forth therein. All remedies, either under this Agreement or by law or otherwise afforded to a party, shall be cumulative and not alternative. No waiver of any provision, right or remedy under this Agreement on any one occasion shall constitute a waiver of any other provision, right or remedy on said occasion or the same or any other provision, right or remedy on any other occasion.

e. Entire Agreement. The Agreement contains the entire agreement between the parties regarding the subject matter of the Agreement, and the Agreement expressly supersedes all previous or contemporaneous agreements, understandings, representations or statements between the parties regarding those matters. It is mutually agreed and understood that there are no terms, conditions, covenants and/or warranties, either expressed and/or implied, other than those set forth in this Agreement.

f. Severability. If any of the provisions of this Agreement shall contravene the laws of any country, it is agreed that such invalidity or illegality shall not invalidate this Agreement, but instead this Agreement shall be construed as if it did not contain the provision(s) claimed or held to be invalid or illegal in the particular jurisdiction concerned, insofar as such construction does not materially affect the substance of this Agreement, and the rights and obligations of the parties hereto shall be construed and enforced accordingly. In the event, however, that such claimed invalidity or illegality shall substantially alter the relationship between the parties hereto, materially affecting adversely the interest of either party in such jurisdiction, then the parties hereto shall negotiate an alternative provision not conflicting with such laws so as to maintain, to the degree reasonably possible, the business and economic benefits and liabilities as initially set forth herein. If such invalidity or illegality is such that it is not possible to reasonably restore the business and economic benefits and liabilities of the parties, then the party whose interests are adversely affected shall have the right to terminate only that portion of this Agreement that is materially impacted by such invalidity or illegality.

g. No Third-Party Rights. Nothing in the Agreement, express or implied, is intended to confer any rights or remedies under or by reason of this Agreement upon any person, other than the Parties and their respective successors and assigns.

h. Headings. The Section headings set forth in this Agreement are for convenience only and do not convey any substantive meaning or effect. Section headings shall not be used in interpreting any portion of this Agreement.

i. Neutral Interpretation. This Agreement constitutes the product of the negotiation of the parties hereto and in the enforcement hereof shall be interpreted in a neutral

manner, and not more strongly for or against any party based on the source of the draftsmanship hereof.

j. Electronic Signature. The exchange of copies of this Agreement and of signature pages by facsimile or similar electronic transmission shall constitute effective execution and delivery of this Agreement as to the parties hereto, and such facsimile or electronic signatures on such counterparts are deemed originals for all purposes.

k. Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart shall be deemed to be an original and all of which shall constitute but one and the same agreement.

l. Singular & Plural. All references in this Agreement to the singular shall include the plural where applicable, and all references to gender shall include both genders and the neuter.

m. Binding Upon Successors. The terms of this Agreement shall be binding upon the direct or indirect successors or assigns of the parties.

n. No Assignment. This Agreement, and the rights provided herein, may not be assigned by Licensee without the prior written consent of the Consultant.

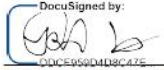
(SIGNATURES ON NEXT PAGE)



IN WITNESS WHEREOF, the Parties have caused this Services Agreement to be executed by their duly authorized representatives as of the Effective Date.

**CONSULTANT:**

**WEST PENDER MANAGEMENT CO.**

By:   
Richard Wong, Chief Financial Officer

**LICENSEE:**

**PHARMHAUS (CALIFORNIA) LLC**

By:   
Hans Karl Dubec, Manager

## **EXHIBIT A**

### **Statement of Work No. 1 – General Services**

PharmHaus (California) LLC, a California limited liability company (“**Licensee**”) hereby requests from West Pender Management Co., a Nevada corporation (“**Consultant**”) the services described below for Licensee’s facility located at TBD. The parties acknowledge that Consultant will not participate in any manner in the actual cultivation, retail sale or wholesale of any cannabis or cannabis infused products of the Licensee.

The fee for providing the Services shall be one million eight hundred thousand dollars (\$1,800,000) per year. The services to be provided are as follows (“**Services**”):

1. Public Relations and Media Management:

- Marketing and advertising programs
- General media consulting as deemed necessary

2. Accounting and Financial Services:

- General accounting and financial statement preparation and reporting
- Installation and maintenance of general ledger and accounting systems
- Implementation maintenance of internal controls over financial reporting and asset safeguards
- Accounts receivable processing
- Cash collection processing
- Accounts payable processing
- State and municipal sales tax preparation and filing
- State and Federal income tax preparation
- Seed to Sale tracking
- ERP integration



3. Operations Management:

- Procurement, placement and equipment servicing
- Security planning, implementation and maintenance
- Employee training

4. Compliance Services:

- State, county and municipality regulatory compliance monitoring
- Report preparation and filings to federal, state, county and municipal departments

**PharmHaus (California) LLC**

By:    
Hans Karl Dubec, Manager



## **Agreement Between Owner and Consultant** without a Predefined Scope of Consultant's Services

**AGREEMENT** made as of the 30<sup>th</sup> day of November in the year 2018.

**BETWEEN** the Owner:

Canivate Growing Systems Ltd.  
#500-1112 West Pender Street  
Vancouver, BC, Canada  
V6E 2S1

and the Consultant:

FabriTec Structures, LLC  
1011 Regal Row  
Dallas, TX 75247  
USA

Consultant's discipline:

Pre-Construction Services for the proposed Canivate Growing Systems Ltd. ETFE Building  
Structure + Envelope Design & Construction.

for the following Project:

Canivate Perris  
Perris, CA  
USA

Project: CG-18-CA001

Contract: CG-18-CA001-CI201



The Owner and Consultant agree as follows:

#### TABLE OF ARTICLES

1	INITIAL INFORMATION
2	CONSULTANT'S RESPONSIBILITIES
3	ADDITIONAL SERVICES
4	OWNER'S RESPONSIBILITIES
5	COPYRIGHTS AND LICENSES
6	CLAIMS AND DISPUTES
7	TERMINATION OR SUSPENSION
8	COMPENSATION
9	MISCELLANEOUS PROVISIONS
10	SPECIAL TERMS AND CONDITIONS
11	SCOPE OF THE AGREEMENT

#### ARTICLE 1 INITIAL INFORMATION

1.1 This Agreement is based on the Initial Information set forth in this Article 1:

- .1 Canivate RFP Dated 11 October 2018
- .2 Pfeifer FabriTec Response "Pre-Construction Services Agreement (PCSA) - Rev. 2" dated Oct 31, 2018
- .3 Pfeifer FabriTec, working in conjunction with Canivate and their design team, is to provide engineering and commercial related-services to assist in the development of the preliminary concept design.

1.2 Unless otherwise specifically defined in this Agreement, terms in this Agreement shall have the same meaning as those used by architectural industry standards.

1.3 The Owner's anticipated design and construction schedule:

- .1 Design phase milestones:

Duration for Phase 1 Proof of concept design evaluation	5 to 7 weeks to 20 Dec 2018
Concept Budget and schedule submission	21 Dec 2018
Preliminary GMP submission	11 Feb 2019
80% GMP submission	TBC
100% Costing	TBC
- .2 Date for commencement of construction: TBC
- .3 Substantial Completion date: TBC
- .4 Other milestone dates:

Proof of concept charette, decisions and direction with FabriTec, Tensys, Westar, Canivate etc. in Dallas, TX. November 27, 2018 to November 30, 2018.

1.4 The Owner and Consultant may rely on the Initial Information. Both parties, however, recognize that the Initial Information may materially change and, in that event, the Owner and the Consultant shall appropriately adjust the schedule, the Consultant's services, and the Consultant's compensation.

## **ARTICLE 2 CONSULTANT'S RESPONSIBILITIES**

2.1 The Consultant shall provide the following professional services:

Pre-Construction Services for the proposed Canivate Growing Systems Ltd ETFE Building Structure + Envelope Design & Construction.

Inclusion of preliminary engineering of main structure above grade by Tensys.

2.2 The Consultant shall perform its services consistent with the professional skill and care ordinarily provided by professionals in the same discipline practicing in the same or similar locality under the same or similar circumstances. The Consultant shall perform its services based upon monthly agreed Schedule consistent with such professional skill and care and the orderly progress of the Project.

2.3 The Consultant identifies the following representative who is authorized to act on behalf of the Consultant with respect to the Project.

Garry Becker, President FabriTec Structures, LLC

2.4 If required in the jurisdiction where the Project is located, the Consultant shall be licensed to perform the services described in this Agreement, or shall cause such services to be performed by appropriately licensed professionals.

2.5 The Consultant shall coordinate its services with those services provided by the Owner and the Owner's other consultants. The Consultant may communicate with the Owner's other consultants for the purposes of performing its services on the Project. The Consultant shall keep the Owner reasonably informed of any such communications. The Consultant shall be entitled to rely on the accuracy and completeness of services and information furnished by the Owner and the Owner's other consultants. The Consultant shall provide prompt written notice to the Owner if the Consultant becomes aware of any error, omission, or inconsistency in such services or information.

2.6 The Consultant shall keep the Owner reasonably informed of the progress of the Consultant's services.

2.7 **Insurance.** The Consultant shall maintain all required typical liability insurances at Consultant's expense.

2.7.1 Professional Liability covering the negligent acts, errors and omissions in the performance of professional services with policy limits of not less than \$2 million USD per claim and \$2 million USD in the aggregate.

2.7.2 The Owner shall be an additional insured on the Consultant's primary and excess insurance policies for Commercial General Liability and Automobile Liability. The additional insured coverage shall be primary and non-contributory to any of the Owner's insurance policies. The additional insured coverage shall apply to both ongoing operations and completed operations.

2.7.3 The Consultant shall provide to the Owner certificates of insurance evidencing compliance with the requirements in this Section 2.7.

**2.8 Time.** The Consultant shall provide its services within the time limits established in the Consultant's Schedule, or within the Deliverable(s) Time Limit(s) set forth below. The Consultant shall immediately inform the Owner of any circumstances which may cause a delay.

**2.8.1 Consultant's Schedule:** As soon as practicable after the date of this Agreement, the Consultant shall submit, for the Owner's approval, a schedule for the performance of the Consultant's Services based on Owner's Schedule. If relevant to the Consultant's Services, the schedule initially shall include anticipated dates for design phase milestones, commencement of construction, and for Substantial Completion of the Work as set forth in the Initial Information. The schedule shall include allowances for periods of time required for the Owner's review, for the performance of the Owner's Consultants, and for approval of submissions by authorities having jurisdiction over the Project. Once approved by the Owner, time limits established by the schedule shall not, except for reasonable cause, be exceeded by the Consultant or Owner.

### **ARTICLE 3     ADDITIONAL SERVICES**

**3.1** Additional Services may be provided after execution of this Agreement without invalidating the Agreement.

**3.2** The Consultant shall promptly notify the Owner upon recognizing the need to perform Additional Services. The Consultant, however, shall not proceed to provide such services until the Consultant receives the Owner's written authorization. Except for services due to the fault of the Consultant, any Additional Services provided in accordance with this Section 3.2 shall entitle the Consultant to compensation pursuant to Section 8.2.

### **ARTICLE 4     OWNER'S RESPONSIBILITIES**

**4.1** Unless otherwise provided for under this Agreement, the Owner shall provide information in a timely manner regarding requirements for and limitations on the Project. Within 15 days after receipt of a written request from the Consultant, the Owner shall furnish the requested information as necessary and relevant for the Consultant to evaluate, give notice of, or enforce lien rights.

**4.2** The Owner identifies the following representative who is authorized to act on the Owner's behalf with respect to the Project.

Troy McClellan, VP, Canivate Growing Systems

**4.3** The Owner shall render decisions and approve the Consultant's submittals, if any, in a timely manner in order to avoid unreasonable delay in the orderly and sequential progress of the Consultant's services.

**4.4** The Owner shall coordinate the services of its other consultants with those services provided by the Consultant. The Owner shall provide the Consultant with a list of other consultants on the Project whose services relate to the Consultant's services. The Owner shall also, upon written request, furnish the Consultant with copies of the scope of services in contracts between the Owner and such other consultants. The Owner shall require that its other consultants maintain professional liability insurance as appropriate to the services provided.

**4.5** The Owner shall furnish the services of Consultants other than those designated in this Agreement, or authorize the Consultant to furnish them as an Additional Service, when the Consultant requests such services and demonstrates that they are reasonably required for the Consultant to be able to perform its services.

**4.6** The Owner shall provide prompt written notice to the Consultant if the Owner becomes aware of any fault or defect in the Project, including errors, omissions, or inconsistencies in the Consultant's Services.



## ARTICLE 5 COPYRIGHTS AND LICENSES

5.1 Instruments of Service are representations, in any medium of expression now known or later developed, of the tangible and intangible creative work performed by the Consultant and the Consultant's sub consultants under their respective professional services agreements. Instruments of Service may include, without limitation, studies, surveys, models, sketches, drawings, specifications, communications and other similar materials in digital or physical form.

5.2 The Consultant and the Owner warrant that in transmitting Instruments of Service, or any other information, the objective is for the Owner to be the copyright owner of such information subject to the terms of Article 8.7. Consultant must receive written permission prior to transmitting such information to any other parties. If the Owner and Consultant intend to transmit Instruments of Service or any other information or documentation in digital form, they shall endeavor to establish necessary protocols governing such transmissions or comply with protocols established for the Project, if any.

5.3 The Consultant and the Consultant's sub consultants shall be deemed the authors, not owners, of their respective Instruments of Service. Submission or distribution of Instruments of Service to meet official regulatory requirements or for similar purposes in connection with the Project can only be made upon prior Owner direction and approval.

5.4 Upon execution of this Agreement, the Consultant grants to the Owner exclusive ownership and license to use the Consultant's Instruments of Service solely and exclusively for purposes of designing, constructing, using, maintaining, altering and adding to the Project, provided that the Owner substantially performs its obligations, including prompt payment of all sums when due, under this Agreement. The Consultant shall obtain similar exclusive licenses from its sub consultants consistent with this Agreement. The license granted under this section permits the Owner to authorize the Owner's Consultants and contractors to reproduce applicable portions of the Instruments of Service solely and exclusively for the purposes of designing, constructing, using, maintaining, altering and adding to the Project. The Owner agrees that the Instruments of Service will remain the property of the Consultant but will be held in trust for the benefit of the Consultant, until Consultant completes the first design/build facility, occupancy permit is issued and final payment is made. Immediately thereafter, the Consultant shall transfer to the Owner exclusive ownership of all patent rights and other intellectual property including any or all of the particular embodiments of the Instruments of Service, and herewith waives all title, rights and interest therein, subject to the terms of Article 8.7. If the Consultant rightfully terminates this Agreement for cause as provided in Section 7.4, the license granted in this Section 5.4 shall remain the exclusive property of Consultant.

5.4.1 In the event the Owner rightfully uses the Instruments of Service without retaining and consulting with the author of the Instruments of Service, the Owner releases the Consultant and the Consultant's sub consultants from any and all claims and causes of action arising from such uses. The Owner, to the extent permitted by law, further agrees to indemnify and hold harmless the Consultant and its sub consultants from all costs and expenses, including the cost of defense, related to claims and causes of action asserted by any third person or entity to the extent such costs and expenses arise from the Owner's use of the Instruments of Service under this Section 5.4.1.

5.5 Except for the licenses granted in this Article 5, no other license or right shall be deemed granted or implied under this Agreement. The Owner shall not assign, delegate, sublicense, pledge, or otherwise transfer any license granted herein to another party without the prior written agreement of the Consultant. Any unauthorized use of the Instruments of Service shall be at the Owner's sole risk and without liability to the Consultant and the Consultant's sub consultants.

5.6 Consultant hereby grants to Owner the exclusive right, license and authority, but not the obligation, to use and display Consultant's approved name, logo, photographs, biography, or other simulations thereof (but not including photographs or likenesses utilizing the appearance of Consultant "Publicity Rights"), in publications and channels and means of distribution as Owner may determine at any time, anywhere, in connection with the Project and the business of the Owner. In addition, Consultant grants to Owner the

right to publicize Consultant's association with the Owner and the Project and to advertise and promote Consultant's position, including endorsements by Consultant of Owner and its business and the Project. Upon Owner's request, Consultant shall provide additional information to Owner in furtherance of this Section in a timely manner.

## **ARTICLE 6 CLAIMS AND DISPUTES**

### **6.1 General**

**6.1.1** The Owner and Consultant shall commence all claims and causes of action, whether in contract, tort, or otherwise, against the other arising out of or related to this Agreement in accordance with the requirements of the method of binding dispute resolution selected in this Agreement within the period specified by applicable British Columbia law, but in any case not more than 6 years after the date the Project is sufficiently complete so that the Owner can utilize it for its intended use. The Owner and Consultant waive all claims and causes of action not commenced in accordance with this Section 6.1.1.

**6.1.2** To the extent damages are covered by property insurance, the Owner and Consultant waive all rights against each other and against the contractors, consultants, agents, and employees of the other for damages, except such rights as they may have to the proceeds of such insurance. The Owner or the Consultant, as appropriate, shall require of the contractors, consultants, agents, and employees of any of them, similar waivers in favor of the other parties enumerated herein.

**6.1.3** The Consultant and Owner waive consequential damages for claims, disputes, or other matters in question arising out of or relating to this Agreement. This mutual waiver is applicable, without limitation, to all consequential damages due to either party's termination of this Agreement, except as specifically provided in Section 7.7.

### **6.2 Mediation**

**6.2.1** Any claim, dispute, or other matter in question arising out of or related to this Agreement shall be subject to mediation as a condition precedent to binding dispute resolution. If such matter relates to or is the subject of a lien arising out of the Consultant's services, the Consultant may proceed in accordance with applicable law to comply with the lien notice or filing deadlines prior to resolution of the matter by mediation or by binding dispute resolution.

**6.2.2** The Owner and Consultant shall endeavor to resolve claims, disputes, and other matters in question between them by mediation which, unless the parties mutually agree otherwise, shall be administered by the international arm of the American Arbitration Association, the International Centre for Dispute Resolution with its Canadian Arbitration Rules in accordance with relevant Industry Mediation Procedures in effect on the date of the Agreement. A request for mediation shall be made in writing, delivered to the other party to the Agreement, and filed with the person or entity administering the mediation. The request may be made concurrently with the filing of a complaint or other appropriate demand for binding dispute resolution but, in such event, mediation shall proceed in advance of binding dispute resolution proceedings, which shall be stayed pending mediation for a period of 60 days from the date of filing, unless stayed for a longer period by agreement of the parties or court order. If an arbitration proceeding is stayed pursuant to this Section, the parties may nonetheless proceed to the selection of the arbitrator(s) and agree upon a schedule for later proceedings.

**6.2.3** The parties shall share the mediator's fee and any filing fees equally. The mediation shall be held where the Owner is located, unless another location is mutually agreed upon. Agreements reached in mediation shall be enforceable as settlement agreements in any court having jurisdiction thereof.

**6.2.4** If the parties do not resolve a dispute through mediation pursuant to this Section 6.2, the method of binding dispute resolution shall be Arbitration pursuant to Section 6.3 of this Agreement.

**6.3 Arbitration.** Any dispute, difference or question, which may arise at any time hereinafter between Consultant and Owner shall be referred to and settled by binding arbitration under the International

Chamber of Commerce Arbitration Rules. No arbitration shall be commenced until the aggrieved party shall send to the other party a written notice describing the problem and stating a proposed solution ("Settlement Notice"). For Thirty (30) days after the sending of the Settlement Notice, the parties shall try to settle the dispute in good faith. During this Thirty (30) day settlement period, each party shall send to the other an additional written notice with further proposal for resolving the dispute and responding in detail to the last proposal of the other party. The contents of the Settlement Notice and of all discussions and writings during the thirty (30) day settlement period shall be without prejudice and shall be privileged as settlement discussions and may not be used in any legal proceedings or arbitration. The place of arbitration shall be British Columbia, Canada or via telephone conference. One impartial arbitrator shall be appointed. Judgment on the Arbitral award may be entered in any court having jurisdiction. The parties hereby waive all defenses as to personal jurisdiction, venue and sovereign immunity from attachment, exception and jurisdiction in any proceeding to confirm or enforce the award. The prevailing party in any proceeding brought under the section shall be paid its full costs and attorneys' fees by the other party. The laws of the Province of British Columbia, Canada shall govern all issues during the arbitration. The decision of the Arbitrator shall be final and binding on the parties herein.

#### **ARTICLE 7    TERMINATION OR SUSPENSION**

7.1 If the Owner fails to make payments to the Consultant in accordance with this Agreement, such failure shall be considered substantial nonperformance and cause for termination or, at the Consultant's option, cause for suspension of performance of services under this Agreement. If the Consultant elects to suspend services, the Consultant shall give seven days' written notice to the Owner before suspending services. In the event of a suspension of services, the Consultant shall have no liability to the Owner for delay or damage caused the Owner because of such suspension of services. Before resuming services, the Consultant shall be paid all sums due prior to suspension and any expenses incurred in the interruption and resumption of the Consultant's services. The Consultant's fees for the remaining services and the time schedules shall be equitably adjusted.

7.2 If the Owner suspends the Project or the Consultant's services, the Consultant shall be compensated for services performed prior to notice of such suspension. When the Project or the Consultant's services are resumed, the Consultant shall be compensated for expenses incurred in the interruption and resumption of the Consultant's services. The Consultant's fees for the remaining services and the time schedules shall be equitably adjusted.

7.3 If the Owner suspends the Project or the Consultant's services for more than 90 cumulative days for reasons other than the fault of the Consultant, the Consultant may terminate this Agreement by giving not less than seven days' written notice.

7.4 Either party may terminate this Agreement upon not less than seven days' written notice should the other party fail substantially to perform in accordance with the terms of this Agreement through no fault of the party initiating the termination.

7.5 The Owner may terminate this Agreement upon not less than seven days' written notice to the Consultant for cause.

7.6 In the event of termination not the fault of the Consultant, the Consultant shall be compensated for services performed prior to termination, together with Reimbursable Expenses then due and all Termination Expenses as defined in Section 7.7.

7.7 Termination Expenses are in addition to compensation for the Consultant's services and include expenses directly attributable to termination for which the Consultant is not otherwise compensated, plus an amount for the Consultant's anticipated profit on the value of the services not performed by the Consultant.



7.8 The Owner's rights to use the Consultant's Instruments of Service in the event of a termination of this Agreement are set forth in Article 5 and Section 8.7.

#### **ARTICLE 8 COMPENSATION**

8.1 The Owner shall compensate the Consultant for services described in Article 2 as follows:

Total amount for this contract: US\$ 106,300

To be paid as follows:

25% Retainer due at time of Order. \$26,575 USD

25% Upon Completion of 3-day Workshop. \$26,575 USD

25% Upon Completion of Step 2 – Design Scheme Evaluation. \$26,575 USD

Final Payment due, net 30 days, Upon Completion of Project Budget & Schedule. \$26,575 USD

8.2 The Owner shall compensate the Consultant for Additional Services that may arise during the course of the Project as follows:

Rates or amounts to be agreed prior to providing additional Services.

8.3 The hourly billing rates for services of the Consultant and the Consultant's sub consultants, if any, are set forth below. The rates shall be adjusted in accordance with the Consultant's and Consultant's sub consultants' normal review practices.

Rates or amount to be agreed prior to providing additional Services.

8.4 Unless otherwise agreed, payments for services shall be made monthly in proportion to services performed. Payments are due and payable upon presentation of the Consultant's invoice. Amounts unpaid forty five (45) days after the invoice date shall bear interest at the rate entered below, or in the absence thereof at the legal rate prevailing from time to time at the principal place of business of the Consultant. One half percent (0.5%) per month, six percent (6.0%) annually.

8.5 The Owner shall not withhold amounts from the Consultant's compensation to impose a penalty or liquidated damages on the Consultant, or to offset sums requested by or paid to contractors for the cost of changes in the Work unless the Consultant agrees or has been found liable for the amounts in a binding dispute resolution proceeding.

#### **8.6 Reimbursable Expenses**

8.6.1 Reimbursable Expenses are in addition to compensation for the Consultant's professional services and include expenses incurred by the Consultant directly related to the Project, as follows:

- .1 Transportation and authorized out-of-town travel and subsistence;
- .2 Long distance services, dedicated data and communication services, teleconferences, Project Web sites, and extranets;
- .3 Fees paid for securing approval of authorities having jurisdiction over the Project;
- .4 Printing, reproductions, plots, standard form documents provided to the Client;
- .5 Postage, handling and delivery;
- .6 Expense of overtime work requiring higher than regular rates, if authorized in advance by the Owner;

.7 Consultant's sub-consultants' expense of professional liability insurance dedicated exclusively to this Project, or the expense of additional insurance coverage or limits if the Owner requests such insurance in excess of that normally carried by the Consultant's sub consultants;

.8 All taxes levied on professional services and on reimbursable expenses;

.9 Other similar Project-related expenditures, if authorized in advance by the Owner.

8.6.2 For Reimbursable Expenses the compensation shall be the expenses incurred by the Consultant and submitted to the Client and paid with the standard invoicing timing.

8.6.3 Records of Reimbursable Expenses and services performed on the basis of hourly rates shall be available to the Owner and submitted to the Client and paid with the standard invoicing timing.

**8.7 Compensation for Use of Consultant's Instruments of Service**

If the Owner terminates the Consultant under Section 7.5, or the Consultant terminates this Agreement under Section 7.3, the Owner shall pay an agreed upon equitable licensing fee as compensation for the Owner's continued use of the Consultant's Instruments of Service solely for purposes of completing, using and maintaining the Project.

**ARTICLE 9 MISCELLANEOUS PROVISIONS**

9.1 This Agreement shall be governed by the laws of British Columbia, Canada, except that if the parties have selected arbitration as the method of binding dispute resolution, the International Chamber of Commerce Arbitration Rules shall govern Section 6.3.

9.2 The Owner and Consultant, respectively, bind themselves, their agents, successors, assigns and legal representatives to this Agreement. Neither the Owner nor the Consultant shall assign this Agreement without the written consent of the other, except that the Owner may assign this Agreement to a lender providing financing for the Project if the lender agrees to assume the Owner's rights and obligations under this Agreement.

9.3 If the Owner requests the Consultant to execute certificates, the proposed language of such certificates shall be submitted to the Consultant for review at least 14 days prior to the requested dates of execution. If the Owner requests the Consultant to execute consents reasonably required to facilitate assignment to a lender, the Consultant shall execute all such consents that are consistent with this Agreement, provided the proposed consent is submitted to the Consultant for review at least 14 days prior to execution. The Consultant shall not be required to execute certificates or consents that would require knowledge, services, or responsibilities beyond the scope of this Agreement.

9.4 Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either the Owner or Consultant.

9.5 Unless otherwise required in this Agreement, the Consultant shall have no responsibility for the discovery, presence, handling, removal or disposal of, or exposure of persons to, hazardous materials or toxic substances in any form at the Project site.

9.6 For the purposes of this Agreement, "Confidential Information" means information, knowhow and data (which may be oral, written, graphic, demonstrative, machine recognizable or otherwise) disclosed to the Consultant or developed by the Consultant pursuant to this Agreement, including without limitation the research, products, technology, ideas, inventions, methods, formulas, algorithms, computer programs, processes, designs, compositions, photographs, plans, product concepts, specifications, samples, reports, laboratory notebooks, services, , business operations and systems, marketing techniques and pricing policies, financial information, information concerning employees, customers, licensors, licensees and/or vendors of the Owner, all Owner Inventions (as defined in Section 9.1), any information that the

Owner may from time to time designate as being confidential information, and any Third Party Information. "Third Party Information" means any Confidential Information (including those types of information enumerated in the definition of Confidential Information) owned by a third party and disclosed to the Consultant by the Owner or pursuant to performance of the services. "Confidential Business Information" means strategies and business plans relating specifically to the future development of the Business of the Owner. Confidential Information and Confidential Business Information will not mean information, know how or data which:

- (a) was legally known to or in the possession of the Consultant as evidenced by written records at the time of disclosure to the Consultant by the disclosing party;
- (b) is or has become part of the public domain through no fault of the Consultant; or
- (c) has been disclosed to the Consultant by a third party without breaching any contractual, confidential, statutory or common law obligation to the Owner.

9.6.1 The Consultant hereby certifies that the Consultant has not brought and will not bring to the Owner or use while performing the Services for the Owner or incorporate into any Owner Invention any Confidential Information of a former or existing employer, client or third-party. The Consultant understands that while consulting for the Owner, the Consultant is not to breach any obligation of confidence or duty that the Consultant may have to any third parties and the Consultant agrees that it will observe all such obligations during its retainer or consulting with the Owner.

9.6.2 With respect to Confidential Information that might be disclosed to the Consultant pursuant to the Services, the Consultant acknowledges and agrees as follows:

- (a) that all Confidential Information received by the Consultant is proprietary to the Owner, or the third party in the case of the Third Party Information, has been designed, developed, accumulated at great expense and over lengthy periods, and is secret and constitutes the exclusive property of the Owner, or the third party in the case of Third Party Information; and
- (b) that, during the Term of this Agreement and for a period of two years thereafter with respect Confidential Information and three years thereafter with respect to Confidential Business information:
  - (i) the Consultant will hold and keep all Confidential Information and Confidential Business Information in the strictest confidence, and will not remove without approval any work product owned by the Owner or Confidential Information from the place of business of the Owner, and will not retain any such products or information in the Consultant's sole possession unless expressly permitted by the Owner in writing;
  - (ii) except as specifically authorized in writing by the Owner, the Consultant will not, directly or indirectly, (unless required to do so by applicable law), use, disseminate, disclose, lecture upon, publish, make copies of or otherwise summarize the Confidential Information or Confidential Business Information; and
  - (iii) the Consultant will ensure that all Confidential Information and Confidential Business Information, and copies thereof, are clearly marked or otherwise identified as confidential and proprietary to the Owner, and that all Confidential Information and Confidential Business Information and all copies thereof are stored in a secure location while in the Consultant's possession, control, charge or custody;



9.6.3 For the purpose of this Agreement, "Owner Inventions" means any discoveries, concepts, inventions, improvements, ideas and developments, whether or not they may be patented, copyrighted or otherwise protected, including without limitation processes, methods, formulas, procedures, and techniques (including without limitation improvements and modifications thereto) developed or conceived by the Consultant, whether alone or jointly with others, relating to the Services.

9.6.4 With respect to Owner Inventions conceived, developed or worked on by the Consultant, the Consultant agrees as follows:

- (a) Except as otherwise specifically provided by written agreement between the Owner and the Consultant, such agreement not to be unreasonably withheld by the Owner, the Owner is the exclusive owner of any Owner Invention made, conceived, developed or worked upon by the Consultant, during or after the Term, including all intellectual property rights in and to such Owner Inventions;
- (b) The Consultant hereby assigns to the Owner all right, title and interest throughout the world that the Consultant may have in any Owner Inventions, including without limitation, all copyrights, patent rights, trade-marks, trade names, industrial designs, trade secrets and other intellectual property rights in and to each Owner Invention, effective at the time each is created;
- (c) The Consultant hereby waives the Consultant's moral rights in each Owner Invention, including, without limitation, the right to the integrity of the Owner Invention, the right to be associated with the Owner Invention, the right to restrain or claim damages for any distortion, mutilation or other modification of the Owner Invention, and the right to restrain the use or reproduction of the Owner Invention in any context and in connection with any product, service, cause or institution, effective at the time the particular Owner Invention is created.
- (d) The Consultant will fully and promptly disclose and deliver to the Owner all Owner Inventions, together with any documentation and materials that relate thereto and any explanations that may be necessary in connection with any registrations that may be made to obtain copyright, patent, trade-mark, trade name, industrial design or other protection relating to the Owner Inventions;
- (e) To the extent a formal transfer or assignment of any rights of the Consultant in any Owner Invention is required, or the consent of the Consultant to the registration of any right in any Owner Invention is required, the Consultant will execute and deliver **or, as applicable, will cause to be so executed and delivered**, any further assignments, documentation and other instruments as may be reasonably required by the Owner to effect the transfer, assignment or registration;
- (f) In the event that the Owner makes or proposes to make any Canadian, United States or foreign patent applications relating to the Owner Invention, the Consultant will cooperate fully with the Owner and its patent counsel in preparing and prosecuting any such applications, and any expenses incurred by the Consultant respecting the same will be reimbursed by the Owner provided that the Owner shall be deemed to have consented in advance to the incurrence of any reasonable expenses incurred by the Consultant with respect to such cooperation; and
- (g) Notwithstanding anything in this Agreement to the contrary, if due to the Consultant's unavailability, any mental or physical incapacity, or for any other reason, the Owner is unable to secure the Consultant's signature (having used commercially reasonable efforts to secure such signature) to any assignment agreement, patent application or any other document, application or other instrument contemplated by this Section, including without limitation any document required in order to apply for or to pursue any

application for any Canadian, United States or foreign patent or copyright registrations covering any Owner Inventions assigned to the Owner as per this Agreement, during the Term of this Agreement the Consultant hereby irrevocably designates and appoints the Owner and its duly authorized officers and agents as the Consultant's agent in fact, to act for and in the Consultant's behalf and stead to execute and, as necessary, file any such agreements, applications, instruments or other documents, and to do all other lawfully permitted acts to further the prosecution and issuance of patents and copyright registrations thereon with the same legal force and effect as if executed by the Consultant.

#### ARTICLE 10 SPECIAL TERMS AND CONDITIONS

Special terms and conditions that modify this Agreement are as follows: N/A


#### ARTICLE 11 SCOPE OF THE AGREEMENT

11.1 This Agreement represents the entire and integrated agreement between the Owner and the Consultant and supersedes all prior negotiations, representations, or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both Owner and Consultant. In the event of a conflict between the terms and conditions of this Agreement between Owner and Consultant and an attached exhibit, the terms and conditions of this Agreement between Owner and Consultant shall take precedence.

11.2 This Agreement is comprised of the following documents listed below:

- .1 Canivate Agreement Between Owner and Consultant.
- .2 Scope of Services Exhibit(s) listed in section 2.1
- .3 Other documents: Canivate design drawings dated 9/17/18
- .4 Addendum #1

This Agreement entered into as of the day and year first written above.

  
OWNER (Signature)

Ingo Mueller, Chief Executive Officer  
(Printed name and title)

  
CONSULTANT (Signature)

GARRY L. BECKER, PRESIDENT  
(Printed name and title) 5.15.2014



# ADDENDUM TO AGREEMENT BETWEEN OWNER AND CONSULTANT

This Addendum to Agreement Between Owner and Consultant (the "Agreement") is made and entered into on the 21<sup>st</sup> day of January in the year 2019 by and between:

the Owner:

Canivate Growing Systems Ltd.  
#500-1112 West Pender Street  
Vancouver, BC, Canada  
V6E 2S1

and the Consultant:

FabriTec Structures, LLC  
1011 Regal Row  
Dallas, TX 75247  
USA

for the following Project:

Canivate Perris  
2400 Goetz Road  
Perris, CA  
USA

Project: CG-18-CA001  
Contract: CG-18-CA201-CI201  
Addendum #1

1. This Agreement amends and modifies that certain Agreement Between Owner and Consultant without a Predefined Scope of Consultant's Services ("Agreement") dated 30<sup>th</sup> November 2018, made and entered into by the parties hereto as follows:
  - 1.1. Fabritec to proceed with the next phase of work, the Pre-approved Engineering at
  - 1.2. Scope of work generally as per 2019 January 16 email (attached).
  - 1.3. Cost of this change: USD\$310,000.
  - 1.4. Estimated billing schedule:
 

January 31 <sup>st</sup>	\$124,000
February 28 <sup>th</sup>	\$112,730
March 29 <sup>th</sup>	\$ 73,270
  - 1.5. Payments would be due on or before the last day of the following month
2. All other provisions of the original Agreement remain in full force and effect, other than any provision that conflicts with the terms and spirit of this Agreement, which shall be deemed to be amended appropriately in order to be consistent with this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first written above.

OWNER (Signature)

Ingo Mueller, Chief Executive Officer  
(Printed name and title)

CONSULTANT (Signature)

GARRY L. BECKER, PRESIDENT  
(Printed name and title)

#500-1112 W. Pender Street, Vancouver, BC, V6E 2S1

1.3



**robert.freimanis@canivate.com**

---

**From:** Garry Becker <gbecker@fabritec.com>  
**Sent:** Wednesday, January 16, 2019 2:42 PM  
**To:** robert.freimanis@canivate.com  
**Cc:** Claude Centner; Lydia Villasenor; 'Troy McClellan'; Steve Neidig  
**Subject:** RE: HydroHouse Perris1 - POC Budget & Schedule

Dear Robert,

Here is the brief outline for the two engineering scopes you requested.

**Pre-Approval Engineering - \$310,000**

- ✓ Participation in the Weekly Design Team call hosted by Westar
- ✓ Final Modeling, Computer Analysis & Final Reaction Loads for Foundation Designs, & Connections to Headhouse, designs by Wright Engineers
- ✓ Anchor Bolt Design & Layout
- ✓ Design & Engineering for all Greenhouse Roof and Wall Structure, except Northwall (ie. Headhouse), including Structural Steel, Structural Cables, ETFE, ETFE Support Cables & Aluminum Clamping Systems required for the design
- ✓ Interface Coordination at all scope breaks
- ✓ Project Management during this Phase of the Project
- ✓ Limited assistance & coordination of any MEP requirements to our structure with the Design Team
- ✓ Final Design Set of Construction Drawings for Greenhouse Structure submitted for Approval
- ✓ Incorporate any Client Approval comments
- ✓ 3D Model in AutoCad format
- ✓ Following Client Approval Stamped Design Set of Construction Drawings and Calcs. with California SE stamp
- ✓ Final GMP Pricing & Proposal

**Post-Approval Engineering - \$230,000**

- ✓ Design & Engineering support for building department approval
- ✓ Shop Drawings of all Structural Steel we supply
- ✓ Shop Drawings for all Structural Cables we supply
- ✓ Patterning and Detailing of all ETFE Panels
- ✓ Shop Drawings for all ETFE Support Cables
- ✓ Shop Drawing for All Aluminum Clamping System & Related Components
- ✓ Project Management during this Phase of the Project

I presume this is what you were looking for? Please let me know if you have any further questions or require additional information.

Regards,  
**Garry Becker**  
President  
**FabriTec Structures, LLC**  
972.354.6516, direct  
214.317.9972, cell  
214.920.9582, fax  
**877.887.4233, toll free**

# PFEIFER FabriTec

July 26, 2019

## **FINAL GMP PROPOSAL – Rev. 1**

HydroHouse – One (1) Dual Skin ETFE HydroHouse Structure  
Perris, CA

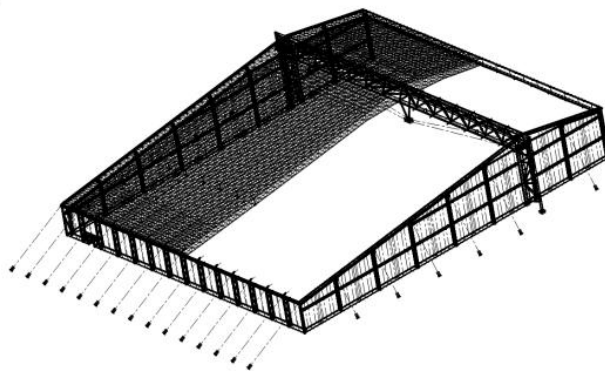
Attn: Troy McClellan, Robert Freimanis  
To: Canivate Growing Systems Ltd.  
Tel:  
Email: [troy.mcclellan@canivate.ca](mailto:troy.mcclellan@canivate.ca), [Robert.freimanis@canivate.ca](mailto:Robert.freimanis@canivate.ca)  
CC: FT PR18-220-CA

### **PROPOSAL DESCRIPTION**

FabriTec Structures, LLC is pleased to offer the following Design/Build GMP proposal for the above project. FabriTec will design, engineer, fabricate, supply and install one (1) Dual Skin ETFE Greenhouse Structure, referred to as the HydroHouse, supported by steel and cables in general appearance with FabriTec 3D Model Rev. 10, dated 07/25/2019 and as further described below:

This project has a total fabric plan area of approximately 35,000 square feet with a total fabric surface area of approximately 49,250 square feet per ETFE layer.

We acknowledge receipt of: *No Addendums Received*



**GMP PROPOSAL PRICING:** US\$6,701,930 (Six Million, Seven Hundred One Thousand, Nine Hundred Thirty US Dollars)

Our Bond Rate, should it be required, is 1.15% and is not included in the price.

This proposal is valid for **30 days**.

Our proposal shall be referenced in any contract drafted for this project.

### **FABRITEC STRUCTURES | IMAGINATION & INNOVATION IN LIGHTWEIGHT STRUCTURES**

**Dallas Headquarters**  
1011 Regal Row  
Dallas, TX 75247  
Phone +1-877-887-4233  
Fax +1-214-920-9582

**New York**  
3730 California Road  
Orchard Park, NY 14127  
Phone +1-877-887-4233  
Fax +1-716-662-2260

**California**  
115 East 2nd Street, Suite 101  
Tustin, CA 92780  
Phone +1-714-427-6980  
Fax +1-714-427-6983

**South East**  
358 Primrose Walk  
Fort Mill, SC 29715  
Phone +1-704-280-1719  
Fax +1-214-920-9582

[www.fabritecstructures.com](http://www.fabritecstructures.com)

## SCOPE OF WORK

### DESIGN/ENGINEERING

Design to ASCE 7-10, 110 mph ultimate wind speed, 12-psf live load. Design to current federal, state & local codes.

Non-linear analysis of the configuration will be conducted using NDN ([www.ndnsoftware.com](http://www.ndnsoftware.com)), a leading software analysis program for tension fabric structures.

#### FabriTec's proposal for the Project includes the following:

1. Final reaction loads for foundation design by others.
2. Design and engineering for tensile membrane HydroHouse structure.
3. Patterning for fabrication of architectural membrane.
4. We include limited assistance to the GC/Owner for their coordination to our steel; for any MEP requirements which are to be supplied and installed by others. At this time the only MEP item we are considering are the dynamic foam blower units.
5. No additional super imposed loads included for things such as lighting or fire suppression systems. All such items to be independently supported and connected.
6. Design and Engineering support for building department approval.
7. Wet sealed design drawings and calculations by licensed Structural Engineer in the State of California.
8. Although not currently included in our 3D model, we include provision for:
  - ✓ Fall protection lugs along the roof
  - ✓ Connection plate(s) for lightning protection
  - ✓ Additional support steel on Main Truss for blowers, electrical, fall protection
  - ✓ Access ladder, its location and how it affects the platform
  - ✓ Final gutter/wall isolation solution at headhouse wall
  - ✓ Stemwall design change
  - ✓ Installation lugs

#### FabriTec's proposal for the Project does not include the following:

1. Design or engineering of any MEP requirements or any other ancillary items unless specifically identified in inclusions, (limited assistance only).
2. Design or engineering of gutters, downspouts, scuppers, or rain diverters, other than internal gutters at headhouse wall to collect dynamic foam.
3. Design or engineering of other site work or Owners/general contractors work.

### FURNISHED MATERIALS

#### FabriTec's proposal for the Project includes the following:

1. **304.43 Tons** of structural carbon steel directly associated with HydroHouse down to and including base plates, all with Sherwin-Williams Prep-SSPC-SP10; two coats Macropoxy 646; and one coat Sher-Loxane 800 finish painted system. *All field connections to be bolted – No Field Welding.* HydroHouse steel scope includes:
  - ✓ Main Roof Truss with Flying Mast
  - ✓ Wall Vertical Planer Trusses
  - ✓ Wall Lower Edge Planer Trusses
  - ✓ Wall Horizontal Planer Trusses
  - ✓ Eaves
  - ✓ Corner Structural Struts
  - ✓ Door Framing
  - ✓ Steel at Headhouse Wall (Seal Plates) – *Detail to follow confirming intended scope break approach*
  - ✓ Roof Posts & Cross Clamps
  - ✓ Fall protection lugs along the roof
  - ✓ Connection plate(s) for lightning protection
  - ✓ Additional support steel on Main Truss for blowers, electrical, fall protection



- ✓ Final mounting of access ladder (ladder provided by GC), its location and how it affects the platform
  - ✓ Final gutter/wall isolation solution at headhouse wall
  - ✓ Installation lugs
  - ✓ Main truss access ladder
2. Structural roof and wall cables includes:
- ✓ 1 5/8" Diameter Galvan coated full locked upper roof and tie-back cables
  - ✓ 5/8" Diameter Galvan coated spiral strand lower roof cables
  - ✓ 3" Diameter Galvan coated full locked flying mast cables with open bridge sockets one end
  - ✓ 7/16" Diameter Galvan coated spiral strand horizontal frame restraint cables.
3. Fabricated Clear 300 mu ETFE architectural membrane Outer Roof and Walls.
4. Fabricated Clear 150 mu ETFE architectural membrane Lower Roof and Walls.
5. 10mm diameter Outer and 8mm diameter Inner Stainless steel ETFE support cables.
6. Anodized aluminum clamp system with stainless steel fasteners as required.
7. Aluminum edge flashings and EPDM gasketing.
8. Diamond plate base on main truss catwalk.
9. One (1) main truss access hatch.
10. Provision of our standard one (1) year workmanship warranty and the film manufacturer's standard ten (10) year limited pass-thru material warranty. Our standard workmanship warranty is for the tensile membrane components we supply. *Because of surety requirements, any performance bond, that may be required, will cover only the first year of the warranty. The warranty will be a separate document between FabriTec Structures, LLC and the Owner. Upon completion of our work, FabriTec Structures, LLC will execute the warranty.*
11. Repair kit with maintenance documents.
12. Use tax.
- FabriTec's proposal for the Project does not include the following:**
- 1. Performance or payment bonds, building permits or fees of any kind.
  - 2. *Steel at Headhouse Wall (Gutters, Extrusion Plates, Cable Lugs) – Designed by FabriTec, supplied and shop welded to headhouse structural steel by others – **Detail to follow confirming intended scope break approach***
  - 3. Any site demolition, modifications, or repairs to other's buildings, landscaping, or restoration work.
  - 4. Any site survey.
  - 5. Any mechanical, electrical, lighting, fire suppression system, speaker systems, lightning protection systems, or attachments to our work unless otherwise specified (limited coordination only).
  - 6. Any welding of our headhouse wall supplied steel to the headhouse wall structural steel.
  - 7. Any AESS requirements for steel fabrication or erection.
  - 8. Any gutters, downspouts, scuppers, rain diverters, or attachment to our work other than internal gutters at headhouse wall to collect dynamic foam.
  - 9. Concrete footings, foundations, stemwall, anchor bolts, grouting of base plates, and/or installation.
  - 10. Any mock-ups.

**Note:** FabriTec provides reaction loads at the base plates and details showing anchor bolt patterns, diameter, and projection above the concrete. The client's structural engineer is responsible to determine the size and shape of the foundations, type and size of rebar cages, and length and shape of the anchor bolts.

#### **INSTALLATION**

FabriTec will be responsible for the erection of our furnished materials for the HydroHouse. FabriTec will provide necessary labor at Non-Union / Non-Prevailing wage structure. FabriTec will also provide necessary equipment, rigging and tools required for the installation of our scope.

**FabriTec's proposal assumes and is conditioned on the following:**

1. The HydroHouse will be accessible by drive up for unloading of our trucks and installation with our equipment, including cranes, personnel man-lifts, and forklifts. Crane mats and any additional precautions for concrete or other site surface / sub-surface conditions have not been included. The site is conducive for all construction forms of equipment. It is understood that at time of our installation the necessary foundations and headhouse wall will be in place and ready to accept connection of our materials, the concrete floor of the HydroHouse will be in place, and the concrete stemwall design change will have a sufficient section left out to allow for equipment access to the HydroHouse floor for our installation.
2. We will require the ability to perform all of our work with clear, sequential, and continuous access without interruption during normal daytime working hours. We have assumed **one** mobilization for the installation of steel and ETFE film; if additional mobilizations are required there will be an additional charge. We will require exclusive access to the area for our work during the installation process.
3. Box outs for recessed below grade column base plates by others. The box out area will be a minimum of 50% greater than the supplied base plate size equal all sides. These areas need to be free of debris for FabriTec to set our steel.
4. No special entry conditions / requirements or daily site delays accessing the work areas.
5. Secure storage and adequate lay down area for our tools, equipment, and materials within close proximity to the HydroHouse will be provided, free of charge.
6. Our price assumes others to provide 200 amp / 110-volt service and necessary potable water available within 100' of our work.
7. We will require site sanitary facilities and refuse containers by others within 200' of work area.
8. FabriTec will leave its work and materials in a clean condition at the conclusion of our work. Any additional cleaning that may become necessary will be the responsibility of others.
9. FabriTec shall be reimbursed for work stoppage or delays caused by other parties.
10. Barricades and public security requirements, should they be required, are not included.

**PROJECT SCHEDULE**      *Schedule durations are subject to review and modification in 30 days.*

**Note:** No work will commence until our accounting department receives a fully executed contract and financial sovereignty of our client.

*Refer to FabriTec Proposed Schedule dated 5/21/2019*

*\*An as-built survey of the anchor bolts is required prior to shop drawing completion.*

**PAYMENT TERMS**

Our offer is contingent upon our ability to invoice and receive monthly progress payments in accordance with a mutually agreed upon Schedule of Values for materials purchased and/or in fabrication and/or stored off site.

We will submit monthly progress billings by the 25<sup>th</sup> of each month projected to the final day of the month we are billing.

We will submit a detailed payment schedule along with various deposit requirements and notice of funding verifications prior to major purchase commitments upon notice to proceed.

Any retainage withheld shall be payable within 60 days of substantial completion.

All payments are due within 30 days of receipt of the invoice. Late payments are subject to one percent (1%) interest charge per month. We reserve the right to suspend work in the event of breach of payment terms, *in excess of 60 days*.



**ADDITIONAL COMMENTS**

1. We will accept the Canivate form of subcontract in form and substance acceptable to FabriTec.
2. Any deviations from the drawings or specifications without the mutual consent of both FabriTec and Canivate will be subject to a Change Request/Change Order. Change orders will be invoiced as required.
3. We will attend meetings while present on site; all others to be conducted via audio / go-to meeting conferencing if required.
4. We exclude all liquidated and consequential damages.
5. This offer does not include Builder's Risk Insurance. We require to be named as an additional insured on the Owners/GC's Builder's Risk Policy and we will have no responsibilities for any deductibles.
6. Our offer is based on positioning seams and patterning to achieve maximum fabric efficiency.
7. Owner/GC shall provide an as-built survey or drawing showing the intended location for the HydroHouse and any surrounding structures which could cause interferences or access with our structure before post-approval engineering begins. If the appropriate tolerances are not held in placing the anchor bolts or interface attachment plates and it results in additional re-engineering or re-work there will be additional costs and it will be the subject of a change order.
8. FabriTec makes this offer for the project on the basis that the HydroHouse will be designed and fabricated based on the theoretical geometry; therefore, the accuracy of headhouse wall interface, foundation and anchor bolt placement is critical. The foundations and anchor bolts must be installed with the following maximum tolerances.
  - A. Anchor bolts must be installed true to the template. FabriTec will provide a single metal template for each typical bolt pattern.
    - i. Anchor bolts must be installed true to the template and perpendicular to the template plane.
    - ii. The top of the concrete and anchor bolts must be set to  $\pm 1/8"$  of required elevation to ensure proper projection and elevations as per 3D system work points.
9. Survey requirements of the Owner/GC:
  - A. All survey coordinate data (XYZ coordinates or northing, easting, elevation) shall be issued to FabriTec in an excel format and in an autocad file format (dwg/dxf) with lines, points and "solid" shapes as required.
  - B. Scan survey shall only be used with FabriTec approval. If approved, the survey contractor will do secondary processing to develop the scan survey into a comprehensive 3D model file along with the point cloud data shall be supplied to FabriTec.
  - C. A coordination meeting between FabriTec and the survey contractor is required before any survey work is started.
  - D. Foundation pier data points requirements:
    - i. Top of pier elevations.
    - ii. Top of all anchor bolts.
    - iii. Verify bolt diameter, document any variance from design.
    - iv. Verify anchor bolt threads extend to the top of pier.
    - v. Verify plumbness of all anchor bolts. Document all variances equal to or greater than  $1/4"$  including direction of slant. For oblique piers, the term plumbness shall be taken to mean squareness of the projected anchor with respect to the concrete bearing surface.
    - vi. All conduit/drainage pipes or drain holes, etc. Document all drainage pipe, drainage hole and conduit (or conduit group), etc. center point and diameter.
    - vii. All corner points and depth of shear pockets.
    - viii. If foundation is recessed, a top of finished grade is required next to each recess foundation.
  - E. Embed plate data point requirements:
    - i. Center of exposed surface.
    - ii. Outer edge of embed.
    - iii. Verify embed is horizontal/vertical within 3 degrees.
    - iv. All items that apply from note D.
  - F. Survey contractor to document any observed interferences (i.e. tree limbs, eaves on roof, signs, etc.).
  - G. Provide photos of all foundations and general site layout including any observed interferences.
10. Due to the specialty nature of our work, the products used and limited availability of scope items we cannot commit to any MBE/WBE/DBE goals should they be required on the project.
11. We require a minimum of 3 working days to respond to notice or provide notices for non-emergency events such as Change Order requests, notice of time extensions, notice of cure, etc.



12. Our proposal includes only those US custom fees, duties, tariffs, and importation fees in effect as of the date of this proposal. Additionally, FabriTec would require reimbursement for additional costs, including, but not limited to, raw materials, freight, etc., resulting directly or indirectly from changes to US customs and/or tariff policies which change after the date of this offer.
13. When applicable, FabriTec reserves the right to implement a surcharge for significant increases in raw materials, including the following, but not limited to: fuel, steel, fabric/film and concrete. Due to the duration of proposal validity and contract durations, FabriTec reserves the right to implement this surcharge when raw material and transportation cost increases warrant it as applicable. For projects including steel, the steel raw materials price is based upon the AMM pricing index as of the date of this proposal. *Due to the volatility experienced in raw material steel and fabric/film prices, it will be necessary to order, invoice, and receive payment for steel and fabric/film as soon as final types and sizes can be determined to help minimize potential cost escalation.*

End of Proposal

CLIENT APPROVAL:

FabriTec Structures, LLC is hereby authorized to proceed with the work:

AUTHORIZED  
SIGNATURE \_\_\_\_\_

DATED: \_\_\_\_\_

Thank you for the opportunity to present this offer.

Regards,



Garry L. Becker  
President

## Prime Contract Change Order (CO)

Project Information	
Project #	2148
Title	Canivate Peris
Address	Harley Knox Blvd. And Perris Blvd.
City, State, Zip	Perris, CA 92376
Country	USA

Prime Contract Change Order	
CO #	1
Issue Date	7/25/2019
Subject	Total Change Orders -See breakdown 2 <sup>nd</sup> Page

Owner/Customer	
Contact	Troy McClellan
Company	Canivate Growing Systems Ltd.
Address	#500-1112 West Pender Street
City, State, Zip	Vancouver, BC, Canada V6E 2S1
Country	Canada
Phone	604-757-0952
Fax	

Prime Contract Company	
Contact	Troy McClellan
Company	Canivate Growing Systems Ltd.
Address	#500-1112 West Pender Street
City, State, Zip	Vancouver, BC, Canada V6E 2S1
Country	Canada
Phone	604-757-0952
Fax	

You are directed to make the following changes to this Contract:

All other terms and conditions of the Contract Documents shall remain in effect.

Original Contract Price	\$310,000.00
Net change by previous Change Orders	\$0.00
Contract Amount Prior to this Change	\$310,000.00
Amount of this Change Order	\$6,391,930.00
Revised Contract Amount, including this Change Order	\$6,701,930.00

The Contract time due to this Change Order is: N/A

Response: ☒ Accept ☐ Do Not Accept

Company

By

Date

Fabrice Structures, LLC  
Company

By

Date

7-25-2019

**HydroHouse - Perris1 - Initial 90 day SOV**

date: 2019-07-12

	<u>6/7/2019 GMP</u>	<u>Remove Steel @ Headhouse Wall</u>	<u>Stem Wall Change</u>	<u>Present GMP</u>
Pre-Approval Engineering	\$ 310,000		\$ 85,000 =	\$ 395,000
Post-Approval Engineering	\$ 245,000		=	\$ 245,000
ETFE, SS Cables & Clamping	\$ 1,222,000		=	\$ 1,222,000
Structural Steel	\$ 2,149,000	\$ (31,400)	\$ (287,500) =	\$ 1,830,100
Structural Cables	\$ 446,000		=	\$ 446,000
Construction	\$ 2,571,300		\$ (7,470) =	\$ 2,563,830
	<u>\$ 6,943,300</u>	<u>\$ (31,400)</u>	<u>\$ (209,970)</u>	<u>\$ 6,701,930</u>

		<u>Billings</u>			
<u>90 day SOV</u>		<u>25-Jul</u>	<u>25-Aug</u>	<u>25-Sep</u>	<u>25-Oct</u>
Pre-Approval Engineering	\$ 395,000				
Invoiced to Date	\$ 294,300				
Original Scope	\$ 15,700	\$ 15,700			
Stem Wall Design Change	\$ 85,000	\$ 42,500	\$ 34,000	\$ 8,500	
	<u>\$ 395,000</u>				
Post-Approval Engineering (14 weeks)	\$ 245,000				
4/14ths (Sep-Oct-Nov), 2/14ths (Dec)	\$ 245,000			\$ 70,000	\$ 70,000
	<u>\$ 245,000</u>				
ETFE, SS Cables & Clamping	\$ 1,222,000				
ETFE Roll Goods Purchase	\$ 282,500	\$ 94,167	\$ 94,167	\$ 94,166	
Covertex Schedule Deposit	\$ 160,000	\$ 160,000			
	<u>\$ 442,500</u>				
Structural Steel	\$ 1,830,100				
Steel Raw Material Purchase	\$ 762,575		\$ 254,192	\$ 254,192	\$ 254,191
Steel Fabrication	\$ 615,900				\$ 100,000
Steel Painting	\$ 343,425				
Steel Freight	\$ 108,200				
	<u>\$ 1,830,100</u>				
Structural Cables	\$ 446,000				
Pfeifer Cable Deposit	\$ 140,000			\$ 140,000	
Pfeifer Cable Raw Materials	\$ 150,000				\$ 75,000
Pfeifer Cable Assembly	\$ 156,000				
	<u>\$ 446,000</u>				
Construction	\$ 2,563,830				
		<u>\$ 312,367</u>	<u>\$ 382,359</u>	<u>\$ 566,858</u>	<u>\$ 499,191</u>



# Capital Funding Group

Commercial Real Estate Financial Services

## TERMS SHEET

March 31, 2020

<b>Property:</b>	West Harrison St / South Avenue 48, Coachella CA.
<b>Purpose of Financing:</b>	Purchase and Horizontal Infrastructure Installation
<b>Lender:</b>	Capital Funding Group its successors, affiliates and/or assigns
<b>Borrower:</b>	Designated legal holding entity TBD
<b>Key Principal:</b>	Ingo Mueller
<b>Loan Amount:</b>	50% of Purchase + 80% of infrastructure cost to max 50% of ACV
<b>Collateral:</b>	Lender shall have a first priority lien on the Property, including a first priority assignment of all leases, rents, issues and profits and a first priority and perfected security interest in all personal property, licenses, permits, contract rights, general intangibles and other assets of Borrower used in connection with the operation, maintenance and management of the Property, to be evidenced and secured by Lender's standard loan documents (the " <u>Loan Documents</u> ")
<b>Interest Rate/Term:</b>	Purchase funds at 10.5% interest only for 18 months. Additional funds for infrastructure installation structured as Mezzanine at 15.5% for same term.
<b>Fees:</b>	4% and 6% respectively
<b>Guarantee:</b>	None except standard "Bad Boy" carveouts.
<b>Prepayment Penalty</b>	Guaranteed minimum 6 months interest.
<b>Timing Estimate</b>	Loan docs within 7 business days of appraisal receipt
<b>Exclusivity:</b>	Borrower (on behalf of itself and its affiliates) agrees that it shall not accept offers, actively solicit offers or otherwise negotiate with any parties other than Lender and/or its affiliates thereof with respect to debt financing transactions similar to the transaction that is the subject of this Terms Sheet for a period of one hundred and twenty (120) days from execution of this Terms Sheet. If at any time during the Exclusivity Period Borrower and/or Sponsor violates this agreement or otherwise terminates loan application process, Sponsor agrees to be jointly and severally liable to pay to Lender an amount equal to 3% of the proposed Loan Amount as

liquidated damages in addition to any and all other amounts payable to Lender hereunder.

**Closing Conditions:**

- (a) Review and approval of Borrower's organizational documents and the credit history of Applicant, Manager, Key Principal and each of their principals.
- (b) Lender ordered appraisal, construction cost review and any other third party reports deemed required such as geological, environmental, etc., if/as needed.
- (c) Delivery of copies of the documents entered into by Applicant or Borrower for the acquisition of the Property, all in form and content satisfactory to Lender and its counsel in all respects.
- (d) Absence of any event or development occurring or any information being received with respect to the Property, Applicant, Manager or any of their respective principals, or any tenants at the Property, prior to the date on which the Loan closing occurs which could, in Lender's opinion, materially and adversely affect loan security.
- (e) Execution and delivery of the Loan Documents and any related settlement statement(s) and other closing documentation.
- (f) Delivery from Applicant's counsel of any legal opinions required by Lender.
- (g) No material adverse change in market conditions having occurred after the date of this Application and prior to Closing.
- (h) Delivery of any other information requested by Lender and Lender's completion of due diligence and underwriting on Borrower, the Property and Key Principal(s).
- (i) Satisfaction of all other customary closing conditions including title insurance, property insurance, escrow, etc.

**Lender Assignment:**

This Terms Sheet may be assigned and/or replaced by that of a designated investor at any time during the underwriting process at its sole option, provided that the terms offered to the client are equal or superior than described herein. Agreement to payment of all listed fees as shown above shall survive assignment or transfer of this Terms Sheet as described.

**Good Faith Deposit:**

The applicant will, contemporaneously with the execution of this Application, deliver to Lender a Good Faith Deposit of \$25,000.00 (the "Deposit"), all of which will be FULLY REFUNDABLE except third party report fees, verified lender incurred expenses and \$5,000.00 which shall be a non-refundable underwriting expense, to be applied by Lender to cover time and effort expended by Lender in connection with this Application and/or the Loan. Applicant agrees to indemnify, defend and hold Lender harmless against all Expenses. The unapplied portion of the Deposit will be credited to Borrower at Closing. Subject to the other provisions of this Application, in the event of a termination of this Application without a closing of the Loan, the unapplied portion of the Deposit will be promptly returned to Applicant upon receipt of a written release from Applicant. The obligations in this paragraph will survive in the event this Application is terminated for any reason.

**Insurance:**

The Property will be covered by any insurance as may be required, all in form and substance satisfactory to Lender.

**Confidentiality:**

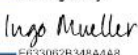
This document is being delivered with the understanding that neither it nor the substance thereof shall be disclosed by Borrower or any Key Principal or any of their respective affiliates to any third person, except those who are in confidential relationships to any of them (i.e., Borrower's counsel, accountants and other retained business advisors) or as may be required by law.

This offer shall expire 3 business days from date of document.

The above terms are accepted and any information added to this document and any explanation(s) attached hereto are true, accurate and complete.

By: Ingo Mueller

DocuSigned by:

  
Ingo Mueller

Signature

4/8/2020

Date





**CANADIAN EMERGENCY BUSINESS ACCOUNT  
COMMERCIAL LOAN AGREEMENT**

**A. Loan Summary**

<u>Loan Amount</u>	<u>Amount applied for, not to exceed \$40,000</u>
<u>Initial Term</u>	<u>Date Loan Advanced to Dec/31/2022</u>
<u>Interest Rate – Initial Term</u>	<u>0% per annum</u>
<u>Extended Term</u>	<u>Jan/31/2023 to Dec/31/2025</u>
<u>Interest Rate – Extended Term</u>	<u>5% per annum</u>
<u>Frequency of Interest Payments</u>	<u>Monthly</u>

**B. Definitions**

The capitalized terms, "Loan Amount", "Interest Rate" whether for the Initial Term or the Extended Term, "Initial Term", "Extended Term" and "Frequency of Interest Payments" are as indicated in the Loan Summary above. Other capitalized terms (not otherwise defined in this Agreement) mean:

"**Alterna**" means Alterna Savings and Credit Union Limited and its successors and assigns.

"**Business Account**" means your business account with Alterna.

"**Commercial Loan**" or "**Loan**" means all amounts outstanding under the loan described above and includes, without limitation, all principal, interest, costs and any expenses incurred in connection with the Loan.

"**Extended Term**" means the agree upon extended term period commencing on January 1, 2023 and ending no later than December 31, 2025.

"**Initial Term**" means the period commencing on the date of the advance of the Loan and ending on December 31, 2022

"**Term**" means either the Initial Term or the Extended Term, as applicable.

"**You**" and "**Your**" and "**Yours**" means the recipient of the Loan under this Agreement.

**C. Term Loan**

The Loan will not revolve. Only one advance is permitted, and it must be for an amount equal to the Loan Amount.

- 1. Initial Term:** During the Initial Term, you will not be required to repay any portion of the Loan and no interest shall accrue.
- 2. Extended Term:** During the Extended Term, you will be required to pay interest on the Loan, on monthly basis as contemplated in the Loan Summary above, commencing on the first interest payment date of the Extended Term (or such other date as may be agreed by Alterna, in either case being the "**First Interest Payment Date**"). On the last date of Extended Term, you will repay the balance, if any, of the Loan in full.

3. **Funding:** The proceeds of the Loan will be deposited into your Business Account. Your Business Account will continue to operate in the normal course and if there is a negative balance in your Business Account, as a result of an overdraft facility or otherwise, the proceeds of the Loan will automatically repay the amount outstanding up to the Loan Amount.
4. **Prepayment of Loan:** At any time during the Term, you may prepay all or any portion of the Loan Amount without penalty.
5. **Loan Forgiveness for Early Repayment:** If you have repaid at least 75% of the Loan Amount on or prior to the end of the Initial Term, Alterna will forgive the remaining balance of the Loan Amount as of the end of the Initial provided that an Event of Default has not occurred.
6. **Default:** Alterna may require you to repay the Loan, upon the occurrence of any one of the following events of default ("**Event of Default**"): (i) you default in paying any amount due hereunder, (ii) you default in paying any other loan to Alterna, (iii) you fail to comply with any of the provisions of this Agreement, (iv) you make any false or misleading representation to Alterna, including without limitation, in your application for the Loan or the information you have certified to Alterna as set out in Schedule A attached hereto, (v) you commit an act of bankruptcy or become insolvent, or (vi) a receiver is appointed for your business or any part of your property.

#### **D. Interest, Costs & Expenses**

1. **Interest Rate.** During the Initial Term, no interest is payable. During the Extended Term, you will pay interest on the Loan at the applicable interest rate set out above, on a weekly/bi-weekly or monthly basis as set out in the Loan Summary above, with the first payment to be made on the First Interest Payment Date.
2. **Compounded and Payable Monthly.** Interest on the Loan during the Extended Term is calculated daily (including February 29 in a leap year), compounded and payable monthly not in advance at the applicable interest rate set out above.
3. **How Interest is Calculated and Payable.** Alterna calculates interest on the basis of a 365-day year. Interest is charged on February 29 in a leap year. Interest will continue to be payable by you both before and after maturity, a default on this Agreement, and/or a judgment is rendered against you.
4. **Cost & Expenses.** You will pay Alterna all Alterna's reasonable costs and expenses (including the fees and charges of counsel, on a solicitor client basis), relating to enforcing the Loan and such costs and expenses shall constitute a debt payable by you to Alterna.

#### **E. Your Commitments**

1. **Positive Covenants.** In addition to all of your other obligations in this Agreement you will: (i) pay all amounts outstanding to Alterna when due or demanded, (ii) maintain your existence as a corporation, partnership or sole proprietorship, as the case may be, (iii) pay all taxes, and (iv) continue to carry on the business now being carried on by you.
  2. **Negative Covenants.** You will not: (i) merge or amalgamate with any other entity or permit any change of ownership or change your capital structure, or (ii) sell, lease, assign, or otherwise dispose of all or substantially all of your assets.
  3. **Agreement to Provide Information.** You will provide, or cause to be provided, whatever information Alterna may request from time to time. You will keep Alterna advised of your current address.
  4. **Information Attestation.** You represent and warrant that all information you have provided to Alterna is accurate and complete. You will provide, or cause to be provided, updated information and/or additional supporting information as Alterna may require from time to time with respect to any and all applicable matters, including, where applicable, (1) the names of your directors and the names and addresses of your
-



beneficial owners, (2) the names and addresses of trustees and known beneficiaries and/or settlors, and (3) your ownership, control and structure. Alterna reserves the right to request updated customer information and/or additional supporting information at any time.

5. **Sharing of Information.** You agree that Alterna may share information about you, including, without limitation, financial information about you together with information about the Loan, with Export Development Canada and the Government of Canada or its agents for administration and governance of the Loan and for determination of qualification for Loan forgiveness.
6. **Third Party Determination.** You acknowledge and agree that no other person or entity will exercise any control over the Loan.
7. **Authority to Bind.** You confirm that: (i) you have reviewed this Agreement and agree to be bound by its terms, (ii) you have the ability and authority to be bound by the terms of this Agreement, and (iii) your acceptance of these terms is binding between you and Alterna.

#### F. Miscellaneous

1. **Acknowledgement.** You acknowledge that: (i) the Loan is made in accordance with the Canada Emergency Business Account Program (the "**Program**") and is being instituted and administered by Alterna at the request of and on behalf of Export Development Canada, on behalf of Her Majesty in Right of Canada, and (ii) you have certified to Alterna the information set out in Schedule A attached hereto, as required by the Government of Canada.
  2. **Records.** You agree that Alterna's books and records are evidence of all amounts owed by you.
  3. **Successors and Assigns.** This Agreement shall be binding on and ensure to the benefit of Alterna and its successors and assigns. It shall also be binding on you, your heirs, your successors and personal representatives - including executors and administrators.
  4. **Assignment.** You must obtain our written consent to assign this Agreement to another person. Alterna may assign this Agreement without notice to you and without your consent.
  5. **Joint and Several Liability.** You are jointly and severally (which means individually and collectively) liable to Alterna for the Loan with each other person who is liable for the Loan.
  6. **Other Agreements.** This Agreement applies only to the Loan. This Agreement is in addition to, and not in substitution for, your Operation of Account Agreement, as the case may be.
  7. **Applicable Law.** This Agreement shall be governed by the law of the Province of Ontario. If any provision in this Agreement is contrary to applicable law, the Agreement shall continue in force with such amendments as may be required by law.
  8. **Payments.** Alterna may apply your payments to any part of the Loan as it sees fit. If any payment due date falls on a date which is a Saturday, Sunday or bank holiday, any payment scheduled for that date will not be applied until the business day first following that date. Alterna may debit any account you maintain with Alterna for any amount owed by you under this Agreement. If you are a partnership or, in Quebec, a general partnership, Alterna may debit any account that any of the partners maintains with Alterna for any amount owed by you under this Agreement. The exercise by Alterna of its right to set-off, granted hereunder or available at law, shall constitute an acknowledgement of your indebtedness and liability hereunder.
  9. **Non-Waiver.** Any failure by Alterna to object to or take action with respect to a breach of this Agreement or upon the occurrence of an Event of Default shall not constitute a waiver of Alterna's right to take action at a later date based on that breach of Event of Default. No course of conduct by Alterna will give rise to any reasonable expectation which is in any way inconsistent with the terms and conditions of this Agreement or Alterna's rights thereunder, which can only be amended with the express written consent of Alterna.
-



- 10. Use of Online Banking Services.** For our mutual protection, we may record all telephone calls that relate to the use of or include instructions for using Online Banking.
- 11. Language.** It is the express wish of the parties that this Agreement and any directly or indirectly related documents be drawn up in English. Les parties ont exprimé la volonté expresse que cette convention et tous les documents s'y rattachant directement ou indirectement soient rédigés en anglais.
- 12. Credit Agencies.** In this section, "you" means the business applicant or customer that is not an individual. In addition to any rights that Alterna may have regarding the collection and disclosure of your information, you authorize Alterna to obtain information about you from, and disclose information about you to, our world-wide affiliates, other lenders, credit reporting or credit rating agencies, credit bureaus and any supplier, agent or other party that performs services for you or on Alterna's behalf.
- 13. Notice.** Alterna may communicate with you by ordinary, uninsured mail or other means, including hand delivery or facsimile transmission. Mailed information is deemed to be received by you five days after mailing. Delivered information is deemed to be received when delivered or left at your address. Messages sent by facsimile are deemed to be received when Alterna receives a fax confirmation.
-

## ATTESTATION OF THE BORROWER

TO: \_\_\_\_\_ (the "Lender")

---

The undersigned hereby certifies to the Lender for and on behalf of the Borrower that:

1. I have the ability and authority to bind the Borrower.
  2. The Borrower is a Canadian operating business in operation as of March 1, 2020.
  3. The Borrower has a federal tax registration.
  4. The Borrower's Canada Revenue Agency Business Number (BN) (15 digits), as reported at the top of the Borrower's 2019 T4 Summary of Remuneration Paid (T4SUM), is: XXXXXXXXXXXXXXXX.
  5. The Borrower's total employment income paid in the 2019 calendar year was between Cdn.\$20,000 and Cdn.\$1,500,000.
  6. The employment income reported in Box 14 of the Borrower's 2019 T4SUM is: \$XXXX.XX.
  7. The Borrower can demonstrate the above information by presenting its 2019 T4SUM when requested upon audit by the Government of Canada or any of its agents.
  8. Per the requirements of the *Canada Emergency Business Account Program* (the "**Program**"), as set out by the Government of Canada, the undersigned acknowledges that the funds from this loan shall only be used by the Borrower to pay non-deferrable operating expenses of the Borrower including, without limitation, payroll, rent, utilities, insurance, property tax and regularly scheduled debt service, and may not be used to fund any payments or expenses such as prepayment/refinancing of existing indebtedness, payments of dividends, distributions and increases in management compensation.
  9. The Borrower has an active business chequing/operating account with the Lender, which is its primary financial institution. This account was opened on or prior to March 1, 2020
-

and was not in arrears on existing borrowing facilities, if applicable, with the Lender by 90 days or more as at March 1, 2020.

10. The Borrower has not previously used the Program and will not apply for support under the Program at any other financial institution.
  11. The Borrower agrees to participate in post-funding surveys conducted by the Government of Canada or any of its agents.
  12. The Borrower understands that applying for support under the Program at more than one financial institution may result in ineligibility under the Program, default under the facility in respect of which this attestation is being provided, prosecution or other enforcement measures available at law or otherwise.
  13. The Borrower acknowledges its intention to continue to operate its business or to resume operations.
  14. Per the requirements of the Program, as set out by the Government of Canada, the Borrower confirms that:
    - a) it is not a government organization or body, or an entity owned by a government organization or body;
    - b) it is not a union, charitable, religious or fraternal organization or entity owned by such an organization or if it is, it is a registered T2 or T3010 corporation that generates a portion of its revenue from the sales of goods or services;
    - c) it is not an entity owned by individual(s) holding political office; and
    - d) it does not promote violence, incite hatred or discriminate on the basis of sex, gender, sexual orientation, race, ethnicity, religion, culture, region, education, age or mental or physical disability.
  15. The undersigned acknowledges that the Lender will rely upon the accuracy of this attestation in making loans and advances to the Borrower pursuant to the Program and acknowledges and agrees that an audit may be conducted by the Government of Canada or any of its agents to ascertain the veracity of this attestation and the eligibility of the undersigned under the Program.
  16. For the purposes of verifying my eligibility for this Program, I hereby authorize Export Development Canada, as my representative with the Canada Revenue Agency, to access any required payroll information.
-





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**EXTENSION OF TIME ADDENDUM**  
(C.A.R. Form ETA, Revised 4/06)

The following terms and conditions are hereby incorporated in and made a part of the: ☐ California Residential Purchase Agreement, ☐ Manufactured Home Purchase Agreement, ☐ Probate Purchase Agreement, ☐ Residential Income Property Purchase Agreement, ☒ Vacant Land Purchase Agreement, ☐ Commercial Property Purchase Agreement, ☐ Business Purchase Agreement, ☐ other \_\_\_\_\_ ("Agreement"), dated July 13, 2020, on property known as approx. 41.37 acres SEC Ave 54/Enterprise Way, Coachella, 92236 ("Property"), in which West Pender Holdings Inc., and/or assignee is referred to as ("Buyer") and Nb Coachella Prop Inc. is referred to as ("Seller").

- 1. EXTENSION OF ESCROW:** The scheduled Close Of Escrow is extended to December 18, 2020 (Date).
- 2. EXTENSION OF CONTINGENCY(IES):** The following contingency(ies), if checked, is/are extended to December 17, 2020 (Date) ☐ Buyer Investigation of Property Condition ☒ Loan ☐ Other \_\_\_\_\_.
- 3. OTHER EXTENSION(S):** The time for \_\_\_\_\_ is/are extended to \_\_\_\_\_ (Date).
- 4. ADDITIONAL TERMS:** See attached Addendum No. 1

By signing below, Buyer and Seller acknowledge that each has read, understands, and received a copy of and agrees to the terms of this Extension of Time Addendum.

Buyer  Date 10/1/2020  
West Pender Holdings Inc.

Buyer \_\_\_\_\_ Date \_\_\_\_\_  
and/or assignee

Seller \_\_\_\_\_ Date \_\_\_\_\_  
Nb Coachella Prop Inc.

Seller \_\_\_\_\_ Date \_\_\_\_\_

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ETA REVISED 4/06 (PAGE 1 OF 1)

**EXTENSION OF TIME ADDENDUM (ETA PAGE 1 OF 1)**



Desert Pacific Properties, 77-933 Las Montañas Road Palm Desert CA 92211 Phone: (760)360-8200 Fax: (760)360-7580 41.37 ac South  
Paula Turner Produced with Lone Wolf Transactions (zipForm Edition) 231 Shearson Cr. Cambridge, Ontario, Canada N1T 1J5 www.lwolf.com



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# ADDENDUM

(C.A.R. Form ADM, Revised 12/15)

No. 1

The following terms and conditions are hereby incorporated in and made a part of the: ☐ Purchase Agreement, ☐ Residential Lease or Month-to-Month Rental Agreement, ☐ Transfer Disclosure Statement (Note: An amendment to the TDS may give the Buyer a right to rescind), ☒ Other Extension of Time Addendum

dated \_\_\_\_\_, on property known as approx. 41.37 acres SEC Ave 54/Enterprise Way

Coachella, 92236

in which West Pender Holdings Inc., and/or assignee is referred to as ("Buyer/Tenant")  
and Nb Coachella Prop Inc. is referred to as ("Seller/Landlord").

## 4. Additional Terms:

Buyer will release to Seller the amount of One Hundred Thousand Dollars (\$100,000) ("Extension Payment"). At the closing, the Extension Payment will be applied towards the purchase price. If there is no closing and the contract is terminated by Buyer, Seller will retain the Extension Payment free and clear of claims by Buyer. If there is a breach by Buyer, the Extension Payment will be deemed as payment of liquidated damages pursuant to paragraph 27.B and Buyer shall have no further liability for damages."

The foregoing terms and conditions are hereby agreed to, and the undersigned acknowledge receipt of a copy of this document.

Date 10/1/2020

DocuSigned by:

Ingo Mueller

Date \_\_\_\_\_

Buyer/Tenant

West Pender Holdings Inc.

Seller/Landlord

Nb Coachella Prop Inc.

Buyer/Tenant

and/or assignee

Seller/Landlord

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ADM REVISED 12/15 (PAGE 1 OF 1)

ADDENDUM (ADM PAGE 1 OF 1)



Desert Pacific Properties, 77-933 Las Montanas Road Palm Desert CA 92211  
Paula Turner

Produced with Lone Wolf Transactions (zipForm Edition) 231 Shearson Cr. Cambridge, Ontario, Canada N1T 1J5

Phone: (760)360-8200

Fax: (760)360-7580

www.lwolf.com

41.37 ac South



March 16, 2020

Mr. Ingo Mueller and Richard Wong  
West Pender Holdings Inc.  
3187 Airway Ave. Ste C,  
Costa Mesa, CA, 92626

Via Electronic

Re: Commission Agreement to arrange financing for the acquisition and horizontal development of the APN 603-242-001,002, and 603-480-001 on Harrison Street, Coachella, California

---

Dear Ingo and Richard,

Thank you for the opportunity to work with you on this project.

This letter will confirm your agreement to grant Mansfield Equities, Inc., a California corporation ("MANSFIELD"), the exclusive right to arrange financing for the above-mentioned Property on behalf of West Pender Holdings Inc. ("CLIENT").

You further agree that:

1. Exclusive Right. During the period of this agreement, you will not negotiate through any broker for a loan on the Property other than Mansfield Equities, Inc. nor will you enter into or continue negotiations on your own to arrange financing for the Property without our involvement. If you, during or subsequent to the term of this exclusive right agreement, procure financing through another broker or directly, as a result of any negotiations you or Mansfield have held during the term of the exclusive right agreement, you agree to pay Mansfield the commission stated below upon demand. You authorize us to present a copy of this letter to any escrow company handling the closing of that loan as our demand for payment, to be paid to Mansfield at closing.
2. Commission. When Mansfield has delivered a commitment of financing from a lender and on terms which are accepted by CLIENT in their sole discretion, Mansfield will be paid a commission of: **100 Basis points** ( 1.00% ) of the total loan committed loan amount.
3. Term. The term of this agreement shall expire 21 days following the execution of this Commission Agreement. This agreement shall be automatically extended for a period sufficient to close the loan if Mansfield has delivered to CLIENT either an expression of interest, term sheet, formal application or commitment from a lender, on terms and conditions which are acceptable to you in your sole discretion.
4. Payment of Commission. You agree to pay the Mansfield commission in full on the day the loan closes. Should the loan fail to close due to circumstances under your control, you authorize Mansfield to present a copy of this letter to any escrow company handling the closing of that transaction as demand for payment of Mansfield commission.





5. Indemnification. Mansfield and CLIENT agree to indemnify and hold each other harmless including its employees, directors, officers, principals and affiliates for any liability, claim or cost imposed on or asserted against Mansfield or CLIENT in any capacity arising out of or related to this engagement except to the extent such liability, claim or cost arises out of their gross negligence or willful misconduct.
6. Governing Law, Jurisdiction, Venue, Waiver of Right to Trial by Jury. We hereby agree that all of our respective rights and obligations in connection with this agreement shall be governed by the laws of the State of California, any lawsuit and or arbitration brought to enforce this agreement may be brought in any court of competent jurisdiction in Los Angeles County, California, and that venue will lie in Los Angeles County, California.
7. Attorney's Fees. If either party commences an action against the other to interpret or enforce any of the terms of this agreement, the losing party shall pay to the substantially prevailing party reasonable attorneys' fees, costs and expenses and court costs and other costs incurred by the substantially prevailing party in connection with the prosecution or defense of such action.

If the above is in accordance with your understanding of the agreement between us, please sign below where indicated.

Very truly yours,

**MANSFIELD EQUITIES, INC.,**  
A California corporation BRE  
License No. 01893535

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Philip Cohen, President

**West Pender Holdings Inc.**

DocuSigned by:  
By: Ingo Mueller Date: 4/8/2020  
Ingo Wilhelm Mueller, CEO

FINANCIAL ADVISOR CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT (the "Agreement") is made October 22, 2018 between ICAP VENTURES INC. ("iCAP Ventures") and CANIVATE GROWING SYSTEMS LTD. (the "Company").

WHEREAS the Company desires to engage iCAP Ventures for certain consulting services and iCAP Ventures desires to provide such services, all on the terms and conditions set out herein.

NOW THEREFORE, in consideration of the mutual covenants contained in this Agreement, the receipt and adequacy of which are hereby acknowledged, iCAP Ventures and the Company (collectively, the "parties" and each a "party") agree as follows:

1. **Services.** iCAP Ventures shall provide the Company with the following services (collectively, the "Services"):
    - (a) **Investor communications.** iCAP Ventures will manage communications on behalf of the Company with investment advisors (brokers), research analysts, institutional investors, investment bankers and other investment professionals, and individual investors (the "Investment Contacts").
    - (b) **Investor meetings and presentations.** iCAP Ventures will organize and attend meetings with the Investment Contacts to present the Company and help to develop relationships on the Company's behalf.
    - (c) **Telephone and email contact.** In addition to contacting our network of investment advisors to schedule meetings iCAP Ventures will contact investment advisors on the telephone and by email to generate awareness of the Company's story.
    - (d) **Email distribution.** iCAP Ventures will distribute the Company's news releases to its international database of Investment Contacts.
    - (e) **Investor Presentation Materials.** On an ongoing basis iCAP Ventures will make recommendations about the strategy, content and design of the Company's investor presentation materials.
    - (f) **Website.** On an ongoing basis iCAP Ventures will make recommendations about the content, design and functionality of the investor relations segment of the Company's website.
    - (g) **Assistance with financing opportunities.** iCAP Ventures will assist with financing opportunities on the Company's behalf by making introductions to the Investment Contacts. iCAP Ventures will refer the Investment Contacts to the Company in order to help facilitate the Company's financial and capital requirements. It is understood that compliance with applicable stock exchange policies and securities laws with respect to any completed financings will remain the responsibility of the Company.
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- (h) **General Consulting Services.** iCAP Ventures will provide the Company with general consulting on investor communications and capital markets.
2. **Consulting Fees and Expenses.** In consideration for providing the Services, the Company agrees to remunerate iCAP Ventures as follows:
    - (a) pay an initial fee of C\$56,000 plus applicable taxes payable on the Effective Date (as defined below);
    - (b) on the Effective Date, issue to iCAP Ventures 160,000 common share purchase warrants exercisable to purchase common shares of the Company at a price of C\$0.35 until the date that is 3 years from the date of completion of an initial public offering, a going-public transaction such as by reverse takeover or other similar means, or a transaction whereby the Company shall amalgamate with, consolidate with or merge with or into, or participate in a statutory arrangement or similar reorganization with another corporation or entity; and
    - (c) the Company will reimburse iCAP Ventures on the last day of each applicable month for any reasonable and necessary out-of-pocket expenses incurred by iCAP Ventures relating to the provision of the Services, provided that the expenses have been approved in advance by the Company and that iCAP Ventures furnish an invoice and copies of statements and receipts for all such expenses prior to reimbursement.
  3. **Term.** This Agreement will be for a three (3) month term beginning on October 22, 2018 (the "**Effective Date**") and ending on January 22, 2019.
  4. **Representations, Covenants and Warranties.** iCAP Ventures hereby represents, covenants and warrants to the Company that:
    - (a) iCAP Ventures will, upon request by the Company, summarize any and all Services provided or planned to be provided to the Company in writing as periodically requested by the Company; and
    - (b) iCAP Ventures will act in the best interests of the Company and will not make any misrepresentations whatsoever with respect to the Company's business and affairs.
  5. **Applicable Law.** This Agreement shall be construed, interpreted and governed by the laws of British Columbia and the parties herein attorn to the exclusive jurisdiction of the Courts of the Province of British Columbia in the City of Vancouver, British Columbia.
  6. **Entire Agreement.** The entire agreement with respect to the subject matter of this Agreement is contained herein, including all other agreements and documents referenced herein or relating hereto and in all amendments and modifications in any of the foregoing. This Agreement supercedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth herein and therein. This Agreement shall enure
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for the benefit of and be binding on the parties herein and their respective successors and assigns.

7. **Time.** Time shall be of the essence in all respects for this Agreement.
8. **Counterparts.** This Agreement may be executed by facsimile copy or other electronic means and in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

**IN WITNESS WHEREOF** the parties have duly executed this Agreement as of the date first mentioned above.

**ICAP VENTURES INC.**

Per:   
Name: Iraj Besharat  
Title: Director

**CANIVATE GROWING SYSTEMS LTD.**

Per:   
Name: Ingo Mueller  
Title: Chief Executive Officer

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UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) MAY 2, 2019, AND (II) THE DATE THE CORPORATION BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.

THE WARRANT EVIDENCED HEREBY IS EXERCISABLE ON OR BEFORE 5:00 PM (VANCOUVER TIME) ON MAY 2, 2024, SUBJECT TO ACCELERATION OF THE EXPIRY TIME AND THE EXPIRY DATE AS SET FORTH HEREIN, AFTER WHICH TIME THE WARRANTS EVIDENCED HEREBY SHALL BE DEEMED TO BE VOID AND OF NO FURTHER FORCE OR EFFECT.

**WARRANTS TO PURCHASE  
COMMON SHARES OF CANIVATE GROWING SYSTEMS LTD.**

<b>Warrant Certificate Number:</b>	<b>Number of Warrants:</b>
<b>2019-05-46</b>	<b>25,000</b>

THIS IS TO CERTIFY THAT for value received **SCOTIA CAPITAL INC, 150 King Street West, 4<sup>th</sup> Floor, Toronto, ON M5H 1J9** (the "**Warrantholder**") has the right to purchase in respect of each whole warrant (collectively the "**Warrants**") represented by this certificate or by a replacement certificate (in either case this "**Warrant Certificate**"), at any time up to 5:00 PM Vancouver time (the "**Expiry Time**"), on May 2, 2024 (the "**Expiry Date**"), subject to acceleration as provided in Section 3 of Schedule "A" to this Warrant Certificate one fully paid and non-assessable common share (collectively the "**Common Shares**" and which term shall include any shares or other securities to be issued in addition thereto or in substitution or replacement therefor as provided herein) of Canivate Growing Systems Ltd. (the "**Corporation**"), a corporation incorporated under the *British Columbia Business Corporations Act*, as constituted on the date hereof at a purchase price (the purchase price in effect from time to time being called the "**Exercise Price**") of \$2.00 (Cdn) per Common Share. The number of Common Shares which the Warrantholder is entitled to acquire upon exercise of the Warrants and the Exercise Price are subject to adjustment as hereinafter provided.

The Corporation agrees that the Common Shares purchased pursuant to the exercise of the Warrants shall be and be deemed to be issued to the Warrantholder as of the close of business on the date on which this Warrant Certificate shall have been surrendered and payment made for such Common Shares as aforesaid.

Nothing contained herein shall confer any right upon the Warrantholder to subscribe for or purchase any Common Shares at any time after the Expiry Time on the Expiry Date and from and after the Expiry Time on the Expiry Date the Warrants (unless expiry is accelerated under Section 3 of Schedule "A") and all rights under this Warrant Certificate shall be void and of no value.

This Warrant Certificate is issued upon the terms and conditions as are set out in Schedule "A" hereto, which terms, conditions and provisions are attached hereto and are incorporated herein and form a part hereof. Unless the context otherwise requires capitalized expressions herein shall have the meanings provided for in Schedule "A" hereto.

**IN WITNESS WHEREOF** the Corporation has caused this Warrant Certificate to be executed by its duly authorized officers this 29<sup>th</sup> day of November, 2019.

**CANIVATE GROWING SYSTEMS LTD.**

Per:

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Authorized Signatory



**SCHEDULE "A"**  
**TERMS AND CONDITIONS**  
**ATTACHED TO WARRANTS ISSUED BY**  
**CANIVATE GROWING SYSTEMS LTD.**  
**(the "Corporation")**

Each Warrant is subject to these Terms and Conditions as they were at the date of issue of the Warrant.

Terms used but not otherwise defined herein have the meaning ascribed thereto on the face page of the Warrant Certificate.

1. **Definitions:** In this Warrant Certificate, unless there is something in the subject matter or context inconsistent therewith, the following expressions shall have the following meanings namely:
  - a) **"Accelerated Expiry Date"** has the meaning set forth in Section 3 of this Warrant Certificate;
  - b) **"Acceleration Notice"** has the meaning set forth in Section 3 of this Warrant Certificate;
  - c) **"Adjustment Period"** means the period commencing on the date of issue of the Warrants and ending at the Expiry Time on the Expiry Date;
  - d) **"Current Market Price"** of the Common Shares at any date means the price per share equal to the weighted average price at which the Common Shares have traded on the Canadian Securities Exchange or, if the Common Shares are not then listed on the Canadian Securities Exchange, on such other Canadian stock exchange as may be selected by the directors of the Corporation for such purpose or, if the Common Shares are not then listed on any Canadian stock exchange, in the over-the-counter market, during the period of any 20 consecutive trading days ending not more than five business days before such date; provided that the weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold on the said exchange or market, as the case may be, during such 20 consecutive trading days by the total number of Common Shares so sold; and provided further that if the Common Shares are not then listed on any Canadian stock exchange or traded in the over-the-counter market, then the Current Market Price shall be determined by a firm of independent chartered accountants selected by the directors of the Corporation;
  - e) **"director"** means a director of the Corporation for the time being and, unless otherwise specified herein, a reference to action "by the directors" means action by the directors of the Corporation as a board or, whenever empowered, action by any committee of the directors of the Corporation;
  - f) **"trading day"** with respect to a stock exchange or over-the-counter market means a day on which such stock exchange or market is open for business;
  - g) **"Regulation S"** means Regulation S promulgated under the U.S. Securities Act;

- h) **"United States"** has the meaning prescribed in Regulation S;
- i) **"U.S. Person"** has the meaning prescribed in Regulation S; and
- j) **"U.S. Securities Act"** means the United States Securities Act of 1933, as amended.

In addition, words importing the singular number include the plural and vice versa, and words importing the masculine gender include feminine and neuter genders.

2. **Exercise:** In the event that the Warrantholder desires to exercise the right to purchase Common Shares conferred hereby, the Warrantholder shall:

- a) complete to the extent possible in the manner indicated and execute a subscription form in the form attached as Schedule "B" to this Warrant Certificate if the Warrantholder is not a U.S. Person, resident in the United States or otherwise not subject to the securities laws of the United States, or Schedule "C" to this Warrant Certificate if the Warrantholder is a U.S. Person, resident in the United States or otherwise subject to the securities laws of the United States,
- b) surrender this Warrant Certificate to the Corporation in accordance with section 13 hereof, and
- c) pay the amount payable on the exercise of such Warrants in respect of the Common Shares subscribed for by certified cheque, bank draft or money order in lawful money of Canada payable to the Corporation or by transmitting same day funds in lawful money of Canada by wire to such account as the Corporation shall direct the Warrantholder.

Upon such surrender and payment as aforesaid, the Warrantholder shall be deemed for all purposes to be the holder of record of the number of Common Shares to be so issued and the Warrantholder shall be entitled to delivery of a certificate or certificates representing such Common Shares and the Corporation shall cause such certificate or certificates to be delivered to the Warrantholder at the address specified in the subscription form within three business days after such surrender and payment as aforesaid. No fractional Common Shares will be issuable upon any exercise of this Warrant and the Warrantholder will not be entitled to any cash payment or compensation in lieu of a fractional Common Share.

3. **Acceleration of Expiry Time:** In the event that the Common Shares trade for a minimum of \$3.00 per Common Share for any ten (10) consecutive trading days at any time prior to the Expiry Date, the Company may accelerate the Expiry Date for the Warrants as follows:

- a) the Company will be entitled to give notice of acceleration (an **"Acceleration Notice"**) to the Warrantholder in order to accelerate the Expiry Date;
- b) upon delivery of an Acceleration Notice to a Warrantholder, the Expiry Date will be accelerated to 5:00pm on the date that is 30 calendar days from the date of delivery of the Acceleration Notice to the Warrantholder (the **"Accelerated Expiry Date"**);



- c) the Warrantholder will be entitled to exercise the Warrants up to the Expiry Time on the Accelerated Expiry Date; and
  - d) if the Warrantholder does not exercise the Warrants by the Expiry Time on the Accelerated Expiry Date, the Warrant and the rights provided under this Warrant Certificate will terminate.
4. **Partial Exercise:** The Warrantholder may from time to time subscribe for and purchase any lesser number of Common Shares than the number of Common Shares expressed in this Warrant Certificate. In the event that the Warrantholder subscribes for and purchases any such lesser number of Common Shares prior to the Expiry Time on the Expiry Date, the Warrantholder shall be entitled to receive a replacement certificate representing the unexercised balance of the Warrants.
  5. **Not a Shareholder:** The holding of the Warrants shall not constitute the Warrantholder a shareholder of the Corporation nor entitle the Warrantholder to any right or interest in respect thereof except as expressly provided in this Warrant Certificate.
  6. **Resale Restrictions and Legends on Common Shares:**

The Common Shares received by the Warrantholder upon the exercise of the Warrants may be subject to a hold period as determined by the *Securities Act* (British Columbia), the rules and policies of the Canadian Securities Exchange (if the Common Shares are traded on the Canadian Securities Exchange at that time) or any other stock exchange on which the Common Shares are listed and/or other applicable securities laws.

#### ***Canadian Legends***

Any certificate representing Common Shares issued upon the exercise of this Warrant prior to the date which is four months and one day after the date the Company becomes a "reporting issuer" in Canada will bear the following legends (or other legend as required to comply with applicable securities laws):

**"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) MAY 2, 2019, AND (II) THE DATE THE CORPORATION BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA."**

provided that at any time subsequent to the date which is four months and one day after the date the Company became a "reporting issuer" any certificate representing such Common Shares may be exchanged for a certificate bearing no such legends.

#### ***U.S. Resale Restrictions and Legends***

This Warrant and the Common Shares to be issued upon its exercise have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States. This Warrant may not be exercised in the United States, or by or for the account or benefit of a U.S. Person or a person in the United States, unless (i) the Common Shares are registered under the U.S. Securities Act and the applicable laws of any such state, or (ii) an exemption from such registration requirements is available, and



(iii) the Warrantholder has complied with the requirements set forth in the subscription form attached hereto as Schedule "C".

Any Common Shares issued upon exercise of this Warrant in the United States, or to or for the account or benefit of a U.S. person or a person in the United States, will be "restricted securities", as defined in Rule 144(a)(3) under the U.S. Securities Act. The certificates representing such Common Shares, as well as all certificates issued in exchange or in substitution therefor, until such time as is no longer required under the applicable requirements of the U.S. Securities Act, or applicable state securities laws, will bear, on the face of such certificate, the following legends:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF CANIVATE GROWING SYSTEMS LTD. (THE "CORPORATION") THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT; (C) WITHIN THE UNITED STATES IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULES 144 THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS; OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, AND, IN THE CASE OF PARAGRAPH (C) OR (D), THE SELLER FURNISHES TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE CORPORATION TO SUCH EFFECT.

THE PRESENCE OF THIS LEGEND MAY IMPAIR THE ABILITY OF THE HOLDER HEREOF TO EFFECT "GOOD DELIVERY" OF THE SECURITIES REPRESENTED HEREBY ON A CANADIAN STOCK EXCHANGE. A CERTIFICATE WITHOUT A LEGEND MAY BE OBTAINED FROM THE REGISTRAR AND TRANSFER AGENT OF THE CORPORATION IN CONNECTION WITH A SALE OF THE SECURITIES REPRESENTED HEREBY AT A TIME WHEN THE CORPORATION IS A "FOREIGN ISSUER" AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT, UPON DELIVERY OF THIS CERTIFICATE, AN EXECUTED DECLARATION AND, IF REQUESTED BY THE CORPORATION OR THE TRANSFER AGENT, AN OPINION OF COUNSEL OF RECOGNIZED STANDING, EACH IN FORM AND SUBSTANCE SATISFACTORY TO THE CORPORATION AND ITS TRANSFER AGENT, TO THE EFFECT THAT SUCH SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT."

provided, that if the Common Shares are being sold outside the United States in compliance with the requirements of Rule 904 of Regulation S under the U.S. Securities Act at a time when the Corporation is a "foreign issuer", as defined in Rule 902(e) of Regulation S at the time of sale, the legends set forth above may be removed by providing



a declaration to the Corporation and its registrar and transfer agent, as set forth in Schedule "D" attached hereto (or in such other form as the Corporation prescribe from time to time); and provided, further, that, if the Common Shares are being sold otherwise than in accordance with Rule 904 of Regulation S and other than to the Corporation, the legends may be removed by delivery to the Corporation and its registrar and transfer agent of an opinion of counsel, of recognized standing reasonably satisfactory to the Corporation, that such legends are no longer required under applicable requirements of the U.S. Securities Act or state securities laws.

7. **Transfer:** The Warrants are transferable subject to compliance with applicable laws, including the rules and policies of any securities regulatory authority having jurisdiction any and any stock exchange on which the Common Shares are listed or traded. The term "Warrantholder" shall be deemed to include any successor, transferee or assignee of the current or any future Warrantholder. The Warrants may be transferred by the Warrantholder by completing and delivering to the Corporation the transfer form attached hereto as Schedule "E", together with any such additional documentation or legal opinions reasonably required by the Corporation to evidence compliance with applicable laws. The Corporation shall issue and deliver, as soon as practicable and in any event within three (3) business days of delivery of such documentation, a new Warrant Certificate registered in the name of such transferee or as the transferee may direct and shall take all other necessary actions to effect the transfer as directed, which warrant certificate shall be endorsed with such legends as required to ensure compliance with applicable laws.
  
8. **Covenants, Representations and Warranties:** The Corporation hereby represents and warrants that it is authorized to create and issue the Warrants and covenants and agrees that it will cause the Common Shares from time to time subscribed for and purchased in the manner provided in this Warrant Certificate and the certificate or certificates representing such Common Shares to be issued and that, at all times prior to the Expiry Time on the Expiry Date, it will reserve and there will remain unissued a sufficient number of Common Shares to satisfy the right of purchase provided for in this Warrant Certificate. The Corporation hereby further covenants and agrees that it will at its expense expeditiously use its best efforts to obtain the listing of such Common Shares (subject to issue or notice of issue) on each stock exchange or over-the-counter market on which the Common Shares may be listed from time to time. All Common Shares which are issued upon the exercise of the right of purchase provided in this Warrant Certificate, upon payment therefor of the amount at which such Common Shares may be purchased pursuant to the provisions of this Warrant Certificate, shall be and be deemed to be fully paid and non-assessable shares and free from all taxes, liens and charges with respect to the issue thereof. The Corporation hereby represents and warrants that this Warrant Certificate is a valid and enforceable obligation of the Corporation, enforceable in accordance with the provisions of this Warrant Certificate.
  
9. **Adjustment Provisions:**
  - a) **Adjustments:** The Exercise Price and the number of Common Shares issuable to the Warrantholder upon the exercise of the Warrants shall be subject to adjustment from time to time in the events and in the manner provided as follows:

i. If at any time during the Adjustment Period the Corporation shall:

- 1) fix a record date for the issue of, or issue, Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a stock dividend;
- 2) fix a record date for the distribution to, or make a distribution to, the holders of all or substantially all of the outstanding Common Shares payable in Common Shares or securities exchangeable for or convertible into Common Shares;
- 3) subdivide, redivide or exchange the outstanding Common Shares into a greater number of Common Shares; or
- 4) consolidate, combine or reduce the outstanding Common Shares into a lesser number of Common Shares,

(any of such events in subclauses 9(a)(i)(1), 9(a)(i)(2), 9(a)(i)(3) and 9(a)(i)(4) above being herein called a “**Common Share Reorganization**”), the Exercise Price shall be adjusted on the earlier of the record date on which holders of Common Shares are determined for the purposes of the Common Share Reorganization and the effective date of the Common Share Reorganization to the amount determined by multiplying the Exercise Price in effect immediately prior to such record date or effective date, as the case may be, by a fraction:

- A. the numerator of which shall be the number of Common Shares outstanding on such record date or effective date, as the case may be, before giving effect to such Common Share Reorganization; and
- B. the denominator of which shall be the number of Common Shares which will be outstanding immediately after giving effect to such Common Share Reorganization (including in the case of a distribution of securities exchangeable for or convertible into Common Shares the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such date).

To the extent that any adjustment in the Exercise Price occurs pursuant to this clause 9(a)(i) as a result of the fixing by the Corporation of a record date for the distribution of securities exchangeable for or convertible into Common Shares, the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange or conversion right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right. Any Warrantholder who has not exercised his right to subscribe for



and purchase Common Shares on or prior to the record date of such stock dividend or distribution or the effective date of such subdivision or consolidation, as the case may be, upon the exercise of such right thereafter shall be entitled to receive and shall accept in lieu of the number of Common Shares then subscribed for and purchased by such Warrantholder, at the Exercise Price determined in accordance with this clause 9(a)(i) the aggregate number of Common Shares that such Warrantholder would have been entitled to receive as a result of such Common Share Reorganization, if, on such record date or effective date, as the case may be, such Warrantholder had been the holder of record of the number of Common Shares so subscribed for and purchased.

- ii. If at any time during the Adjustment Period the Corporation shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of rights, options or warrants pursuant to which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (such period being the “**Rights Period**”), to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share to the holder (or in the case of securities exchangeable for or convertible into Common Shares, at an exchange or conversion price per share) at the date of issue of such securities of less than 95% of the Current Market Price of the Common Shares on such record date (any of such events being called a “**Rights Offering**”), the Exercise Price shall be adjusted effective immediately after the record date for such Rights Offering to the amount determined by multiplying the Exercise Price in effect on such record date by a fraction:
  - 1) the numerator of which shall be the aggregate of
    - A. the number of Common Shares outstanding on the record date for the Rights Offering, and
    - B. the quotient determined by dividing
      - I. either (a) the product of the number of Common Shares offered during the Rights Period pursuant to the Rights Offering and the price at which such Common Shares are offered, or, (b) the product of the exchange or conversion price of the securities so offered and the number of Common Shares for or into which the securities offered pursuant to the Rights Offering may be exchanged or converted, as the case may be, by
      - II. the Current Market Price of the Common Shares as of the record date for the Rights Offering; and

- 2) the denominator of which shall be the aggregate of the number of Common Shares outstanding on such record date and the number of Common Shares offered pursuant to the Rights Offering (including in the case of the issue or distribution of securities exchangeable for or convertible into Common Shares the number of Common Shares for or into which such securities may be exchanged or converted).

If by the terms of the rights, options, or warrants referred to in this clause 9(a)(ii), there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered, shall be calculated for purposes of the adjustment on the basis of the lowest purchase, conversion or exchange price per Common Share, as the case may be. Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this clause 9(a)(ii) as a result of the fixing by the Corporation of a record date for the issue or distribution of rights, options or warrants referred to in this clause 9(a)(ii), the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- iii. If at any time during the Adjustment Period the Corporation shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of:
  - 1) shares of the Corporation of any class other than Common Shares;
  - 2) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares (other than rights, options or warrants pursuant to which holders of Common Shares are entitled, during a period expiring not more than 45 days after the record date for such issue, to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share) at the date of issue of such securities to the holder of at least 95% of the Current Market Price of the Common Shares on such record date);
  - 3) evidences of indebtedness of the Corporation; or



- 4) any property or assets of the Corporation;

and if such issue or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a "**Special Distribution**"), the Exercise Price shall be adjusted effective immediately after the record date for the Special Distribution to the amount determined by multiplying the Exercise Price in effect on the record date for the Special Distribution by a fraction:

- A. the numerator of which shall be the difference between
  - I. the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, and
  - II. the fair value, as determined by the directors of the Corporation, to the holders of Common Shares of the shares, rights, options, warrants, evidences of indebtedness or property or assets to be issued or distributed in the Special Distribution, and
- B. the denominator of which shall be the product obtained by multiplying the number of Common Shares outstanding on such record date by the Current Market Price of the Common Shares on such record date.

Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this clause 9(a)(iii) as a result of the fixing by the Corporation of a record date for the issue or distribution of rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares referred to in this clause 9(a)(iii), the Exercise Price shall be readjusted immediately after the expiry of any relevant exercise, exchange or conversion right to the amount which would then be in effect based upon the number of Common Shares issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- iv. If at any time during the Adjustment Period there shall occur:
  - 1) a reclassification or redesignation of the Common Shares, a change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares other than a Common Share Reorganization;
  - 2) a consolidation, amalgamation or merger of the Corporation or other form of business combination with or into another body



corporate which results in a reclassification or redesignation of the Common Shares or a change of the Common Shares into other shares or securities;

- 3) the transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation or entity;

(any of such events being called a “**Capital Reorganization**”), after the effective date of the Capital Reorganization the Warrantholder shall be entitled to receive, and shall accept, for the same aggregate consideration, upon exercise of the Warrants, in lieu of the number of Common Shares to which the Warrantholder was theretofor entitled upon the exercise of the Warrants, the kind and aggregate number of shares and other securities or property resulting from the Capital Reorganization which the Warrantholder would have been entitled to receive as a result of the Capital Reorganization if, on the effective date thereof, the Warrantholder had been the registered holder of the number of Common Shares which the Warrantholder was theretofore entitled to purchase or receive upon the exercise of the Warrants. If necessary, as a result of any such Capital Reorganization, appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interests thereafter of the Warrantholder to the end that the provisions shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of the Warrants.

- v. If at any time during the Adjustment Period any adjustment or readjustment in the Exercise Price shall occur pursuant to the provisions of clause 9(a)(i), 9(a)(ii) or 9(a)(iii) of this Warrant Certificate, then the number of Common Shares purchasable upon the subsequent exercise of the Warrants shall be simultaneously adjusted or readjusted, as the case may be, by multiplying the number of Common Shares purchasable upon the exercise of the Warrants immediately prior to such adjustment or readjustment by a fraction which shall be the reciprocal of the fraction used in the adjustment or readjustment of the Exercise Price.
- b) **Rules:** The following rules and procedures shall be applicable to adjustments made pursuant to subsection 9(a) hereof:
  - i. Subject to the following clauses of this subsection 9(b), any adjustment made pursuant to subsection 9(a) hereof shall be made successively whenever an event referred to therein shall occur.
  - ii. No adjustment in the Exercise Price shall be required unless such adjustment would result in a change of at least one per cent in the then Exercise Price and no adjustment shall be made in the number of Common Shares purchasable or issuable on the exercise of the Warrants

unless it would result in a change of at least one one-hundredth of a Common Share; provided, however, that any adjustments which except for the provision of this clause 9(b)(iii) would otherwise have been required to be made shall be carried forward and taken into account in any subsequent adjustment. Notwithstanding any other provision of subsection 9(a) hereof, no adjustment of the Exercise Price shall be made which would result in an increase in the Exercise Price or a decrease in the number of Common Shares issuable upon the exercise of the Warrants (except in respect of the Common Share Reorganization described in subclause 9(a)(i)(4) hereof or a Capital Reorganization described in subclause 9(a)(iv)(2) hereof).

- iii. No adjustment in the Exercise Price or in the number or kind of securities purchasable upon the exercise of the Warrants shall be made in respect of any event described in section 9 hereof if the Warrantholder is entitled to participate in such event on the same terms *mutatis mutandis* as if the Warrantholder had exercised the Warrants prior to or on the record date or effective date, as the case may be, of such event.
- iv. No adjustment in the Exercise Price or in the number of Common Shares purchasable upon the exercise of the Warrants shall be made pursuant to subsection 9(a) hereof in respect of the issue from time to time of Common Shares pursuant to this Warrant Certificate or pursuant to any stock option, stock purchase or stock bonus plan in effect from time to time for directors, officers or employees of the Corporation and/or any subsidiary of the Corporation and any such issue, and any grant of options in connection therewith, shall be deemed not to be a Common Share Reorganization, a Rights Offering nor any other event described in subsection 9(a) hereof.
- v. If at any time during the Adjustment Period the Corporation shall take any action affecting the Common Shares, other than an action described in subsection 9(a) hereof, which in the opinion of the directors would have a material adverse effect upon the rights of Warrantholders, either or both the Exercise Price and the number of Common Shares purchasable upon exercise of Warrants shall be adjusted in such manner and at such time by action by the directors, in their sole discretion, as may be equitable in the circumstances. Failure of the taking of action by the directors so as to provide for an adjustment prior to the effective date of any action by the Corporation affecting the Common Shares shall be deemed to be conclusive evidence that the directors have determined that it is equitable to make no adjustment in the circumstances.
- vi. If the Corporation shall set a record date to determine holders of Common Shares for the purpose of entitling such holders to receive any dividend or distribution or any subscription or purchase rights and shall, thereafter and before the distribution to such holders of any such dividend, distribution or subscription or purchase rights, legally abandon its plan to pay or deliver such dividend, distribution or subscription or



purchase rights, then no adjustment in the Exercise Price or the number of Common Shares purchasable upon exercise of the Warrant shall be required by reason of the setting of such record date.

vii. In any case in which this Warrant Certificate shall require that an adjustment shall become effective immediately after a record date for an event referred to in subsection 9(a) hereof, the Corporation may defer, until the occurrence of such event:

- 1) issuing to the Warrantholder, to the extent that the Warrants are exercised after such record date and before the occurrence of such event, the additional Common Shares or other securities issuable upon such exercise by reason of the adjustment required by such event; and
- 2) delivering to the Warrantholder any distribution declared with respect to such additional Common Shares or other securities after such record date and before such event;

provided, however, that the Corporation shall deliver to the Warrantholder an appropriate instrument evidencing the right of the Warrantholder upon the occurrence of the event requiring the adjustment, to an adjustment in the Exercise Price or the number of Common Shares purchasable upon the exercise of the Warrants and to such distribution declared with respect to any such additional Common Shares issuable on the exercise of the Warrants.

viii. In the absence of a resolution of the directors fixing a record date for a Rights Offering, the Corporation shall be deemed to have fixed as the record date therefor the date of the issue of the rights, options or warrants issued pursuant to the Rights Offering.

ix. If a dispute shall at any time arise with respect to adjustments of the Exercise Price or the number of Common Shares purchasable upon the exercise of the Warrants, such disputes shall be conclusively determined by the auditors of the Corporation or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by the directors and any such determination shall be conclusive evidence of the correctness of any adjustment made pursuant to subsection 9(a) hereof and shall be binding upon the Corporation and the Warrantholder.

x. As a condition precedent to the taking of any action which would require an adjustment pursuant to subsection 9(a) hereof, including the Exercise Price and the number or class of Common Shares or other securities which are to be received upon the exercise thereof, the Corporation shall take any action which may, in the opinion of counsel to the Corporation, be necessary in order that the Corporation may validly and legally issue as fully paid and non-assessable shares all of the Common Shares or other



securities which the Warrantholder is entitled to receive in accordance with the provisions of this Warrant Certificate.

- c) **Notice:** At least 21 days prior to the effective date of any event which requires or might require an adjustment in any of the rights of the Warrantholder under this Warrant Certificate, including the Exercise Price or the number of Common Shares which may be purchased under this Warrant Certificate, the Corporation shall deliver to the Warrantholder a certificate of the Corporation specifying the particulars of such event and, if determinable, the required adjustment and the calculation of such adjustment. In case any adjustment for which a notice in this subsection 9(c) has been given is not then determinable, the Corporation shall promptly after such adjustment is determinable deliver to the Warrantholder a certificate providing the calculation of such adjustment. The Corporation hereby covenants and agrees that the register of transfers and share transfer books for the Common Shares will be open, and that the Corporation will not take any action which might deprive the Warrantholder of the opportunity of exercising the rights of subscription contained in this Warrant Certificate, during such 21 day period.
- 10. **Lost Certificate:** If this Warrant Certificate or any replacement hereof becomes stolen, lost, mutilated or destroyed, the Corporation shall, on such terms as it may in its discretion impose, acting reasonably, issue and deliver a new certificate, in form identical hereto but with appropriate changes, representing any unexercised portion of the subscription rights represented hereby to replace the certificate so stolen, lost, mutilated or destroyed.
- 11. **Further Assurances:** The Corporation hereby covenants and agrees that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all and every such other act, deed and assurance as the Warrantholder shall reasonably require for the better accomplishing and effectuating of the intentions and provisions of this Warrant Certificate.
- 12. **Time of Essence:** Time shall be of the essence of this Warrant Certificate.
- 13. **Governing Laws:** This Warrant Certificate shall be construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.
- 14. **Notices:** All notices or other communications to be given under this Warrant Certificate shall be delivered by hand or by telecopier and, if delivered by hand, shall be deemed to have been given on the delivery date and, if sent by telecopier, on the date of transmission if sent before 4:00 p.m. on a business day or, if such day is not a business day, on the first business day following the date of transmission.

Notices to the Corporation shall be addressed to:

Canivate Growing Systems Ltd.  
Suite 500, 1112 West Pender Street  
Vancouver, British Columbia  
Canada V6E 2S1

Attention: Mr. Ingo Mueller, C.E.O.  
E-mail Address: imueller@thecanivateway.com

Notices to the Warrantholder shall be addressed to the address of the Warrantholder set out on the face page of this Warrant Certificate.

The Corporation and the Warrantholder may change its address for service by notice in writing to the other of them specifying its new address for service under this Warrant Certificate.

15. **Language:** The parties hereto acknowledge and confirm that they have requested that this Warrant Certificate as well as all notices and other documents contemplated hereby be drawn up in the English language. Les parties aux présentes reconnaissent et confirment qu'elles ont exigé que la présente convention ainsi que tous les avis et documents qui s'y rattachent soient rédigés en langue anglaise.
16. **Successors and Assigns:** This Warrant Certificate shall enure to the benefit of the Warrantholder and the successors and assignees thereof and shall be binding upon the Corporation and the successors thereof.

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## SCHEDULE "B"

SUBSCRIPTION FORM  
(Non-U.S. Warranholders)

TO: CANIVATE GROWING SYSTEMS LTD.

The undersigned hereby subscribes for \_\_\_\_\_ common shares ("**Common Shares**") of Canivate Growing Systems Ltd. (the "**Corporation**") (or such other number of Common Shares or other securities to which such subscription entitles the undersigned in lieu thereof or in addition thereto) pursuant to the provisions of the warrant certificate (the "**Warrant Certificate**") dated May 2, 2019 issued by the Corporation to the Warranholder (as defined in the Warrant Certificate) at the purchase price of \$2.00 (Cdn) per Common Share (or at such other purchase price as may then be in effect under the provisions of the Warrant Certificate) and on and subject to the other terms and conditions specified in the Warrant and encloses herewith a cheque, bank draft or money order or has transmitted good same day funds by wire or other similar transfer in lawful money of Canada payable to or to the order of the Corporation in payment of the subscription price.

By executing this subscription form the undersigned represents and warrants that the undersigned at the time of execution and delivery of this subscription form (i) is not in the United States and is not a "U.S. Person" (as defined in Regulation S promulgated under the United States Securities Act of 1933, as amended, (the "**U.S. Securities Act**")); (ii) is not exercising the right provided for herein for the account or benefit of a U.S. Person or a person in the United States (as defined in Regulation S); (iii) is not exercising Warrants with the intent to distribute either directly or indirectly any of the securities acquirable upon exercise in the United States, except in compliance with the U.S. Securities Act; and (iv) has in all other respects complied with the terms of Regulation S of the U.S. Securities Act.

The undersigned hereby directs that the Common Shares subscribed for be registered and delivered as follows:

Name in Full	Address (include Postal Code)	Number of Common Shares

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

By: \_\_\_\_\_  
Authorized Signatory



## SCHEDULE "C"

SUBSCRIPTION FORM  
(U.S. Warrantholders)

TO: CANIVATE GROWING SYSTEMS LTD.

The undersigned hereby subscribes for \_\_\_\_\_ common shares ("**Common Shares**") of Canivate Growing Systems Ltd. (the "**Corporation**") (or such other number of Common Shares or other securities to which such subscription entitles the undersigned in lieu thereof or in addition thereto) pursuant to the provisions of the warrant certificate (the "**Warrant Certificate**") dated as of issued by the Corporation to the Warrantholder (as defined in the Warrant Certificate) at the purchase price of \$2.00 (Cdn) per Common Share (or at such other purchase price as may then be in effect under the provisions of the Warrant Certificate) and on and subject to the other terms and conditions specified in the Warrant and encloses herewith a cheque, bank draft or money order or has transmitted good same day funds by wire or other similar transfer in lawful money of Canada payable to or to the order of the Corporation in payment of the subscription price.

The undersigned is a resident of the United States or is otherwise subject to the securities laws of the United States and as at the time of exercise hereunder, the undersigned Warrantholder represents, warrants and certifies [**Initial, as appropriate**]:

- ☐ (a) the undersigned Warrantholder is resident in the United States, is a U.S. person, or is exercising the Warrant for the account or benefit of a U.S. person or a person in the United States (a "**U.S. Holder**"), and is an "accredited investor", as defined in Rule 501(a) of Regulation D under the U.S. Securities Act (a "**U.S. Accredited Investor**"), and has completed the U.S. Accredited Investor Status Certificate in the form attached to this subscription form; OR
- ☐ (b) if the undersigned Warrantholder is a U.S. Holder, the undersigned Warrantholder has delivered to the Corporation and its registrar and transfer agent an opinion of counsel (which will not be sufficient unless it is in form and substance satisfactory to the Corporation) or such other evidence satisfactory to the Corporation to the effect that with respect to the Common Shares to be delivered upon exercise of the Warrant, the issuance of such securities has been registered under the U.S. Securities Act and applicable state securities laws, or an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available.

**Note: Certificates representing Common Shares will not be registered or delivered to an address in the United States unless box (a) or (b) immediately above is initialled.**

If the undersigned Warrantholder has indicated that the undersigned Warrantholder is a U.S. Accredited Investor by marking box (a) above, the undersigned Warrantholder additionally represents and warrants to the Corporation that:

- 1 the undersigned Warrantholder has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Common Shares, and the undersigned is able to bear the economic risk of loss of his or her entire investment;

2. the undersigned: (i) is purchasing the Common Shares for his or her own account or for the account of one or more U.S. Accredited Investors with respect to which the undersigned is exercising sole investment discretion, and not on behalf of any other person; (ii) is purchasing the Common Shares for investment purposes only and not with a view to resale, distribution or other disposition in violation of United States federal or state securities laws; and (iii) in the case of the purchase by the undersigned of the Common Shares as agent or trustee for any other person or persons (each a “**Beneficial Purchaser**”), has due and proper authority to act as agent or trustee for and on behalf of each such Beneficial Purchaser in connection with the transactions contemplated hereby; provided that: (x) if the undersigned Warrantholder, or any Beneficial Purchaser, is a corporation or a partnership, syndicate, trust or other form of unincorporated organization, the undersigned Warrantholder or each such Beneficial Purchaser was not incorporated or created solely, nor is it being used primarily to permit purchases without a prospectus or registration statement under applicable law; and (y) each Beneficial Purchaser, if any, is a U.S. Accredited Investor; and
3. the undersigned has not exercised the Warrants as a result of any form of general solicitation or general advertising (as such terms are used in Rule 502 of Regulation D under the U.S. Securities Act), including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media, or broadcast over radio, television, the Internet or other form of telecommunications, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.

If the undersigned has indicated that the undersigned is a U.S. Accredited Investor by marking box (a) above, the undersigned also acknowledges and agrees that:

1. the Corporation has provided to the undersigned the opportunity to ask questions and receive answers concerning the terms and conditions of the offering, and the undersigned has had access to such information concerning the Corporation as the undersigned has considered necessary or appropriate in connection with the undersigned’s investment decision to acquire the Common Shares;
2. if the undersigned decides to offer, sell or otherwise transfer any of the Common Shares, the undersigned must not, and will not, offer, sell or otherwise transfer any of such Common Shares directly or indirectly, unless:
  - (a) the sale is to the Corporation;
  - (b) the sale is made outside the United States in a transaction meeting the requirements of Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations;
  - (c) the sale is made pursuant to the exemption from the registration requirements under the U.S. Securities Act provided by Rules 144 or 144A thereunder, if available, and in accordance with any applicable state securities or “blue sky” laws; or
  - (d) the Common Shares are sold in a transaction that does not require registration under the U.S. Securities Act or any applicable state laws and regulations governing the offer and sale of securities, and it has prior to such sale furnished to the Corporation an opinion of counsel reasonably satisfactory to the Corporation;
3. the Common Shares are “restricted securities” under applicable federal securities laws and that the U.S. Securities Act and the rules of the United States Securities and Exchange Commission



provide in substance that the undersigned may dispose of the Common Shares only pursuant to an effective registration statement under the U.S. Securities Act or an exemption therefrom;

4. the Corporation has no obligation to register any of the Common Shares or to take action so as to permit sales pursuant to the U.S. Securities Act (including Rule 144 thereunder);
5. the certificates representing the Common Shares (and any certificates issued in exchange or substitution for the Common Shares) will bear a legend stating that such securities have not been registered under the U.S. Securities Act or the securities laws of any state of the United States, and may not be offered for sale or sold unless registered under the U.S. Securities Act and the securities laws of all applicable states of the United States, or unless an exemption from such registration requirements is available;
6. delivery of certificates bearing such a legend may not constitute “good delivery” in settlement of transactions on Canadian stock exchanges or over-the-counter markets, but if the Corporation is a “foreign issuer” (within the meaning of Regulation S promulgated under the U.S. Securities Act) at the time of sale, a new certificate will be made available to the undersigned upon provision by the undersigned of a declaration to the Corporation and its registrar and transfer agent (the “**Transfer Agent**”) in the form attached as Schedule “C” hereto (or in such other form as the Corporation may prescribe from time to time) and, if requested by the Corporation or the Transfer Agent, an opinion of counsel of recognized standing in form and substance satisfactory to the Corporation and the Transfer Agent to the effect that such sale is being made in compliance with Rule 904 of Regulation S; and provided, further, that, if any Common Shares are being sold otherwise than in accordance with Rule 904 of Regulation S and other than to the Corporation, the legend may be removed by delivery to the Transfer Agent and the Corporation of an opinion of counsel, of recognized standing reasonably satisfactory to the Corporation, that such legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws;
7. the financial statements of the Corporation have been prepared in accordance with Canadian generally accepted accounting principles or International Financial Reporting Standards, which differ in some respects from United States generally accepted accounting principles, and thus may not be comparable to financial statements of United States companies;
8. there may be material tax consequences to the undersigned of an acquisition or disposition of the Common Shares;
9. the Corporation gives no opinion and makes no representation with respect to the tax consequences to the undersigned under United States, state, local or foreign tax law of the undersigned’s acquisition or disposition of any Common Shares; in particular, no determination has been made whether the Corporation will be a “passive foreign investment company” (commonly known as a “PFIC”) within the meaning of Section 1297 of the United States *Internal Revenue Code*;
10. funds representing the subscription price for the Common Shares which will be advanced by the undersigned to the Corporation upon exercise of the Warrants will not represent proceeds of crime for the purposes of the United States *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* (the “**PATRIOT Act**”), and the undersigned acknowledges that the Corporation may in the future be required by law to disclose the undersigned’s name and other information relating to this exercise form and the undersigned’s subscription hereunder, on a confidential basis, pursuant to the PATRIOT Act. No portion of the subscription price to be provided by the undersigned (i) has been or will be derived



from or related to any activity that is deemed criminal under the laws of the United States of America, or any other jurisdiction, or (ii) is being tendered on behalf of a person or entity who has not been identified to or by the undersigned, and it shall promptly notify the Corporation if the undersigned discovers that any of such representations ceases to be true and provide the Corporation with appropriate information in connection therewith;

11. the Corporation is not obligated to remain a "foreign issuer"; and
12. the undersigned consents to the Corporation making a notation on its records or giving instructions to any transfer agent of the Corporation in order to implement the restrictions on transfer set forth and described in this subscription form.

The undersigned hereby directs that the Common Shares subscribed for be registered and delivered as follows:

Name in Full	Address (include Postal Code)	Number of Common Shares

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

By: \_\_\_\_\_  
Authorized Signatory

## APPENDIX C-1

U.S. ACCREDITED INVESTOR STATUS CERTIFICATE

TO: CANIVATE GROWING SYSTEMS LTD.

In connection with the purchase by the undersigned or the disclosed principal, the undersigned (the "Purchaser") hereby represents and warrants that the Purchaser (and, if the Purchaser is acting on behalf of a beneficial purchaser, such beneficial purchaser) is an "Accredited Investor", as defined in Rule 501(a) under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") as a result of satisfying one or more of the following categories of Accredited Investor below to which the undersigned has affixed his or her initials (the line identified as "BP" is to be initialed by the beneficial purchaser, if any, on each line that applies).

- \_\_\_\_\_ a natural person whose individual net worth, or joint net worth with that person's  
 \_\_\_\_\_ (BP) spouse, at the time of his or her purchase exceeds US\$1,000,000 (for the purposes of calculating net worth: (i) the person's primary residence shall not be included as an asset; (ii) indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale and purchase of securities contemplated by the accompanying Subscription Form, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of the sale and purchase of securities contemplated by the accompanying Subscription Form exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and (iii) indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence shall be included as a liability).
- \_\_\_\_\_ A natural person who had annual gross income during each of the last two full calendar  
 \_\_\_\_\_ (BP) years in excess of US\$200,000 (or together with his or her spouse in excess of US\$300,000) and reasonably expects to have annual gross income in excess of US\$200,000 (or together with his or her spouse in excess of US\$300,000) during the current calendar year, and no reason to believe that his or her annual gross income will not remain in excess of US\$200,000 (or that together with his or her spouse will not remain in excess of US\$300,000) for the foreseeable future;
- \_\_\_\_\_ Any bank as defined in Section 3(a)(2) of the United States Securities Act of 1933, as  
 \_\_\_\_\_ (BP) amended (the "U.S. Securities Act"), or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the U.S. Securities Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the U.S. Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the U.S. Securities Act; any investment company registered under the U.S. Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the U.S. Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of

US\$5,000,000; any employee benefit plan within the meaning of the U.S. Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of US\$5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are "accredited investors" (as such term is defined in Rule 501 of Regulation D of the U.S. Securities Act).

\_\_\_\_\_  
 \_\_\_\_\_ (BP) Any private business development company as defined in Section 202(a)(22) of the U.S. Investment Advisers Act of 1940.

\_\_\_\_\_  
 \_\_\_\_\_ (BP) Any organization described in Section 501(c)(3) of the U.S. Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of US\$5,000,000.

\_\_\_\_\_  
 \_\_\_\_\_ (BP) Any director or executive officer of Canivate Growing Systems Ltd.

\_\_\_\_\_  
 \_\_\_\_\_ (BP) Any trust with total assets in excess of US\$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person (being defined as a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment).

\_\_\_\_\_  
 \_\_\_\_\_ (BP) Any entity in which all of the equity owners meet the requirements of at least one of the above categories.

DATED at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_



## SCHEDULE "D"

## FORM OF DECLARATION FOR REMOVAL OF LEGEND

**TO:** Canivate Growing Systems Ltd. (the "Corporation")

**AND TO:** The registrar and transfer agent for the securities of Canivate Growing Systems Ltd.

The undersigned (A) acknowledges that the sale of the \_\_\_\_\_ Common Shares in the capital of the Corporation represented by certificate number \_\_\_\_\_, to which this declaration relates, is being made in reliance on Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and (B) certifies that (1) the undersigned is not an "affiliate" (as defined in Rule 405 under the U.S. Securities Act) of the Corporation or a "distributor", as defined in Regulation S, or an affiliate of a "distributor"; (2) the offer of such securities was not made to a person in the United States and either (a) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believe that the buyer was outside the United States, or (b) the transaction was executed on or through the facilities of the Canadian Securities Exchange or any other designated offshore securities market within the meaning of Rule 902(b) of Regulation S under the U.S. Securities Act, and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States; (3) neither the seller nor any affiliate of the seller nor any person acting on their behalf has engaged in any directed selling efforts in connection with the offer and sale of such securities; (4) the sale is bona fide and not for the purpose of "washing off" the resale restrictions imposed because the securities are "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act); (5) the seller does not intend to replace the securities sold in reliance on Rule 904 of Regulation S under the U.S. Securities Act with fungible unrestricted securities; and (6) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S, is part of a plan or a scheme to evade the registration provisions of the U.S. Securities Act. Unless otherwise specified, terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature of individual (if Seller is an individual)

\_\_\_\_\_  
Authorized signatory (if Seller is not an individual)

\_\_\_\_\_  
Name of Seller (please print)

\_\_\_\_\_  
Name of authorized signatory (please print)

---

Official capacity of authorized signatory (please print)

**Affirmation by Seller's Broker-Dealer (Required for sale pursuant to paragraph (B)(2)(b) above)**

We have read the foregoing representations of our customer, \_\_\_\_\_ (the "Seller") dated \_\_\_\_\_, with regard to the sale, for such Seller's account, of the securities of the Corporation described therein, and we hereby affirm that: (a) we have no knowledge that the transaction had been prearranged with a buyer in the United States; (b) the transaction was executed on or through the facilities of the Canadian Securities Exchange or another "designated offshore securities market"; (c) neither we, nor any person acting on our behalf, engaged in any directed selling efforts in connection with the offer and sale of such securities, and (d) no selling concession, fee or other remuneration is being paid to us in connection with this offer and sale other than the usual and customary broker's commission that would be received by a person executing such transaction as agent. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

\_\_\_\_\_  
Name of Firm

By: \_\_\_\_\_  
Authorized officer

Date: \_\_\_\_\_

**SCHEDULE "E"**  
**FORM OF TRANSFER**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_  
(include name and address of the transferee) Warrants exercisable for common shares of Canivate Growing Systems Ltd. (the "**Corporation**") registered in the name of the undersigned on the register of the Corporation maintained therefor, and hereby irrevocably appoints \_\_\_\_\_ the attorney of the undersigned to transfer the said securities on the books maintained by the Corporation with full power of substitution.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Signature of Transferor guaranteed by:

\_\_\_\_\_  
**Medallion Signature Guarantee**  
**Stamp of Transferor**

\_\_\_\_\_  
**Signature of Transferor**

\_\_\_\_\_  
Address of Transferor

The Transferor hereby certifies that:

(check one)

- ☐ the transferee was not offered the Warrants in the United States and is not in the United States or a "U.S. Person" (as defined in Regulation S under the *United States Securities Act of 1933*, as amended (the "**U.S. Securities Act**")), and is not acquiring the Warrants for the account or benefit of a person in the United States or a U.S. Person; or
- ☐ enclosed herewith is an opinion of counsel (which the transferee understands must be satisfactory to the Corporation) to the effect that no violation of the U.S. Securities Act or applicable securities laws will result from transfer, exercise or deemed exercise of the Warrants.

It is understood that the Corporation may require additional evidence necessary to verify the foregoing.

**INSTRUCTIONS FOR TRANSFER**

1. The signature of the Warrantholder must correspond with the name written upon the face of this Warrant Certificate in every particular without any changes whatsoever.
2. If the Transfer Form is signed by a trustee, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.
3. The signature on the Transfer Form must be guaranteed by a chartered bank or trust company, or a member firm of an approved signature guarantee medallion program. The guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED".



4. The Warrants will only be transferable in accordance with applicable laws. The Warrants and the common shares issuable upon exercise thereof have not been and will not be registered under the U.S. Securities Act, or under the securities laws of any state of the United States, and may not be transferred to or for the account or benefit of a U.S. person or any person in the United States without registration under the U.S. Securities Act and applicable state securities laws, or compliance with the requirements of an exemption from registration. "United States" and "U.S. Person" are as defined in Regulation S under the U.S. Securities Act.

**STOCK OPTION CERTIFICATE  
OF  
AGRIFORCE GROWING SYSTEMS LTD.  
(the "Corporation")**

**TO: CannabiDol LLC (the "Optionee")**

This stock option certificate (the "**Certificate**") certifies that as of the date of grant set forth below (the "**Date of Grant**"), you have been granted the option (the "**Option**") to purchase the number of common shares of the Corporation set forth below (the "**Option Shares**") at the exercise price set forth below (the "**Exercise Price**"). The Option shall be subject to the terms and conditions set forth in the Corporation's Stock Option Plan, as amended or replaced from time to time (the "**Plan**"), and in addition shall be subject to the terms set forth below. Where used herein all defined terms shall have the respective meanings attributed thereto in the Plan.

<b>Date of Grant:</b>	November 15, 2019
<b>Number of Option Shares:</b>	200,000
<b>Exercise Price:</b>	\$1.00 per Option Share
<b>Expiry Date of Option:</b>	November 15, 2025 5:00 p.m. (Vancouver Time)

**Exercise Price**

The Option provides you with the right to exercise the Option in whole or in part to purchase up to the number of Options Shares set forth above at the Exercise Price. The number of Option Shares subject to the Option and the Exercise Price are each subject to adjustment in certain events in accordance with the Plan.

**Expiry Date**

The Option is exercisable up until the Expiry Date set forth above, provided that (i) the Expiry Date may be accelerated in accordance with the Plan, (ii) the Options are subject to termination in certain events in accordance with the Plan, and (iii) no Option may be exercised until vested. On the close of business on the Expiry Date, the Option will expire and terminate and be of no further force and effect whatsoever.

**Vesting**

You are only entitled to exercise the Option to the extent that the Option has vested. The Option will vest on a cumulative basis on the following schedule:

<b>Date of Vesting</b>	<b>Number of Options Vested</b>
Number of Options Vested at November 15, 2019	25,000
Three month anniversary of Date of Grant	25,000 (12.5%)

Date of Vesting	Number of Options Vested
Six month anniversary of Date of Grant	25,000 (12.5%)
Nine month anniversary of Date of Grant	25,000 (12.5%)
Twelve month anniversary of Date of Grant	25,000 (12.5%)
Fifteen month anniversary of Date of Grant	25,000 (12.5%)
Eighteen month anniversary of Date of Grant	25,000 (12.5%)
Twenty one month anniversary of Date of Grant	25,000 (12.5%)
<b>Total</b>	<b>200,000 (100%)</b>

#### **Exercise of Option**

You may exercise the Option from time to time, in whole or in part AND to the extent the Option is vested and exercisable, by delivery of an Election to Exercise in a form substantially the same as that attached hereto as Schedule A (the “**Election to Exercise**”). You must properly complete and execute the Election to Exercise and deliver it to the Corporation together with (except in the event of a cashless exercise) a certified cheque or bank draft in an amount equal to the aggregate Exercise Price for the number of Option Shares specified in the Election to Exercise (the “**Purchase Price**”). You must deliver the Election to Exercise and the Purchase Price to the Corporation at the principal office of the Corporation at Suite500, 1112 West Pender Street, Vancouver, B.C. V6E 2S1 or such other address in Canada as you may be notified in writing by the Corporation.

#### **Termination of the Option**

The Option is subject to termination in certain events under the Plan, including if you cease to be an eligible director, officer, employee or consultant under the Plan. You may not exercise the Option after termination.

#### **Copy of Plan**

The Corporation has delivered a copy of the Plan to you with this Certificate. By acceptance of this Certificate, you acknowledge receipt of a copy of the Plan.

#### **Additional Agreements of Optionee**

By acceptance of this Certificate and the Option evidenced hereby, you agree and acknowledge that:

- (i) the terms of this Option (including the Exercise Price and the number of Options) may be modified by the Corporation without your consent to the extent reasonably necessary to enable the Corporation to list on the Canadian Securities Exchange or on any other stock exchange (the “CSE”), of which there is no assurance;
  - (ii) the certificates representing the Option Shares may be endorsed with certain restrictive legends to the extent required to comply with securities laws applicable to you and the Company and the rules and policies of the CSE, or any other exchange on which the common shares of the Corporation may be traded;
-



- (iii) you will enter into such lock-up or escrow agreements required in connection with the listing of the Company on the CSE, as reasonably requested by the Company;
- (iv) the Option and the issuance of the Option Shares have not been registered under the U.S. Securities Act of 1933, as amended and accordingly the Option Shares are not freely tradeable in the United States, and will be endorsed with legends confirming such restricted status if the Optionee is resident in or otherwise subject to U.S. securities laws;
- (v) the Option and all Option Shares purchased upon any exercise of the Option have been and will be acquired for investment purposes only and not with the view to distribution or transfer and will be held for your own individual account;
- (vi) the Option is not transferable; and
- (vii) you will execute and deliver to the Corporation such additional documentation, as reasonable required in the opinion of legal counsel to the Corporation, to establish that the Option Shares may be issued to you in reliance on exemptions from prospectus and registration requirements under applicable securities laws as a condition of the issuance of any Option Shares upon the exercise of the Option;
- (viii) where the terms of this Certificate are inconsistent with the terms of the Plan, the terms of the Plan shall prevail.

This Certificate is executed to be effective as of the Date of Grant.

**AGRIFORCE GROWING SYSTEMS LTD.**

**Accepted and agreed by the Optionee:**

Per: \_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Signature of Optionee

\_\_\_\_\_  
Name of Optionee

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## Schedule A to Option Certificate

### Election to Exercise

The undersigned Optionee hereby irrevocably elects to exercise the Option granted by Agriforce Growing Systems Ltd. (the "**Corporation**") on Date of Grant set forth below to purchase the number of Option Shares as set forth below:

<b>Date of Grant of Option:</b>	<u>November 15, 2019</u>
<b>(a) Number of Option Shares to be Acquired:</b>	<u>200,000</u>
<b>(b) Exercise Price (Per Option Share):</b>	<u>\$1.00</u>
<b>Aggregate Purchase Price [(a) multiplied by (b)]:</b>	<u>\$200,000</u>

and hereby exercise the Option as follows:

A. **Cash Exercise** ☐ [Check box as applicable]

The Optionee hereby tenders a certificate cheque or bank draft for such aggregate Purchase Price, and directs such shares to be registered and a certificate therefore to be issued as directed below.

Or

B. **Cashless Exercise** ☐ [Check box as applicable]

The Optionee elects to complete a cashless exercise of the Options and agrees to the cancellation of that number of Option Shares as is necessary, in accordance with the formula set forth in Exhibit A attached to this Notice, to exercise the Option with respect to the number of Option Shares being purchased by means of a cashless exercise (the "**Cashless Exercise Method**").

The Optionee will further agree to any additional representations and agreements required to ensure compliance with U.S. securities laws if the Optionee is a U.S. person or otherwise subject to U.S. securities laws.

The undersigned acknowledges and agrees that issuance of the Option Shares is subject to the terms and conditions of the Certificate representing the Option and the Stock Option Plan of the Corporation, as amended and replaced from time to time.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signature of Optionee

\_\_\_\_\_

**DIRECTION AS TO REGISTRATION OF OPTION SHARES**

Name of Registered Holder: Cannabidol LLC

Address of Registered Holder: 16 Norway Rd  
Gorham, ME  
USA, 04038

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## EXHIBIT A

### TO NOTICE OF EXERCISE CASHLESS EXERCISE

1. If permitted by the policies of any stock exchange on which the Company may be listed from time to time, the Option may be exercised by means of a “cashless exercise”, in which event the Company shall issue to the undersigned the net number of Shares determined as follows:

$$a = b \times \left( \frac{c - d}{c} \right)$$

where:

- $a$  = the net Shares to be issued to the undersigned;
- $b$  = the number of Shares in respect of which the Option is being exercised;
- $c$  = the average of the “Closing Sale Prices” of the Company’s shares of common shares for at least the two trading days ending on the date immediately preceding the Exercise Date; and
- $d$  = the Exercise Price of the Option.

2. For purposes hereof, “Closing Sale Price” means, for any security as of any date, the last trade price for such security on the principal securities exchange or trading market for such security, or, if such exchange or trading market begins to operate on an extended hours basis and does not designate the last trade price, then the last trade price of such security prior to 4:00 p.m., Toronto time, or if the foregoing do not apply, the last trade price of such security in the over-the-counter market on the electronic bulletin board for such security, or, if no last trade price is reported for such security, the average of the bid prices, or the ask prices, respectively, of any market makers for such security as reported by the OTC Markets Group Inc.

3. If the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as mutually determined by the Company and the undersigned.

4. If the Company and the undersigned are unable to agree upon the fair market value of such security, then the Company shall, within two business days submit via facsimile (a) the disputed determination of the Closing Sale Price to an independent, reputable investment bank selected by the Company and approved by the undersigned or (b) the disputed arithmetic calculation of the Shares of Common Stock to the Company’s independent, outside accountant. The Company shall cause at its expense the investment bank or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the undersigned of the results no later than ten business days from the time it receives the disputed determinations or calculations. Such investment bank’s or accountant’s determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error. All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during the applicable calculation period.

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**CANIVATE GROWING SYSTEMS LTD.**

## UNIT SUBSCRIPTION AGREEMENT

**Dated for Reference: August 20, 2018**

TO: CANIVATE GROWING SYSTEMS LTD. (the "Company")

**RE: Purchase of Units of Canivate Growing Systems Ltd. at a Subscription Price of CDN\$0.35 per Unit (the "Offering").**

The undersigned (the “**Investor**”) hereby irrevocably subscribes for and agrees to purchase from the Company, on the terms and conditions set forth in this agreement (the “**Subscription Agreement**”), that number of Units of the Company set out below at a price of CDN\$0.35 per Unit, for the total subscription price set forth below (the “**Subscription Price**”). Each “**Unit**” consists of (i) one common share in the capital of the Company, and (ii) one warrant to purchase one Common Share of the Company for \$0.50 for a three year term following closing of the Offering, subject to acceleration of the Expiry Time as set forth herein. The terms of the Offering are summarized in the Term Sheet attached as Schedule A and are set forth in detail in the Terms and Conditions starting on page 5.

**REGISTRATION AND DELIVERY INSTRUCTIONS:**

285,714 - Number of Units of the Company ("Units")

CDN\$0.35 per Unit for a total subscription price ("**Subscription Price**") of CDN\$ 100,000

**EXECUTION BY SUBSCRIBER:**

3

Signature of individual (if Subscriber is an individual)

4168 Susan CRT. Burlington, ON, L7M 4E9

Address of Subscriber (residence)

Authorized signatory (if Subscriber is not an individual)

Address of Subscriber

Anthony Oram

(416) 318 - 6362

Name of Subscriber (please print)

Telephone number of Subscriber

Name of authorized signatory (please print)

E-mail address of Subscriber

<u>Register the Units as follows:</u>
Anthony Oram (Name)
 (Account reference, if applicable)
4168 Susan CRT. Burlington, ON, L7M 4E9 (Address)
 (Address)

<u>Deliver the Units as follows:</u>
Anthony Oram (Name)
 (Account reference, if applicable)
 (Contact Name)
1895 - 1066 West Hastings Street (Address)
Vancouver, BC, V6E 3X1 (Address)

**ACCEPTANCE:**

Accepted and agreed to by Canivate Growing Systems Ltd. as of the \_\_\_\_\_ day of \_\_\_\_\_, 2018.


**CANIVATE GROWING SYSTEMS LTD.**

Per: \_\_\_\_\_  
Authorized Signatory

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR APPLICABLE STATE SECURITIES LAWS, AND ARE PROPOSED TO BE ISSUED IN RELIANCE UPON AN EXEMPTION OR AN EXCLUSION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. SUCH SECURITIES MAY NOT BE REOFFERED FOR SALE, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, OR PURSUANT TO AN EXEMPTION OR EXCLUSION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

THE SECURITIES OFFERED HEREBY ARE SPECULATIVE, INVOLVE A HIGH DEGREE OF RISK AND SHOULD ONLY BE PURCHASED BY PERSONS WHO CAN AFFORD THE LOSS OF THEIR ENTIRE INVESTMENT. PROSPECTIVE INVESTORS SHOULD CAREFULLY READ AND EVALUATE THE INFORMATION SET FORTH IN THIS SUBSCRIPTION AGREEMENT BEFORE PURCHASING ANY OF SUCH SECURITIES.



	Jurisdiction(s) registered: _____ Categories of registration: _____
_____	(f) except in Ontario, the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada,
_____	(f.1) in Ontario, the Government of Canada, the government of a province or territory of Canada, or any Crown corporation, agency or wholly owned entity of the Government of Canada or of the government of a province or territory of Canada,
_____	(g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec,
_____	(h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government,
_____	(i) except in Ontario, a pension fund that is regulated by the Office of the Superintendent of Financial Institutions (Canada), a pension commission or similar regulatory authority of a jurisdiction of Canada,
_____	(i.1) in Ontario, a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a province or territory of Canada,
	Jurisdiction(s) registered: _____ Registration number(s): _____
X 	(j) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000, <b>If this is your applicable category, you must also complete Form 45-106F9 attached as Schedule C to the Subscription Agreement</b>
_____	(j.1) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$5,000,000,
_____	(k) an individual whose net income before taxes exceeded \$200,000 in each of the 2 most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the 2 most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year, <b>If this is your applicable category, you must also complete Form 45-106F9 attached as Schedule C to the Subscription Agreement</b>
_____	(l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000, <b>If this is your applicable category, you must also complete Form 45-106F9 attached as Schedule C to the Subscription Agreement</b>
_____	(m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements, Type of entity: _____ Jurisdiction and date of formation: _____

<input type="checkbox"/>	(t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors [If this is your applicable category, each owner of interest must individually complete and submit to the Company its own copy of this Certificate of Accredited Investor].  Name(s) of owners of interest: _____ Type of entity (if applicable): _____ Categories of accredited investor: _____
<input type="checkbox"/>	(u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser,  Name of advisor: _____ Jurisdiction(s) registered: _____ Categories of registration: _____ Basis of exemption: _____
<input type="checkbox"/>	(v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor,  <input type="checkbox"/> (v.1) in Ontario, a person or company that is recognized or designated by the Commission as an accredited investor,  Jurisdiction(s) recognized or designated: _____
<input type="checkbox"/>	(w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.  Name(s) of settlor: _____ Name(s) of trustees: _____ Categories of accredited investor: _____ Categories of beneficiaries: _____

DATED: September 12, 2018

Anthony Oram

Print name of Subscriber

X

Signature

Print name of Signatory (if different from Subscriber)

Title

**SCHEDULE C**

**TO THE SUBSCRIPTION AGREEMENT OF  
CANIVATE GROWING SYSTEMS LTD.**

**FORM 45-106F9 - FORM FOR INDIVIDUAL ACCREDITED INVESTORS**

**WARNING!**

**This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.**

**SECTION 1 TO BE COMPLETED BY ISSUER OR SELLING SECURITY HOLDER**

**1. About your investment**

Type of securities: **Units**

Issuer: **Canivate Growing Systems Ltd.**

**SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER**

**2. Risk acknowledgement**

This investment is risky. Initial that you understand that:

**Your initials**

**Risk of loss** – You could lose your entire investment of \$ 100,000.

*A*

X

**Liquidity risk** – You may not be able to sell your investment quickly – or at all.

*A*

X

**Lack of information** – You may receive little or no information about your investment.

*A*

X

**Lack of advice** – You may not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to [www.aretheyregistered.ca](http://www.aretheyregistered.ca).

*A*

X

**3. Accredited investor status**

You must meet at least **one** of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria.

**Your initials**

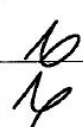
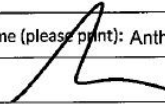
• Your net income before taxes was more than CAD\$200,000 in each for the 2 most recent calendar years, and you expect it to be more than CAD\$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.)

*A*

• Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than CAD\$300,000 in the current calendar year.

*A*



<ul style="list-style-type: none"><li>• Either alone or with your spouse, you own more than CAD\$1 million in cash and securities, after subtracting any debt related to the case and securities.</li></ul>		X
<ul style="list-style-type: none"><li>• Either alone or with your spouse, you may have net assets worth more than CAD\$5 million. (Your net assets are your total assets (including real estate) minus your total debt.)</li></ul>		
A. Your name and signature		
By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.		
First and last name (please print): Anthony Oram		
X Signature: 	Date: September 12, 2018	
<b>SECTION 5 TO BE COMPLETED BY SALESPERSON</b>		
Salesperson information		
<i>[Instruction: The salesperson is the person who meets with, or provides information to, the purchaser with respect to making this investment. That could include a representative of the issuer or selling security holder, a registrant or a person who is exempt from the registration requirement.]</i>		
First and last name of salesperson (please print): •		
Telephone: 604-•	Email: •	
Name of firm (if registered):		
<b>SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER</b>		
B. To provide more information about this investment		
<b>CANIVATE GROWING SYSTEMS LTD.</b>		
Issuer Name:	<b>CANIVATE GROWING SYSTEMS LTD.</b>	
Attention:	Mr. Ingo Mueller, CEO	
Address:	#500 1112 WEST PENDER ST., VANCOUVER, B.C. V6E 2S1	
Telephone No:	866 226-3514	
Email Address:	ingo.mueller@canivate.com	
For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at <a href="http://www.securities-administrators.ca">www.securities-administrators.ca</a>		