

Court File No. _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
TREES CORPORATION, ONTARIO CANNABIS HOLDINGS CORP., MIRACULO
INC., 2707461 ONTARIO LTD., OCH ONTARIO CONSULTING CORP., AND 11819496
CANADA INC.**

Applicants

**APPLICATION RECORD OF THE APPLICANTS
(returnable on December 22, 2023)**

December 21, 2023

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TAB 1

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**ONTARIO
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(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS
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**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TREES
CORPORATION, ONTARIO CANNABIS HOLDINGS CORP., MIRACULO INC.,
2707461 ONTARIO LTD., OCH ONTARIO CONSULTING CORP., AND 11819496
CANADA INC.**

Applicants

NOTICE OF APPLICATION

TO THE RESPONDENT(S):

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicants. The claim made by the Applicants appears on the following pages.

THIS APPLICATION will come on for hearing before a Judge of the Commercial List, at 8:00 a.m. on Friday, the 22nd day of December, 2023 on Zoom videoconference.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the *Rules of Civil Procedure*, serve it on the Applicants' lawyer or, where the Applicants do not have a lawyer, serve it on the Applicants, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AN AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicants' lawyer or, where the Applicants do not have a lawyer, serve it on the Applicants, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least two days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date _____ Issued by: _____
Local Registrar

Address of court office:
330 University Avenue, 7th
Floor, Toronto ON M5G 1R7

TO: THIS HONOURABLE COURT

AND TO: THE ATTACHED SERVICE LIST AT SCHEDULE "A"

APPLICATION

1. **THIS APPLICATION IS MADE BY** of Trees Corporation (“**Trees**”), Ontario Cannabis Holdings Corp., Miraculo Inc., 2707461 Ontario Ltd., OCH Ontario Consulting Corp., and 11819496 Canada Inc. (collectively, the “**Applicants**”), for an Initial Order (the “**Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) substantially in the form attached at Tab 3 to the Applicant’s application record dated December 21, 2023 (the “**Application Record**”), *inter alia*:
 - (a) abridging the time for service of this Notice of Application and the materials filed in support of the application and dispensing with further service thereof;
 - (b) ordering that each of the Applicants is a debtor company to which the CCAA applies;
 - (c) appointing Ernst & Young Inc. (“**EY**” or the “**Proposed Monitor**”) as an officer of this Court to monitor the assets, business, and financial affairs of the Applicants;
 - (d) staying all proceedings and enforcement processes taken or that might be taken in respect of the Applicants, any of their assets, property, and undertakings (“**Property**”) or business, or their directors and officers (the “**D&Os**”), except as otherwise set forth in the Initial Order or as otherwise permitted by law (the “**Stay of Proceedings**”) until January 1, 2024 (the “**Initial Stay Period**”);
 - (e) approving the execution by the Applicants of a debtor-in-possession term sheet (the “**DIP Term Sheet**”) dated December 21, 2023 with One Plant Retail Corp. (the “**DIP Lender**”), pursuant to which the DIP Lender has agreed to advance to the DIP Borrowers a total amount of up to \$800,000 (the “**DIP Facility**”), which will

be made available to the DIP Borrowers during these CCAA Proceedings, of which an initial amount of \$350,000 will be advanced during the Initial Stay Period (the “**Initial Advance**”);

- (f) granting the Applicants the authority to file a plan of compromise or arrangement;
and
 - (g) granting the following charges against the Property, listed in order of priority:
 - i. an administration charge against the Property in the initial amount of **\$350,000** as security for the payment of the professional fees and disbursements incurred and to be incurred in favour of the Applicants’ counsel, the Proposed Monitor and the Proposed Monitor’s counsel (the “**Administration Charge**”) in connection with the CCAA Proceedings both before and after the making of the Initial Order;
 - ii. a “**DIP Lender’s Charge**” in the amount of the Initial Advance as security for the Applicants’ obligations under the DIP Term Sheet; and
 - iii. a directors’ charge against the Property in the maximum amount of \$251,000 in favour of the directors and officers of the Applicants (the “**D&O Charge**”) as security for the Applicants’ obligation to indemnify such D&Os for certain obligations and liabilities they may incur in such capacities after the commencement of the CCAA Proceedings.
2. If the Initial Order is granted, the Applicants intend to return to Court within ten days (the “**Comeback Motion**”) to seek approval of an Amended and Restated Initial Order

(“**ARIO**”) substantially in the form attached at Tab 5 to the Application Record granting, among other things:

- (a) an extension of the Initial Stay Period until February 29, 2024;
 - (b) an increase in the amounts that may be borrowed by the DIP Borrowers under the DIP Term Sheet to \$800,000;
 - (c) authorizing the Applicants to take no further steps or incur further expenses in relation to securities filings, and declare that none of the D&Os, employees, and other representatives of the Applicants or the Monitor shall have any personal liability for any failure by the Applicants to make securities filings;
 - (d) disposing with the requirement to call an annual shareholders’ meeting during the pendency of these proceedings;
 - (e) increases to the following charges against the Property:
 - i. the Administration Charge up to the maximum amount of \$500,000;
 - ii. the DIP Lender’s Charge up to the maximum amount of \$1,100,000; and
 - iii. the D&O Charge up to the maximum amount of \$483,000.
 - (f) seek such other relief as may be required to advance the Applicants’ restructuring.
3. Such further and other relief as this Honourable Court may deem just and equitable.

THE GROUNDS FOR THE APPLICATION ARE:

General

4. The Applicants are an independent retail cannabis operator with 13 retail cannabis stores operating in Ontario and British Columbia.
5. Trees and 11819496 Canada Inc. are incorporated under the *Canada Business Corporations Act*. Each of the other Applicants are incorporated under the *Ontario Business Corporations Act*.
6. Each of the Applicants (other than Trees) are wholly owned by Trees, either directly or indirectly.

Pressing Need for Relief

7. On December 15, 2023, Trees received demand letters and Notices of Intention to Enforce Security from several corporations who, together, are the senior secured creditors of Trees. These secured creditors are owed approximately \$500,000 pursuant to secured convertible debentures that have all matured by November 5, 2023 (the “**Trees Secured Debentures**”).
8. On December 21, 2023, Ontario Cannabis Holdings Corp. received demand letters and Notices of Intention to Enforce Security from CJ Marketing Ltd. and Arthur Minh Tri Nguyen-Cao. These secured creditors are owed approximately \$1.3 million pursuant to secured grid promissory notes (the “**OCH Secured Notes**”).
9. Absent the Stay of Proceedings requested in the Initial Order, the holders of the Trees Secured Debentures will be in a position to enforce upon their security and potentially disrupt business operations as early as December 27, 2023, and the holders of the OCH Secured Notes by January 2, 2024.

10. In addition, as a result of its liquidity issues, certain of the Applicants are in default of their rent obligations. The relevant landlord holds a consent to judgment, has obtained a signed judgment in the amount of \$120,000, and is in a position to take enforcement steps against the Applicants, including garnishing their bank accounts.

Financial Situation

11. The Applicants have suffered significant net losses in the tens of millions of dollars over the last three years. While the Applicants' financial difficulties have been driven by a variety of factors, the significant net losses suffered by the Applicants have largely stemmed from fierce competition, increased operating costs, and the strict regulations of the cannabis industry imposed by the federal and provincial government, such as exclusively depending on established provincial regulatory channels for the procurement and distribution of cannabis products.
12. In Trees' annual unaudited consolidated financial statements for the fiscal year ending March 31, 2023, the Applicants reported a net loss of approximately \$12.4 million. In the Applicants' most recent quarterly unaudited consolidated financial statements ending on September 30, 2023, the Applicants reported a net loss for the six-months ending September 30, 2023, of approximately \$1.2 million.
13. Additionally, the Applicants have incurred significant legal costs in pursuit of raising additional working capital, including expenses incurred related to various equity and debt transactions. In particular, significant costs were incurred during the amalgamation of 1287406 B.C. Ltd. and Trees (which at the time was a private corporation incorporated

under the laws of the province of Alberta) in December 2021, which resulted in Trees becoming a public corporation. Taken together, these factors have collectively constrained revenue and increased costs, leading to the current liquidity crisis.

14. Other than the Applicants' secured and unsecured loan obligations, the Applicants' largest operating liabilities are in respect of their current and future lease obligations. Due to the aforementioned factors, some of the Applicants' retail locations operate at a significant loss. As part of the CCAA Proceedings, the Applicants intend to disclaim the leases associated with their unprofitable stores.
15. The Applicants' financial difficulties are exacerbated by their existing secured and unsecured loan obligations and certain settlements entered into by the Applicants. For example, the Trees Secured Debentures accrue interest at an annual rate of 58.8%. Although the Applicants have not paid interest to date, the Trees Secured Debentures have matured and the holders have demanded repayment. This is an untenable situation as the accrued interest on these loans greatly exceeds the underlying principal amount.
16. Furthermore, the Applicants entered into settlement agreements with former management and certain legal advisors. These settlement agreements require the Applicants to make monthly payments of \$15,000, depleting the Applicants' liquidity for operations.
17. Historically, the Applicants relied on debt and equity financing to sustain their business as a going concern. However, the Applicants' current capital structure is untenable because there are multiple secured creditors spread across several of the Applicants. Given the current state of the capital markets, the Applicants are unable to obtain additional debt or

equity financing at a cost that the Applicants can service. Further, it is unclear that any third party will lend additional capital to the Applicants ranking behind the Applicants' current secured debt. One objective of the CCAA Proceedings is to provide a platform for the Applicants to clean up their debt and capital structure.

Efforts to Alleviate Financial Crisis

18. In the months leading up to this filing, the Applicants made certain efforts to raise additional liquidity and pursue strategic alternatives given the liquidity crunch.
19. Earlier this year, Trees entered into a business combination agreement (the "BCA") with 420 Investments Ltd. ("420"), pursuant to which Trees and 420 would amalgamate through a reverse takeover of Trees by 420. This transaction was anticipated to achieve a higher valuation of the Applicants and provide an opportunity for the Applicants to settle their secured and unsecured debt through raising additional cash by issuing additional shares. However, this transaction did not close and on November 2, 2023, 420 unilaterally terminated the BCA.
20. The Applicants' efforts to close the BCA transaction incurred substantial expenses. The Applicants incurred approximately \$250,000 in legal costs and \$360,000 in operating losses as a result of the obligation to sustain operations for unprofitable stores during the period negotiating the BCA. 420's unilateral termination has consequently imposed upon Trees an estimated financial burden of approximately \$610,000 in combined costs and losses.

21. Following this termination and given the liquidity constraints, the board of directors of the Applicants undertook a comprehensive review to identify and consider a range of alternatives to address its liquidity issues.

Immediate Need for Stay of Proceedings

22. As a result of the foregoing issues, the Applicants are insolvent and do not have the liquidity necessary to sustain their operations going forward or pay their obligations generally as they become due. Further, certain creditors of the Applicants have taken steps to begin enforcement proceedings against the Applicants. The Applicants seek the protection of the CCAA and the relief available thereunder in order to give effect to a restructuring plan and preserve the business as a going concern and the employment of substantially all of the Applicants' employees.
23. If the Applicants do not receive the protection under the CCAA, the most likely alternative will be a cessation of operations and a liquidation of the Applicants' assets, to the detriment of the Applicants' landlords, suppliers, lenders, customers, and employees.
24. As at September 30, 2023, the Applicants have total liabilities of \$13,459,857 and total assets of \$12,382,202. Accordingly, the Applicants are balance-sheet insolvent.
25. The Applicants are debtor companies to which the CCAA applies, with total claims against them in excess of \$5 million.
26. Without the protection of the CCAA and the relief available thereunder, the Applicants will be unable to meet their obligations as they become due.

27. The Applicants require the protections afforded under the CCAA in order to maintain the *status quo* and obtain the breathing room required to complete its negotiations with the potential DIP Lender, the development of its restructuring strategy and to implement same. With the benefit of the protections afforded by the CCAA, the Applicants will be able to maintain its going concern value, preserve jobs for its employees, and generally stabilize its business operations for the benefit of all its stakeholders.
28. It is in the best interests of the Applicants and their stakeholders to grant the relief sought by the Applicants.
29. EY has consented to act as the Monitor in the CCAA Proceedings, should the Initial Order be granted.
30. EY meets the requirements of subsection 11.7(1) of the CCAA, however, it is subject to section 11.7(2) of the CCAA as Ernst & Young LLP, an affiliate of EY, previously acted as Trees' auditor in the two-year period prior to the CCAA application. The last period audit by Ernst & Young LLP was December 31, 2021, and Ernst & Young LLP resigned effective on May 10, 2022.
31. Accordingly, the appointment of EY as Monitor must be permitted by the Court. In this regard:
 - (a) Ernst & Young LLP has not acted as auditor in over 19 months;
 - (b) None of the members of EY working or expected to work on the Monitor engagement had any involvement in the prior audit work done by Ernst & Young LLP for Trees;

- (c) EY and Ernst & Young LLP have put in place the usual measures to ensure confidentiality and prevent any disclosure of information;
- (d) EY is not aware of any conflict of interest or loss of independence arising from Trees' prior relationship with Ernst & Young LLP as its auditor, and it does not believe that the former audit role held by Ernst & Young LLP creates any real or perceived reasonable apprehension of bias or impartiality on the part of EY as Monitor;
- (e) EY consents to act as Monitor in these proceedings; and
- (f) the Applicants support the appointment of EY as Monitor.

Proposed Restructuring Plan

32. As part of the Applicants' restructuring strategy, the Applicants intend to, among other things:
- (a) Disclaim unprofitable leases;
 - (b) Streamline their remaining operations with a view to generating a profit;
 - (c) Conduct a sales process to maximize value for the Applicants' creditors; and
 - (d) Clean up their debt and capital structure.
33. The platform afforded by the CCAA and the Stay of Proceedings would permit the Applicants to carry out this restructuring plan.

DIP Financing

34. In connection with the commencement of this CCAA proceeding, the Applicants entered into the DIP Term Sheet dated December 21, 2023 with the DIP Lender, pursuant to which the DIP Lender has agreed to provide the DIP Facility to the Applicants in the maximum principal amount of \$800,000, in accordance with a cash flow forecast prepared by the Applicants and reviewed by the Proposed Monitor.
35. The Applicant requires this DIP Facility to, *inter alia*, provide working capital throughout the restructuring, including the payment of the restructuring costs associated with this proceeding.
36. The DIP Facility is conditional upon, among other things, the obtaining of an order of this Court approving the DIP Term Sheet and the documents to be executed and delivered thereunder and granting the DIP Charge over the Property.

Court Ordered Charges

37. The Applicants are seeking the Court's approval of an Administration Charge, DIP Lender's Charge and a D&O Charge as part of the Initial Order (collectively, the "**Charges**") to secure the professional services required to complete this CCAA proceeding, ensure the continued assistance and oversight of the Applicants' directors and officers, and maintain the Applicants' continued operation in the ordinary course of business during the Stay of Proceedings.
38. Without the Charges, it is unlikely that the beneficiaries thereof would assume the risks associated with the CCAA Proceedings.

39. The relief sought in the Initial Order, including in respect of the Charges, is limited to what is reasonably necessary during the Stay of Proceedings.
40. The Applicants seek an Administration Charge on the Property in the maximum principal amount of \$350,000 as part of the proposed Initial Order. The Administration Charge is proposed to have first priority over all other charges.
41. The Applicants seek a DIP Lender's Charge on the Property in the maximum principal amount of \$350,000 as part of the proposed Initial Order. The DIP Lender's Charge is proposed to rank behind the Administration Charge and ahead of the D&O Charge.
42. The Initial Order seeks a D&O Charge over the Property up to a maximum principal amount of \$251,000. The D&O Charge is proposed to rank behind the Administration Charge and the DIP Lender's Charge.
43. Notice has been provided to the secured creditors that would be affected by the Charges.

Other Grounds

44. The provisions of the CCAA, including without limitation, sections 2(1), 3(1), 11.02, 11.51, 11.52, and the inherent and equitable jurisdiction of this Honourable Court.
45. Rules 1.04, 2.01, 2.03, 3.02, 14.05, and 16 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended, and section 106 of the *Courts of Justice Act*, R.R.O. 1990 c. C.43, as amended.
46. Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Application:

47. The Affidavit of Jeffrey Holmgren sworn December 21, 2023, and exhibits attached thereto;
48. The Pre-Filing Report of the Proposed Monitor, EY, to be filed;
49. The consent of EY to act as Monitor; and
50. Such further and other evidence as counsel may advise and this Honourable Court may permit.

December 21, 2023

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Lawyers for the Applicants

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TREES CORPORATION, ONTARIO CANNABIS HOLDINGS CORP., MIRACULO INC., 2707461 ONTARIO LTD., OCH ONTARIO CONSULTING CORP., AND 11819496 CANADA INC.

Court File No. 23-CV-_____

ONTARIO
**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

NOTICE OF APPLICATION

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TAB 2

Court File No. _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
TREES CORPORATION, ONTARIO CANNABIS HOLDINGS CORP., MIRACULO
INC., 2707461 ONTARIO LTD., OCH ONTARIO CONSULTING CORP., AND 11819496
CANADA INC.**

Applicants

**AFFIDAVIT OF JEFFREY HOLMGREN
(sworn December 21, 2023)**

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I, Jeffrey Holmgren, of the City of Calgary, in the Province of Alberta, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am the President and Chief Financial Officer of Trees Corporation (“**Trees**”) and its direct and indirect subsidiaries: Ontario Cannabis Holdings Corp. (“**OCH**”), Miraculo Inc. (“**Miraculo**”), 2707461 Ontario Ltd., operating as Camp Cannabis (“**Camp Cannabis**”), OCH Ontario Consulting Corp. (“**Ontario Consulting**”), and 11819496 Canada Inc., doing business as Trees Cannabis (“**118**”, and together with OCH, Miraculo, Camp Cannabis, and Ontario Consulting, the “**Subsidiaries**”, and the Subsidiaries together with Trees, the “**Applicants**”).
2. As President and Chief Financial Officer, I am responsible for all of the operational and financial activities of the Applicants.
3. As a result of my position, I am familiar with the Applicants’ day-to-day operations, business and financial affairs, the books and records of the Applicants, and I have personal knowledge of the matters deposed to in this affidavit, except where otherwise stated. Where I have relied on information received from others, I have stated the source of such information and I believe it to be true. In the preparation of this affidavit, I have consulted with the Applicants’ legal counsel. I have also reviewed the records, press releases, and public filings of the Applicants and have spoken with certain of the directors, officers and/or employees of the Applicants, as necessary to inform my knowledge of the matters deposed to in this affidavit.
4. This affidavit is sworn in support of an application (the “**Initial Application**”) returnable before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) on December

22, 2023 to commence proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) in respect of the Applicants. The Applicants are seeking an initial order (the “**Initial Order**”) substantially in the form contained in the Application Record, that, among other things:

- (a) abridges the time for service of the Application and the materials filed in support thereof, and dispenses with further service thereof;
- (b) declares that the Applicants are each a debtor company to which the CCAA applies;
- (c) stays all proceedings and remedies taken or that might be taken against or in respect of the Applicants, any of their assets, property, and undertakings (“**Property**”) or business, or their directors and officers (the “**D&Os**”), except as otherwise set forth in the Initial Order or as otherwise permitted by law (the “**Stay**”), for an initial period of ten days in accordance with the CCAA (the “**Initial Stay Period**”);
- (d) appoints Ernst & Young Inc. (“**EY**” or the “**Proposed Monitor**”) as the monitor of the Applicants in these CCAA Proceedings;
- (e) approves the execution by the Applicants, of a debtor-in-possession term sheet (the “**DIP Term Sheet**”) dated December 21, 2023 with One Plant Retail Corp. (the “**DIP Lender**”), pursuant to which the DIP Lender has agreed to advance to the Applicants a total amount of up to \$800,000 (the “**DIP Facility**”), which will be made available to the Applicants during these CCAA Proceedings, of which an initial amount of \$350,000 will be advanced during the Initial Stay Period (the “**Initial Advance**”); and

- (f) grants the following super-priority charges ranking ahead of any existing encumbrances against the Property:
- (i) the “**Administration Charge**” against the Property in the initial amount of \$350,000, as security for the payment of the professional fees and disbursements incurred prior to the filing and to be incurred by the Proposed Monitor, counsel to the Proposed Monitor, and counsel to the Applicants, in connection with the CCAA Proceedings both before and after the date the Initial Order is granted;
 - (ii) a “**DIP Lender’s Charge**” against the Property up to the maximum amount of the Initial Advance as security for the Applicants’ obligations under the DIP Term Sheet; and
 - (iii) the “**D&O Charge**” against the Property in the maximum amount of \$251,000 as security for the indemnity granted by the Applicants in favour of the D&Os for any liabilities they may incur in such capacities after the commencement of the CCAA Proceedings.
5. I also swear this affidavit in support of a motion (the “**Comeback Motion**”), which the Applicants request to be heard on or about December 29, 2023 (subject to the Initial Order being granted by the Court) for an Amended and Restated Initial Order (the “**ARIO**”) granting, among other things:
- (a) an extension of the Stay Period until February 29, 2024;
 - (b) authorizing the Applicants to take no further steps or incur further expenses in relation to the Securities Filings (as defined below), and declare that none of the

D&Os, employees, and other representatives of the Applicants or the Monitor shall have any personal liability for any failure by the Applicants to make the Securities Filings;

- (c) postponing the requirement for any future annual general meeting of the shareholders of Trees during the CCAA Proceedings, and extending the time limit to call and hold such annual general meeting of shareholders until after the conclusion of the CCAA Proceedings;
 - (d) authorizing the Applicants to increase the amounts that may be borrowed by the Applicants under the DIP Term Sheet to \$800,000; and
 - (e) increasing the following charges against the Property:
 - (i) the Administration Charge up to the maximum amount of \$500,000;
 - (ii) the DIP Lender's Charge up to the maximum amount of \$1.1 million; and
 - (iii) the D&O Charge up to the maximum amount of \$483,000.
6. All monetary amounts referred to in this Affidavit are in Canadian dollars, unless otherwise noted.
- I. URGENCY AND THE PRESSING NEED FOR RELIEF**
7. The Applicants' are in the business of selling cannabis through retail channels and operate 13 cannabis retail stores in Ontario and British Columbia.
8. On December 15, 2023, Trees received demand letters and Notices of Intention to Enforce Security from several corporations who, together, are the senior secured creditors of Trees. These secured creditors are owed approximately \$470,000 pursuant to secured convertible

debentures that have all matured by November 5, 2023 (the “**Trees Secured Debentures**”). Additional demand letters were sent by senior secured creditors of OCH and Ontario Consulting in December of 2023, pertaining to promissory notes that had reached maturity. The aggregate indebtedness indicated by these demands, excluding the demands from the Trees Secured Debentures, amounts to approximately 2.2 million. Absent the stay of proceedings requested in the Initial Order, the holders of the Trees Secured Debentures and the senior secured creditors of OCH and Ontario Consulting will be in a position to enforce upon their security and potentially disrupt business operations as early as December 27, 2023 (taking into account statutory holidays).

9. In addition, as a result of its liquidity issues, certain of the Applicants are in default of their rent obligations. The relevant landlord holds a consent to judgment, has obtained a signed judgment in the amount of \$120,000, and is in a position to take enforcement steps against the Applicants, including garnishing their bank accounts.
10. The Applicants have suffered significant net losses in the tens of millions of dollars over the last three years. While the Applicants’ financial difficulties have been driven by a variety of factors, the significant net losses suffered by the Applicants have largely stemmed from fierce competition, increased operating costs, and the strict regulations of the cannabis industry imposed by federal and provincial governments, such as exclusively depending on established provincial regulatory channels for the procurement and distribution of cannabis products. Additionally, the Applicants have incurred significant legal costs in pursuit of raising additional working capital, including expenses incurred related to various equity and debt transactions. In particular, significant costs were incurred during the amalgamation of 1287406 B.C. Ltd. and Trees (which at the time was a private

corporation incorporated under the laws of the province of Alberta) in December 2021, which resulted in Trees becoming a public corporation. Taken together, these factors have collectively constrained revenue and increased costs, leading to the current liquidity crisis.

11. Other than the Applicants' secured and unsecured loan obligations, the Applicants' largest operating liabilities are in respect of their current and future lease obligations. Due to the aforementioned factors, some of the Applicants' retail locations operate at a significant loss. As part of the CCAA Proceedings, the Applicants intend to disclaim the leases associated with their unprofitable stores.
12. The Applicants' financial difficulties are exacerbated by their existing secured and unsecured loan obligations and certain settlements entered into by the Applicants. For example, the Trees Secured Debentures accrue interest at an annual rate of 58.8%. Although the Applicants have not paid interest to date, the Trees Secured Debentures have matured and the holders have demanded repayment. This is an untenable situation as the accrued interest on these loans greatly exceeds the underlying principal amount.
13. Furthermore, the Applicants entered into settlement agreements with former management and certain legal advisors. As at December 21, 2023, these settlement agreements require the Applicants to make monthly payments of \$15,000, depleting the Applicants' liquidity for operations.
14. Historically, the Applicants relied on debt and equity financing to sustain their business as a going concern. However, the Applicants' current capital structure is untenable because there are multiple secured creditors spread across several of the Applicants. Given the current state of the capital markets, the Applicants are unable to obtain additional debt or

equity financing at a cost that the Applicants can service. Further, it is unclear that any third party will lend additional capital to the Applicants ranking behind the Applicants' current secured debt. One objective of the CCAA Proceedings is to provide a platform for the Applicants to clean up their debt and capital structure.

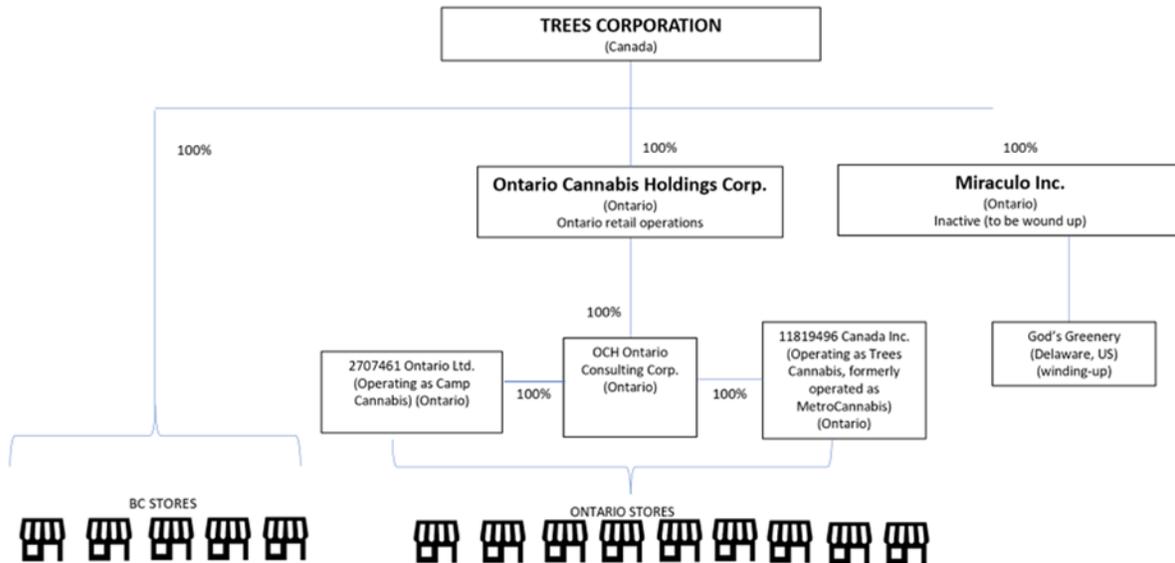
15. In the months leading up to this filing, the Applicants made certain efforts to raise additional liquidity and pursue strategic alternatives given the liquidity crunch.
16. Earlier this year, Trees entered into a business combination agreement (the "BCA") with 420 Investments Ltd. ("420"), pursuant to which Trees and 420 would amalgamate through a reverse takeover of Trees by 420. This transaction was anticipated to achieve a higher valuation of the Applicants and provide an opportunity for the Applicants to settle their secured and unsecured debt through raising additional cash by issuing additional shares. However, this transaction did not close and on November 2, 2023, 420 unilaterally terminated the BCA.
17. The Applicants' efforts to close the BCA transaction incurred substantial expenses. The Applicants incurred approximately \$250,000 in legal costs and \$360,000 in operating losses as a result of the obligation to sustain operations for unprofitable stores during the negotiation of the BCA. 420's unilateral termination has consequently imposed upon Trees an estimated financial burden of approximately \$610,000 in combined costs and losses.
18. Following this termination and given the liquidity constraints, the board of directors of the Applicants undertook a comprehensive review to identify and consider a range of alternatives to address its liquidity issues.

19. As a result of the foregoing issues, the Applicants are insolvent and do not have the liquidity necessary to sustain their operations going forward or pay their obligations generally as they become due. Further, certain creditors of the Applicants have taken steps to begin enforcement proceedings against the Applicants. These steps jeopardize the current operations of the Applicants in the ordinary course and could result in the cessation of operations and a loss of jobs. The Applicants seek the protection of the CCAA and the relief available thereunder to give effect to a restructuring plan, preserve the business as a going concern and preserve the employment of substantially all of the Applicants' employees.
20. The Applicants intend to provide notice of the Initial Application to all its secured creditors.
21. If the Applicants do not receive the protection under the CCAA, the most likely alternative will be a cessation of operations and a liquidation of the Applicants' assets, to the detriment of the Applicants' landlords, suppliers, lenders, customers, and employees.

II. OVERVIEW OF THE APPLICANTS

A. *Corporate Structure*

22. Each of the Subsidiaries are wholly owned by Trees, either directly or indirectly. In addition to the Applicants, Gods Greenery, Inc. ("**God's Greenery**") is a wholly owned subsidiary of Miraculo. God's Greenery is incorporated under the laws of the State of Delaware. The corporation was created as a non-core business venture by the former CEO of the Applicants. Since the departure of that CEO, God's Greenery has been inactive, and the Applicants do not have any business operations in the United States.
23. Below is the organizational chart of the Applicants:



B. Background

i. Trees

24. Trees is a public corporation trading under the symbol “TREE” that continued under the *Canada Business Corporations Act* (the “CBCA”) by amalgamation on December 22, 2021. The head office of Trees is located at 190-7070e Farrell Road SE, Calgary, Alberta T2H 0T2, and its registered office is located at 181 Bay Street, Suite 1800, Toronto, Ontario M5J 2T9. The corporate profile report of Trees is attached hereto as **Exhibit “A”**.

25. Notwithstanding that its head office is in Alberta, Trees does not have any operations in Alberta. Trees currently operates four licensed cannabis stores in British Columbia, two located in Nanaimo and two stores located in Victoria.

ii. Miraculo

26. Miraculo is a wholly owned subsidiary of Trees. On March 15, 2022, Trees acquired Miraculo by way of amalgamation under the *Business Corporations Act* (Ontario) (“OBCA”). Miraculo’s registered head office is located at 181 Bay Street, Suite 1800,

Toronto, Ontario M5J 2T9. The corporate profile report of Miraculo is attached hereto as **Exhibit “B”**.

27. Miraculo was an integrated media, technology and consumer product company that addressed the needs of under-represented audiences in the medical cannabis and cannabidiol (“**CBD**”) markets. Prior to 2022, Miraculo operated several online platforms including “cannabisMD.com”, a consumer-education platform designed to help guide consumers on their exploration of the benefits of medical cannabis and CBD and “askCMD.com”, a proprietary recommendation engine that guides consumers to the CBD products that best fit their needs.
28. On September 19, 2022, the former CEO of Trees resigned. On October 21, 2022, pursuant to the terms of a settlement agreement between the former CEO and Trees, Trees transferred the ownership of the intellectual property rights to cannabisMD, askCMD and God’s Greenery brands to the former CEO as consideration for obligations owed to the former CEO under his employment agreement. In the Applicants’ view, the operations of Miraculo were a non-core business to the Applicants and were a project of the former CEO. The settlement agreement between the former CEO and Trees is attached hereto as **Exhibit “C.”**
29. As of today’s date, Miraculo has no active business operations.

iii. OCH

30. OCH is the direct subsidiary of Trees and was incorporated on September 20, 2018, under the OBCA. OCH’s registered head office is located at 181 Bay Street, Suite 1800, Toronto, Ontario M5J 2T9. The corporate profile report of OCH is attached hereto as **Exhibit “D”**.

31. OCH is a holding company that has no substantive operations.

iv. Ontario Consulting

32. Ontario Consulting was incorporated on July 17, 2019, under the OBCA. Ontario Consulting's registered office is located at 181 Bay Street, Suite 1800, Toronto, Ontario M5J 2T9. Ontario Consulting is a wholly-owned subsidiary of OCH. The corporate profile report of Ontario Consulting is attached hereto as **Exhibit "E"**.

33. Ontario Consulting operates four licensed cannabis stores in Ontario located in St. Catharines, Etobicoke, Scarborough, and Brampton.

v. 118

34. 118 was incorporated on January 2, 2020, under the CBCA. 118's registered office is located at 181 Bay Street, Suite 1800, Toronto, Ontario M5J 2T9. 118 is a wholly-owned subsidiary of Ontario Consulting. The corporate profile report of 118 is attached hereto as **Exhibit "F"**.

35. 118 operates four licensed cannabis stores in Ontario, with two stores located in Etobicoke and two stores located in Toronto.

vi. Camp Cannabis

36. Camp Cannabis was incorporated on July 22, 2019, under the OBCA. Camp Cannabis' registered office is located at 181 Bay Street, Suite 1800, Toronto, Ontario M5J 2T9. Camp Cannabis is a wholly-owned subsidiary of Ontario Consulting. The corporate profile report of Camp Cannabis is attached hereto as **Exhibit "G"**.

37. Camp Cannabis operates one licensed cannabis store in Ontario located in Burlington.

C. Cannabis Operations

38. As detailed above, the Applicants operate 13 fully licensed retail cannabis stores in Ontario and British Columbia. The Applicants sell cannabis products and accessories in accordance with applicable provincial legislation and regulations.
39. Trees operates all of its retail cannabis stores under the brand name “Trees Cannabis”. The Applicants own the following material trademarks: “Trees”, “Trees and Design”, “Corner Cannabis”, “Rediviva Cannabis”, “Chinook Cannabis”, “Cardiff Cannabis”, and “Village Vines”. Logo and trademark rights of the Applicants’ is attached hereto as **Exhibit “H”**.

i. Retail Licensing

40. The Applicants operate in a highly regulated environment under the *Cannabis Act* (Canada) and other applicable provincial and municipal legislation. Each province and territory is responsible for regulating the sale and distribution of cannabis within its jurisdiction.
41. The applicable regulatory regimes establish specific rules with respect to the operation of retail stores and the sale of cannabis, the location of stores, and the responsible personnel of such stores.
42. Although each province has its own rules and criteria for obtaining and maintaining cannabis retail licenses, all provinces and territories require:
- (a) a licence to be obtained and maintained prior to the commencement of any activities with cannabis. The licensing application process considers the physical location of the proposed retail outlet, as well as the financial and personal backgrounds of key persons associated with the proposed licensed operation, including directors and officers of a corporation, investors, retail store managers and security personnel;

- (b) a licence for each cannabis retail store;
 - (c) municipal oversight and approval of the location of cannabis stores;
 - (d) physical security measures to be implemented at the retail store (including physical security requirements around locks, visual monitoring, and third-party monitored alarm systems) to ensure that there is no unauthorized entry or unauthorized access to cannabis;
 - (e) certain requirements for employees of each cannabis retail store, including background and criminal record checks and requirements for employee training prior to beginning their employment at the store; and
 - (f) the maintenance and submittal of certain records, including being subject to inspection by the provincial or territorial regulator.
43. In British Columbia, the Applicants hold five licenses to operate cannabis retail stores, which are issued by the British Columbia Liquor and Cannabis Regulation Branch. In Ontario, the Applicants hold three operator licenses (one for each corporation with retail stores) and nine store authorizations issued by the Alcohol and Gaming Commission of Ontario. In Ontario, an operator license is given to a retail operator (i.e., a corporation), whereas a store authorization is given to a particular store. A particular store cannot receive retail authorization in Ontario unless the operator already has an operator license. This distinction does not exist in British Columbia.
44. The Applicants hold all required permits and licenses to sell cannabis at all operating stores.

ii. Suppliers

45. In Ontario, the Applicants acquire cannabis products, including cannabis flower, concentrates and edibles (collectively, “**Cannabis Products**”) for resale in Ontario from the Ontario Cannabis Store (“**OCS**”). In B.C., the Applicants acquire Cannabis Products from the British Columbia Liquor Distribution Branch (“**BCLDB**”). Cannabis Products are shipped to the Applicants’ retail cannabis stores directly by the OCS and BCLDB. Both distributors maintain a single price model, which ensures that all cannabis retailers pay the same price for the cannabis products.
46. The Applicants rely solely on the OCS and the BCLDB to buy and sell all its cannabis products in Ontario and British Columbia. There is no other provincially regulated supplier for cannabis products available for retail cannabis operators in these provinces.
47. The Applicants are authorized to sell cannabis accessories prescribed by the applicable provincial regulator. Cannabis accessories include rolling papers or wraps, holders, pipes, water pipes, bongs and vaporizers, and other things represented to be used in the consumption of cannabis.
48. The Applicants acquire cannabis accessories from multiple vendors located across Canada. These accessories are shipped to the retail stores directly by the applicable vendors. The sale of cannabis accessories historically has accounted for less than 5% of Trees’ total consolidated revenue.

D. Employees

49. As at December 21 2023, the Applicants have 102 employees and four full-time contractors. The majority of the Applicants' employees are with respect to the Applicants' retail operations.
50. As at 21, 2023, the Applicants' employees are distributed geographically as follows:
- (a) British Columbia: 42;
 - (b) Ontario: 62; and
 - (c) Alberta: 2.
51. The Applicants do not maintain any pension plans, defined contribution plans, or any deferred compensation plans.

E. Material Contracts

i. Participation Agreement

52. On December 9, 2022, Trees and 1000321689 Ontario Ltd. (the "**1000 SPV**") entered into a participation agreement (the "**Participation Agreement**"). Pursuant to the Participation Agreement, 1000 SPV agreed to assume certain liabilities to facilitate the opening of two retail locations in Ontario: 680 Rexdale Blvd, Etobicoke ("**Rexdale**"), and 3812A Bloor St, Toronto ("**Bloor**"). The liabilities included certain construction lien amounts payable by Trees, costs to open the Bloor retail store, and other obligations arising from the purchased contracts related to the two retail locations.
53. A copy of the Participation Agreement is attached hereto as **Exhibit "T"**.

54. In exchange for the assumption of these liabilities, 1000 SPV acquired an interest equal to 49% of the profits earned by Trees with respect to the Rexdale and Bloor stores. To date, no cash payments or accruals have been issued to the SPV for their share of profits. However, the Applicants expect that the Rexdale and Bloor stores will achieve profitability in the future and Trees will have an obligation to make monthly profit distributions.
55. If there is a change of control, the Participation Agreement requires Trees to purchase 1000 SPV's participating interest for \$1,000,000, which may be settled in cash or by common shares of Trees, at the election of 1000 SPV. Any obligations owing by Trees to 1000 SPV are secured by a general security agreement ("GSA") granted in favour of 1000 SPV, attached hereto as **Exhibit "J"**.

ii. Leases

56. All of the Applicants' retail stores are leased. Currently, there are 14 lease agreements (collectively, the "**Leases**") among the Applicants. However, the Applicants shut down operations at one of the retail stores located in Victoria, British Columbia on November 9, 2023. This lease is still active, but the Applicants intend to disclaim this lease as part of the CCAA Proceedings.
57. The following chart summarizes the Applicants' leased premises. Attached as **Exhibit "K"** are copies of each of the Leases and any material assignments. Attached as **Exhibit "L"** is a lease summary of each of the Leases.

Address	Tenant	Landlord
Ontario Leases		
1735 Kipling Ave, Etobicoke	118	D. Sud & Sons Limited
76 St. Clair Ave W, Toronto	118	Shemesh Investments Inc.

5485 Dundas St E, Etobicoke	118	Pinnacle International (Alder Place) Ltd.
680 Rexdale Blvd, Etobicoke	Ontario Consulting	2159121 Ontario Inc.
395 Ontario St., St. Catherines	Ontario Consulting	Henley Square Shopping Centre Inc.
305 Port Union Road, Toronto	Ontario Consulting	2550812 Ontario Inc.
131 Kennedy Road N, Brampton	Ontario Consulting	1310984 Ontario Inc.
3007 New Street, Burlington	Camp Cannabis	Elda Cosentino and Gina Rasile (in trust for 567045 Ontario Inc.)
3812 Bloor St W., Toronto	118	2581703 Ontario Ltd.
British Columbia Leases		
1483A Bowen Road, Nanaimo	Trees	1083710 B.C. Ltd.
1545 Fort Street, Victoria	Trees	Dr. Cecil Sigal and Mrs. Goldie Sigal
230 Cook Street, Victoria	Trees	230 Cook Street Holdings Ltd.
510 5th Street, Nanaimo	Trees	Harewood Investments Ltd.
695 Alpha Street, Victoria	Trees	Neal Enterprises Ltd. and 695 Alpha Street Holdings Ltd.

F. Cash Management System

58. In the ordinary course of business, the Applicants use a cash management system (the “**Cash Management System**”) to, among other things, collect funds and pay expenses associated with their operations. This Cash Management System provides the Applicants with the ability to efficiently and accurately track and control corporate funds and to ensure cash availability.
59. As part of this Cash Management System, the Applicants maintain 5 bank accounts, which are summarized below:

Corporation	Bank
Trees Corporation	Alterna Bank
Ontario Cannabis Holdings Corp	BMO
OCH Ontario Consulting Corp	Alterna Savings
11819496 Canada Inc	Alterna Savings
2707461 Ontario Inc	Alterna Savings

60. Alterna Bank handles all sales and operating disbursements for the four British Columbia retail stores operated by Trees.
61. BMO is the corporate bank account that is used to fund the corporate sales, general, and administrative (“**SG&A**”) expenses, as well as other corporate costs.
62. The Alterna Savings accounts are operating accounts for Ontario Consulting, 118, and Camp Cannabis. All sales and operating disbursements flow through these accounts.
63. The Applicants engage in the intra-corporate transfer of cash revenue, allocating funds between each other on an as needed basis to address operational deficits as they arise. For example, 118 may transfer cash to Ontario Consulting in the event of a cash shortfall during a slow month. Alternatively, all operating entities may channel cash to OCH, where a substantial portion of the corporate SG&A expenses are incurred. All cash transfers are recorded in the intercompany accounts, with corresponding offset entries in the respective corporations’ General Ledger, ensuring that all intercompany balances are eliminated upon consolidation.

III. FINANCIAL SITUATION

A. *Financial Statements*

64. The Applicants have a fiscal year-end of March 31. A copy of the Applicants' most recent quarterly unaudited consolidated financial statements ending on September 30, 2023 (the "**2023 Q2 Statements**"), are attached hereto as **Exhibit "M"**. A copy of Trees' annual unaudited consolidated financial statements for the fiscal year ending March 31, 2023 (the "**2022-23 Annual Statements**"), are attached hereto as **Exhibit "N"**.
65. In 2022, the Applicants elected to change their fiscal year end from December 31 to March 31. The 2022-23 Annual Statements include the transition year and cover the fifteen months ending March 31, 2023.
66. In the 2022-23 Annual Statements, the Applicants reported a net loss of approximately \$12.4 million. In the 2023 Q2 Statements, the Applicants reported a net loss for the six-months ending September 30, 2023, of approximately \$1.2 million.
67. In the 2022-23 Annual Statements, the Applicants reported total liabilities of approximately \$11.6 million and total assets of approximately \$11.4 million. In the 2023 Q2 Statements, the Applicants reported total liabilities of approximately \$13.4 million and total assets of approximately \$12.3 million. A significant component of the Applicants' assets include intangibles and the Applicants' right to use the leases that cannot be easily monetized.
68. Based on the Applicants' historical financial statements, the Applicants are balance-sheet insolvent and do not have the ability to generally meet their obligations as they become due unless the Applicants are granted relief under the CCAA.

B. Assets

69. As at September 30, 2023, the aggregate assets of the Applicants were \$12,382,202, as set out as follows:

	September 30, 2023
Assets	\$
Current assets	
Cash	280,403
Trade and other receivables	100,210
Inventory	648,395
Prepaid expenses	18,004
Total current assets	1,047,012
Non-current assets	
Property and equipment	4,546,647
Prepaid lease deposits and rents	248,543
Notes receivable	-
Right-of-use assets, net	4,550,046
Intangible assets	1,989,954
Total non-current assets	11,335,190
Total assets	12,382,202

IV. LIABILITIES OF THE APPLICANT

70. As at September 30, 2023, the aggregate liabilities of the Applicants were \$13,459,857, as set out as follows:

Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	2,823,038
Current portion of lease liability	830,292
Current portion of long-term debt	1,340,721
Shareholder loans	1,878,889
Total current liabilities	6,872,941
Non-current liabilities	
Lease liability	4,121,741
Long-term debt	1,160,000
Convertible debt	1,305,175
Total non-current liabilities	6,586,916
Total liabilities	13,459,857

A. Outstanding Sales Tax

71. As at September 28, 2023, the Applicants owe the following with respect to harmonized sales tax obligations:
- (a) OCH: \$9,692;
 - (b) Ontario Consulting: \$66,612;
 - (c) 118: \$38,191; and
 - (d) Camp Cannabis: \$8,652.
72. As of today, Trees owes \$29,091 in respect of British Columbia's goods and services tax, and \$43,985 in respect of British Columbia's unpaid sales tax, pursuant to the *Provincial Sales Tax Act*. The Ministry of Finance of British Columbia has made a PPSA registration in British Columbia with respect to the outstanding provincial sales tax.
73. I have been advised by legal counsel that outstanding sales tax may be subject to directors' liability under the *Excise Tax Act*. As part of the CCAA Proceedings, the Applicants intend to remit the outstanding sales tax owed by the Applicants in order to eliminate the directors' liability.

B. Secured Creditors

74. Counsel for the Applicants conducted searches for each of the Applicants in the Personal Property Security Registration System (the "**PPSA Registry**") in the following three jurisdictions: British Columbia, Alberta and Ontario. Copies of the searches (certified searches for Ontario) in the applicable PPSA Registry as at December 17, 2023 for Ontario, and December 20, 2023 for British Columbia and Alberta, for each of the Applicants are attached hereto as **Exhibit "O"**.

i. Trees

75. The following PPSA registrations have been made against Trees:

Secured Party	Registration Number	Registration Date	Jurisdiction	Collateral Classification and General Collateral Description
PMH Investco Ltd.; 606093 Saskatchewan Ltd.; Minerva Investments Ltd.; and Echo Capital Growth Corporation	21102526578	October 25, 2021	Alberta	All present and after-acquired personal property.
	326471N	October 25, 2021	British Columbia	
	21123015395	December 30, 2021	Alberta	Land Charge
	20211105 1150 1793 5387	November 5, 2021	Ontario	All classes except "consumer goods."
Ministry of Finance Receivables Management Office - Heather Kurbatoff	794602P	September 18, 2023	British Columbia	All present and after acquired personal property.
1000321689 Ontario Ltd.	20231114 1655 1590 8096	November 14, 2023	Ontario	All present and after-acquired personal property.
	908280P	November 14, 2023	British Columbia	
BMO Nesbitt Burns ITF 365-99198-27; Professional Trading Services S.A.; Sophie Capital Corp.; Meehan Family Investments Inc.; Caroline Kolompar; 2478659 Ontario Ltd.; Jeff Holmgren; and Becher Family Holdings Ltd.	20231123 1139 1590 9346	November 23, 2023	Ontario	All classes except "consumer goods."
	926612P	November 23, 2023	British Columbia	All present and after-acquired personal property.
1000321689 Ontario Ltd.	20231206 1039 1590 1169	December 6, 2023	Ontario	Assigned Profits (as defined in the Participation Agreement), including all proceeds thereof.
	952895P	December 6, 2023	British Columbia	

76. As at December 15, 2023, the total indebtedness of all secured debt against Trees is \$1,657,325 including accrued interest.

Secured Convertible Debentures

77. In 2021, Trees issued the Secured Convertible Debentures in the aggregate principal amount of \$210,000. The holders of the Secured Convertible Debentures are 606093 Saskatchewan Ltd., Minerva Investments Ltd., Echo Capital Growth Corporation, and PMH Investco Ltd (collectively, the “**Trees Secured Debenture Holders**”). The interest rate for the Secured Convertible Debentures is 58.8% per annum. As of December 15, 2023, the total aggregate amount outstanding under the Secured Convertible Debentures is \$469,477, as summarized in the below table. The Secured Convertible Debentures are attached hereto as **Exhibit “P”**.

Secured Convertible Debenture Holder	Maturity Date of Debentures	Principal Amount Owing by Trees	Total Amount Owing by Trees, including accrued interest as at December 15, 2023
PMH Investco Ltd.	October 20, 2023	\$60,000	\$134,136
606093 Saskatchewan Ltd.	November 5, 2023	\$25,000	\$55,890
Minerva Investments Ltd.	November 5, 2023	\$25,000	\$55,890
Echo Capital Growth Corporation	November 5, 2023	\$100,000	\$223,561

78. On October 21, 2021, Trees granted a GSA in favour of each of the Trees Secured Debenture Holders as security for the indebtedness owed by Trees under the Secured Convertible Debentures. A sample GSA embedded within a sample subscription agreement for secured convertible debentures is attached hereto as **Exhibit “Q”**. There are potential

attachment issues with the security of PMH Investco Ltd. and 606093 Saskatchewan Ltd. At this time, it is unclear whether there is a properly perfected security interest for these entities.

79. On December 15, 2023, Trees received demand letters and Notices of Intention to Enforce Security from each of the Trees Secured Debenture Holders, which are attached hereto as **Exhibit “R”**. The Secured Convertible Debentures matured in October and November of 2023 and Trees has not repaid the outstanding indebtedness. Absent the stay of proceedings requested in the Initial Order, these senior secured creditors of Trees will be in a position to enforce upon their security and disrupt business operations as early as December 27, 2023 (taking into account statutory holidays).

Ministry of Finance

80. As described above, the Ministry of Finance issued a Crown Charge pursuant to the *Provincial Sales Tax Act* in British Columbia in respect of unpaid sales tax. As of today’s date, the outstanding amount which Trees owes in provincial sales taxes in British Columbia is \$43,985.

Secured Convertible Promissory Notes

81. In October and November 2022, Trees issued a series of secured convertible promissory notes (the “**Secured Convertible Promissory Notes**”) to several noteholders in the aggregate principal amount of \$1,005,000. Each of the Secured Convertible Promissory Notes bear interest at a rate of 12% per annum and mature on October 20, 2025. To date, no payments have been made on the principal or interest of the Secured Convertible Promissory Notes. The following table summarizes the Secured Convertible Promissory Notes:

Secured Convertible Promissory Note Holder	Date of Promissory Note	Principal Amount Owning by Trees	Accrued Interest as at December 21, 2023	Total Amount Owning by Trees
Professional Trading Services S.A.	October 20, 2022	\$100,000	\$13,817	\$113,817
BMO Nesbitt Burns ITF	October 20, 2022	\$100,000	\$13,817	\$113,817
Sophie Capital Corp.	November 25, 2022	\$30,000	\$4,145	\$34,145
Meehan Family Investments Inc.	November 25, 2022	\$300,000	\$41,452	\$341,452
Caroline Kolompar	November 25, 2022	\$100,000	\$13,817	\$113,817
2478659 Ontario Ltd.	November 25, 2022	\$315,000	\$43,525	\$358,525
Jeff Holmgren	January 3, 2023	\$30,000	\$4,145	\$34,145
Becher Family Holdings Ltd.	January 3, 2023	\$30,000	\$4,145	\$34,145

82. Some parties, such as myself, that were issued the Secured Convertible Promissory Notes are related parties to Trees. Becher Family Holdings Ltd. is related to Campbell Becher, who is the current CEO of Trees.
83. Each of the Secured Convertible Promissory Notes created a general security interest in favour of the holder of the respective note. Copies of the Secured Convertible Promissory Notes are attached hereto as **Exhibit “S”**.
84. As at December 21, 2023, the total aggregate principal amount outstanding under these promissory notes is \$1,143,863.

Participation Agreement Liability

85. As described above, Trees and 1000 SPV entered into a Participation Agreement whereby 1000 SPV is entitled to an interest equal to 49% of profits earned and received by Trees in connection with the Participation Agreement from the retail locations located at Rexdale and Bloor.
86. As at September 30, 2023, the Applicants recognize a liability on its balance sheet in the amount of \$1,000,000. In the event there is a change of control of Trees, 1000 SPV is entitled to a payment of \$1,000,000, which may be made in cash or shares.
87. All obligations owing to 1000 SPV with respect to the Participation Agreement are secured by a GSA granted by Trees dated December 6, 2023. A copy of the GSA is attached hereto as **Exhibit “J”**.
88. As of today’s date, there are no amounts owing under the Participation Agreement because Trees has not achieved profit. Thus, the total indebtedness of Trees as of today does not include any liability from the Participation Agreement.

ii. OCH

89. The below table summarizes the PPSA registrations made against OCH in Alberta and Ontario. No PPSA registrations have been made against OCH in British Columbia.

Secured Party	Registration Number	Registration Date	Jurisdiction	Collateral Classification and General Collateral Description
Tweed Franchise Inc.	20022108799	February 21, 2020	Alberta	All present and after-acquired personal property.
	20200221 1445 9234 0524	February 21, 2020	Ontario	All classes except “consumer goods.”

Arthur Minh Tri Nguyen-Cao	20200401 1039 1862 1689	April 1, 2020	Ontario	All classes except “consumer goods.”
	20040114345	April 1, 2020	Alberta	All present and after acquired personal property.
CJ Marketing Ltd.	20040114432	April 1, 2020	Alberta	
	20200401 1042 1862 1690	April 1, 2020	Ontario	All classes except “consumer goods.”

90. As at December 21, 2023, the total indebtedness of all secured debt against OCH is \$1,307,703 including accrued interest, and excluding OCH’s guarantee in favour of Tweed Franchise Inc. (“**Tweed**”), as discussed below.

Secured Promissory Note Guarantee

91. The secured debt in favour of Tweed is in respect of OCH’s guarantee of Ontario Consulting’s obligations pursuant to a secured promissory note. This obligation will only crystallize as a liability of OCH if Ontario Consulting does not pay Tweed.
92. On March 11, 2020, Ontario Consulting entered into a secured promissory note with Tweed, which provided a loan in the maximum principal amount of \$3,000,000. However, only \$900,000 was advanced. The interest rate is 8.5% per annum. The secured promissory note matured on March 11, 2023. The secured promissory note to Tweed, which contains OCH’s guarantee, is attached hereto as **Exhibit “T”**.
93. As general and continuing security for the due payment to Tweed, OCH as the guarantor granted Tweed a security interest in all of OCH’s present and after-acquired personal

property, with the exception of consumer goods and cannabis permits. The GSA is attached hereto as **Exhibit “U”**.

94. As at December 21, 2023 the balance outstanding to Tweed is \$900,000.

Secured Grid Promissory Notes

95. On December 23, 2019, OCH entered into a secured grid promissory note with CJ Marketing Ltd. (“**CJ Marketing**”) in the principal amount of \$380,000. On December 30, 2019, OCH entered into a secured grid promissory note with Arthur Minh Tri Nguyen-Cao (“**Nguyen-Cao**”) in the principal amount of \$540,000. Each of these secured grid promissory notes bear interest at a rate of 15% per annum. The secured grid promissory notes are attached hereto as **Exhibit “V”**.
96. On May 15, 2020, OCH, Ontario Consulting, and Tweed entered into subordination agreements with CJ Marketing and Nguyen-Cao. Pursuant to the subordination agreements, CJ Marketing and Nguyen-Cao subordinated all amounts owed to them to Tweed until all indebtedness owing to Tweed is repaid in full. The Tweed subordination agreements with CJ Marketing and Nguyen-Cao are attached hereto as **Exhibit “W”**.
97. On December 21, 2023, OCH received a demand letter and Notice of Intention to Enforce Security together from CJ Marketing and Nguyen-Cao, attached hereto as **Exhibit “X”**. The secured grid promissory notes matured on January 1, 2023 and OCH has not repaid the outstanding indebtedness. As of December 20, 2023, OCH owes CJ Marketing a total of \$539,725, including interest and owes Nguyen-Cao a total of \$767,978, including interest.

98. Absent the stay of proceedings requested in the Initial Order, these secured creditors of Trees will be in a position to enforce upon their security and disrupt business operations as early as December 27, 2023 (taking into account statutory holidays).

iii. Ontario Consulting

99. The below table summarizes the PPSA registrations made against Ontario Consulting in Alberta and Ontario. No PPSA registrations have been made against Ontario Consulting in British Columbia.

Secured Party	Registration Number	Registration Date	Jurisdiction	Collateral Classification and General Collateral Description
Tweed Franchise Inc.	20022108820	February 21, 2020	Alberta	All present and after-acquired personal property.
	20200221 1444 9234 0523	February 21, 2020	Ontario	All classes except “consumer goods.”
Trees Corporation	20210212 1638 1901 1160	February 12, 2021	Ontario	All present and after-acquired personal property.

100. As at December 21, 2023, the total indebtedness of all secured debt against Ontario Consulting is \$9.5 million.

Secured Promissory Note

101. On March 11, 2020, Ontario Consulting entered into a secured promissory note with Tweed, which provided a loan in the maximum principal amount of \$3,000,000. However, only \$900,000 was advanced. The interest rate is 8.5% per annum. The secured promissory note matured on March 11, 2023, and is attached hereto as **Exhibit “T”**.

102. Ontario Consulting granted Tweed a security interest in all of its present and after-acquired personal property, with the exception of consumer goods and cannabis permits. The GSA is attached hereto as **Exhibit “U”**.
103. On December 18, 2023, Ontario Consulting received a Notice for Payment for the Tweed indebtedness of \$900,000, which is attached hereto as **Exhibit “Y”**. The Tweed secured promissory note has matured, and the principal amount is outstanding. Absent the stay of proceedings requested in the Initial Order, Tweed will be in a position to enforce upon their security and disrupt business operations as early as December 27, 2023 (taking into account statutory holidays).
104. As at December 21, 2023 the balance outstanding on to Tweed is \$900,000.

Secured Grid Promissory Note

105. On February 11, 2021, Ontario Consulting provided Trees a secured grid promissory note, promising to pay Trees any outstanding related party loans made by Trees. The interest rate is 8.5% per annum. The note matured on March 1, 2021. As at December 21, 2023, the amount owing under this note including accrued interest is \$8.6 million.
106. The secured grid promissory note grants Trees a general security interest and charge over all present and after acquired personal property. The secured grid promissory note is attached hereto as **Exhibit “Z”**.

iv. Camp Cannabis

107. The below table summarizes the PPSA registrations made against Camp Cannabis in Alberta and Ontario. No PPSA registrations have been made against Camp Cannabis in British Columbia.

Secured Party	Registration Number	Registration Date	Jurisdiction	Collateral Classification and General Collateral Description
OCH Ontario Consulting Corp.	20022123757	February 21, 2020	Alberta	All of the debtor's present and after-acquired personal property.
	20200221 1747 9234 0525	February 21, 2020	Ontario	All classes except "consumer goods."
Merchant Opportunities Fund Limited Partnership.	20210528 1548 6083 1199	May 28, 2021	Ontario	All present and after-acquired personal property.

108. As at December 21, 2023, the total indebtedness of all secured debt including accrued interest against Camp Cannabis is \$0.
109. On March 11, 2020, Camp Cannabis, then an independent retailer, provided Ontario Consulting a secured promissory note. The interest rate is 8.5% per annum. The secured promissory note is attached hereto as **Exhibit "AA"** and the corresponding GSA of the same date is attached hereto as **Exhibit "BB"**. On July 13, 2022, Ontario Consulting acquired Camp Cannabis and assumed the balance owing on the secured promissory note.
110. There is no indebtedness owing to Merchant Opportunities Fund LP. This PPSA registration appears to be with respect to a previous loan provided that has been subsequently repaid in full by Camp Cannabis.

C. Unsecured Creditors

i. Lease Obligations

111. Approximately 37% of the Applicants' total liabilities are in respect of their lease obligations. As at September 30, 2023, the Applicants had lease liabilities in the aggregate approximate amount of \$4.95 million.
112. The Applicants intend to reduce this liability by disclaiming the leases at unprofitable retail locations as part of the Applicants' proposed restructuring.

ii. Litigation

113. On June 15, 2022, First Land (Overlea) Ltd. ("**Overlea**") (a landlord of 118) commenced an action (the "**Landlord Action**") against 118 regarding a breach of the lease agreement. Overlea claimed damages in the amount of \$500,000. Overlea alleged that 118 defaulted on its rent obligations for several months and abandoned the premises without notice to Overlea.
114. On or about September 27, 2023, 118 and Overlea entered into an undated settlement agreement with respect to the Landlord Action. 118 agreed to a settlement amount of \$120,000, payable monthly over a period of 12 months. The first payment was scheduled on November 15, 2023. As part of the settlement agreement, 118 provided Overlea with its consent to judgment in the amount of \$120,000, should 118 fail to make any of the settlement payment.
115. As a result of the Applicants' liquidity issues, 118 did not make the first settlement payment on November 15, 2023. On December 11, 2023, Overlea obtained a Consent Judgement in the amount of \$120,000, which is attached hereto as **Exhibit "CC"**. I have been advised

by legal counsel that Overlea is able to take enforcement steps against 118, including garnishing its bank accounts.

iii. Unsecured Loans

116. In order to finance its operations, the Applicants have entered into several unsecured loans. As at December 21, 2023, the total indebtedness of all unsecured loans against the Applicants is approximately \$1.6 million, which is summarized as follows:

- (a) CERB Loans: \$160,000;
- (b) Donnabelle Jeanne King: \$180,000;
- (c) Becher Family Holdings Ltd. (a related party to the Applicants), Capital Z Corp., Caroline Kolompar, and BMO Nesbitt Burns ITF: \$184,062;
- (d) Paul Matthew Hill: \$507,542;
- (e) Meysam Soltani: \$80,904; and
- (f) Hybrid Financial Ltd.: \$102,500.

117. Due to its liquidity issues, the Applicants do not have the financial resources to repay these unsecured loans.

iv. Severance Payments

118. As at December 21, 2023, the Applicants owe severance payments to the following individuals in the amounts of:

- (a) Paul Matthew Hill: \$100,000; and
- (b) Jon Conquergood: \$31,875.

v. Trade Account Payables

119. As of today's date, the Applicants reported trade payables of approximately \$1.6 million.

V. CASH FLOW FORECAST

120. Attached as **Exhibit "DD"** is a statement of the projected 13-week cash flow forecast (the "**Cash Flow Forecast**") of the Applicants for the week beginning December 17, 2023 to the week ending March 16, 2024. The Cash Flow Forecast was prepared with the assistance of the Proposed Monitor and will be included in the Pre-Filing Report of the Proposed Monitor.

121. The Cash Flow Forecast demonstrates that, subject to the requested relief being granted, including the approval of the DIP Facility, the Applicants will have sufficient cash to meet all of its post-filing obligations during the Initial Stay Period.

VI. THE PROPOSED RESTRUCTURING

122. The purpose of the CCAA proceeding is to provide a platform for the Applicants to address their complex debt structure, provide the ability for the Applicants to terminate leases at unprofitable retail locations, gain access to debtor-in-possession ("**DIP**") financing to fund the working capital requirements of the Applicants, including the fees of the restructuring professionals assisting the Applicants, and to conduct a sales process to maximize value for the Applicants' creditors.

123. The CCAA provides the most appropriate forum for the Applicants to restructure their affairs. The Applicants require the immediate protections afforded under the CCAA in order to maintain the *status quo* and obtain the breathing room required to implement the proposed restructuring. With the benefit of the protections afforded by the CCAA, including the stay of proceedings, the Applicants will be able to maintain their going

concern value, preserve jobs for their employees, and generally stabilize their business operations for the benefit of all of their stakeholders.

124. Following the commencement of these CCAA Proceedings, the Applicants intend to review their lease portfolio to identify any stores operating at a loss, and disclaim such leases in order to strengthen the Applicants' overall financial position going forward.
125. During the CCAA Proceedings, the Applicants intend to, among other things:
 - (a) maintain operations in the ordinary course for the benefit of their employees and other stakeholders;
 - (b) disclaim leases at retail locations that are unprofitable;
 - (c) conduct a review of the Applicants' remaining operations and identify any other opportunities to streamline such operations with a view to achieving positive cash flow;
 - (d) commence a court-approved sale and investment solicitation process (a "**SISP**"), with the assistance of the Monitor, to identify one or more bids that will maintain the Applicants as a going concern and maximize value for the creditors and stakeholders of the Applicants; and
 - (e) compromise the various secured and unsecured debt obligations that are causing the Applicants' current liquidity crisis.
126. The board of directors for the Applicants have authorized this Application and commencement of these CCAA Proceedings.

127. The Applicants do not expect to generate sufficient cash during the CCAA Proceedings to pay for the fees and expenses incurred by the restructuring professionals assisting the Applicants, including the Proposed Monitor. Accordingly, the Applicants will require DIP financing.

VII. THE PROPOSED INITIAL ORDER & ARIO

A. Initial Order Relief

i. Stay of Proceedings and Limited Exemptions

128. The Applicants are running out of cash and, absent the protections provided by the CCAA Proceedings including the stay of proceedings, are unable to meet their obligations as they become due. As set out in the Cash Flow Forecast, with the benefit of the Stay and the DIP Facility, the Applicants will be able to operate until the end of the Initial Stay Period.
129. The Applicants request the Stay for an initial period of ten days, and, if granted by this Court, the Applicants anticipate that they will subsequently request an extension of the Initial Stay Period until February 29, 2024 at the Comeback Motion.
130. In addition to the Stay in respect of the Applicants and their Property, the Applicants seek a stay of proceedings against the D&Os to ensure that they are able to focus on the Applicants' restructuring efforts and to prevent creditors and other potential claimants from seeking to do indirectly what they cannot do directly by asserting claims or other relief relating to the debts and obligations of the Applicants against the D&Os. The D&Os will be vital to the restructuring of the Applicants due to their historical knowledge of the financial and operational aspects of the Applicants.

131. As part of the Applicants' restructuring strategy, the Applicants intend to utilize the Stay of Proceedings and the protections of the CCAA to, among other things:
- (a) disclaim unprofitable leases; and
 - (b) streamline their remaining operations with a view to generating a profit.
132. Disclaiming the unprofitable leases will limit the amount of post-filing rent the Applicants are required to pay and will allow the preservation of cash. The Applicants have already identified at least one lease that would be disclaimed should the Initial Order be granted, as mentioned above.

ii. Appointment of EY as the Monitor

133. EY has consented to act as the Court-appointed monitor of the Applicants, subject to Court approval. A copy of EY's consent to act is attached as **Exhibit "EE"**.
134. I am advised by Alex Morrison of EY that EY is a trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act* (as amended).
135. The Proposed Monitor is a related party to Ernst & Young LLP. Ernst & Young LLP was the auditor for the Applicants for the audited financial statements dated December 31, 2021. Ernst & Young LLP resigned as auditor shortly afterwards and has not been involved with the Applicants since then. Although they are separate legal entities, given the relationship between Ernst & Young LLP and the Proposed Monitor, and considering the time frame contemplated by the CCAA, I have been advised by legal counsel that the Proposed Monitor could not act as the monitor in the present CCAA Proceedings without permission of the Court.

136. The Applicants are of the view that such permission should be granted by this Court for the following reasons:

- (a) the Proposed Monitor has assisted the Applicants to prepare for the CCAA Proceedings, and is familiar with the Applicants' assets and business. In this role, the Proposed Monitor has obtained significant information in respect of the Applicants' businesses, operations and assets, an understanding of the many issues faced by the Applicants relevant to their restructuring efforts, and familiarity with the management and personnel of the Applicants;
- (b) the Proposed Monitor has acquired an extensive and in-depth existing knowledge and understanding of the Applicants cannabis business, the cannabis sector and the cannabis retail sector. Such in-depth knowledge will be useful and will enable the Proposed Monitor to assume the role of the monitor in these CCAA Proceedings without delay and without incurring significant costs that would be required for a different insolvency professionals' firm, who would be required to familiarize itself with the business operations and financial situation of the Applicants and the ongoing restructuring process;
- (c) to prevent the Proposed Monitor to act as monitor to these proceedings would only increase the professional costs, to the detriment of the Applicants' restructuring process and its stakeholders; and
- (d) given the financial constraints, the consent to judgement, the demand letters and the notices of intention to enforce security, there is a need to proceed expeditiously with the restructuring on a cost-effective basis.

137. I understand that EY has extensive experience in matters of this nature and is therefore well-suited to this mandate.
138. I am advised by Mr. Morrison that the Proposed Monitor is supportive of the relief being sought by the Applicants in the draft Initial Order, as described in this affidavit. Mr. Morrison has also advised me that the Proposed Monitor will be filing a pre-filing report in respect of such relief, and if appointed as Monitor of the Applicants, EY will also file a report in respect of the relief to be sought at the Comeback Motion.

iii. Administration Charge

139. The Initial Order provides for a Court-ordered Administration Charge in favour of the Proposed Monitor, counsel to the Proposed Monitor, and the Applicants' counsel over all of the Applicants' Property in order to secure payment of their respective fees and disbursements incurred in connection with services rendered in respect of the Applicants up to a maximum amount of \$350,000.
140. The Administration Charge is proposed to rank ahead of and have priority over all of the other Charges, save and except any valid and perfected security interests and certain other encumbrances who did not receive notice of the initial application.
141. The Applicants require the expertise, knowledge, and continued participation of the proposed beneficiaries of the Administration Charge during these CCAA Proceedings in order to complete a successful restructuring. Each of the beneficiaries of the Administration Charge will have distinct roles in the Applicants' restructuring.
142. As previously described in this affidavit, save and except for limited retainers paid to counsel to the Applicants and the Proposed Monitor, the Applicants do not have the

liquidity to pay the beneficiaries of the Administration Charge in the ordinary course. Accordingly, the Administration Charge in this case includes accrued and unpaid fees and expenses incurred by the beneficiaries of the Administration Charge for the work completed leading up to the filing date plus the anticipated fees and expenses incurred during the Initial Stay Period.

143. The Applicants have worked with the Proposed Monitor to estimate the proposed quantum of the Administration Charge. The Proposed Monitor has reviewed the quantum of the Administration Charge and has advised that it believes that the Administration Charge (including its proposed quantum) is reasonable and appropriate in the circumstances, given the services already provided and to be provided by the beneficiaries of the Administration Charge, and the complexities of the CCAA Proceedings.
144. At the Comeback Motion, the Applicants intend to request an increase in the amount of the Administration Charge and super-priority ranking over all existing encumbrances and security interests.

iv. DIP Lender's Charge

145. To safeguard the ongoing operations of the Applicants' business, the Cash Flow Forecast reveals that during the week of December 24, 2023, the Applicants will have the following disbursements: (i) inventory purchases (in the amount of \$351,000); (ii) payroll obligations (in the amount of \$55,000); (iii) operational expenses and taxes (in the amount of \$145,000); and (iv) restructuring costs (in the amount of \$150,000). Given the anticipated revenue of \$394,000 during the same period, this results in a net cash deficit of \$308,000. Consequently, an initial advance of \$350,000 from the DIP Lender is essential to maintain operations.

146. As appears from the Cash Flow Forecast, the interim financing is needed to fund these CCAA Proceedings and provide sufficient liquidity to meet their obligations during the initial 13-week period of the CCAA Proceedings.
147. Accordingly, on December 21, 2023, the DIP Term Sheet was entered into between the Applicants, and One Plant Retail Corp., as the DIP Lender. A copy of the DIP Term Sheet is attached hereto as **Exhibit “FF”**.
148. The salient terms of the DIP Term Sheet are as follows:
- (a) DIP Facility: non-revolving loan up to the maximum amount of \$800,000. The Initial Advance in the amount of \$350,000 shall be made forthwith after the conditions precedent in the DIP Term Sheet have been satisfied.
 - (b) Advances: after the issuance of the ARIO (if granted), the balance of the DIP Facility shall be advanced by the DIP Lender to the Borrowers as needed in installments of not less than CAD \$100,000, as approved by the Monitor.
 - (c) Interest Rate: to accrue at fifteen percent (15%) per annum on the outstanding indebtedness. Interest shall be calculated on the daily outstanding balance owing under the DIP Facility, not in advance, and shall accrue and be paid on the Maturity Date.
 - (d) Fees: the Applicants shall pay a commitment fee of \$50,000.
149. Pursuant to the DIP Term Sheet, the DIP Facility must be repaid in full by the date that is the earliest of: (a) the Maturity Date of February 29, 2024; (b) the closing of a transaction; (c) any Order made by the Court replacing EY as Monitor; (d) the date on which the CCAA

Proceedings are terminated for any reason, including if one or more of the Applicants become bankrupt, whether voluntarily or in-voluntarily; and (e) the occurrence of an Event of Default (as defined in the DIP Term Sheet).

150. Under the DIP Term Sheet, the Applicants must not enter into any transaction unless all amounts outstanding under the DIP Term Sheet and any other first-ranking secured debt held by the DIP Lender or its nominees or affiliates at the time such transaction is entered into (including any such debt acquired from third parties) would be permanently and indefeasibly repaid upon closing of the transaction, or if the terms of the transaction have otherwise been approved by the DIP Lender.
151. The Initial Order contemplates that the DIP Lender's Charge will rank subordinate only to the Administration Charge.
152. The DIP Lender's Charge will secure all of the obligations of the DIP Facility. The DIP Lender's Charge will not secure any obligations incurred prior to these CCAA Proceedings.
153. The Proposed Monitor has advised that it is supportive of the approval of the DIP Term Sheet and the corresponding DIP Lender's Charge. Accordingly, I believe that it is appropriate in the circumstances for this Court to approve the DIP Term Sheet and grant the DIP Lender's Charge.

v. D&O Charge

154. In order to continue to carry on business during the CCAA Proceedings, the Applicants require the active and committed involvement of their D&Os.

155. Since the continued assistance of the D&Os is required to ensure that the CCAA Proceedings are successfully completed, the D&Os require an indemnification from the Applicants regarding liabilities that may be incurred in the context of their positions with the Applicants after the commencement of the CCAA Proceedings, including liabilities relating to accrued vacation pay prior to the CCAA Proceedings that may be crystallized after the commencement of the CCAA Proceedings.
156. Although the Applicants intend to comply with all applicable laws and regulations, including with respect to the timely remittance of source deductions and federal and provincial sales taxes, the D&Os nevertheless remain concerned about their potential personal liability, particularly in the present circumstances.
157. The Applicants directors' and officers' liability insurance (the "**D&O Insurance**") for the D&Os expires on December 23, 2023. It is highly unlikely that the D&O Insurance will be made available for renewal and the Applicants do not have the funds to renew the D&O Insurance. If, in the improbable event that the Applicants are able to renew the D&O Insurance, it is uncertain whether all claims for which the D&Os may be personally liable will be covered by the D&O Insurance, given the insurance does not apply to claims arising out of bankruptcy or insolvency of the Applicants. It is also uncertain whether the amount of coverage provided by the D&O Insurance will be sufficient to adequately protect the D&Os from liability and to incentivize the D&Os to continue their service with the Applicants.
158. Absent the approval by the Court of the D&O Charge, I am concerned that all or a significant amount of the Applicants' D&Os may resign, which would, in all likelihood,

render the CCAA Proceedings much more challenging, and possibly much more costly if the Applicants need to appoint a Chief Restructuring Officer or an independent director, to the detriment of the Applicants' creditors and other stakeholders.

159. The Applicants therefore seek the D&O Charge over their Property in the amount of \$251,000 as part of the Initial Order to secure the indemnity granted by the Applicants in favour of the D&Os, to the extent that such claims are not covered by the D&O Insurance. The Applicants intend to request an increase in the amount of the D&O Charge at the Comeback Motion.
160. The proposed Initial Order provides that the D&O Charge ranks behind the Administration Charge and the DIP Lender's Charge.
161. The Proposed Monitor has advised that it is supportive of the proposed D&O Charge and quantum thereof.
162. I believe that in these circumstances, the requested D&O Charge is reasonable and adequate given, notably, the complexity of the Applicants' business, and the corresponding potential exposure of the Applicants' D&Os to personal liability. The quantum of the D&O Charge contemplated in the Initial Order was specifically sized by the Applicants, in consultation with the Proposed Monitor, based upon the potential director liabilities that could be outstanding at any time during the CCAA Proceedings.

vi. Proposed Ranking of Court-Ordered Charges

163. During the first ten days of the CCAA Proceedings, the Applicants propose ranking the Charges as follows:
 - (a) first, the Administration Charge initially up to a maximum amount of \$350,000;

- (b) second, the DIP Lender's Charge initially up to the maximum amount of the Initial Advance; and
- (c) third, the D&O Charge initially up to a maximum amount of \$251,000.

164. Pursuant to the proposed Initial Order, the Charges would rank ahead of all encumbrances in favour of any persons that have been served with notice of the application. The Applicants intend to ask for an order declaring that the Charges rank ahead of all encumbrances on the Comeback Motion (if the Initial Order is granted).

B. Comeback Motion Relief

i. Court-Ordered Charges

165. If the Initial Order is granted, at the Comeback Motion, the Applicants plan to seek authorization to increase the amount of the Charges, as follows:

- (a) the Administration Charge to \$500,000;
- (b) the DIP Lender's Charge to \$1.1 million; and
- (c) the D&O Charge to \$483,000.

ii. Securities Relief

166. Trees is a publicly-traded corporation. Trees would seek authorization at the Comeback Motion to dispense with certain securities filing requirements. In particular, the Applicants would seek authorization for Trees to incur no further expenses in relation to any filings (including financial statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively, the "**Securities Filings**") that may be required by any federal, provincial, or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock

exchange, including without limitation, the Securities Act (Ontario), and comparable statutes enacted by other provinces of Canada, the Canadian Securities Exchange (“CSE”) Policies 1-10 and other rules, regulations and policies of the CSE.

167. In my view, incurring the time and costs associated with preparing the Securities Filings will detract from the Applicants’ successful restructuring. Further, there is no prejudice to stakeholders given that detailed financial information and other information regarding the Applicants will continue to be made publicly available through the materials filed in these CCAA Proceedings.

iii. Shareholders’ Meeting

168. At the Comeback Hearing, the Applicants will seek authorization to postpone the requirement for any future annual general meeting of the shareholders of Trees during the CCAA Proceedings. The Applicants seek to extend the time limit to call and hold such annual general meeting of shareholders until after the conclusion of the CCAA Proceedings.
169. Conducting any annual general meeting of shareholders during the ongoing CCAA Proceedings would be superfluous. The Applicants intend to implement a restructuring plan to preserve the business as a going concern and ensure employment stability. Convening such a meeting during this time would be unnecessary in light of these objectives.

VIII. CONCLUSION

170. For the reasons set out above, I believe that it is in the best interests of the Applicants and their stakeholders that the Applicants be granted protection under the CCAA in accordance with the terms of the proposed Initial Order.

171. This affidavit is sworn in support of the Applicants' application for the Initial Order pursuant to the CCAA and for no other or improper purpose.

SWORN via video conference by Jeffrey Holmgren of the City of Calgary, in the Province of Alberta, before me at the City of Toronto, in the Province of Ontario, this 21 day of December, 2023, in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Rudrakshi Chakrabarti
Commissioner for Taking Affidavits

Rudrakshi Chakrabarti



JEFFREY HOLMGREN

This is Exhibit "A" referred to in the Affidavit of Jeffrey Holmgren sworn by Jeffrey Holmgren of the City of Calgary, in the Province of Alberta, before me at the City of Toronto, in the Province of Ontario, this 21st day of December, 2023 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely.*

Rudrakshi Chakrabarti

A Commissioner for taking affidavits

RUDRAKSHI CHAKRABARTI



Corporate Profile / Profil corporatif

Date and time of Corporate Profile (YYYY-MM-DD)	2023-11-11 9:35 AM	(AAAA-MM-JJ) Date et heure du Profil corporatif
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CORPORATE INFORMATION		RENSEIGNEMENTS CORPORATIFS
Corporate name	Dénomination	
	TREES CORPORATION	
Corporation number	1361849-8	Numéro de société ou d'organisation
Business number	758315279RC0002	Numéro d'entreprise
Governing legislation	Régime législatif	
	<i>Canada Business Corporations Act (CBCA) - 2021-12-22</i> <i>Loi canadienne sur les sociétés par actions (LCSA) - 2021-12-22</i>	
Status	Statut	
	Active	
	Active	

REGISTERED OFFICE ADDRESS	ADRESSE DU SIÈGE
	181 Bay Street, Suite 1800 Toronto ON M5J 2T9 Canada

ANNUAL FILINGS		DÉPÔTS ANNUELS
Anniversary date (MM-DD)	12-22	(MM-JJ) Date anniversaire
Filing period (MM-DD)	12-22 to/au 02-20	(MM-JJ) Période de dépôt
Status of annual filings	Statut des dépôts annuels	
	Not due 2023	N'est pas dû
	Filed 2022	Déposé
Date of last annual meeting (YYYY-MM-DD)	Not available / Pas disponible	(AAAA-MM-JJ) Date de la dernière assemblée annuelle
Type	Type	
	Distributing corporation	
	Société ayant fait appel au public	

DIRECTORS		ADMINISTRATEURS
Minimum number	4	Nombre minimal
Maximum number	15	Nombre maximal
Current number	5	Nombre actuel
Jeffrey Holmgren	181 Bay Street, Suite 1800, Toronto ON M5J 2T9, Canada	
James Ward	181 Bay Street, Suite 1800, Toronto ON M5J 2T9, Canada	
Campbell Becher	181 Bay Street, Suite 1800, Toronto ON M5J 2T9, Canada	
G. Scott Paterson	181 Bay Street, Suite 1800, Toronto ON M5J 2V1, Canada	
Fraser Clarke	181 Bay Street, Suite 1800, Toronto ON M5J 2T9, Canada	

CORPORATE HISTORY		HISTORIQUE CORPORATIF
Corporate name history (YYYY-MM-DD)		(AAAA-MM-JJ) Historique de la dénomination
2021-12-22 to present / à maintenant	TREES CORPORATION	
Certificates issued (YYYY-MM-DD)		(AAAA-MM-JJ) Certificats émis
Certificate of Amalgamation Corporations amalgamated	2021-12-22 13614000 TREES CORPORATION 13614751 13614751 CANADA INC.	Certificat de fusion Corporations amalgamated
Amendments details are only available for amendments effected after 2010-03-20. Some certificates issued prior to 2000 may not be listed.		Seuls les renseignements concernant les modifications effectuées après 2010-03-20 sont disponibles. Certains certificats émis avant 2000 pourraient ne pas être listés.
Documents filed (YYYY-MM-DD)		(AAAA-MM-JJ) Documents déposés

The Corporate Profile sets out the most recent information filed with and accepted by Corporations Canada as of the date and time set out on the Profile.

Le Profil corporatif fait état des renseignements fournis et acceptés par Corporations Canada à la date et à l'heure indiquées dans le profil.

This is Exhibit "B" referred to in the Affidavit of Jeffrey Holmgren sworn by Jeffrey Holmgren of the City of Calgary, in the Province of Alberta, before me at the City of Toronto, in the Province of Ontario, this 21st day of December, 2023 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely.*

Rudrakshi Chakrabarti

A Commissioner for taking affidavits

RUDRAKSHI CHAKRABARTI

Ministry of Public and
Business Service Delivery

Profile Report

MIRACULO INC. as of November 11, 2023

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	MIRACULO INC.
Ontario Corporation Number (OCN)	1000145175
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Amalgamation	March 15, 2022
Registered or Head Office Address	181 Bay Street, 1800, Toronto, Ontario, Canada, M5J 2T9

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

A handwritten signature in black ink, appearing to read "V. Quintanilla W.".

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name JEFFREY HOLMGREN
Address for Service 181 Bay Street, 1800, Toronto, Ontario, Canada, M5J 2T9
Resident Canadian Yes
Date Began March 15, 2022

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Officer(s)**Name****Position****Address for Service****Date Began**

JEFFREY HOLMGREN

Chief Financial Officer

181 Bay Street, 1800, Toronto, Ontario, Canada, M5J 2T9

March 15, 2022

Name**Position****Address for Service****Date Began**

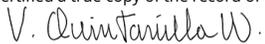
MICHAEL KLEIN

Chief Executive Officer

181 Bay Street, 1800, Toronto, Ontario, Canada, M5J 2T9

March 15, 2022

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.



Director/Registrar

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Additional historical information may exist in paper or microfiche format.

Corporate Name History**Name****Effective Date**

MIRACULO INC.

March 15, 2022

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V. Quintanilla W.

Director/Registrar

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Additional historical information may exist in paper or microfiche format.

Amalgamating Corporations**Corporation Name**
Ontario Corporation Number1000101203 ONTARIO INC.
1000101203**Corporation Name**
Ontario Corporation NumberMIRACULO INC.
2564208

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Expired or Cancelled Business Names

Name	CANNABISMD
Business Identification Number (BIN)	281039586
Status	Inactive - Expired
Registration Date	October 02, 2018
Expired Date	October 01, 2023

Name	MIRACULO
Business Identification Number (BIN)	281039578
Status	Inactive - Expired
Registration Date	October 02, 2018
Expired Date	October 01, 2023

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: Melanie COLE	May 31, 2022
CIA - Initial Return PAF: Jeffrey HOLMGREN	March 18, 2022
BCA - Articles of Amalgamation	March 15, 2022

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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This is Exhibit "C" referred to in the Affidavit of Jeffrey Holmgren sworn by Jeffrey Holmgren of the City of Calgary, in the Province of Alberta, before me at the City of Toronto, in the Province of Ontario, this 21st day of December, 2023 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely.*

Rudrakshi Chakrabarti

A Commissioner for taking affidavits

RUDRAKSHI CHAKRABARTI

SETTLEMENT AGREEMENT

This Settlement Agreement (this “*Agreement*”) is dated as of the date set forth on the execution page hereof (the “*Effective Date*”) and is entered into by and among Michael Klein, an individual (“*Klein*”), and Trees Corporation, a corporation existing pursuant to the *Canada Business Corporations Act* (the “*Company*”).

Klein and the Company are collectively referred to herein as the “*Parties*,” and each individually as a “*Party*.”

WHEREAS commencing on or about March 15, 2022 Klein was engaged as an independent contractor by the Company to serve as Chief Executive Officer, and

WHEREAS the Company and Klein have agreed to terminate Klein’s engagement by the Company on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, for good and adequate consideration, the receipt and sufficiency of which are hereby acknowledged, Klein and the Company hereby agree as follows:

1. **Separation from Employment.** The Parties: (i) acknowledge that Klein’s engagement by the Company, including any positions he may have held for any subsidiaries, affiliates, assigns or successors of the preceding, terminated as of September 16, 2022 with his irrevocable resignation from this role (the “*Effective Date*”); and (ii) agree that, except as expressly provided for in this Agreement, all benefits and privileges of Klein’s engagement by the Company as Chief Executive Officer will terminate effective as of the Effective Date.

2. **Settlement of Accrued Payments.** In connection with the termination of Klein’s engagement with the Company and in settlement of any all amounts or other compensation owed under any written or oral agreement, understanding or commitment, including payable pursuant to or claimable under the Ontario *Employment Standards Act, 2000* or related to any grant of stock-based compensation, the Company will provide the following to Klein or as directed by him: (i) subject to Section 3 hereof, clear and unrestricted ownership of all digital domains and assets including all trademark applications related thereto (the “*Transfer*”) specifically set out on Schedule “A” hereto (the “*CannabisMD Assets*”), to be transferred to a company to be established by and wholly-owned by Klein (“*KleinCo*”); and (ii) the Company’s undertaking to pay in full or settle and pay all outstanding invoices in the amounts and to the third parties as set forth in Schedule “B” hereto (the “*Outstanding Invoices*”). The consideration payable to Klein under this Section are referred to as the “*Settlement Payments*.” Klein agrees that the CannabisMD Assets will be transferred on an “as is, where is” basis and in that regard acknowledges the CIPO letters received by the Company as further described in Schedule “A”.

3. **Purchase Option.** Notwithstanding the Transfer, Klein hereby irrevocably grants to the Company an irrevocable and exclusive right, privilege and option to purchase, exercisable in the Company’s sole discretion for a period of six months from the Effective Date, 10% of KleinCo upon the payment of US\$50,000 in cash (the “*Option*”). If the Option is exercised, the Parties shall use their best efforts to close the exercise of the Option and the transfer of the 10% interest on or prior to the 30th day after the date on which the Option is exercised. If the Company

fails to make the required payment under the Option within 45 days of the exercise of the Option, the Option shall be determined to be irrevocably canceled, and the Company shall have no further right to exercise the Option.

4. **Rights Related to the CannabisMD Assets.** For a period of six months from the Effective Date, Klein hereby agrees (i) to provide to the Company all information related to the CannabisMD Assets reasonably required by the Company for the conduct of its own business, and (ii) to provide to the Company notice of the receipt of any (a) offer by a third party to purchase all or part of the CannabisMD Assets or (b) financing in an amount equal to or greater than US\$50,000, whether by debt, equity or otherwise, planned or undertaken by KleinCo. Such notice must be delivered to the Company at least 20 business days prior to the closing of any such acquisition or financing and Klein agrees to make the closing of either or both to be subject to having provided such notice to the Company.

5. **Tax Indemnification.** With respect to the amounts referred to herein and except as otherwise provided herein, Klein agrees to indemnify and save harmless the Company from and against all claims or demands arising under the *Income Tax Act* (Canada) for or in respect of withholding taxes which may arise from the consideration paid under this settlement and any interest or penalties relating thereto and any reasonable costs or expenses incurred in defending such claims or demands.

6. **Waivers; Acknowledgements.**

6.1. In consideration of the Separation Payments, as of the Effective Date, Klein acknowledges and agrees that he has been paid in full for all commissions, fees, bonuses, expense reimbursement, and other compensation of any kind due or owed to Klein for any services rendered to the Company pursuant to any written or oral arrangement, agreement or other form of understanding, and that there are no further commissions, fees, bonuses and other compensation due or owed to Klein except as settled herein. Klein further acknowledges and agrees that his receipt of any commissions, fees, bonuses and other compensation due or owed for services rendered as an independent contractor has not been conditioned upon Klein's execution of this Agreement.

6.2. Klein hereby acknowledges that as of the Effective Date, he is not aware of, nor has he filed any claims for any work-connected injuries or occupational diseases incurred during his engagement by the Company.

6.3. Klein hereby acknowledges that during the term of his engagement by the Company, he acted as an independent contractor and had no employment relationship with the Company.

7. **Mutual Release.**

In consideration of the Separation Payments, Klein and the Company agree to enter into, as of the Effective Date, the mutual release attached hereto as Schedule "C".

8. **Non-disparagement and Noncooperation.** The Parties agree that they will not make, publish, or state, or cause to be made, published, or stated, any disparaging or defamatory statement, writing, or communication pertaining to the character, reputation, business practices, competence, or conduct of the other Party or any of the other Released Parties.

Klein agrees not to counsel or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against the Company or any of the other Released Parties unless under a subpoena or other court order to do so. Klein further agrees both to immediately notify the Company upon receipt of any court order, subpoena, or any legal discovery device that seeks or might require the disclosure or production of the existence or terms of this Agreement, and to furnish, within three (3) business days of its receipt, a copy of such subpoena, court order, or legal discovery device to the Company. Violation of the obligations of this Section shall result in a forfeiture of Klein's rights under this Agreement.

9. **Return of Company Property.** Klein agrees that within fourteen (14) days of the Settlement Date, he will deliver to the Company all Company equipment, including all computers, laptops, personal data assistants, telephone calling cards, keys, cellular telephones, pagers, office supplies, files, records, manuals, books, blank forms, documents (including all letters, memoranda, notes, notebooks, and reports) and other data, and all copies thereof, and all other tangible Company property, including without limitation any computer-related hardware, servers, or software, which are at the time of the Settlement Date in Klein's possession or under Klein's control. Prior to the Settlement Date, Klein shall have provided to the Company all electronic data files of any kind whatsoever relating in any way to Klein's engagement with the Company or the Company's business, whether provided by the Company to Klein, generated by Klein in connection with Klein's engagement with the Company, or otherwise, and shall have deleted all such data files from any electronic storage device belonging to Klein and destroyed any hard copies of such data files. Further, Klein represents that, prior to the Settlement Date, Klein delivered all passwords, if any, in use by Klein for Company-related purposes, a list of any documents related to the Company that Klein created or of which Klein is otherwise aware that are password-protected, if any, and the password(s) necessary to access such password-protected documents. Klein agrees to sign a declaration affirming he has completed all actions required by this Section if requested to do so by the Company.

10. **Transition.** Klein agrees to take all actions reasonably requested by the Company to facilitate the smooth transition of Klein's relationship with the Company, including without limitation being available by telephone or other electronic communications to provide assistance and answer questions that may arise with respect to Klein's services to the Company. All such information disclosed by Klein to the Company's personnel or its agents pursuant to this Section shall not contain any misstatements of material fact or material omissions. In fulfilling Klein's obligations under this Section, Klein agrees to use professional conduct and not take any action that could negatively affect the Company.

11. **Effect of Breach.** Klein agrees that the affirmative obligations that Klein has undertaken in this Agreement are a material inducement to the Company entering into this Agreement. In the event of a breach of this Agreement by Klein, Klein agrees that the Company shall be entitled to temporary and permanent injunctive relief to enforce the provisions hereof, and

that such relief may be granted without the necessity of proving actual damages, and without the necessity of posting any bond. This provision with respect to injunctive relief shall not, however, diminish the right of the Company to claim and recover damages, or to seek and obtain any other relief available to it at law or in equity, in addition to injunctive relief.

12. **Compliance.** Klein represents and warrants to the Company that during the period of Klein's engagement by the Company, Klein performed his duties in compliance with all Company policies and all applicable local, provincial and federal laws and regulations.

13. **Further Assurances.** Each Party agrees to execute and deliver, or cause to be executed and delivered, all such documents and instruments and to take, or cause to be taken all such further or other actions as are reasonably necessary or desirable upon the request of any other Party to more fully effectuate the purposes and intent of this Agreement.

14. **Governing Law; Venue.** The Parties expressly agree that this Agreement shall be governed solely by the laws of the province of Ontario and the federal laws of Canada, without regard to its principles of conflict of laws. Each of the Parties hereby expressly consents to submit to the non-exclusive jurisdiction of the courts of the Province of Ontario for any action or proceeding arising from or relating to this Agreement, Klein waives any argument that venue in any such forum is not convenient and agree that any such action or proceeding shall only be brought in such courts.

15. **Severability.** If any part of this Agreement is construed or determined by a court of competent jurisdiction to be in violation of any applicable law, such part shall be modified to achieve the objective of the Parties to the fullest extent permitted by applicable law and the balance of this Agreement shall remain in full force and effect.

16. **Costs.** The Parties shall each bear their own costs, expert fees, attorneys' fees and other fees incurred in connection with this Agreement, except as otherwise provided herein.

17. **Attorneys' Fees.** If any action in law or in equity is brought by any Party to enforce or interpret the terms of this Agreement, the prevailing Party shall be entitled to reasonable attorneys' fees, costs, and disbursements, including without limitation expert witness fees, paralegal fees, deposition transaction fees, and other related fees and expenses, in addition to any other relief to which such Party may be entitled.

18. **Confidentiality of this Agreement.** The Parties shall keep the terms and conditions and existence of this Agreement confidential. The Parties understand that confidentiality is a material term of this Agreement. The Parties agrees to not disclose any information concerning the facts, circumstances, content, or existence of this Agreement to any person, including any present or former Employee of the Company; provided that Parties may disclose this Agreement (i) to a Party's attorneys, accountants, tax advisors, and spouse, (ii) in the course of legal proceedings involving the Company, (iii) in response to a court order, subpoena, or inquiry by a governmental agency, or (iv) as required by law.

19. **Assignment.** Klein may not assign any of his rights or obligations under this Agreement without the prior written consent of the Company. The Company may assign any or all

of its rights or obligations under this Agreement to an affiliate without the prior written consent of Klein.

20. **Advice of Counsel.** Klein hereby acknowledges that he has been, and hereby is, advised to seek legal counsel and to review this document with legal counsel of his choice including, but not limited to, with respect to the advisability of reaching the settlement represented by this Agreement, and the advisability of executing this Agreement. Klein acknowledges that this Agreement is written in a manner understandable to Klein.

21. **Voluntary Execution.** Klein represents and warrants that he has signed this Agreement voluntarily and of his own free will and that Klein has not been subjected to duress or undue influence from any source.

22. **Entire Agreement.** This Agreement, including any exhibits or schedules, contains the entire agreement between the Parties with respect to the termination of Klein's engagement as Chief Executive Officer, and there are no promises or understandings outside of this Agreement with respect to the termination of Klein's engagement.

23. **Amendment; Waiver.** No provision of this Agreement shall be amended, waived or modified except by an instrument in writing signed by the Parties. The waiver by a Party of a breach by the other Party of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach.

24. **Counterparts.** This Agreement may be executed in counterparts, all of which, when taken together, shall constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile, by electronic mail (e-mail) in "portable document format" (".pdf") form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document will have the same effect as physical delivery of the paper document bearing an original signature.

25. **No Representations or Statements of Inducement.** Klein acknowledges that none of the Company, any of the Released Parties, nor any officer, agent, representative, or attorney of or for any of them, has made any statement or representation to Klein regarding any fact relied upon in entering into this Agreement, and Klein has not relied upon any statement, representation or promise in executing this Agreement or in making the settlement provided for herein, except as expressly stated in this Agreement.

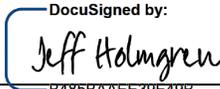
26. **No Admission of Wrongdoing.** The Parties agree that neither this Agreement nor the furnishing of the consideration for this Agreement will be deemed or construed at any time for any purpose as an admission by the Released Parties (as defined in Schedule "C" hereto) of wrongdoing or evidence of any liability or unlawful conduct of any kind. Neither this Agreement nor anything in this Agreement will be admissible in any proceeding as evidence of liability or wrongdoing by the Released Parties. This Agreement may be introduced, however, in any proceeding to enforce the Agreement, and any such introduction shall be pursuant to an order protecting its confidentiality.

{signature page follows}

IN WITNESS WHEREOF, the Parties have executed this Agreement as of October 21, 2022 .

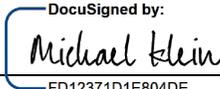
COMPANY:

TREES CORPORATION

By:  _____
B485BAAEE39E49B...

Jeff Holmgren, President & CFO

MICHAEL KLEIN:

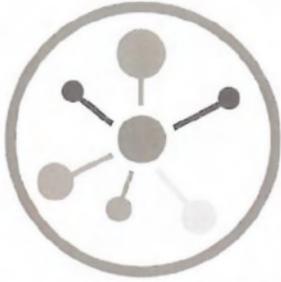
 _____
FD12371D1E804DE...

Michael Klein

Schedule “A”**Domains:**

Domains List
askcmd.com
askcmd.info
canabismd.com
cannabismd.co.uk
cannabismd.me.uk
cannabismd.org.uk
cannabismd.de
cannabismd.academy
cannabismd.biz
cannabismd.company
cannabismd.education
cannabismd.farm
cannabismd.guru
cannabismd.info
cannabismd.live
cannabismd.reviews
cannabismd.today
cannabismd.college
cannabismd.health
cannabismd.mobi
cannabismd.pro
cannabismd.shop
cannabismd.com
cannabismd.mx
cannabismd.tv
dank-rank.com
dankrank.com
godsgreenery.com

CIPO letters received by the Company, relating to trademarks transferred pursuant to Section 2 of this Agreement:



The Company has received and provided to Klein pre-examination letters from the Canadian Intellectual Property Office (“CIPO”) in respect of the Cannabiverse Inc. trademark application (above).

Reference number: 26629-TM123068CA00

File Number: 1952909



The Company has received and provided to Klein pre-examination letters from CIPO in respect of the Cannabiverse Inc. trademark application (above).

Reference number: 26629-TM119985CA00

File Number: 1952904

“GOD’S GREENERY”

The Company has received and provided to Klein pre-examination letters from CIPO in respect of the Cannabiverse Inc. trademark application (above).

Reference number: 26629-TM123294CA00

File Number: 1958245



The Company has received and provided to Klein pre-examination letters from CIPO in respect of the Cannabiverse Inc. trademark application (above).

Reference number: 26629-TM123294CA00

File Number: 1958245

Schedule "B"
Outstanding Invoices

1. MIRACULO pre-closing responsibility of US\$5,106.71.
2. Authentic Web - US\$2,714.00.
3. Any and all outstanding invoices from Bereskin & Parr - \$4,682.31.

Schedule "C"
Resignation and Mutual Release

(see attached)

RESIGNATION AND MUTUAL RELEASE

TO: Trees Corporation (the “**Company**”)

AND TO: The Company’s Group (as defined below)

Reference is made to the Settlement Agreement between the Company and Michael Klein (the “**Releasee**”) dated October 20, 2022 (the “**Settlement Agreement**”). Capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed thereto in the Settlement Agreement.

1. RESIGNATION

I, Michael Klein, hereby irrevocably resign from my engagement as Chief Executive Officer of the Company and my position as member of the board of directors of the Company, effective as of the Effective Date.

2. KLEIN’S RELEASE

In consideration of the mutual covenants and releases contained herein, the completion of the transactions contemplated by the Settlement Agreement, and such other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, as of the Effective Date, the Releasee does for himself, his heirs, executors, administrators, legal personal representatives, successors and assigns (collectively, the “**Releasee’s Group**”), forever irrevocably and unconditionally release, remise and discharge the Company, and any of its affiliates, subsidiaries, successors or assigns (the “**Subject Companies**”) and each of their respective past, present and future officers, directors, employees, principals, direct and indirect shareholders, servants, trustees, insurers and agents and each of the respective heirs, executors, administrators, legal personal representatives, successors and assigns of the foregoing (collectively, the “**Company’s Group**”), of and from any and all actions, manners of actions, causes of actions, contracts (whether express or implied), covenants, demands, loss, injury, suits, debts, sums of money, accounts, dues, bonds, expenses, interest, costs, liabilities, proceedings and claims for injuries, losses, damages, interest, costs, indemnity, fines, penalties, legal and professional fees and assessments or amounts of any kind whatsoever (including any loss or damage not yet ascertained) and all other claims of any and every kind and nature whatsoever, whether under statute, contract, common law or equity (collectively, the “**Claims**”), that the Releasee ever had, now has, or may in the future have against the Company’s Group for or by reason of or existing out of any cause, matter or thing existing prior to the Effective Date, including arising out of, in connection with, or relating to Klein’s engagement as Chief Executive Officer with the Company and the termination of such engagement with the Company.

Notwithstanding anything contained herein, this Resignation and Mutual Release shall not extend to or affect, or constitute a release of, the Releasee’s right to sue, claim against or recover from the Company’s Group and shall not constitute an agreement to refrain from bringing, taking or maintaining any action against the Company in respect of:

- (a) any corporate indemnity existing by statute, indemnification agreement, contract, instrument or pursuant to any of the constating documents of the Company or any other Subject Company provided in the Releasee’s favour in respect of Klein’s engagement as Chief Executive Officer with the Company or as a director of the Company;

- (b) the Releasee's entitlement to any consideration or compensation pursuant to the terms of the Settlement Agreement entered into between the Releasee and the Company;
- (c) the Releasee's rights as a holder of securities of the Company;
- (d) the Releasee's entitlement to coverage or benefits under any insurance maintained for the benefit or protection of the directors or officers of the Subject Companies (including run-off directors' and officers' liability insurance);
- (e) any Claims relating to or arising out of any unlawful conduct, fraud or willful misconduct of any member of the Company's Group; and
- (f) any breach by the Company's Group of any of the terms of this Resignation and Mutual Release.

The Releasee hereby represents, warrants and covenants that he has not transferred nor assigned and will not transfer or assign to any other person or entity any of the Claims which he is releasing herein.

The Releasee hereby covenants and agrees not to make or continue any claim or complaint or initiate or continue any proceeding against any person which might be entitled to claim, pursuant to the provisions of any applicable statute or otherwise, contribution, indemnity or other relief over or against the Company's Group or any of them arising out of or in relation to the matters released or discharged by the Releasee's Group pursuant to this Resignation and Mutual Release.

The Releasee hereby covenants and agrees not to directly or indirectly, join, assist, aid or act in concert in any manner whatsoever with any other person in the making of any Claim or in the bringing of any proceeding or action in any manner whatsoever against the Company's Group or any of them with respect to the matters released by the Releasee's Group under this Resignation and Mutual Release or with respect to which the Releasee has otherwise agreed not to make any Claim or take any proceedings against the Company's Group or any of them.

3. COMPANY'S RELEASE

In consideration of the mutual covenants and releases contained herein, the Releasee's resignation, the completion of the transactions contemplated by the Settlement Agreement, and such other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, as of the Effective Date, the Company does, for itself and for the Company's Group, hereby forever irrevocably release, remise, and discharge the Releasee's Group from any and all Claims which the Company's Group ever had, now has, or may in the future have against the Releasee for or by reason of or existing out of any cause, matter or thing existing prior to the Effective Date, including arising out of, in connection with, or relating to the Releasee's engagement as Chief Executive Officer with the Company or directorship with the Company and the termination of such engagement with the Company and directorship with the Company. This Resignation and Mutual Release does not apply to nor release the Releasee's Group from any Claims arising from acts of unlawful conduct, fraud or willful misconduct by the Releasee's Group and does not extend to and is not intended to release the Releasee's Group from duties of confidentiality, however arising, after the date of execution of this Resignation and Mutual Release, or of any breach by the Releasee's Group of any of the terms of this Resignation and Mutual Release.

The Company hereby represents, warrants and covenants that it has not transferred nor assigned and will not transfer or assign to any other person or entity any of the Claims which it is releasing herein.

The Company hereby covenants and agrees not to make or continue any claim or complaint or initiate or continue any proceeding against any person which might be entitled to claim, pursuant to the provisions of any applicable statute or otherwise, contribution, indemnity or other relief over or against the Releasee's Group or any of them arising out of or in relation to the matters released or discharged by the Company's Group pursuant to this Resignation and Mutual Release.

The Company hereby covenants and agrees not to directly or indirectly, join, assist, aid or act in concert in any manner whatsoever with any other person in the making of any Claim or in the bringing of any proceeding or action in any manner whatsoever against the Releasee's Group or any of them with respect to the matters released by the Company's Group under this Resignation and Mutual Release or with respect to which the Company has otherwise agreed not to make any Claim or take any proceedings against the Releasee's Group or any of them.

4. UNDERSTANDING & GENERAL

The parties hereby declare that they have read all of this Resignation and Mutual Release, fully understand the terms of this Resignation and Mutual Release and voluntarily accept the consideration stated herein as the sole consideration for this Resignation and Mutual Release for the purpose of making a full and final settlement. The parties further acknowledge and confirm that they have been given an adequate period of time to obtain independent legal counsel upon the meaning and the significance of the terms herein and the covenants mutually exchanged.

The Releasee further acknowledges that, other than the consideration promised, no representation of fact or opinion, threat or inducement has been made or given by the Company's Group or any of them to induce the Releasee to sign this Resignation and Mutual Release and that there is no condition, express or implied or collateral agreement with respect to this Resignation and Mutual Release.

This Resignation and Mutual Release represents and contains the entire agreement by and between the parties relating to the matters described herein, and supersedes all prior or contemporaneous agreements or understandings regarding its subject matter, whether written or oral.

If any provision of this Resignation and Mutual Release or any part of any provision of this Resignation and Mutual Release is held under any circumstances to be invalid or unenforceable in any jurisdiction, then: (i) such provision or part thereof shall, with respect to such circumstances and in such jurisdiction, be deemed amended to conform to applicable laws so as to be valid and enforceable to the fullest possible extent; (ii) the invalidity or unenforceability of such provision or part thereof under such circumstances and in such jurisdiction shall not affect the validity or enforceability of such provision or part thereof under any other circumstances or in any other jurisdiction; and (iii) such invalidity or unenforceability of such provision or part thereof shall not affect the validity or enforceability of the remainder of such provision or the validity or enforceability of any other provision of this Resignation and Mutual Release. Each provision of this Resignation and Mutual Release is severable from every other provision of this Resignation and Mutual Release, and each provision of this Resignation and Mutual Release is severable from every other part of such provision.

Each of the parties to this Resignation and Mutual Release agrees that any release or covenant given or made in favour of a member of the Company's Group or the Releasee's Group who is not a party to this Resignation and Mutual Release is accepted by the Company or the Releasee, as applicable, as agent and trustee for each such member of the Company's Group or the Releasee's Group, as applicable. Such covenants and releases may be enforced by the Company or the Releasee, as applicable, on behalf of any such member of the Company's Group or the Releasee's Group.

The provisions of this Resignation and Mutual Release enure to the benefit of each of the parties hereto and each of their respective heirs, executors, administrators, legal personal representatives, successors and assigns. This Resignation and Mutual Release is binding upon each of the parties hereto and their heirs, executors, administrators, legal personal representatives, successors and assigns.

This Resignation and Mutual Release will be governed by, interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

This Resignation and Mutual Release may be signed in counterparts and such counterparts together shall constitute one and the same instrument and shall be deemed to be executed on or as of the date written below. The parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Release and Mutual Release, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the parties.

[Signatures to follow.]

IN WITNESS WHEREOF, the parties have hereby executed this Resignation and Mutual Release effective as of the 20th day of October, 2022.

COMPANY:

TREES CORPORATION

By: DocuSigned by:
Jeff Holmgren
B485BAAEE39E49B...
Jeff Holmgren, President & CFO

MICHAEL KLEIN:

DocuSigned by:
Michael Klein
FD12371D1E804DE...
Michael Klein

Date: 10/20/2022

This is Exhibit "D" referred to in the Affidavit of Jeffrey Holmgren sworn by Jeffrey Holmgren of the City of Calgary, in the Province of Alberta, before me at the City of Toronto, in the Province of Ontario, this 21st day of December, 2023 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely.*

Rudrakshi Chakrabarti

A Commissioner for taking affidavits

RUDRAKSHI CHAKRABARTI

Ministry of Public and
Business Service Delivery

Profile Report

ONTARIO CANNABIS HOLDINGS CORP. as of November 11, 2023

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	ONTARIO CANNABIS HOLDINGS CORP.
Ontario Corporation Number (OCN)	5046127
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Amalgamation	March 01, 2021
Registered or Head Office Address	181 Bay Street, 1800, Toronto, Ontario, Canada, M5J 2T9

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

A handwritten signature in black ink, appearing to read "V. Quintanilla W.".

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name HERBERT FRASER CLARKE
Address for Service 1800-181 Bay Street, Toronto, Ontario, Canada, M5J 2T9
Resident Canadian Yes
Date Began March 01, 2021

Name JEFF HOLMGREN
Address for Service 1800-181 Bay Street, Toronto, Ontario, Canada, M5J 2T9
Resident Canadian Yes
Date Began March 01, 2021

Name MICHAEL KLEIN
Address for Service 181 Bay Street Suite 1800, Toronto, Ontario, Canada, M5J 2V1
Resident Canadian No
Date Began March 25, 2022

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Active Officer(s)

Name JEFFERY HOLMGREN
Position Chief Financial Officer
Address for Service 181 Bay Street, Suite 1800, Toronto, Ontario, Canada, M5J 2T9
Date Began March 25, 2022

Name JEFFERY HOLMGREN
Position President
Address for Service 181 Bay Street, Suite 1800, Toronto, Ontario, Canada, M5J 2T9
Date Began March 25, 2022

Name MICHAEL KLEIN
Position Chief Executive Officer
Address for Service 181 Bay Street Suite 1800, Toronto, Ontario, Canada, M5J 2V1
Date Began March 25, 2022

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Corporate Name History**Name****Effective Date**

ONTARIO CANNABIS HOLDINGS CORP.

March 01, 2021

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Amalgamating Corporations**Corporation Name**

ONTARIO CANNABIS HOLDINGS CORP.

Ontario Corporation Number

2656268

Corporation Name

2800962 ONTARIO INC.

Ontario Corporation Number

2800962

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Document List

Filing Name	Effective Date
Archive Document Package	February 16, 2023
CIA - Notice of Change PAF: Jeff HOLMGREN	April 06, 2022
BCA - Articles of Amalgamation	March 01, 2021

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

This is Exhibit "E" referred to in the Affidavit of Jeffrey Holmgren sworn by Jeffrey Holmgren of the City of Calgary, in the Province of Alberta, before me at the City of Toronto, in the Province of Ontario, this 21st day of December, 2023 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely.*

Rudrakshi Chakrabarti

A Commissioner for taking affidavits

RUDRAKSHI CHAKRABARTI

Ministry of Public and
Business Service Delivery

Profile Report

OCH ONTARIO CONSULTING CORP. as of November 11, 2023

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	OCH ONTARIO CONSULTING CORP.
Ontario Corporation Number (OCN)	2706762
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	July 17, 2019
Registered or Head Office Address	118 Bay Street, Suite 1800, Toronto, Ontario, Canada, M5J 2T9

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

A handwritten signature in black ink, appearing to read "V. Quintanilla W.".

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name JEFF HOLMGREN
Address for Service 1535 19th Street Nw, Calgary, Alberta, Canada, T2N 2K2
Resident Canadian Yes
Date Began July 17, 2019

Name MICHAEL KLEIN
Address for Service 181 Bay Street Suite 1800, Toronto, Ontario, Canada, M5J 2V1
Resident Canadian No
Date Began March 25, 2022

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Active Officer(s)

Name JEFF HOLMGREN
Position President
Address for Service 181 Bay Street, Suite 1800, Toronto, Ontario, Canada, M5J 2T9
Date Began March 23, 2022

Name JEFF HOLMGREN
Position Chief Financial Officer
Address for Service 181 Bay Street, Suite 1800, Toronto, Ontario, Canada, M5J 2T9
Date Began March 25, 2022

Name MICHAEL KLEIN
Position Chief Executive Officer
Address for Service 181 Bay Street Suite 1800, Toronto, Ontario, Canada, M5J 2V1
Date Began March 25, 2022

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V. Quintanilla W.

Director/Registrar

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Corporate Name History**Name****Effective Date**

OCH ONTARIO CONSULTING CORP.

July 17, 2019

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V. Quintanilla W.

Director/Registrar

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Active Business Names

Name	TREES CANNABIS
Business Identification Number (BIN)	311021729
Registration Date	June 25, 2021
Expiry Date	June 24, 2026
Name	CORNER CANNABIS - GEORGETOWN
Business Identification Number (BIN)	300281359
Registration Date	March 10, 2020
Expiry Date	March 09, 2025
Name	CORNER CANNABIS - ONTARIO STREET
Business Identification Number (BIN)	300233319
Registration Date	February 27, 2020
Expiry Date	February 26, 2025
Name	CORNER CANNABIS - AIRPORT
Business Identification Number (BIN)	300220118
Registration Date	February 25, 2020
Expiry Date	February 24, 2025
Name	CORNER CANNABIS
Business Identification Number (BIN)	310183603
Registration Date	February 04, 2021
Expiry Date	February 03, 2026
Name	CORNER CANNABIS - PORT UNION RD
Business Identification Number (BIN)	300233178
Registration Date	February 27, 2020
Expiry Date	February 26, 2025
Name	TREES CANNABIS
Business Identification Number (BIN)	310599709
Registration Date	April 12, 2021
Expiry Date	April 11, 2026
Name	CORNER CANNABIS
Business Identification Number (BIN)	310175641
Registration Date	February 03, 2021
Expiry Date	February 02, 2026

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V. Quintanilla W.

Director/Registrar

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Name CORNER CANNABIS - CUNDLES RD
Business Identification Number (BIN) 300281599
Registration Date March 10, 2020
Expiry Date March 09, 2025

Name TREES CANNABIS
Business Identification Number (BIN) 310600069
Registration Date April 12, 2021
Expiry Date April 11, 2026

Name TREES CANNABIS
Business Identification Number (BIN) 310598214
Registration Date April 12, 2021
Expiry Date April 11, 2026

Name TREES CANNABIS
Business Identification Number (BIN) 310599386
Registration Date April 12, 2021
Expiry Date April 11, 2026

Name CORNER CANNABIS - WESTMINSTER
Business Identification Number (BIN) 300281466
Registration Date March 10, 2020
Expiry Date March 09, 2025

Name TREES CANNABIS
Business Identification Number (BIN) 310600226
Registration Date April 12, 2021
Expiry Date April 11, 2026

Name TREES CANNABIS
Business Identification Number (BIN) 310599600
Registration Date April 12, 2021
Expiry Date April 11, 2026

Name TREES CANNABIS
Business Identification Number (BIN) 311121537
Registration Date July 20, 2021
Expiry Date July 19, 2026

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Name	TREES CANNABIS
Business Identification Number (BIN)	310908439
Registration Date	June 07, 2021
Expiry Date	June 06, 2026
Name	CORNER CANNABIS - CHATHAM
Business Identification Number (BIN)	300280757
Registration Date	March 10, 2020
Expiry Date	March 09, 2025
Name	CORNER CANNABIS - KENNEDY RD
Business Identification Number (BIN)	300233061
Registration Date	February 27, 2020
Expiry Date	February 26, 2025
Name	CORNER CANNABIS
Business Identification Number (BIN)	310176292
Registration Date	February 03, 2021
Expiry Date	February 02, 2026
Name	TREES CANNABIS
Business Identification Number (BIN)	310908595
Registration Date	June 07, 2021
Expiry Date	June 06, 2026
Name	CORNER CANNABIS - STOUFFVILLE
Business Identification Number (BIN)	300233277
Registration Date	February 27, 2020
Expiry Date	February 26, 2025
Name	CORNER CANNABIS - FANSHAWE
Business Identification Number (BIN)	300281052
Registration Date	March 10, 2020
Expiry Date	March 09, 2025
Name	TREES CANNABIS
Business Identification Number (BIN)	310600010
Registration Date	April 12, 2021
Expiry Date	April 11, 2026

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Director/Registrar

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Expired or Cancelled Business Names

Name	CORNER CANNABIS - HUNT CLUB
Business Identification Number (BIN)	300280922
Status	Inactive - Cancelled
Registration Date	March 10, 2020
Cancelled Date	November 09, 2020

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V. Quintanilla W.

Director/Registrar

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Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: Jeff HOLMGREN	April 06, 2022
CB - Memo to File (461m)	November 09, 2020
BCA - Articles of Incorporation	July 17, 2019

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

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This is Exhibit "F" referred to in the
Affidavit of Jeffrey Holmgren sworn by Jeffrey Holmgren of
the City of Calgary, in the Province of Alberta, before me at
the City of Toronto, in the Province of Ontario,
this 21st day of December, 2023 in accordance with
O. Reg. 431/20, Administering Oath or Declaration Remotely.

Rudrakshi Chakrabarti

A Commissioner for taking affidavits

RUDRAKSHI CHAKRABARTI

Ministry of Public and
Business Service Delivery

Profile Report

11819496 CANADA INC. as of November 11, 2023

Act	Corporations Information Act
Type	Extra-Provincial Federal Corporation with Share
Name	11819496 CANADA INC.
Ontario Corporation Number (OCN)	5029252
Governing Jurisdiction	Canada - Federal
Incorporation/Amalgamation Date	January 02, 2020
Registered or Head Office Address	31 Muir Avenue, Toronto, Ontario, Canada, M6H 1E7
Status	Refer to Governing Jurisdiction
Date Commenced in Ontario	January 02, 2020
Principal Place of Business	31 Muir Avenue, Toronto, Ontario, Canada, M6H 1E7

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

A handwritten signature in black ink, appearing to read "V. Quintanilla W.".

Director/Registrar

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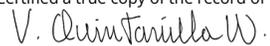
Chief Officer or Manager**Name**

ROBERT KWAK

Address for Service

31 Muir Avenue, Toronto, Ontario, Canada, M6H 1E7

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Director/Registrar

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Corporate Name History

Refer to Governing Jurisdiction

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V. Quintanilla W.

Director/Registrar

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Active Business Names

Name MCANNABIS DUNDAS - ETOBICOKE
Business Identification Number (BIN) 300257698
Registration Date March 04, 2020
Expiry Date March 03, 2025

Name METRO CANNABIS
Business Identification Number (BIN) 310051032
Registration Date January 12, 2021
Expiry Date January 11, 2026

Name MCANNABIS - OVERLEA
Business Identification Number (BIN) 301221511
Registration Date October 30, 2020
Expiry Date October 29, 2025

Name MCANNABIS - DANFORTH
Business Identification Number (BIN) 300224045
Registration Date February 26, 2020
Expiry Date February 25, 2025

Name TREES CANNABIS
Business Identification Number (BIN) 310406095
Registration Date March 12, 2021
Expiry Date March 11, 2026

Name MCANNABIS - DANFORTH AVE
Business Identification Number (BIN) 301103420
Registration Date October 05, 2020
Expiry Date October 04, 2025

Name MCANNABIS - EGLINGTON
Business Identification Number (BIN) 300224714
Registration Date February 26, 2020
Expiry Date February 25, 2025

Name MCANNABIS
Business Identification Number (BIN) 300140977
Registration Date February 05, 2020
Expiry Date February 04, 2025

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Director/Registrar

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Name	METRO CANNABIS
Business Identification Number (BIN)	310051669
Registration Date	January 12, 2021
Expiry Date	January 11, 2026
Name	MCANNABIS - WESTNEY
Business Identification Number (BIN)	300224342
Registration Date	February 26, 2020
Expiry Date	February 25, 2025
Name	MCANNABIS - EGLINTON
Business Identification Number (BIN)	300230257
Registration Date	February 27, 2020
Expiry Date	February 26, 2025
Name	TREES CANNABIS
Business Identification Number (BIN)	310406228
Registration Date	March 12, 2021
Expiry Date	March 11, 2026
Name	TREES CANNABIS
Business Identification Number (BIN)	310428099
Registration Date	March 16, 2021
Expiry Date	March 15, 2026
Name	METRO CANNABIS
Business Identification Number (BIN)	310051099
Registration Date	January 12, 2021
Expiry Date	January 11, 2026
Name	METRO CANNABIS
Business Identification Number (BIN)	310050943
Registration Date	January 12, 2021
Expiry Date	January 11, 2026
Name	MCANNABIS BLOOR - ETOBICOKE
Business Identification Number (BIN)	300257862
Registration Date	March 04, 2020
Expiry Date	March 03, 2025
Name	MCANNABIS - ST CLAIR
Business Identification Number (BIN)	300233491
Registration Date	February 28, 2020
Expiry Date	February 27, 2025

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Name NORTHERN HELM CANNABIS
Business Identification Number (BIN) 310582705
Registration Date April 08, 2021
Expiry Date April 07, 2026

Name MCANNABIS - WYANDOTTE
Business Identification Number (BIN) 300224516
Registration Date February 26, 2020
Expiry Date February 25, 2025

Name MCANNABIS - KENNEDY
Business Identification Number (BIN) 300223906
Registration Date February 26, 2020
Expiry Date February 25, 2025

Name TREES CANNABIS
Business Identification Number (BIN) 310405808
Registration Date March 12, 2021
Expiry Date March 11, 2026

Name MCANNABIS - KIPLING
Business Identification Number (BIN) 300223617
Registration Date February 26, 2020
Expiry Date February 25, 2025

Name METRO CANNABIS
Business Identification Number (BIN) 310051347
Registration Date January 12, 2021
Expiry Date January 11, 2026

Name TREES CANNABIS
Business Identification Number (BIN) 310406384
Registration Date March 12, 2021
Expiry Date March 11, 2026

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Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

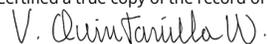
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Document List**Filing Name****Effective Date**CIA - Initial Return
PAF: ROBERT KWAK - DIRECTOR

January 27, 2020

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This is Exhibit "G" referred to in the Affidavit of Jeffrey Holmgren sworn by Jeffrey Holmgren of the City of Calgary, in the Province of Alberta, before me at the City of Toronto, in the Province of Ontario, this 21st day of December, 2023 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely.*

Rudrakshi Chakrabarti

A Commissioner for taking affidavits

RUDRAKSHI CHAKRABARTI

Ministry of Public and
Business Service Delivery

Profile Report

2707461 ONTARIO INC. as of November 11, 2023

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	2707461 ONTARIO INC.
Ontario Corporation Number (OCN)	2707461
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	July 22, 2019
Registered or Head Office Address	181 Bay Street, Suite 1800, Toronto, Ontario, Canada, M5J 2T9

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

A handwritten signature in black ink, appearing to read "V. Quintanilla W.".

Director/Registrar

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Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name JEFF HOLMGREN
Address for Service 1305 Montreal Avenue Sw, Calgary, Alberta, Canada, T2T
0Z6
Resident Canadian Yes
Date Began July 12, 2022

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V. Quintanilla W.

Director/Registrar

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Active Officer(s)

Name	JEFF HOLMGREN
Position	President
Address for Service	1305 Montreal Avenue Sw, Calgary, Alberta, Canada, T2T 0Z6
Date Began	July 12, 2022

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V. Quintanilla W.

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Corporate Name History**Name**

2707461 ONTARIO INC.

Effective Date

July 22, 2019

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Active Business Names

Name	BLINK CANNABIS - PARLIAMENT
Business Identification Number (BIN)	300256138
Registration Date	March 04, 2020
Expiry Date	March 03, 2025
Name	CAMP CANNABIS
Business Identification Number (BIN)	310059563
Registration Date	January 13, 2021
Expiry Date	January 12, 2026
Name	CAMP CANNABIS - BURLINGTON
Business Identification Number (BIN)	301401071
Registration Date	December 10, 2020
Expiry Date	December 09, 2025
Name	CORNER CANNABIS-NEW STREET
Business Identification Number (BIN)	291210904
Registration Date	November 13, 2019
Expiry Date	November 12, 2024
Name	TREES CANNABIS
Business Identification Number (BIN)	1000645013
Registration Date	September 06, 2023
Expiry Date	September 05, 2028

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Director/Registrar

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Expired or Cancelled Business Names

Name	CORNER CANNABIS - BURLINGTON
Business Identification Number (BIN)	290953033
Status	Inactive - Cancelled
Registration Date	September 03, 2019
Cancelled Date	November 13, 2019

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Director/Registrar

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Document List

Filing Name	Effective Date
Annual Return - 2021 PAF: Jeff HOLMGREN	August 31, 2022
Annual Return - 2020 PAF: Jeff HOLMGREN	August 31, 2022
CIA - Notice of Change PAF: Jessie LEWIS	August 23, 2022
Annual Return - 2019 PAF: JODIE RUBEL - OTHER	May 23, 2021
CIA - Initial Return PAF: KRISTIN KIGHTLEY - OTHER	September 06, 2019
BCA - Articles of Incorporation	July 22, 2019

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V. Quintanilla W.

Director/Registrar

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This is Exhibit "H" referred to in the Affidavit of Jeffrey Holmgren sworn by Jeffrey Holmgren of the City of Calgary, in the Province of Alberta, before me at the City of Toronto, in the Province of Ontario, this 21st day of December, 2023 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely.*

Rudrakshi Chakrabarti

A Commissioner for taking affidavits

RUDRAKSHI CHAKRABARTI



2300, 10180 - 101 Street
Manulife Place
Edmonton, Alberta T5J 1V3
T: 780 426 5550
edmonton@bmlp.ca
www.bmlp.ca

Norman J.K. Bishop, Q.C.
Direct Line: 780 421 2457
Email Address: nbishop@bmlp.ca

OUR FILE NO. 105232-005

January 2, 2019

1015712 B.C. Ltd.
409 David Street
Victoria, BC V8T 2C6

Attention: Brandon Wright

Dear Sirs:

Re: Trade Mark "TREES"

We are pleased to advise that we have received a Notice of Allowance from the Canadian Trade Marks Office with respect to the above trade mark. Accordingly we have submitted the Registration Fee on your behalf and enclose herewith a Certificate of Registration for the above Trade Mark issued to 1015712 B.C. Ltd. effective the 2nd day of January, 2019 for a renewable term of fifteen (15) years.

We also take the liberty of enclosing our disbursement account with respect to payment of the Registration fee.

We trust you find the enclosed in order, and we remain,

Yours truly,

BISHOP & MCKENZIE LLP

Per:


Norman J.K. Bishop, Q.C.

NJKB/nt
Enc.

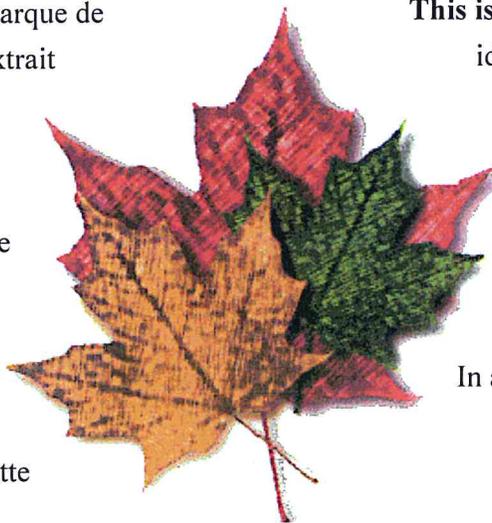


Marques de commerce

Certificat d'enregistrement

La présente atteste que la marque de commerce identifiée dans l'extrait ci-joint, tiré du registre des marques de commerce, a été enregistrée et que ledit extrait est une copie conforme de l'inscription de son enregistrement.

Conformément aux dispositions de la *Loi sur les marques de commerce*, cette marque de commerce est renouvelable tous les quinze ans à compter de la date d'enregistrement.



Trade-marks

Certificate of Registration

This is to certify that the trade-mark, identified in the attached extract from the register of trade-marks, has been registered and that the said extract is a true copy of the record of its registration.

In accordance with the provisions of the *Trade-marks Act*, this trade-mark is subject to renewal every 15 years from the registration date.

TREES

Numéro d'enregistrement
Registration Number **TMA1,011,993**

Numéro de dossier
File Number **1830818**


Registraire des marques de commerce
Registrar of Trade-marks

Date d'enregistrement
Registration Date **02 janv/Jan 2019**

APPL'N/DEM. NO 1 830 818

REGISTRATION/ENREGISTREMENT NO TMA1,011,993

FILING DATE/DATE DE PRODUCTION:

03 avr/Apr 2017

REGISTRATION DATE/DATE D'ENREGISTREMENT:

02 janv/Jan 2019

REGISTRANT/PROPRIÉTAIRE ORIGINAL:

1015712 B.C. LTD.
2610 Rock Bay Ave
Victoria
BRITISH COLUMBIA
V8T 4R7

TRADE-MARK/MARQUE DE COMMERCE:

TREES

SERVICES:

Retail sale of hash, cannabis, cannabis resin, cannabis tincture, kief, cannabis extract, cannabis gel capsules, skin creams and skin oils, bath oils, cookies, brownies, gummy candies, chocolates, granola bars, rice crispy squares and caramels.

CLAIMS/REVENDEICATIONS:

Used in CANADA since January 01, 2015 on services.



2300, 10180 - 101 Street
Manulife Place
Edmonton, Alberta T5J 1V3
T: 780 426 5550
edmonton@bmlp.ca
www.bmlp.ca

Norman J.K. Bishop, Q.C.
Direct Line: 780 421 2457
Email Address: nbishop@bmlp.ca

OUR FILE NO. 105232-006

March 28, 2019

1015712 B.C. Ltd.
409 David Street
Victoria, BC V8T 2C6

Attention: Brandon Wright

Dear Sirs:

Re: Canadian Trade Mark: "Trees and Design"

We are pleased to enclose herewith a Certificate of Registration for the above Trade Mark issued to 1015712 B.C. Ltd. effective the 28th day of March, 2019 for a renewable term of fifteen (15) years.

We also take the liberty of enclosing our disbursement account with respect to payment of the Registration fee which we have paid from funds received you.

We trust you find the enclosed in order, and we remain,

Yours truly,

BISHOP & MCKENZIE LLP

Per:

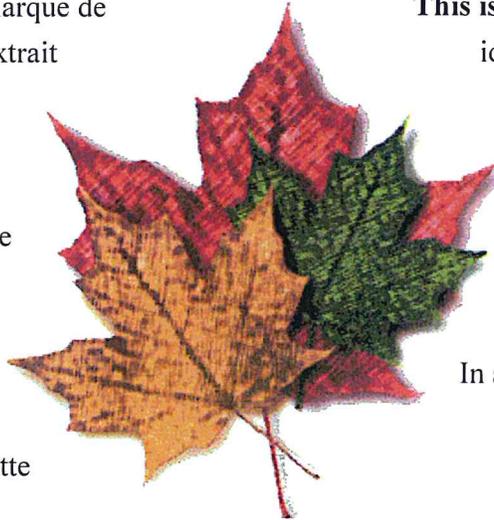
Norman J.K. Bishop, Q.C.

NJKB/nt
Enclosure



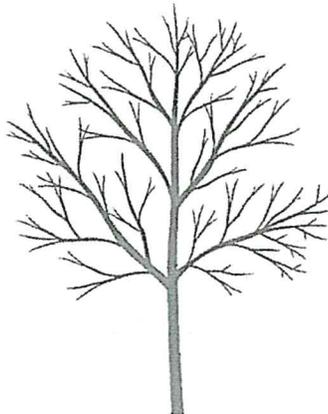
Marques de commerce
Certificat d'enregistrement

La présente atteste que la marque de commerce identifiée dans l'extrait ci-joint, tiré du registre des marques de commerce, a été enregistrée et que ledit extrait est une copie conforme de l'inscription de son enregistrement. Conformément aux dispositions de la *Loi sur les marques de commerce*, cette marque de commerce est renouvelable tous les quinze ans à compter de la date d'enregistrement.



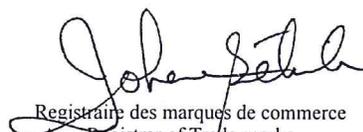
Trade-marks
Certificate of Registration

This is to certify that the trade-mark, identified in the attached extract from the register of trade-marks, has been registered and that the said extract is a true copy of the record of its registration. In accordance with the provisions of the *Trade-marks Act*, this trade-mark is subject to renewal every 15 years from the registration date.



Numéro d'enregistrement
Registration Number **TMA1,018,344**

Numéro de dossier
File Number **1830816**


Registraire des marques de commerce
Registrar of Trade-marks

Date d'enregistrement
Registration Date **28 mars/Mar 2019**

APPL'N/DEM. NO 1 830 816

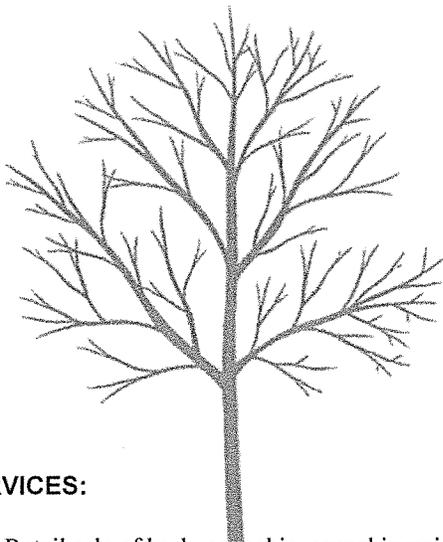
REGISTRATION/ENREGISTREMENT NO TMA1,018,344

FILING DATE/DATE DE PRODUCTION:
REGISTRATION DATE/DATE D'ENREGISTREMENT:

03 avr/Apr 2017
28 mars/Mar 2019

REGISTRANT/PROPRIÉTAIRE ORIGINAL:

1015712 B.C. LTD.
2610 Rockbay Avenue
Victoria
BRITISH COLUMBIA
V8T 4R7

TRADE-MARK/MARQUE DE COMMERCE:**SERVICES:**

- 35 Retail sale of hash, cannabis, cannabis resin, cannabis tincture, kief, cannabis extract, cannabis gel capsules, skin creams and skin oils, bath oils, cookies, brownies, gummy candies, chocolates, granola bars, rice crispy squares and caramels.

CLAIMS/RENDICATIONS:

Used in CANADA since January 01, 2015 on services.

Bishop & McKenzie LLP

1015712 B.C. Ltd.
409 David Street
Victoria, BC V8T 2C6

2300, 10180 - 101 Street
Edmonton, AB T5J 1V3
T: (780) 426-5550
F: (780) 426-1305
GST Number: R121483010

Client ID: 105232
Our File Number: 105232-006
Statement Date: March 28, 2019
Statement Number: 65505

PAID

STATEMENT SUMMARY

RE: Trees and Design - Cdn. T.M.

Professional Fees:	\$0.00
Disbursements and Other Charges:	\$200.00
Tax:	\$0.00
Current Billing:	\$200.00
Paid from Trust:	\$0.00
Balance Current Billing:	\$200.00

BISHOP & MCKENZIE LLP

Per: _____

PARTICULARS OF ACCOUNT ATTACHED

Accounts are payable upon receipt. Interest at the rate of 1.5% per month (18% per annum) shall be charged on all accounts from the date of billing. No interest will be charged on accounts paid within 30 days.

E. & O.E.

PLEASE NOTE: This Statement of Account can be paid online through TD Canada Trust, ATB Financial, BMO Bank of Montreal, as well as various Credit Unions. Simply set up Bishop & McKenzie LLP as a Payee through your online banking, use the CLIENT ID noted above as the reference number, and remit payment at your convenience.

Bishop & McKenzie LLP

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Victoria, BC V8T 2C6

2300, 10180 - 101 Street
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GST Number: R121483010

Client ID: 105232
Our File Number: 105232-006
Statement Date: March 28, 2019
Statement Number: 65505

REMITTANCE COPY

RE: Trees and Design - Cdn. T.M.

Total Current Billing:	\$200.00
Previous Balance Due:	\$0.00
Payments Received:	<u>\$0.00</u>
Total Now Due:	<u>\$200.00</u>

PLEASE NOTE: This Statement of Account can be paid online through TD Canada Trust, ATB Financial, BMO Bank of Montreal, as well as various Credit Unions. Simply set up Bishop & McKenzie LLP as a Payee through your online banking, use the Client ID noted above as the reference number, and remit payment at your convenience.

Payment Type: Cheque/Money Order  

Credit Card Authorization

Card Number: _____

Expiration Date _____ / _____ Amount \$ _____

Card Holder Name: _____

Card Holder Signature: _____

This is Exhibit "I" referred to in the Affidavit of Jeffrey Holmgren sworn by Jeffrey Holmgren of the City of Calgary, in the Province of Alberta, before me at the City of Toronto, in the Province of Ontario, this 21st day of December, 2023 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely.*

Rudrakshi Chakrabarti

A Commissioner for taking affidavits

RUDRAKSHI CHAKRABARTI

THIS PARTICIPATION AGREEMENT made as of December 9 , 2022

AMONG:

TREES CORPORATION, a corporation established under the
Canada Business Corporations Act;

(the “**Corporation**”)

OF THE FIRST PART,

- and -

1000321689 ONTARIO LTD. a corporation established under the
Ontario Business Corporations Act;

(the “**SPV**”)

OF THE SECOND PART,

WHEREAS in order to facilitate the opening of the Retail Locations (as defined herein), the SPV has agreed to pay the Assumed Liabilities (as defined herein) in consideration for the issuance of participation units of the Corporation (each a “**Unit**”) as specified beside the SPV’s name as set out in Schedule A hereto;

AND WHEREAS each Unit is an interest (which is pro rata in relation to all other Units that may be issued by the Corporation pursuant to this Agreement; an “**Interest**”) in a right to receive the Profit Participation Disbursements (as defined herein), as evidenced by the Participation Certificates (as defined herein);

NOW THEREFORE THIS AGREEMENT WITNESSES and it is hereby agreed and declared as follows:

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In this Agreement, unless there is something in the subject matter or context inconsistent therewith or unless otherwise expressly provided:

“**Adjusted EBITDA**” means EBITDA further adjusted to exclude transaction and acquisition costs, gains/losses on revaluation of derivative liabilities, debt restructuring gains/losses, gains/losses on revaluation of marketable securities, gains/losses on revaluation or extinguishment of debenture instruments and share-based compensation.

“**Agreement**”, “**this Agreement**”, “**hereto**”, “**herein**”, “**hereby**” “**hereunder**”, “**hereof**” and similar expressions refer to this Agreement and not to any particular article, section, subsection, paragraph, subparagraph, clause, subclause or other portion hereof, and include any and every deed or instrument supplemental or ancillary hereto or in implementation hereof; and the expressions “**Article**”, “**Section**”, “**Subsection**”, “**paragraph**”, “**subparagraph**”, “**clause**” and “**subclause**” followed by a number or a letter mean and refer to the specified Article, Section, Subsection, paragraph, subparagraph, clause or subclause of this Agreement.

- 2 -

“**Ancillary Agreements**” means all documents entered into by the Corporation from time to time, in favour of the SPV, related to or in association with this Agreement and the Participation Certificates.

“**Assigned Profits**” means an undivided interest equal to 49% of the Profits received by the Corporation during any applicable quarter during the Participation Period.

“**Assumed Liabilities**” means;

- (a) all Construction Liens payable by Trees to Fox Contracting Ltd. (“**Fox**”) in connection with the Retail Locations that remain unpaid as of the Closing Date to the extent included on the Statement of Adjustments and reflected in the amount owing under each Construction Lien;
- (b) all remaining costs to complete the Retail Location at 3812A Bloor St, Toronto sufficient to commence operations as a retail cannabis store; and
- (c) all liabilities and obligations arising under or relating to Purchased Contracts that are to be paid or performed after the Closing.

“**Auditors**” means an independent firm of chartered accountants duly appointed as auditors of the Corporation.

“**Business Day**” means any day, other than a Saturday or Sunday, on which banks and other financial institutions are open for business in Toronto, Ontario.

“**Cannabis Store**” means a business that displays, sells or offers for sale cannabis or cannabis related products in compliance with Applicable Law.

“**Certificateholders**” or “**Holders**” means the persons whose names are for the time being entered in the register hereinafter mentioned as holders of Participation Certificates.

“**Certificateholders’ Request**” means an instrument signed in one or more counterparts by the Holder(s) of the Participation Certificates then outstanding requesting the Corporation to take some action or proceeding specified therein.

“**Certified Resolution**” means a copy of a resolution certified by an officer of the Corporation to have been duly passed by the Directors and to be in full force and effect on the date of such certification.

“**Change of Control**” means shall mean the occurrence of any of the following events: (i) an acquisition of the Corporation by another entity by means of any transaction or series of related transactions or (ii) a sale of all or substantially all of the assets of the Corporation (collectively, a “**Merger**”), so long as in either case the Corporation’s shareholders immediately prior to such Merger will, immediately after such Merger, hold less than fifty percent (50%) of the voting power of the surviving or acquiring entity.

“**Closing Date**” means the date upon which the Assumed Liabilities are assumed by the SPV and its Participation Certificate issued.

“**Construction Liens**” means the encumbrances registered against each Retail Location in respect of unpaid construction costs incurred by Fox in accordance with the construction contract between Fox and Trees.

“**Director**” means a member of the board of directors of the Corporation.

- 3 -

“**Drag-Along Closing Date**” has the meaning set forth in Section 4.7(b).

“**Drag-Along Notice**” has the meaning set forth in Section 4.7(b).

“**Drag-Along Offer**” has the meaning set forth in Section 4.7(b).

“**Drag-Along Right**” has the meaning set forth in Section 4.7(a).

“**EBITDA**” means earnings before interest, taxes, depreciation and amortization.

“**Enterprise Retail Stores**” means retail stores that are either (i) owned by the Corporation or (ii) operated by the Corporation under a brand licensing agreement.

“**Event of Default**” has the meaning set forth in Section 6.1.

“**Interest**” has the meaning set forth in the preamble to this Agreement.

“**License Registration**” has the meaning set forth in Section 2.6.

“**Mandatory Repayment Price**” means \$1,000,000.

“**Offered Interest**” has the meaning set forth in Section 4.9.

“**Offeror**” means a bona fide third party who wishes to acquire a party’s Interest.

“**Optional Repayment Price**” means the amount equal to the total amounts of Profit Participation Disbursements paid to all Holders of Units in the trailing twelve months by the Corporation multiplied by ten (10).

“**Participation Certificates**” means certificates issued or to be issued and outstanding hereunder representing each Holders’ respective Pro Rata Interest in the Profit Participation Disbursements payable by the Corporation to the Holders pursuant to the terms of this Agreement.

“**Participation Period**” means the period, if any, commencing on the date of the assumption of the Assumed Liabilities and ending on the date that no Participation Certificates are outstanding.

“**person**” means a natural person, corporation, body corporate, partnership, joint venture or other unincorporated association, trust, government or governmental authority and pronouns have a similar extended meaning.

“**PPSA**” means the *Personal Property Security Act* (Ontario), as the same may, from time to time, be in effect in the Province of Ontario; provided, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of Holder’s security interest in any property of the Corporation is governed by the Personal Property Security Act or similar act as in effect in a jurisdiction other than the Province of Ontario, the term “PPSA” shall mean the *Personal Property Security Act* (Ontario) or a similar act or statute as an effect in such other jurisdiction for purposes of the provisions of the Participation Certificates relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

“**Pro Rata Interest**” means the pro rata Interest of a Holder as calculated in accordance with Schedule “A” to this Agreement.

- 4 -

“**Purchased Contracts**” means the agreements and arrangements more particularly described under the heading “Purchased Contracts” in **Error! Reference source not found.B**, or any of them as the context requires.

“**Profit Participation Disbursements**” means the Interest in the Assigned Profits equal to the Pro Rata Interest of each Holder which is assigned by the Corporation to each respective Holder during the Participation Period.

“**Profits**” means all profits earned and received by the Retail Locations by way of the operation of a Cannabis Store and as calculated according to the Corporation’s consistent and normal course methodology for each of its Cannabis Stores.

“**Recipient**” has the meaning set forth in Section 4.9.

“**Repurchase Option**” has the meaning set forth in Section 4.6.

“**Retail Locations**” means the properties more particularly described in **Error! Reference source not found.B**, or any of them as the context requires.

“**Security Agreement**” means the security agreement entered into by the Corporation in favour of the SPV, for the benefit of the SPV and any holders of the Participation Certificates, amongst other things, granting a security interest in favour of the SPV for the benefit of itself and any Holder to secure, amongst other things, the obligations of the Corporation to the Holder(s) pursuant to the Participation Certificates, as the same may be amended, restated, revised or replaced from time to time.

“**Security Interest**” means any lien, security interest, pledge, charge, assignment (whether or not by way of security) charge, encumbrance, mortgage, right of set-off, lease, or other right or claim of any person.

“**Third Party Offer**” means a bona fide offer from an Offeror to purchase all of a party’s Pro Rata Interest.

“**Trigger Date**” has the meaning set forth in Section 7.2.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into Articles, Sections and other subdivisions, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 Extended Meaning

Words importing the singular number only shall include the plural and vice versa, and words importing the masculine gender shall include the feminine and neuter genders and vice versa.

1.4 Applicable Law

This Agreement and the Participation Certificates shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the parties hereby attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

1.5 Language

The parties hereto expressly request and require that this Agreement and all other documents related thereto be drawn up in English. Les parties aux présentes conviennent et exigent que cette acte de fiducie et tous les documents qui s'y rattachent soient rédigés en anglais.

1.6 Time of Essence

Time shall be of the essence of this Agreement.

1.7 Day Not a Business Day

If any day on which, or on or before which, any action is required to be taken hereunder or under the Participation Certificates is not a Business Day then such action shall be required to be taken on or before the required time on the next succeeding day that is a Business Day.

1.8 Meaning of Day

Unless otherwise expressly provided herein, any reference in this Agreement to anything to be calculated or recorded, on or before, by, as of or after any date shall mean such thing is to be calculated or recorded, on or before, by, as of or after 5:00 p.m. (Toronto time) on that date.

1.9 References to Dollar Amounts

All references in this Agreement and in the Participation Certificates to sums of money shall be, unless the contrary is expressly indicated, to sums in lawful money of Canada.

1.10 Severability

Each of the provisions in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any of the other provisions hereof.

1.11 Accounting Principles

Whenever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be to the recommendations at the relevant time of the Canadian Institute of Chartered Professional Accountants, or any successor institute, applicable on a consolidated basis (unless otherwise specifically provided or contemplated herein to be applicable on an unconsolidated basis) as at the date on which such calculation is made or required to be made in accordance with generally accepted accounting principles. Where the character or amount of any asset or liability or item of revenue or expense or amount of equity is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Agreement, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as otherwise agreed in writing by the parties, be made in accordance with generally accepted accounting principles applied on a consistent basis.

- 6 -

ARTICLE 2 PURCHASE OF PROFIT PARTICIPATION DISBURSEMENTS

2.1 Purchase of Profits

The SPV hereby agrees to purchase from the Corporation, and the Corporation hereby agrees to sell to the SPV the Assigned Profits in consideration for the assumption of the Assumed Liabilities, on and subject to the terms and conditions set forth in this Article 2.

2.2 Absolute Assignment

The Corporation hereby absolutely and unconditionally assigns and transfers to the Certificateholders from time to time, the right to receive payment from and all moneys paid or payable by the Corporation as Assigned Profits during the Participation Period.

2.3 Assumption of Assumed Liabilities

- (a) The SPV hereby agrees to assume and become liable for, and shall pay, satisfy, assume, discharge, observe, perform, fulfill and indemnify the Corporation against, the Assumed Liabilities and all of the Corporation's duties and obligations thereunder and hereby agrees to be bound by the Assumed Liabilities as if it were an original signatory thereto.
- (b) In connection therewith, the SPV shall indemnify and save the Corporation harmless from all and any costs, damages, or expenses that may be paid or incurred by the Corporation following any suit or action taken by any other party because of the failure of the SPV to discharge and perform all or any of the obligations, covenants, agreements and obligations forming part of the Assumed Liabilities.
- (c) In connection therewith, the Corporation shall execute and deliver on Closing a General Security Agreement in favour of the SPV for an amount not less than \$1,000,000.00 and said General Security Agreement shall be registered pursuant to the *Personal Property Security Act*.

2.4 Payment of Profit Participation Disbursements

The Profit Participation Disbursements will be calculated and accrued on a (calendar) monthly basis with the first payment to be made upon the later of (a) 30 days following the end of the first calendar month that is six months from the Closing Date, or (b) 30 days following the end of the first calendar month upon achievement of three (3) consecutive months of corporate Adjusted EBITDA of \$50,000 or greater.

2.5 Creation of Security Interest

In consideration of the loan evidenced by the Participation Certificates and as general and continuing security to secure the performance by the Corporation to Holder(s) of all obligations under the Participation Certificates and this Agreement, the Corporation hereby grants to the Holders a Security Interest in the Assigned Profits and in all proceeds thereof in whatever form. The Security Interest hereby granted shall attach contemporaneously with the Corporation issuing the Participation Certificates to the Holder(s).

1.1 Registration on Cannabis Retail Operator License

The Corporation agrees to, immediately upon execution of this Agreement, apply to the Alcohol and Gaming Commission of Ontario to register the transfer to the SPV of its Pro Rata Interest as a “new source of funding and/or agreement” ([Cannabis Retail - Modifications to Existing Licences/Authorizations and/or Changes to Information | Alcohol and Gaming Commission of Ontario \(agco.ca\)](#)) and to use its best efforts to register the SPV’s Pro Rata Interest on each of the Retail Location’s cannabis retail operator license (the “**License Registration**”). The SPV agrees that that this covenant does not compel the Corporation to seek the License Registration if doing so jeopardises either of the Retail Locations’ licenses to operate.

Further Assurances

The Corporation shall forthwith, and from time to time, execute and do all such acts, deeds and things and execute, certify and deliver all such agreements, documents or instructions which are necessary or advisable for effecting the absolute assignment of the Profit Participation Disbursements provided for in this Participation Agreement, including without limitation the entering into of a Security Agreement and related registrations of the Security Interest under the PPSA.

ARTICLE 3 PARTICIPATION CERTIFICATES

3.1 Issue of Participation Certificates

The Corporation shall from time to time certify and deliver Participation Certificates to the SPV or which shall evidence the right of the SPV to receive the Profit Participation Disbursements during the Participation Period. The entitlement of the SPV to receive a share of Profit Participation Disbursements shall be determined in accordance with the applicable provisions of the Participation Certificate and this Agreement.

3.2 Form of Participation Certificates

The Participation Certificates authorized to be issued hereunder shall:

- (i) evidence the undivided beneficial Interest of each Certificateholder to receive a proportionate share of the Profit Participation Disbursements throughout the Participation Period; the proportionate share of such amounts which the Corporation and each Holder holding Participation Certificates shall be entitled to receive shall be determined pursuant to the applicable provisions of this Agreement. Following the assignment contained herein of the Profit Participation Disbursements to the Holders hereunder the Corporation shall have no further obligation to make any payments to any Holder of any other amounts; and
- (ii) be substantially in the form set out in Article 9.

3.3 Participation Certificates to Rank *Pari Passu*

All Participation Certificates shall rank *pari passu* with each other without discrimination, preference or priority whatever may be the actual date or terms of issue of the same.

3.4 Signing of Participation Certificates

The Participation Certificates may be executed under the corporate seal of the Corporation and shall be signed by any two officers of the Corporation. Notwithstanding that any of the individuals whose manual signature appears on any Participation Certificate as one of such officers or Directors may no longer hold office at the date of this Agreement or at the date of such Participation Certificate or at the date of certification and delivery thereof, any Participation Certificate signed as aforesaid shall be valid and binding upon the Corporation and entitled to the benefit of this Agreement.

3.5 Replacement of Participation Certificates

(1) If any Participation Certificate shall become mutilated or be lost, destroyed or stolen and in the absence of notice that such Participation Certificate has been acquired by a good faith purchaser (as defined in the *Business Corporations Act (Ontario)*), the Corporation in its discretion may issue, certify and deliver, a new Participation Certificate of like date and tenor as the one mutilated, lost, destroyed or stolen which new Participation Certificate shall evidence the same obligation as that evidenced by the Participation Certificate which was mutilated, lost, destroyed or stolen, and in exchange for, and upon surrender and cancellation of, such mutilated Participation Certificate or in lieu of and in substitution for such lost, destroyed or stolen Participation Certificate and the new Participation Certificate shall evidence such previously issued obligation and shall be substantially in the form set out in Article 9, and shall be entitled to the benefit hereof and rank equally in accordance with its terms with all other Participation Certificates issued or to be issued hereunder.

(2) The applicant for the issue of a new Participation Certificate pursuant to this Section shall bear the cost of the issue thereof and in case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Corporation such evidence of ownership and of the loss, destruction or theft of the Participation Certificate so lost, destroyed or stolen as shall be satisfactory to the Corporation in its discretion and such applicant shall also be required to furnish an indemnity in amount and form satisfactory to the Corporation in its discretion, and shall pay the reasonable charges of the Corporation in connection therewith.

ARTICLE 4 REGISTRATION, TRANSFER, EXCHANGE, RIGHTS AND OWNERSHIP

4.1 Transfer Provisions

A Holder of a Participation Certificate shall not be entitled to transfer a Participation Certificate and no transfer of a Participation Certificate shall be effective as against the Corporation unless the prior written consent of the Corporation is obtained, which consent cannot be unreasonably withheld.

4.2 Assignment Provisions

The Corporation may not assign a Participation Certificate or any of the obligations associated with this Participation Certificate without the consent of the Holder. A Holder of a Participation Certificate shall not be entitled to assign a Participation Certificate, in whole or in part, at any time, and no such assignment of a Participation Certificate shall be effective as against the Corporation, unless the prior written consent of the Corporation is obtained, which consent cannot be unreasonably withheld.

4.3 Register Open for Inspection

The register hereinbefore referred to shall at all reasonable times during business hours on a Business Day be open for inspection by any Certificateholder.

4.4 Ownership of Participation Certificates

(1) Unless otherwise required by law the person in whose name any Participation Certificate is registered shall for all purposes of this Agreement be and be deemed to be the legal owner thereof and payment of or on account of the Holder's entitlement to the Profit Participation Disbursements by the Corporation and all other amounts payable or property deliverable under this Agreement or such Participation Certificate in respect thereof shall be made only to or upon the order in writing of such Holder.

(2) The Corporation shall not be bound to take notice of or see to the performance or observance of any duty owed to a third person, whether under a trust, express, implied, resulting or constructive, in respect of any Participation Certificate or otherwise, by the Holder or any person whom the Corporation treats, as permitted or required by law, as the owner or the Holder of such Participation Certificate, and the Corporation may transfer such Participation Certificate on the direction of the person so treated or registered as the Holder thereof, whether named as the Corporation or otherwise, as though that person were the beneficial owner thereof.

(3) The Holder for the time being of any Participation Certificate shall be entitled to an undivided proportionate share of the Profit Participation Disbursements and all other amounts payable or property deliverable under this Agreement or such Participation Certificate, free from all equities or rights of set-off, or counterclaim and all persons may act accordingly and the receipt of any such Holder for any Profit Participation Disbursements or other amounts payable or property deliverable shall be a good discharge to the Corporation for the same and the Corporation shall not be bound to inquire into the title of any such Holder save as aforesaid.

(4) The Corporation may treat the Holder of any Participation Certificate as the legal owner thereof without actual production of such Participation Certificate for the purpose of any request, requisition, direction, consent, instrument or other document.

4.5 Record of Payments

The Corporation shall maintain complete and accurate accounts and records, evidencing each purchase of the right to receive Profit Participation Disbursements, payment of Profit Participation Disbursements to the Holder and the delivery of any property deliverable hereunder in respect of Participation Certificates, which accounts and records shall constitute, in the absence of manifest error, *prima facie* evidence thereof.

4.6 Repurchase Option

The Corporation is hereby granted an option to re-purchase the Assigned Profits (the “**Repurchase Option**”) from the Holder(s) at any time whatsoever commencing on the sixth-month anniversary of the Closing Date, or such other date as may be mutually agreed to by the parties. The Repurchase Option shall be exercisable by the Corporation upon providing 30 days' prior written notice to the Holder(s), for the Mandatory Repayment Price, payable in Canadian dollars or **in common shares of the Corporation** as the SPV may elect in its sole and exclusive discretion

4.6(a) Mandatory Repurchase

The Corporation hereby agrees and covenants that in the event of a change to the current executive management and board of directors such that the current CEO Campbell Becher and/or current CFO and President Jeff Holmgren resign their positions or are otherwise removed by election, act or notice of the Corporation, management, shareholders, investors, court order or by any other means whatsoever, the Corporation shall immediately notify the SPV within 2 business days of the change to the executive

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management of the Corporation being announced, and within 30 days of the change in executive management shall repurchase the Assigned Profits for the Mandatory Repurchase Price.

4.7 Drag-Along Right

(a) If the Corporation receives a Third Party Offer to purchase all of the Corporation's Pro Rata Interest, and the Corporation wishes to accept the Third Party Offer, then the Corporation shall have the right (the "**Drag-Along Right**") to require the Holder(s) to sell all but not less than all of its Pro Rata Interests held by it to the Offeror at a price that is equal to the greater of (i) the Retail Locations' proportionate share (based on number of stores) of the Corporation's revenue from all Enterprise Retail Stores, and (ii) \$750,000.

(b) The Corporation shall give a written notice (a "**Drag-Along Notice**") to the Holder(s), which notice shall:

(i) stipulate the name of the Offeror, and the time, date and place of completing the sale of the Pro Rata Interest which the Holder is being required to make;

(ii) be accompanied by a copy of the Third Party Offer and by a written offer (the "**Drag-Along Offer**") from the Offeror offering to purchase from the Holder all of the Holder's Pro Rata Interest held by the Holder for the same proportionate price and on the same terms and conditions as are contained in the Third Party Offer; and

(iii) provide for a period of not less than 10 Business Days prior to the date fixed for completion of the transaction provided for by the Drag-Along Offer (the "**Drag-Along Closing Date**"). If a Drag Along Notice has been given, then during the period between the giving of such Drag-Along Notice and one Business Day following the Drag-Along Closing Date, no further Drag-Along Notice may be given.

(c) Promptly following its receipt of the Drag-Along Offer (and in any event within 3 Business Days after its receipt thereof), the Holder shall duly execute the Drag Along Offer and deliver it in accordance with the terms of the Drag Along Offer.

(d) The closing of the Third Party Offer with the Holder shall occur on the same terms and conditions, and at the same time, as the closing of the Third Party Offer to the Corporation.

(e) If the Purchaser does not complete the sale of Holder's Pro Rata Interest as aforesaid, the Corporation may complete such sale on behalf of the Holder pursuant to the power of attorney provided for in paragraph (e) of this section. In such event, the Drag Along Purchaser must deposit the proceeds of such sale, made payable to the Corporation in trust for the Purchaser, to be retained without interest until the Holder delivers to the Corporation its rights and interests in the Holder's Pro Rata Interest. Promptly following receipt of such Profit Participation Certificates the Corporation shall deliver the applicable sale proceeds to the Other Shareholder.

(f) Each Holder hereby irrevocably appoints the Corporation as its attorney and agent for, in the name of and on behalf of the Holder to take possession and to execute and deliver, in the name of and on behalf of the Holder, all such Drag Along Offers, certificates, instruments, assignments and documents as may be necessary or desirable in the reasonable opinion of the Corporation, to accept any Drag Along Offer in accordance with this provision and to complete the transactions provided for in such Drag Along Offer. Such appointment and power of attorney, being coupled with an interest, shall not be revoked or terminated

by the insolvency, bankruptcy or incapacity of the Holder and the Holder hereby ratifies and confirms and agrees to ratify and confirm all that the Corporation may lawfully do or cause to be done by virtue thereof.

4.8 Tag-Along Right

(a) If, at any time, the Holder receives a bona fide Third Party Offer from a Third Party to purchase the Pro Rata Interest held by or on behalf of the Holder such that the Third Party would acquire any portion of the Holder's Pro Rata Interest in the Retail Locations, the Holder shall not accept such Third Party Offer unless:

- (i) The Corporation has first waived its right of first refusal under Section 4.9;
- (ii) the Third Party has agreed to purchase from the Corporation all of the Pro Rata Interest held by or for the benefit of the Corporation in such Retail Location, for the same proportionate price and on the same terms and conditions as set out in the Third Party Offer;
- (iii) the Holder has delivered to the Corporation a copy of such Third Party Offer and a notice in writing (the "**Tag-Along Notice**") specifying that the Holder is prepared to accept such Third Party Offer; and
- (iv) if the Corporation elects to sell its Pro Rata Interest in the Retail Location(s) to the Offeror, the Offeror has executed such agreements or documents reasonably acceptable to the Corporation to complete the Third Party Offer and acquire the Pro Rata Interest.

(b) Following receipt by the Corporation of a Tag-Along Notice the Corporation shall have the right, exercisable within 10 Business Days from the date of its receipt of the Tag-Along Notice, to notify the Holder in writing:

- (i) that the Corporation elects to sell its Pro Rata Interest to the Offeror at the same proportionate price, and on the same terms and conditions set out in the Third Party Offer;
- (ii) providing its consent to the transfer of the Pro Rata Interest(s) to the Offeror pursuant to the Third Party Offer; and
- (iii) agreeing to execute such agreements or documents reasonably acceptable to the Offeror to complete the Third Party Offer and sell the Pro Rata Interest.

(c) The closing of the Third Party Offer with the Holder shall occur on the same terms and conditions, and at the same time, as the closing of the Third Party Offer to the Holder.

Corporation Right of First Refusal

- (a) If a Holder (the “**Recipient**”) receives a Third Party Offer from an Offer to purchase all but not less than all of the Pro Rata Interest that the Recipient beneficially owns (the “**Offered Interest**”), which Third Party Offer is acceptable to the Recipient, the Recipient must give notice of the Third Party Offer (the “**Notice**”) to the Corporation. The Third Party Offer must be an offer to purchase only the Pro Rata Interest and no other assets. The Notice must contain a copy of the Third Party Offer, disclose the identity of the Offeror making the Third Party Offer and provide evidence sufficient to establish that such Offeror has the power and capacity, including financial, to complete the purchase of the Offered Interest. Upon the Notice being given, the Corporation will have the right to purchase all of the Offered Interest at the same price and upon the same terms and conditions as are contained in the Third Party Offer.
- (b) If the Corporation desires to purchase the Offered Interest, it will give written notice of such desire to the Offeror and to the Recipient within fifteen (15) Business Day of having been given the Notice. Failure by the Corporation to provide such notice within the stipulated period shall result, subject to compliance with the provisions of Sections 4.6, 4.7 and 4.8, in the Recipient being allowed to complete the transaction represented by the Third Party Offer, provided that it is completed on the terms and conditions of the Third Party Offer as presented to the Corporation. Any amendment to the terms or conditions of the Third Party Offer as presented to the Corporation shall result in a revival of the right of first refusal granted to the Corporation under this Section 4.9. The Holder(s) agree that a sale by the Holder can only be of its entire Pro Rata Interest.
- (c) If the Corporation is willing to purchase all of the Offered Interest, the transaction of purchase and sale will be completed in accordance with the terms set out in the Third Party Offer, provided the closing of the transaction shall not occur less than thirty (30) days after the date the Notice was given, unless all the parties agree otherwise.
- (d) If the Recipient is entitled to sell the Offered Interest to the Third Party that made the Third Party Offer following compliance with this Section 4.9, the Recipient will be entitled to provide such financial information and documents to the Third Party as would be reasonable in the circumstances, provided that any such Third Party enters into a confidentiality agreement with the Corporation in form and substance acceptable to the board of directors.

ARTICLE 5 REPRESENTATIONS, WARRANTIES AND COVENANTS

5.1 Representations and Warranties

The Corporation hereby represents and warrants as follows to the Holder and acknowledges the Holder is relying thereon:

- (d) the Corporation has the power and capacity and is duly authorized to enter into, execute, deliver and perform its obligations hereunder;
- (e) the Participation Certificate has been validly created, issued and sold by the Corporation;
- (f) the Participation Certificate is and will be substantially similar to other Participation Certificates issued by the Corporation, if any;
- (g) all necessary action has been taken to authorize the execution and delivery of the Participation Certificate; and

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- (h) the Participation Certificate has been duly executed and delivered by the Corporation and constitutes a legal, valid and binding agreement of the Corporation, enforceable against the Corporation in accordance with its terms, provided that the validity or enforceability of any provisions of the Participation Certificate may be subject to or affected by applicable bankruptcy, insolvency, moratorium, reorganization, personal property security or similar laws affecting the rights of creditors generally and that equitable remedies, such as specific performance, are in the discretion of the court.

5.2 General Covenants

So long as a Participation Certificate remains outstanding, the Corporation covenants and agrees as follows:

- (a) Payment and Performance of Obligations. The Corporation shall duly and punctually pay all sums of money due by it under the terms of the Participation Certificates at the times and places and in the manner provided for by the Participation Certificates and shall duly and punctually perform and observe all other obligations on its part to be performed or observed hereunder at the times and in the manner provided for herein.
- (b) Notice of Default. The Corporation shall provide the Collateral Agent and the Holder with prompt written notice of any event which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default hereunder.
- (c) To Maintain Existence. The Corporation shall:
 - (i) maintain its existence;
 - (ii) use commercially reasonable efforts to preserve all its rights, licences, powers, privileges, franchises and goodwill, including the Retail Licenses;
 - (iii) carry on and conduct its business in a proper and efficient manner;
 - (iv) observe and perform all of its obligations and comply with all conditions under leases, licences and other agreements to which it is a party or upon or under which any of the property subject to the Security Agreement is held except to the extent such non-performance or non-compliance does not, individually or in the aggregate, have a material adverse effect on the Corporation;
 - (v) keep proper books of account with correct entries of all transactions in relation to its business;
 - (vi) immediately notify the Holder in writing of any proposed change of name of the Corporation or change in the Corporation's head office; and
 - (vii) pay all taxes, rates, government fees and dues levied, assessed or imposed upon it or its property as and when the same become due and payable save and except where it contests in good faith the validity thereof by proper legal proceedings.
- (d) Compliance with Laws, Permits and Licenses. The Corporation shall at all times comply with, adhere to and conduct its business in compliance with, the terms and conditions of all present and future applicable laws and regulations, judgments or awards, determinations and decrees of any governmental, regulatory, legislative, judicial or board or court of competent jurisdiction in any applicable jurisdiction with respect to the conduct or

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operation of the businesses carried on by it and its property, assets and undertaking. The Corporation shall at all times maintain all material licences, registrations, qualifications, consents, clearances and approvals, permits and quotas required in those jurisdictions in which it carries on its business to enable the business to be carried on as now conducted and the assets to be owned, leased and operated.

5.3 Covenants of the Holder

(a) The Holder by virtue of holding a Participation Certificate shall be deemed to have agreed with the Corporation that in connection with, and concurrently with, full and final payment and satisfaction of all obligations of the Corporation pursuant to the Participation Certificate, the Holder will present and surrender its Participation Certificate to the Corporation at its registered office, and the Corporation may withhold final payments pursuant to a Participation Certificate (without payment of any interest in respect thereof) in the event that the Holder has failed to surrender its Participation Certificate to the Corporation.

(b) The Holder and the directors and shareholders of the Holder, as required, shall furnish to applicable regulators all information required to satisfy regulatory requirements in connection with its participation in licensed retail cannabis in any jurisdiction in which the Corporation operates or chooses to operate. If the Holder or any director or shareholder of the Holder does not satisfy regulatory requirements in any jurisdiction, such Holder, director and shareholder changes shall be promptly implemented in order to rectify such non-compliance.

ARTICLE 6 DEFAULT

6.1 Events of Default

The occurrence of any of the following events shall constitute an “**Event of Default**” under this Participation Certificate:

- (a) the non-payment of any amounts due by the Corporation to the Holder in respect of a Participation Certificate and any Ancillary Agreements when due and payable, whether at maturity, by declaration or otherwise, and such failure to pay continues for thirty (30) days after the Corporation has received notice of such failure to pay from the Holder or the Collateral Agent;
- (b) the commencement of proceedings for the dissolution, liquidation or winding-up of the Corporation or any subsidiary of the Corporation or for the suspension of the operations of the Corporation unless such proceedings are being contested in good faith by proper and timely legal proceedings;
- (c) if the Corporation or any subsidiary of the Corporation ceases or threatens to cease to carry on its business or is adjudged or declared bankrupt or insolvent or makes an assignment for the general benefit of creditors, petitions or applies to any tribunal for the appointment of a receiver or trustee for it or for any part of its property which is material to its operations, or commences any proceedings relating to it under any reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction whether now or hereafter in effect, or by any act indicates its consent to, approval of, or acquiescence in, any such proceeding for it or for any part of its property which is material to its operations, or suffers the appointment of any receiver or trustee, unless, if such

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proceedings are commenced by another person, such proceedings are being contested in good faith in a timely manner and have been discharged, vacated or stayed within sixty (60) days after commencement; and

- (d) the breach of any covenant or provision of a Participation Certificate or any Ancillary Agreement and such failure continues or is not remedied within sixty (60) days after notice thereof from the Holder.

6.2 Process Regarding an Event of Default

Upon the occurrence of an Event of Default, including for greater certainty, the expiry of any applicable cure periods set forth in Section 6.1 (if any), the Holder may:

- (a) give notice to the Corporation declaring that the Indebtedness is, and it shall accordingly thereby become, immediately due and payable on the date such notice is given provided that upon the occurrence of any Event of Default as specified in Sections 6.1(b), 6.1(c) or 6.1(d), all obligations owing by the Corporation to the Holder pursuant to a Participation Certificate and any Ancillary Agreements shall become immediately due and payable without declaration, notice or demand by the Holder; or
- (b) exercise any rights and remedies provided to Holder under a Participation Certificate or any Ancillary Agreement or at law or equity, including all remedies provided under the PPSA.

ARTICLE 7 REPAYMENT, CANCELLATION AND SURRENDER

7.1 Mandatory Repayment

In the event of a Change of Control, the Corporation will be required at the time of the Change of Control to repurchase from the Holder its Units by payment to the Holder of its Pro Rata Interest of the Mandatory Repayment Price. The Corporation shall be required to make payment of the Mandatory Repayment Price contemporaneously with or prior to the occurrence of the Change of Control.

7.2 Optional Repayment

Within 30 days of the fifth anniversary of the final closing of the Offering (the “**Trigger Date**”), the Corporation will have the right, but not the obligation, to repurchase from the Holder its Unit by payment to the Holder of its Pro Rata Interest of the Optional Repayment Price. The Corporation shall be required to make payment of the Optional Repayment Price within 45 days of the Trigger Date.

7.3 Discharge of Participation Certificates

Upon payment by the Corporation of the full amounts owing under any Mandatory Repayment or Optional Prepayment, as the case may be, together with any other outstanding amounts that may be outstanding from time to time and all other obligations of the Corporation hereunder, the Holder shall upon request in writing by the Corporation delivered to the Holder, deliver up its Participation Certificate to the Corporation, and shall at the expense of the Corporation cancel and discharge the Participation Certificate.

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ARTICLE 8 NOTICES

8.1 Notice to the Corporation and to Certificateholders

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be given by facsimile or other means of electronic communication or by delivery as hereafter provided. Any such notice or other communication, if sent by facsimile or other means of electronic communication, shall be deemed to have been received on the Business Day following the sending, or, if delivered by hand, shall be deemed to have been received at the time it is delivered to the applicable address set forth below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address shall also be governed by this Section 8.1. Notices and other communications shall be addressed as follows:

- (a) The Corporation, addressed as follows:

Attention: Jeff Holmgren
Email: jeffh@treescorp.ca
with a copy (for information purposes only and not to constitute notice) to:

Wildeboer Dellelce LLP
Wildeboer Dellelce Place
365 Bay Street - Suite 800
Toronto, Ontario M5H 2V1

Attention: Peter Volk
Email: pvolk@wildlaw.ca

or to such other address as the relevant person may from time to time advise by notice in writing given pursuant to this Section 8.1.

8.2 Amendment; Waiver

No amendment or waiver of a Participation Certificate shall be binding unless executed in writing by the Corporation and the Holder. No waiver of any provision of a Participation Certificate will constitute a waiver of any other provision nor will any waiver of any provision of a Participation Certificate constitute a continuing waiver unless otherwise expressly provided.

8.3 Successors and Assigns

A Participation Certificate shall enure to the benefit of the Holder and its successors and permitted assigns and shall be binding upon the Corporation and its successors and permitted assigns, provided that any such assignment or transfer will only be effected if it is carried out in accordance with applicable laws and the terms and conditions of this Agreement.

8.4 Governing Law

This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. The parties irrevocably attorn to the non-exclusive jurisdiction of the courts of Ontario with respect to any matters arising out of this Agreement.

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8.5 Entire Agreement

This Agreement, the Participation Certificate and the Ancillary Agreements constitute the entire agreement between the parties hereto pertaining to the matters therein set forth and supersede and replace any prior understandings or arrangements pertaining to this Agreement, the Participation Certificate and the Ancillary Agreements. Except as set forth in this Agreement, the Participation Certificate and the Ancillary Agreements, there are no warranties, representations or agreements between the parties in connection with such matters.

**ARTICLE 9
FORM OF PARTICIPATION CERTIFICATES**

9.1 Form of Participation Certificates

The form for the Participation Certificates shall be in the English language substantially as follows, and may include a translation into the French language:

(Form of Participation Certificate - English Text)

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE MUST NOT TRADE THE SECURITIES BEFORE THE DATE THAT IS FOUR MONTHS PLUS ONE DAY FROM [Date of Closing].

TREES CORPORATION

No. 2022-●

[INSERT DATE], 2022

HOLDER:**HOLDER’S PORTION OF ISSUE AMOUNT:**

CD
N\$

Trees Corporation (hereinafter referred to as the “Corporation”) hereby acknowledges that the registered holder hereof (the “Holder”) is entitled to an undivided proportionate share in such Profit Participation Disbursements as may be received by the Corporation during the Participation Period in accordance with the provisions of the Agreement hereinafter mentioned.

This Participation Certificate is one of the Certificates (herein referred to as the “Participation Certificates”) issued under a Participation Agreement (herein referred to as the “Agreement”) dated as of [INSERT DATE], 2022 and made among the Corporation and the Holders, and all instruments supplemental thereto or in implementation thereof reference is hereby made for a description of the rights of the holders of the said Participation Certificates, of the Corporation and of the Holders and of the terms and conditions upon which the Participation Certificates are issued and held, all to the same effect as if the provisions of the Agreement and such instruments supplemental thereto or in implementation thereof were herein set forth, to all of which provisions the holder of this Participation Certificate, by acceptance hereof, assents.

All Participation Certificates issued under the Agreement rank equally and rateably without priority or preference. This Participation Certificate is evidence of the obligation of the Corporation to pay to the Holders of Participation Certificates on a proportionate basis a share of

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the Profit Participation Disbursements if and when received by it, pursuant to the Participation Agreement.

This Participation Certificate may only be transferred, upon compliance with the conditions prescribed in the Agreement, on one of the registers of transfers to be kept at the principal office of the Corporation in the City of Toronto by the registered holder hereof or his executors or administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and execution satisfactory to the Corporation, and upon compliance with such reasonable requirements as the Corporation may prescribe.

Unless otherwise defined, all initially capitalized terms used herein shall have the meanings ascribed to such terms in the Agreement.

IN WITNESS WHEREOF the Corporation has caused this Participation Certificate to be signed by its duly authorized officers.”

[Signature Page to Participation Agreement Follows]

IN WITNESS WHEREOF the parties hereto have executed this Agreement on their own behalf or by their duly authorized officers, as applicable.

TREES CORPORATION

By: 
Name: Jeff Holmgren
Title: President & CFO

By: _____
Name:
Title:

(And all Holders that have executed the separate signatures pages to this Participation Agreement attached hereto)

Name of Holder of Participation Rights: 1000321689 ONTARIO LTD.

If an individual:

	}	
Witness		Holder of Participations Rights
Name:		

If not an individual:

1000321689 ONTARIO LTD. Name of Company



By: _____
Name: Jason Pucci
Title: President

Address for Notice:

 533 - 31 Tippett Road,

 North York, ON M3H0C8

SCHEDULE "A"
HOLDERS AND PRO RATA INTEREST

List of Holders and Pro Rata Interest (as of December •, 2022)

<u>Column A</u>	<u>Column B</u>
Holder	Pro Rata Interest
SPV	49.0%
Trees Corporation	51.0%
Total	100.0%

SCHEDULE B**DESCRIPTION OF PURCHASED ASSETS**Retail Locations

Retail Location #1 – 49% ownership interest	
Municipal Address:	680 Rexdale Blvd, Etobicoke Ontario
Landlord:	2159121 Ontario Inc.
Lease Agreement:	Lease renewal dated August 1, 2020

Retail Location #2 – 49% ownership interest	
Municipal Address:	3812A Bloor St, Toronto Ontario
Landlord:	2581703 Ontario Ltd.
Lease Agreement:	Lease assignment dated April 30, 2020

Purchased ContractsFurniture and Equipment

All furniture, appliances and non-electronic equipment situated at each of the Retail Locations described above.

Electronics

All electronic equipment situated at each of the Retail Locations described above including, without limitation, computers, printers and security cameras.

Paraphernalia

All cannabis-related paraphernalia and clothing including, without limitation, pipes, bongs, vaporizers, vape pens, shirts, toques and other items of clothing.

This is Exhibit "J" referred to in the Affidavit of Jeffrey Holmgren sworn by Jeffrey Holmgren of the City of Calgary, in the Province of Alberta, before me at the City of Toronto, in the Province of Ontario, this 21st day of December, 2023 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely.*

Rudrakshi Chakrabarti

A Commissioner for taking affidavits

RUDRAKSHI CHAKRABARTI

GENERAL SECURITY AGREEMENT

This **GENERAL SECURITY AGREEMENT**, dated as of December 6, 2023 (this "**Agreement**"), is made by **TREES CORPORATION**, a corporation incorporated under the federal laws of Canada (the "**Grantor**"), in favour of **1000321689 ONTARIO LTD.**, a corporation incorporated under the laws of the Province of Ontario (the "**Secured Party**").

WHEREAS, the Grantor and the Secured Party entered into a participation agreement, dated December 9, 2022, whereby the Secured Party agreed to pay certain liabilities of the Grantor in consideration for the issuance of participation units of the Grantor (the "**Participation Agreement**");

WHEREAS, the participation units held by the Secured Party entitle it to receive an undivided interest equal to 49% of the profits earned and received by the Grantor in connection with the Participation Agreement from the Grantor's retail locations located at 680 Rexdale Blvd., Etobicoke, Ontario and 3812A Bloor St., Toronto, Ontario;

WHEREAS the Grantor and the Secured Party acknowledge that the Grantor's lease for its retail location located at 3812A Bloor St., Toronto, Ontario has been forfeited and that prior to such forfeiture and at the time of signing of the Participation Agreement there were no assets located at and no operational value attributable to such location as it was undeveloped and not operational;

WHEREAS, under the terms of this Agreement, the Grantor desires to grant to the Secured Party a security interest in the Collateral, as defined herein, to secure any and all Secured Obligations, as defined herein.

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

- 1. DEFINITIONS.** All capitalized terms used herein without definitions shall have the respective meanings set forth in the Participation Agreement. Unless otherwise defined herein or in the Participation Agreement, terms used herein and defined in the *Personal Property Security Act* (Ontario) (the "**PPSA**") shall have the meaning assigned to them in the PPSA or the regulations made under the PPSA.
- 2. GRANT OF SECURITY INTEREST.** The Grantor hereby grants to the Secured Party, to secure the payment and performance in full of all of the Secured Obligations (as defined in Section 4 of this Agreement), a general and continuing security interest in and to the Assigned Profits and in all proceeds thereof in whatever form (the "**Collateral**").
- 3. ATTACHMENT.** The Grantor acknowledges that value has been given, that the Grantor has rights in the Collateral and that the parties have not agreed to postpone the time for attachment of any security interest in this Agreement. The Grantor acknowledges that any security interest in this Agreement shall attach to existing Collateral upon the execution of this Agreement and to each item of after-acquired Collateral at the time that the Grantor acquires rights in such after-acquired Collateral.
- 4. SECURED OBLIGATIONS.** This Agreement secures the payment of all present and future indebtedness, obligations, liabilities and undertakings of the Grantor to the Secured Party from time to time, including, without limitation, all present and future obligations of the Grantor arising under the Participation Agreement and this Agreement, whether primary, secondary, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, whether the indebtedness is reduced and thereafter increased or entirely extinguished and thereafter incurred again, whether incurred by the Grantor alone or with another or others and whether as a principal or surety, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, together with all fees, costs, legal fees and disbursements, reimbursement obligations, contract causes of action, expenses and indemnities related thereto (collectively, the "**Secured Obligations**").

5. **CHANGES IN GRANTOR.** The Grantor hereby agrees to notify the Secured Party, in writing or via electronic communication, at least ten (10) days before any of the following actions: (a) change in the location of the Grantor's place of business or registered office or chief executive office; (b) change in the Grantor's name; (c) change in the Grantor's type of organization; (d) change in the Grantor's jurisdiction of organization; or (e) change in the Grantor's corporate structure.

6. **TRANSFER OF OR ENCUMBRANCES ON COLLATERAL.** The Grantor shall not sell, offer to sell, assign, lease, licence, or otherwise transfer, or grant, create, permit, or suffer to exist any option, security interest, lien, or other encumbrance in, any part of the Collateral (except for sales or leases of inventory or licences of general intangibles in the ordinary course of business), without prior written approval from the Secured Party.

7. **GRANTOR REPRESENTATIONS AND WARRANTIES.** The Grantor hereby represents, warrants, and covenants that: (a) the Grantor owns or has good and marketable title to the Collateral and no other person or organization can make any claim of ownership of any kind on the Collateral; (b) the Grantor has the full power, authority and legal right to grant the security interest in the Collateral; (c) the Collateral is free from any and all claims, encumbrances, rights of setoff or any other security interest or lien of any kind except for the security interest in favour of the Secured Party created by this Agreement; and (d) this Agreement creates in favour of the Secured Party a valid security interest in the Collateral, securing payment of the Secured Obligations. The Grantor will defend the Collateral against all claims and demands made by all persons claiming either the Collateral or any interest in it.

8. **GRANTOR COVENANTS.** The Grantor agrees to timely pay all taxes, judgments, levies, fees, or charges of any kind levied or assessed on the Collateral.

9. **PERFECTION OF SECURITY INTEREST.** The Grantor agrees that at any time and from time to time, at the expense of the Grantor, the Grantor will promptly execute and deliver all further instruments and documents, obtain such agreements from third parties, and take all further action that may be necessary or desirable, or that the Secured Party may reasonably request, in order to create and/or maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder or under any other agreement with respect to any Collateral. The Grantor hereby authorizes the Secured Party to file or record any document necessary to perfect, continue, amend, or terminate its security interest in the Collateral, including, but not limited to, any financing statements, including amendments, authorized to be filed under the PPSA. The Grantor also hereby ratifies any previously filed documents or recordings regarding the Collateral, including but not limited to, any and all previously filed financing statements. To the extent permitted by law, the Grantor hereby waives its right to receive a copy of any financing statement, financing change statement or verification statement filed or received by or on behalf of the Secured Party in connection with the Secured Party's interest in the Collateral.

10. **REMEDIES.** If an Event of Default shall have occurred and be continuing, the Secured Party may do any or all of the following: (a) declare all Secured Obligations immediately due and payable; (b) take such steps as it considers desirable to maintain, preserve or protect the Collateral or its value; (c) appoint a private or court-appointed receiver, manager, interim receiver or receiver and manager of the Collateral or any part of it, which shall have, in addition to the powers afforded to it by law, the same powers and authorities afforded to the Security Party under this Agreement; (d) retain the Collateral in satisfaction of the Secured Obligations; and (e) enforce payment of the Secured Obligations and exercise any rights and remedies available to the Secured Party under law, including, but not limited to, those rights and remedies available to the Secured Party under the PPSA.

11. **SECURED PARTY RIGHTS.** Any and all rights of the Secured Party provided by this Agreement are in addition to any and all rights available to the Secured Party by law and shall be cumulative and may be exercised simultaneously. No delay, omission, or failure on the part of the Secured Party to exercise or enforce any of its rights or remedies, either granted under this Agreement

or by law, shall constitute an estoppel or waiver of such right or remedy or any other right or remedy. Any and all rights of the Secured Party provided by this Agreement shall inure to the benefit of its successors and assigns.

12. **SEVERABILITY AND MODIFICATION.** If any of the provisions in this Agreement is determined to be invalid, illegal, or unenforceable, such determination shall not affect the validity, legality, or enforceability of the other provisions in this Agreement. No waiver, modification or amendment of, or any other change to, this Agreement will be effective unless done so in a separate writing signed by the Secured Party.

13. **NOTICES.** Any notice or other communication required or permitted to be given under this Agreement shall be given and shall become effective in accordance with the Participation Agreement.

14. **ENTIRE AGREEMENT.** This Agreement (including all documents referred to herein) represents the entire agreement between the Grantor and the Secured Party and supersedes all previous understandings and agreements between the Grantor and the Secured Party, whether oral or written, regarding the subject matter hereof.

15. **JURISDICTION.** This Agreement will be interpreted and construed according to the laws of the Province of Ontario and the federal laws of Canada applicable in that province, and the parties hereby irrevocably attorn to the jurisdiction of the courts of Province of Ontario.

16. **COUNTERPARTS AND ELECTRONIC TRANSMISSION.** This Agreement may be executed in counterparts, all of which are deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signature.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned Grantor has executed this Agreement as of the date first above written.

TREES CORPORATION

By:  DocuSigned by:
B485BAEE39E49B...

Name: Jeff Holmgren

Title: President & Chief Financial Officer

This is Exhibit "K" referred to in the
Affidavit of Jeffrey Holmgren sworn by Jeffrey Holmgren of
the City of Calgary, in the Province of Alberta, before me at
the City of Toronto, in the Province of Ontario,
this 21st day of December, 2023 in accordance with
O. Reg. 431/20, Administering Oath or Declaration Remotely.

Rudrakshi Chakrabarti

A Commissioner for taking affidavits

RUDRAKSHI CHAKRABARTI

FINAL FORM - LEASE

This lease agreement (the "Lease") is made as of the 15th day of August, 2020, between:

D. Sud & Sons Limited
(the "Landlord")

- and -

11819496 Canada Inc.
(the "Tenant")

In consideration of the rents to be paid and the covenants contained in this Lease the Landlord hereby leases to the Tenant and the Tenant leases from the Landlord the Premises during the Term at the Rent as hereinafter provided, and subject to the other terms and conditions as contained in this Lease. The Landlord and Tenant agree that this Lease shall be net to the Landlord except as otherwise provided herein and further agree as follows:

1. Basic Provisions:

- (a) **Shopping Centre:** - Westway Plaza, Etobicoke, Ontario (the "Shopping Centre"). The Shopping Centre is shown outlined in heavy black on Schedule "A-1" and includes the lands and buildings thereto. The Shopping Centre is municipally known as 1723 – 1735 Kipling Avenue, Toronto, Ontario.
- (b) **Premises:** - Those premises (the "Premises") located on the ground floor of the Shopping Centre as shown in hatch on the plan attached as Schedule "A-1". The Premises are designated as 1735 Kipling Avenue, Building D, Unit 17, Toronto, Ontario M9R 2Y8 and contain a Rentable Area certified at one thousand, one hundred and twenty-eight (1,128) square feet as per Schedule "A-2". The Rentable Area of the Premises shall not be re-measured, recalculated or increased unless the Landlord and the Tenant have agreed to a physical change to the Premises.
- (c) **Term:** - This Lease shall commence on March 1, 2020 (the "Commencement Date") and expire five (5) years after the Commencement Date.
- (d) **Minimum Rent:** -
- (i) The Tenant shall pay to the Landlord a rent (the "Minimum Rent") as follows:
- (A) For the period as of and from March 1, 2020 up to and including April 30, 2020 (being the Fixturing Period), no Minimum Rent is payable.
- (B) For the period as of and from May 1, 2020 up to and including June 30, 2020, no Minimum Rent is payable.
- (C) As of and from July 1, 2020 up to and including the last day of the initial five-year Term, that amount based upon a rate of fifty-five dollars (\$55.00) per annum, per square foot of the Rentable Area of the Premises, being the annual sum of sixty-two thousand and forty dollars (\$62,040.00).
- (ii) Minimum Rent is payable to the Landlord on the first day of each month during the Term at the address noted below in Section 1.(g)(i) without demand and without any deduction, abatement or set-off. HST is payable on all Minimum Rent.
- (e) **Additional Rent:** -
- (i) In addition to Minimum Rent the Tenant shall pay the following:
- (A) (1) As of and from May 1, 2020 its Proportionate Share of the Landlord's costs and expenses (collectively the "Operating Costs") attributable to the ownership, administration, operation, management, maintenance, improvement, insuring, cleaning, policing, supervision, rebuilding, replacement and repair of the Shopping Centre, **except for those items listed in Schedule "E" hereto**, and subject to Section 1.(e)(i)(D) below; its Proportionate Share of Realty Taxes on the Shopping Centre; and an administration fee equal to fifteen percent (15%) of the annual Operating Costs, but no administration fee is applicable to Realty Taxes. It is agreed that the first (1st) Rental Year's Operating Costs and Realty Taxes will be based upon the estimated 2019 calendar year charges for Operating Costs and Realty Taxes of fifteen dollars (\$15.00) per square foot of the Rentable Area of the Premises.
- (2) For each Rental Year thereafter the Tenant shall pay, in accordance with Section 1.(e)(i)(B) but without duplication; (1) the Tenant's Proportionate Share of Operating Costs applicable to the Shopping Centre, and (2) the Tenant's Proportionate Share of Realty Taxes (subject to Section 1.(e)(i)(D) below).

- 2 -

- (B) As soon as reasonably possible after the end of each Rental Year the Landlord shall determine and advise the Tenant by a statement (the "Statement") signed by an officer of the Landlord advising of the Operating Costs and Realty Taxes payable by the Tenant for such period together with a calculation of the Tenant's Proportionate Share of such Operating Costs and Realty Taxes; and if necessary, an adjustment shall be made between the parties in the following manner. If the Tenant has paid in excess of the amounts due, the excess shall be refunded by the Landlord within a reasonable period of time after the Landlord's determination, as aforesaid, or, at the option of the Landlord, the excess shall be credited to amounts then outstanding and payable by the Tenant. If the amount the Tenant has paid is less than the amounts due, the Tenant agrees to pay such additional amounts due within twenty (20) days of the Tenant's receipt of the Statement. The Tenant will have the right to request back-up documents of Operating Costs and Realty Taxes provided the Tenant makes this request in writing within ninety (90) days of receipt of the Statement failing which the Tenant will be deemed to have accepted the Additional Rent for the period to which the Statement pertains.
- (C) As of and from the Commencement Date, all HST imposed on the Landlord or the Tenant with respect to Rent payable by the Tenant.
- (D) If after the Commencement Date there is a separate assessment for Realty Taxes in respect of the Premises and for which the Tenant has its own realty tax roll number, or if the Landlord's Realty Tax consultant can determine and allocate equitably the Realty Taxes payable by the Tenant and other tenants of the Shopping Centre based upon information received from the Municipal Property Assessment Corporation or any successor taxing authority, then the Landlord may elect to have the Tenant pay its share of Realty Taxes based upon either the separate assessment or the consultant's determination.
- (E) As of and from the Commencement Date, business taxes, if any.
- (F) As of and from the Commencement Date, the cost of all utilities used in the Premises. If the Premises have its own utility meters, the Tenant will arrange with the applicable utility authority for the meter(s) to be placed in the name of the Tenant and provide any security or deposit demanded by such authority. If the Premises do not have a separate meter from the utility provider, then the Tenant shall pay to the Landlord for that utility that amount as determined by the Landlord acting equitably.
- (ii) Additional Rent shall be paid by way of equal monthly installments in advance based upon the Landlord's estimates for such Rental Year, as the Landlord may determine from time to time and shall be adjusted within a reasonable time after the end of each such period, pursuant to Section 1.(e)(i)(B).
- (f) If the Tenant fails to pay when due any Minimum Rent, Additional Rent or other amount payable by the Tenant under this Lease, such unpaid amounts bear interest from the due date thereof to the date of payment at a rate per annum which is five (5) percentage points above the daily prime bank commercial lending rate charged from time to time by the Landlord's chartered bank. Additionally, as a result of the Tenant's failure to pay any Rent when due, the Tenant shall pay a late payment charge of two hundred dollars (\$200.00) per occurrence to cover the Landlord's additional administrative costs in connection therewith. In the event that any Tenant cheque is returned to the Landlord as a result of insufficient funds being in the Tenant's account, the Tenant shall pay a charge of two hundred dollars (\$200.00) for each dishonoured cheque received by the Landlord to cover the Landlord's additional administrative costs in connection therewith. All amounts payable pursuant to this Section 1.(f) are Additional Rent to which all of the Landlord's rights and remedies shall apply in the event of non-payment.
- (g) (i) **Address of Landlord:** - c/o The Sud Building, 15 Hove Street, Suite # 222, Toronto, Ontario, M3H 4Y8.
- (ii) **Address of Tenant:** - 11819496 Canada Inc.
o/a Mcannabis (Metropolitan Cannabis)
c/o OCH Julia White, Tabetha White
jmanserwhite@telus.net
tabetha@ocholdings.ca
620 - 12 Avenue
Calgary, AB
T2K 0H5
- (h) **Use:** -
(i) The Premises shall be used for the sole purpose of the following (the "Permitted Use"):
- A cannabis retail store that provides cannabis and related accessories sold in the majority of Tenant's stores in Ontario. The Tenant may operate on such days and at such times as it may choose and the Tenant shall provide prior written notice to the Landlord detailing the hours of operation; however, in no event will the Tenant be open for business between the hours of 11:00 p.m. to the next immediately occurring 10:00 a.m., and at a minimum, the Tenant must

be open for business at least fifty (50) hours per seven (7) day period. For greater clarity, the Tenant shall only be open between the hours of 10:00 a.m. and 11:00 p.m. This use shall only be permitted if same is permitted to be conducted at the Premises pursuant to all federal, provincial and municipal laws and by-laws applicable to the Premises and it is the Tenant's responsibility to ensure that the Premises can be used for such use. The Tenant acknowledges that the Landlord has not made any representation as to the fitness of the Premises for the Permitted Use or made any representation that the Permitted Use is permitted by all governmental rules, regulations, laws and by-laws.

- (ii) Notwithstanding anything to the contrary in this Lease, the Landlord acknowledges and agrees that, during that portion of the Term that the municipality, the Alcohol and Gaming Commission of Ontario or any other governmental bodies or authorities having jurisdiction have not issued to the Tenant such licenses, permits, authorizations or approvals required by law to permit the Tenant to sell cannabis at retail from the Premises, the Tenant shall not be obligated to use, occupy, open for business or conduct its business from the Premises; however all of the other terms and conditions of the Lease shall be in effect, including the payment of Rent. The Tenant (or a related entity) agrees to use reasonable commercial efforts to diligently pursue, obtain and maintain all such licenses, permits or authorizations required by law to permit the Tenant to sell recreational cannabis at retail from the Premises.
 - (iii) The Tenant specifically acknowledges that the Landlord has entered into or may enter into restrictive agreements with other tenants of the Shopping Centre and therefore the Tenant agrees that it will not provide the service of or offer for sale, rent and/or barter any of the items or services shown on Schedule "C" annexed hereto. The Tenant acknowledges that by not specifying a business in this Section 1.(h) or Schedule "C" does not permit the Tenant to expand its Permitted Use from that use provided in Section 1.(h)(i) above.
- (i) **Deposit:** Fifty-five thousand, three hundred and fifty-two dollars and fifty cents (\$55,352.50).
 - (j) **Indemnifier:** VQTCO Ltd. (see Schedule "B").

2. Landlord's Work and Tenant's Work -

- (a) The Tenant shall take the Premises in its then (as of the commencement of the Tenant's Work) "as is" condition save that the Landlord shall complete the following work (the "Landlord's Work") in the Premises prior to the Commencement Date at the Landlord's cost:
 - (i) Ensure base building heating and cooling systems in the Premises are balanced and in good working condition according to the Landlord's base building specifications for the building where the Premises is located; and
 - (ii) Provide vacant possession of the Premises to the Tenant in "as-is where-is" condition, broom swept and ready for the Tenant's Work.

Notwithstanding the foregoing, the Tenant shall not be liable for any defects in the Landlord's Work, and shall, within fifteen (15) days of becoming aware of any such defects, notify the Landlord of same. Any deficiency in the Landlord's Work shall be rectified by the Landlord at the Landlord's sole cost, as soon as reasonably possible.

- (b) The Tenant at its sole cost shall undertake a renovation (the "Tenant's Work") of the Premises to accommodate the Permitted Use, subject to the Landlord's approval of the Tenant's Work, acting reasonably. As soon as reasonably possible after the execution of the Offer (as defined in Section 39 below), the Tenant shall attend at the Premises to obtain all required measurements and details in order for the Tenant to complete construction drawings for the Tenant's Work, subject to the Landlord obtaining access if the Premises are currently occupied by a tenant. The Tenant at its expense will arrange for professionally prepared construction drawings detailing the Tenant's Work for the Premises (collectively the "Tenant's Drawings") and forward the Tenant's Drawings to the Landlord as soon as reasonably possible. Within fifteen (15) days of receipt of all of the Tenant's Drawings, the Landlord shall either provide its written approval or its written reasons for non-approval. If the Tenant's Drawings are not approved, the Tenant shall revise the Tenant's Drawings and resubmit the revised Tenant Drawings to the Landlord if such revision is acceptable to the Tenant, acting reasonably. Upon approval of all Tenant's Drawings, the Landlord and Tenant shall each initial at least two (2) copies of all Tenant Drawings and the approved drawings are hereinafter called the "Approved Drawings". If the Landlord and Tenant have not agreed upon the Tenant's Drawings by the Commencement Date, the Landlord may terminate this Lease by written notice to the Tenant; however if the Tenant advises the Landlord that it is now prepared to accept the outstanding amendments required for the Tenant's Drawings by the Landlord within ten (10) days of the Tenant's receipt of the termination notice, then such termination shall be null and void.
- (c) The Tenant specifically acknowledges and agrees that the Tenant must use the Landlord's designated HVAC contractor and roof contractor for all Tenant's Work pertaining to the HVAC system serving the Premises and any roof work. The Tenant's Work shall be completed using new material in a first class condition and the completed Tenant's Work shall be subject to the approval of the Landlord, acting reasonably. Any deficiency in the Tenant's Work shall be rectified by the Tenant at the Tenant's sole cost, as soon as reasonably possible.
- (d) (i) The Tenant shall have a period (the "Fixturing Period") commencing May 1, 2020 and expiring on June 30, 2020.

- (ii) During the Fixturing Period, the Tenant shall:
- (A) perform the Tenant's Work and cause its employees and contractors to do their work so as not to interfere with the Landlord's contractors and employees in the completion of the Landlord's Work; and
 - (B) be bound by all of the terms, covenants and conditions of this Lease (including the payment of all insurance, electricity, water, temporary heat, security, refuse removal and other utilities and services furnished to the Tenant or its contractors by the Landlord or others and all other Additional Rent), except those requiring payment of Minimum Rent and the obligation to contribute to Operating Costs and Realty Taxes. The Tenant specifically acknowledges and agrees that the Tenant will not be permitted to enter the Premises for the purpose of fixturing until the Tenant has provided to the Landlord with proof that the Tenant has taken out that insurance as provided in Section 2.(f) below, notwithstanding that the Fixturing Period may have commenced. Within thirty (30) days of completion of the Tenant's Work the Tenant shall provide to the Landlord at the Tenant's cost, one copy of the "as built" drawings for the Premises.
- (e) In the event of a dispute as to: (i) completion of the Landlord's Work and/or the Tenant's Work, including any work required as a result of damage and destruction, or (ii) the availability of the Premises for possession by the Tenant, or (iii) the Rentable Area of the Premises, a certificate of the Landlord's architect or other professional, acting reasonably and in accordance with applicable professional standards, shall be conclusive and binding upon the parties hereto.
- (f) The Tenant agrees to obtain and maintain at its expense for so long as the Tenant's Work continues, and to cause its contractors to obtain and maintain, commercial general liability insurance against personal and bodily injury, including death, and property damage on an occurrence basis and having limits of not less than \$5,000,000.00 in respect of any one occurrence, and such insurance as required by the appropriate governmental authority with regard to workers' compensation. The Tenant shall deliver to the Landlord evidence satisfactory to the Landlord that all necessary permits to satisfy the requirements to all applicable by-laws, regulations or requirement of authorities of competent jurisdiction and the aforesaid insurance coverage have been obtained prior to the Tenant being permitted to commence its Tenant's Work in the Premises and the Tenant acknowledges that notwithstanding the commencement of the Fixturing Period, the Tenant shall not be permitted occupancy of the Premises until such evidence has been received by the Landlord.
- (g) Prior to the commencement of the Tenant's Work, the Tenant shall furnish to the Landlord proof that workers compensation insurance pursuant to the *Workplace Safety Insurance Act, 1997*, S.O. 1997, and such other insurance as the Landlord may reasonably require has been effected by the Tenant, with such limits and on such terms as the Landlord may reasonably approve. The Landlord shall be added as an additional insured on the all of the Tenant's insurance policies.
- (h) The Tenant shall obtain at its sole cost all required governmental approvals for the Tenant's Work.
- (i) The Tenant agrees that included in Tenant's Work is the obligation to install both exterior and interior security cameras.

3. Maintenance and Repair –

- (a) The Tenant will maintain the Premises and its contents in a clean, neat, safe and orderly condition and in good repair at all times throughout the Term and will return the Premises and its contents to the Landlord in such condition and repair at the expiration or earlier termination of the Term, **save and except normal wear and tear or any repairs or replacements that are the responsibility of the Landlord**. The Tenant will provide its own janitorial service and shall be responsible for the replacement of any broken or damaged items such as glass, front door, locks, light ballasts and fluorescent bulbs. The Tenant will immediately notify the Landlord of any damage caused by the Tenant to the Premises or any repairs which are required to be made to the Premises and if the Tenant has not commenced with such repairs within ten (10) days of such notice, the Landlord may, at its option and without in any way limiting the obligations of the Tenant under this Lease, carry out and complete such repairs. All costs incurred by the Landlord in making such repairs, plus an administration fee of fifteen percent (15%) of such costs, will be paid by the Tenant to the Landlord upon demand. The Tenant will not make any alterations or renovations of any nature or kind whatsoever to the Premises without the prior written consent of the Landlord, such approval not to be unreasonably withheld or delayed, provided that the Tenant shall not require the prior written consent of the Landlord for any minor modifications affecting the exterior of the Premises; the base building services of the Premises or the structural components of the Premises; or cosmetic upgrades to the interior of the Premises, required from time to time as reasonably determined by the Tenant.
- (b) (i) The Tenant shall maintain the heating, ventilating and air-conditioning ("HVAC") system serving the Premises in a good operating condition, and shall undertake all repairs and replacements thereto, (subject to Section 3.(b)(ii) below) and shall contract for (the "HVAC Contract"), at a minimum, the quarter-annual servicing of the Premises HVAC by a HVAC maintenance contractor acceptable to the Landlord.
- (ii) The Landlord at its sole cost is responsible for the replacement of the HVAC system during the initial five-year Term; provided; (A) the Tenant has taken out and had completed the quarter-annual HVAC servicing; or (B) the cause of the replacement was not as a result of the act or omission of the Tenant and/or those in law for whom the Tenant is responsible; and in the event

that such repair or replacement is caused by (A) or (B) the Tenant will pay the entire cost of such replacement as Additional Rent within twenty (20) days of receipt of the Landlord's written demand.

- (iii) If at any time after the fifth (5th) year of the Term the HVAC System requires replacement as determined by the Landlord's HVAC contractor, and such replacement was not as a result of the negligent act or omission of the Tenant and/or those in law for whom the Tenant is responsible, and provided the Tenant had maintained at least the quarterly servicing of the HVAC System throughout the Term and any extension or renewal thereof, then the Landlord at its initial cost will undertake the replacement of the HVAC System. Prior to the Landlord commencing such replacement, the Tenant shall approve the cost of such replacement (the "Replacement Cost"). The Tenant shall commence to reimburse the Landlord within thirty days (30) days of receipt of the Landlord's invoice therefore an amount (the "Amortized Amount") equal to the amortized portion of this Replacement Cost with a reasonable interest component, which amount is payable to the Landlord as Additional Rent in equal consecutive monthly instalments on the first day of each month thereafter. The Amortized Amount is that amount determined by amortizing the Replacement Cost over a ten-year term and determining the aggregate amount that would have been amortized on a per diem basis as of the last day of the Term. If the Lease is subsequently extended or renewed, then the Tenant shall continue to pay the monthly amortized amount until the Amortized Amount has been repaid in full or the expiration of the end of the renewal or extended Term, whichever occurs first.
- (c) The Tenant is responsible for keeping the line-up area around the Premises clean and free of debris and free of snow and ice and to apply sand and / or salt when required to prevent slipping. Further, the Tenant shall indemnify and hold harmless the Landlord from any claim, damage, action and/or cause of action arising from the Tenant failing to promptly undertake such snow removal and salt/sand application and/or arising from any disorderly conduct of the Tenant's customers.
- (d) The Landlord shall maintain, clean and repair the Shopping Centre as would a prudent owner of similar premises in a similar location.
- (e) The Landlord and the Tenant hereby acknowledge that the laundry equipment shall remain in the Premises until such time as the Tenant delivers written notice to the Landlord to remove same. At such time, the Landlord shall have seven (7) days to remove the laundry equipment from the Premises, at the Landlord's sole cost and expense.

4. **Permits and Taxes** - The Tenant will obtain at its expense, all licences, permits and authorizations required to conduct its business in and from the Premises and will, upon request, provide the Landlord with proof of having obtained them. The Tenant will pay when due all taxes, rates, levies and assessments which may be levied or assessed against the Tenant as a result of the operation of its business in and from the Premises.

5. **Control of Shopping Centre** - The Tenant acknowledges and agrees that the Shopping Centre is at all times under the exclusive control of the Landlord. The Tenant; (a) will comply with all applicable laws and by-laws and with all rules, regulations and directives, written or oral from time to time established by the Landlord in respect of the Shopping Centre or the Premises of which it has received prior notice, and (b) will cause its officers, agents, servants, employees, contractors, customers, invitees and all persons having business with the Tenant to comply with all such laws, by-laws, rules, regulations and directives of which it has received prior notice.

6. **Operation of Business** - Subject at all times to Section 1(h)(ii), the Tenant will at all times during the Term, continuously, actively and diligently conduct only the Permitted Use in and from the Premises in a first class manner, during the hours and as provided for in the manner set out in Section 1.(h)(i) above.

7. **Insurance -**

- (a) The Tenant shall throughout the Term (and at any other time during which the Tenant is in possession of the Premises), at its sole cost and expense, take out and keep in full force and effect and in the names of the Tenant, the Landlord and the Landlord's mortgagee as their respective interests may appear and as primary loss payees the following insurance:
- (i) all risks (including sprinkler leakage where applicable, earthquake and flood) property insurance in an amount equal to the full replacement cost (new) thereof upon: (1) property of every description and kind owned by the Tenant or for which the Tenant is legally liable, or installed by or on behalf of the Tenant, and which is located within or on the Shopping Centre, including, without limitation, fittings, installations, alterations, additions, partitions, signs (interior and exterior) fixtures and anything in the nature of a leasehold improvement; and (2) the Tenant's stock-in-trade, furniture and moveable equipment. Such insurance shall include a standard disputed loss agreement;
- (ii) if applicable, broad form boiler and machinery insurance on a blanket repair and replacement basis with limits for each accident in an amount of not less than the replacement cost (new) of all leasehold improvements and of all boilers, pressure vessels, air-conditioning equipment

- and miscellaneous electrical apparatus owned or operated by the Tenant or by others (other than the Landlord) on behalf of the Tenant in the Premises, or relating to or serving the Premises. Such insurance shall include a standard disputed loss agreement;
- (iii) business interruption insurance in such amount as will reimburse the Tenant for direct or indirect loss of earnings attributable to all perils insured against in Sections 7.1(a)(i) and 7.1(a)(ii) and other perils commonly insured against by prudent tenants or attributable to prevention of access to the Premises or the Shopping Centre as a result of such perils;
 - (iv) public liability and property damage insurance, including personal injury liability, contractual liability, employers' liability, non-owned automobile liability and owners' and contractors' protective insurance coverage with respect to the Premises and the Tenant's use of the Shopping Centre, coverage to include the activities and operations conducted by the Tenant and any other Person on the Premises, and by the Tenant and any other Person performing work on behalf of the Tenant and those for whom the Tenant is in law responsible in any other part of the Shopping Centre. Such policies shall: (1) be written on a comprehensive basis with inclusive limits of not less than \$5,000,000.00 per occurrence for bodily injury to any one or more persons, or property damage, and such higher limits as the Landlord, acting reasonably, or the Landlord's mortgagee requires from time to time; and (2) contain a severability of interests clause and a cross-liability clause;
 - (v) broad form tenants' legal liability insurance for the replacement cost of the Premises including loss of use thereof. Any and all claims in respect of such insurance shall be adjusted by the Landlord;
 - (vi) if applicable, standard owner's form automobile policy providing third party liability insurance with \$2,000,000.00 inclusive limits and accident benefits insurance, covering all licensed vehicles owned or operated by or on behalf of the Tenant; and
 - (vii) any other form of insurance as the Landlord acting reasonably, or the Mortgagee requires from time to time in a form, in amounts and for insurance risks against which a prudent tenant would insure.
- (b) All policies required to be written on behalf of the Tenant pursuant to Sections 7.1(a)(i), 7.1(a)(ii) and 7.1(a)(iii) shall contain the Mortgagee's standard mortgage clause and all policies required to be written on behalf of the Tenant pursuant to Sections 7.1(a)(i), 7.1(a)(ii), 7.1(a)(iii) and 7.1(a)(iv) shall contain a waiver of any subrogation rights which the Tenant's insurers may have against the Landlord and against those for whom the Landlord is in law responsible, whether any such damage is caused by the act, omission or negligence of the Landlord or those for whom the Landlord is in law responsible.
 - (c) All policies: (i) [Intentionally Deleted]; (ii) shall be in a form satisfactory from time to time to the Landlord; (iii) shall be non-contributing with, and shall apply only as primary and not as excess to, any other insurance available to the Landlord or the Mortgagee; and (iv) shall not be invalidated as respects the interests of the Landlord and of the Landlord's mortgagee by reason of any breach or violation of any warranties, representations, declarations or conditions contained in the policies. All policies shall contain an undertaking by the insurers to endeavour to notify the Landlord and the Landlord's mortgagee in writing not less than thirty (30) days prior to any material change, cancellation or termination thereof.
 - (d) The Tenant agrees that: (i) certificates of insurance on the Landlord's standard form or, if required by the Landlord or the Mortgagee certified copies of each such insurance policy, will be delivered to the Landlord as soon as practicable after the placing of the required insurance; and (ii) no review or approval of any such insurance certificate by the Landlord shall derogate from or diminish the Landlord's rights or the Tenant's obligations contained in this Lease including, without limitation, those contained in this Article 7.
 - (e) The Tenant agrees that if the Tenant fails to take out or to keep in force any such insurance referred to in this Section 7.1, and should the Tenant not commence to diligently rectify (and thereafter proceed to diligently rectify) the situation within forty-eight (48) hours after written notice by the Landlord to the Tenant (stating, if the Landlord or the Landlord's mortgagee does not approve of such insurance, the reasons therefor) the Landlord has the right without assuming any obligation in connection therewith, to effect such insurance at the sole cost of the Tenant and all outlays by the Landlord, together with a sum equal to fifteen percent (15%) thereof representing the Landlord's overhead, shall be paid by the Tenant to the Landlord as Additional Rent on the first day of the next month following said payment by the Landlord without prejudice to any other rights and remedies of the Landlord under this Lease.
 - (f) The Tenant agrees that in the event of damage or destruction to the leasehold improvements in the Premises covered by insurance required to be taken out by the Tenant pursuant to Section 7.1(a)(i), the Tenant shall use the proceeds of such insurance for the purpose of repairing or restoring such leasehold improvements. In the event of damage to or destruction of the Shopping Centre entitling the Landlord to terminate the Lease pursuant to Section 27 then, if the Premises have also been damaged or destroyed, the Tenant shall forthwith pay to the Landlord all of its insurance proceeds relating to the leasehold improvements in the Premises excluding insurance proceeds relating to the Tenant's trade fixtures and chattels which proceeds may be paid to the Tenant; and if the Premises have not been damaged or

destroyed, the Tenant shall upon demand deliver to the Landlord, in accordance with the provisions of this Lease, the leasehold improvements and the Premises without compensation

- (g) If as a result of the Permitted Use the Landlord's insurance premiums are increased, then the Tenant shall pay the entire cost of such increase as Additional Rent within thirty (30) days of receipt of the Landlord's invoice therefor and substantiating documentation; (it being agreed that a letter from the Landlord's insurer advising that the premium increase is as a result of the Permitted Use is sufficient).
- (h) The Landlord shall, during the Term and any extension thereof, take out and maintain in full force and effect insurance: (a) against all risks of physical loss or damage to the fixtures and improvements of the Shopping Centre as determined by the Landlord (but excluding items for which the Tenant is obligated to insure pursuant to this Lease in such amounts and with such deductions as would be carried by a prudent owner of a reasonably similar retail/commercial building having regard to size, age and location, b) for public liability and property damage with respect to the Landlord's operations in the Shopping Centre in such reasonable amounts and with such reasonable deductions as would be carried by a prudent owner of a reasonably similar retail/commercial building, having regard to size, age and location; and (c) for such other form or forms of insurance as the Landlord or the Mortgagee reasonably considers advisable. The Landlord's insurance premiums **are included in Operating Costs** as the Landlord shall determine. Such insurance shall contain a waiver of any subrogation rights which the Landlord's insurers may have against the Tenant and against those for whom the Tenant is in law responsible, whether any such damage is caused by the act, omission or negligence of the Tenant or those for whom the Tenant is in law responsible.

8. **Release** - Save as hereinafter provided, none of the Landlord, any owner ("Owner") of the Shopping Centre (if other than the Landlord), any agent, employee or manager (individually and collectively the "Agent") for the Owner, and/or any mortgagee or other security holder ("Mortgagee") of the Shopping Centre (collectively and individually the "Released Persons") will be liable for any: (i) death or injury arising from any occurrence in, upon, at or relating to the Premises or the Shopping Centre or damage to property of the Tenant or of others located in the Premises or elsewhere, (ii) loss of or damage to, or loss of use of, property of the Tenant or others which is located in the Premises or on any other part of the Shopping Centre, or (iii) death, injury, loss or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water, rain, flood, snow or leaks from any part of the Premises or the Shopping Centre, or from pipes, appliances, plumbing works, roof or subsurface of any floor or ceiling, or from the street or any other place. Further, without limiting the generality of the foregoing, no Released Person shall be liable for damage caused by other tenants or persons in the Shopping Centre or by occupants of property adjacent to the Shopping Centre, or the public, or caused by construction or by any other private, public, or quasi-public work. In this Section and in Section 9 below "Landlord", "Owner", "Agent", and "Mortgagee" includes the directors, officers, employees (while in the ordinary course of their employment) and agents of the Landlord, Owner, Agent and Mortgagee, as the case may be, and the Landlord, Owner, Agent and Mortgagee, as the case may be, solely for the purpose of this section, is the agent or trustee of, and for the benefit of, each of them, respectively. Notwithstanding the aforesaid, no Released Person shall be released from liability arising due to its negligence and wilful acts and for the negligence and wilful acts of those in law for whom the applicable Released Person is responsible.

9. **Indemnity** - Despite anything in this Lease to the contrary, the Tenant will indemnify the Released Persons and save them harmless from all loss (including loss of the Minimum Rent payable by the Tenant under this Lease), claims, actions, damages, liability and expenses (individually and collectively a "Claim") in connection with loss of life, personal injury, damages to property or any other loss or injury arising from this Lease, or any occurrence in, on, or at the Premises, or the occupancy or use by the Tenant of the Premises, or any part of it, or occasioned wholly or in part by any act or omission of the Tenant or those in law for whom the Tenant is responsible, or by anyone permitted to be in the Premises or the Shopping Centre by the Tenant, except where such loss is caused by the negligence or misconduct of the Released Persons or any one of them and in which event the indemnity in this Section 9 will not apply to that Released Person that caused the Claim.

10. **Transfer:** -
Subject to Section 10A below:

- (a) The Tenant will not assign this Lease in whole or in part, nor sublet all or any part of the Premises, nor mortgage or encumber this Lease or the Premises or any part thereof, nor suffer or permit the occupation of or part with or share possession of all or any part of the Premises (including, without limitation, any concession, franchise or licence) by any Person (all of the foregoing being hereinafter collectively referred to as a "Transfer") without the prior written consent of the Landlord in each instance which consent may not be unreasonably withheld or delayed. The consent by the Landlord to any Transfer, if granted, shall not constitute a waiver of the necessity for such consent to any subsequent Transfer.
- (b) If the Tenant intends to effect a Transfer of all or any part of the Premises or this Lease in whole or in part or any estate or interest hereunder, then and so often as such event shall occur, the Tenant shall give prior written notice to the Landlord of such intent specifying therein the proposed assignee, subtenant or occupant (all of the foregoing being hereinafter collectively referred to as the "Transferee") and providing such information with respect thereto including, without limitation, information concerning the principals thereof and as to any credit, financial or business information relating to the proposed Transferee as the Landlord or the Mortgagee reasonably requires, and the Landlord shall within thirty (30) days after having received such notice and all such necessary

information, notify the Tenant in writing that it consents or does not consent to the Transfer in accordance with the provisions and qualifications in this Section 10.

- (c) If there is an approved Transfer of this Lease, the Landlord may collect rent from the Transferee, and apply the net amount collected to the Rent required to be paid pursuant to this Lease, but no acceptance by the Landlord of any payments by a Transferee shall be deemed a waiver of this covenant or the acceptance of the Transferee as Tenant, or a release of the Tenant from the further performance by the Tenant of the covenants or obligations on the part of the Tenant herein contained. Upon any request to Transfer made to the Landlord the Tenant shall be responsible for all of the reasonable legal costs incurred by the Landlord and the Landlord's administration fee, whether or not the Transfer is subsequently completed, withdrawn or rejected by the Landlord. Such legal costs and administration fee shall be paid within ten (10) Business Days after demand as Additional Rent. Any document or consent evidencing such Transfer of this Lease if permitted or consented to by the Landlord shall be prepared by the Landlord or its solicitors. Any consent by the Landlord shall be subject to the Tenant executing and causing any such Transferee to promptly execute an agreement directly with the Landlord agreeing to be bound by all of the terms, covenants and conditions contained in this Lease as if such Transferee had originally executed this Lease as Tenant. Notwithstanding any such Transfer permitted or consented to by the Landlord, the Tenant shall be jointly and severally liable with the Transferee on this Lease and shall not be released from performing any of the terms, covenants and conditions of this Lease.
- (d) (i) If the Tenant is a corporation or if the Landlord has consented to a Transfer of this Lease to a corporation, any transfer or issue by sale, assignment, bequest, inheritance, operation of law or other disposition, or by subscription from time to time of all or any part of the corporate shares of the Tenant or of any holding body corporate or subsidiary body corporate of the Tenant or any corporation which is affiliated with the Tenant (as those terms are defined pursuant to the *Business Corporations Act*, R.S.O. 1990, c. B-16 and amendments thereto), which results in any change in the present effective voting control of the Tenant by the Person holding such voting control at the date of execution of this Lease (or at the date a Transfer of this Lease to a corporation is permitted) such transfer, issue, other disposition, or subscription shall for the purposes of this Section 10.(d) be deemed to be a Transfer of this Lease and the provisions of Sections 10.(a) to 10.(c) inclusive shall apply to a Transfer under this Section 10.(d).
- (ii) The Tenant shall: (A) when requesting consent to a sale of shares as aforesaid, provide the Landlord with such information as to the proposed purchaser as the Landlord requires including, without limitation, information concerning creditworthiness, financial standing and business history; and (B) make available to the Landlord, or its lawful representatives, all corporate books and records of the Tenant for inspection at all reasonable times, in order to ascertain whether there has been any change in control of the Tenant corporation.
- (iii) However, this Section 10.(d) shall not apply to the Tenant if and so long as the Tenant is a public corporation whose shares are traded and listed on any recognized stock exchange in Canada or the United States, and so long as the Landlord receives assurances satisfactory to the Landlord that there will be a continuity of management of the Tenant and of its business practices and policies, notwithstanding any such change of control.
- (e) In the event of the sale, lease or other disposition by the Landlord of the Shopping Centre or the assignment by the Landlord of this Lease or any interest of the Landlord hereunder, and to the extent that the purchaser or assignee thereof assumes the covenants and obligations of the Landlord hereunder, the Landlord shall, thereupon and without further agreement be freed and relieved of all liability with respect to such covenants and obligations.

10A. Permitted Transferee --

- (a) The Tenant may assign, sublet and/or transfer the Lease or sell the shares of the Tenant, as the case may be, in each instance to a "Permitted Transferee" as defined below, without the requirement to obtain the prior written consent of the Landlord, but provided the Landlord is provided prior written notice of such assignment, sublease, sale or transfer, and otherwise on the terms and conditions as contained in this Lease, including if required by the Landlord the execution of the Landlord's form of tripartite assignment, consent to sublease agreement or an acknowledgement to a share transfer agreement. In the event of any Transfer the Security Deposit must be topped up to equal forty-five thousand, six hundred and twenty-nine dollars and forty cents (\$45,629.40).
- (b) Concurrently with Tenant's notice as aforesaid, Tenant shall furnish the Landlord with copies of all relevant financial statements and additional information that Landlord may reasonably require to ascertain the financial standing of such Permitted Transferee and such documentation that confirms that the assignee/sublessee/transferee is a Permitted Transferee. In the case of an assignment or sublease including a Change in Control of the Tenant, the Permitted Transferee shall carry on in the Premises only the Permitted Use; however if the Permitted Use is then prohibited by the applicable authority (but not if such prohibition is as a result of the act or omission of the Tenant, the Permitted Transferee or the shareholders, officers and/or directors of the Tenant and/or the Permitted Transferee) then the Permitted Transferee may propose an alternative use which must be approved by the Landlord, which approval may not be unreasonably withheld, it being agreed that it is reasonable for the Landlord to withhold its consent where: (i) another occupant carries on the same or similar use, or (ii) the Landlord is then, bona fide, negotiating with another tenant for the same or similar use; or (iii) any use in the Landlord's sole discretion which is not compatible for a family oriented commercial development.

- (c) "**Permitted Transferee**" means any corporation, partnership or other person: (i) which is an "affiliate" of the Tenant or other corporate nominee (as such term is defined in *Business Corporations Act*, R.S.O. 1990. C - B 16, or any replacement legislation); (ii) which is a successor entity formed as a result of an amalgamation or merger of the Tenant with another corporate nominee; (iii) of which the Tenant is a shareholder; or (iv) that is publicly traded on a recognized securities exchange in North America.
- (d) "**Change in Control**" means, where the Tenant is a corporation or partnership, the transfer, by sale, issuance from treasury, cancellation or redemption, or otherwise, of any shares, voting rights or interest which will result in a change of the identity of the person exercising, or who might exercise, effective voting control of such corporation or partnership.

11. **Termination -**

- (a) Upon the termination of the Term the Tenant will immediately vacate the Premises and the Shopping Centre. If the Tenant fails to vacate the Premises and the Shopping Centre the Landlord may take physical possession of the Premises and remove the Tenant and its property from it without the Landlord thereby being liable for any damages or other remedies or costs.
- (b) If the Tenant is in default of any obligation contained herein and such default continues for a period of ten (10) days following receipt of written notice by the Tenant from the Landlord thereof, the Landlord may forthwith after the expiration of the tenth (10th) day if such default has not been remedied, terminate this Lease by written notice to the Tenant, and the Landlord shall not be required to refund any rents, deposits or other monies (including, without limitation, the Minimum Rent) paid by the Tenant to the Landlord. Any such termination will be without prejudice to the Landlord's right to recover any amounts then owing or damages for any default or breach by the Tenant of its covenants, obligations or agreements hereunder.
- (c) If the Tenant receives written notice from the Landlord which notice advises the Tenant of a default by the Tenant of any of its obligations contained in this Lease, or if legal action is brought for recovery of possession of the Premises, for the recovery of Minimum Rent and Additional Rent or any other amount due under this Lease, or because of the breach of any other terms, covenants or conditions herein contained on the part of the Tenant to be kept or performed, the Tenant shall pay to the Landlord all reasonable expenses incurred therefor, including solicitors' fees and disbursements (on a substantial indemnity basis), within ten (10) Business Days of receipt of the Landlord's written demand, which amount shall be Additional Rent. Notwithstanding the foregoing, the Tenant shall have the right to cure any such default within ten (10) days following written notice to the Tenant from the Landlord thereof, and if the Tenant cures such default or commences to cure such default within said ten (10) day period, the provisions of this Section 11(c) shall not apply.

12. **Relocation - [Intentionally Deleted]**

13. **Deposit -**

- (a) The Landlord or its agent has received the sum of fifty-five thousand, three hundred and fifty-two dollars and fifty cents (\$55,352.50), (the "Security Deposit") to be held without interest by the Landlord throughout the Term as security for the faithful performance by the Tenant of all of the terms, covenants and conditions of this Lease by the Tenant to be kept, observed and performed. If the Tenant defaults in the performance of any of its obligations under this Lease then the Landlord, at its option and in addition to any and all other rights, may appropriate and apply such portion of the Security Deposit as is required to remedy such default. If the Security Deposit has been so applied then upon the written demand of the Landlord, the Tenant shall forthwith remit to the Landlord a sufficient amount to restore the Security Deposit to the amount which the Landlord was in possession of on the day immediately prior to the Landlord's application of such funds [it being agreed that this will not apply where the Security Deposit was applied as per Section 13.(b)(ii)], and the Tenant's failure to do so within twenty (20) days after receipt of such demand shall constitute default under this Lease entitling the Landlord, without further notice, to all of its other rights and remedies provided in this Lease, at law or equity.
- (b) Provided the Tenant is not then in default the Landlord will:

- (i) Refund to the Tenant the sum of nine thousand, seven hundred and twenty-three dollars and ten cents (\$9,723.10) within ten (10) Business days of the completion of all of the following: (A) the execution of the Lease and Indemnity in an agreed upon form; (B) the Tenant's Work being completed to the Landlord reasonable satisfaction; and (C) receipt of the HVAC Contract [as defined in Section 3.(b)].

[NOTE TO READER: The sum of \$9,723.10 was determined by subtracting from the original Security Deposit of \$55,352.50 that amount obtained by multiplying the initial monthly gross Rent of \$7,604.90 by six (6), [which equals \$45,629.40]. See the Paragraph 4 of the Offer.]

- (ii) Apply from the Security Deposit as follows: (A) the sum of seven thousand, six hundred and four dollars and ninety cents (\$7,604.90) to the Rent payable for the first (1st) month of the Term; (B) the sum of seven thousand, six hundred and four dollars and ninety cents (\$7,604.90) to the Rent payable for the thirteenth (13th) month of the Term; and (C) the sum of seven thousand, six hundred and four dollars and ninety cents (\$7,604.90) to the Rent payable for the twenty-fifth (25th) month of the Term. The balance of the Security Deposit will be held as provided in Section 13.(a) above and will be returned to the Tenant within thirty (30) days after the Tenant has

vacated the Premises and returned the Premises to the Landlord in that condition in which it is to be returned as required by this Lease.

- (c) The Landlord may deliver the Security Deposit to any purchaser of the Landlord's interest in the Premises or the Shopping Centre, if such interest is sold, and thereupon the Landlord is discharged from any further liability with respect to the Security Deposit provided that such purchaser agrees to assume the obligations of the Landlord pursuant to this Lease.

14. **Notice** – Any notice, demand, request or other instrument which may be or is required to be given under this Lease shall be delivered in person, by a national courier service, or sent by registered mail postage prepaid and shall be addressed: (a) if to the Landlord at that address noted in Section 1.(g)(i); (b) if to the Tenant at; c/o Ontario Cannabis Holdings, 620 – 12 Avenue, Calgary, Alberta T2K 0H5, Attention: Julia White and Tabettha White; and (c) to the Indemnifier as provided in the Indemnity. Any such notice, demand, request or consent is conclusively deemed to have been given or made on the day upon which such notice, demand, request or consent is delivered personally, the next day [excluding Saturday, Sunday, or a statutory or civic holiday] following the pick up from the sending party by the national courier service, or, if mailed, then three (3) Business Days following the date of mailing, as the case may be. Either party may at any time give notice in writing to the other of any change of address of the party giving such notice and from and after the giving of such notice, the address therein specified is deemed to be the address of such party for the giving of notices hereunder. If the postal service is interrupted or is substantially delayed, any notice, demand, request or other instrument shall only be delivered in person or by national courier service. Notice may not be sent in electronic format, including but not limited to facsimile or email.

15. **Signage** –

- (a) During the Term, the Tenant shall have right to install signage at the Premises subject to the Landlord's approval and the municipality's approval, all at the Tenant's sole cost.
- (b) Subject to space availability the Tenant shall have its double sided, full panel identification sign fascia (the "Pylon Fascia") on each of the pylons of the Shopping Centre provided the specifications, design and location of such Pylon Fascia have received the prior written approval of the Landlord and any municipal consent. The Tenant shall be responsible for all costs incurred in designing, constructing, installing and removing the Pylon Fascia, and obtaining any municipal approval, including any required permit or license for the Pylon Fascia. The Tenant shall pay as Additional Rent monthly commencing on the Commencement Date and throughout the Term concurrent with the payment of Minimum Rent, a fee (the "Pylon Fee") of one hundred and fifty dollars (\$150.00) per month, per Pylon Fascia double sided, plus HST. If this Lease is renewed or extended the Tenant will pay the then Pylon Fee being charged by the Landlord. The cost of maintaining, repairing, replacing and insuring the pylon (but not the Pylon Fascia) shall be included in Operating Costs.

16. **Radius Restriction** - [Intentionally Deleted]

17. **Entire Lease** - This Lease (including the schedules attached to it) contains all the obligations, representations and warranties of the Landlord in respect of the Shopping Centre and the Premises and the entire agreement between the parties concerning the subject matter of this Lease. The Tenant expressly disclaims reliance on any promises, inducements, representations, warranties, collateral agreements or conditions in entering into this Lease other than as expressly set out in this Lease. Time is of the essence of this Lease.

18. **Partial Invalidity** - If for any reason whatsoever any term, covenant or condition of this Lease, or the application thereof to any person or circumstance, is to any extent held or rendered invalid, unenforceable or illegal, then such term, covenant or condition:

- (a) is deemed to be independent of the remainder of the Lease and to be severable and divisible therefrom, and its invalidity, unenforceability or illegality does not affect, impair or invalidate the remainder of the Lease or any part thereof; and
- (b) continues to be applicable to and enforceable to the fullest extent permitted by law against any person and circumstances other than those as to which it has been held or rendered invalid, unenforceable or illegal.

Neither party is obliged to enforce any term, covenant or condition of this Lease against any person, if, or to the extent by so doing, such party is caused to be in breach of any laws, rules, regulations or enactments from time to time in force.

19. **Removal and Restoration by the Tenant** -

- (a) All alterations, decorations, additions and improvements made by the Tenant, or made by the Landlord on the Tenant's behalf (other than the Tenant's trade fixtures) shall immediately become the property of the Landlord upon affixation or installation, without compensation therefor to the Tenant, but the Landlord is under no obligation to repair, maintain or insure such alterations, decorations, additions or improvements. Such alterations, decorations, additions or improvements shall not be removed from the Premises either during or at the expiration or earlier termination of the Term except that:

- (i) the Tenant may during the Term in the usual or normal course of its business and with the prior written consent of the Landlord remove its trade fixtures, provided such trade fixtures have become excess for the Tenant's purposes or the Tenant is substituting new and similar trade fixtures therefor, and provided that in each case: (1) the Tenant is not in default under this Lease; and (2) such removal is done at the Tenant's sole cost and expense; and
 - (ii) The Tenant shall at the expiration of the Term at its own cost, remove all of its trade fixtures and such of its leasehold improvements and fixtures installed in the Premises as the Landlord requires to be removed. The Tenant specifically acknowledges that it must remove all fibre optical cables and any other electrical cable or wire that the Landlord requires to be removed.
- (b) If the Tenant does not remove its trade fixtures and/or chattels and/or any other personal property (which trade fixtures, chattels and personal property are hereinafter collectively called the "Tenant Property") within five (5) days after the expiration or earlier termination of the Term, the Tenant agrees that all such Tenant Property shall at the option of the Landlord become the property of the Landlord and may be removed from the Premises and sold or disposed of by the Landlord in such manner as it deems advisable.
 - (c) The Tenant shall in the case of every such installation or removal either during or at the expiration of the Term effect the same at times designated by the Landlord and promptly make good any damage caused to the Premises or the Shopping Centre or any part thereof by the installation or removal of any such alteration, decoration, addition or improvement.
 - (d) For greater certainty, the Tenant's trade fixtures shall not include any: (i) heating, ventilating or air-conditioning systems, facilities and equipment in or serving the Premises; (ii) floor covering affixed to the floor of the Premises; (iii) light fixtures; (iv) internal stairways and doors, if any; (v) fire safety equipment including but not limited to fire hose cabinets and fire extinguishers, and (vi) all fixtures, improvements, installations, alterations or additions which are installed by or at the expense of the Landlord or are considered to be leasehold improvements in accordance with generally accepted accounting practices; all of which are deemed to be leasehold improvements.

20. **Right of Entry -**

- (a) The Landlord and its agents have the right to enter the Premises at all reasonable times and upon reasonable prior written notice thereof to the Tenant (except in the event of an emergency, when the Landlord can enter at any time) to show them to prospective purchasers, lessees, financiers or mortgagees, to take measurements, and/or to examine the same and to make such repairs, alterations, changes, adjustments, improvements or additions to the Premises or the Shopping Centre or any part thereof or any adjacent property as the Landlord considers necessary or desirable including, without limitation, the pipes, conduits, wiring, ducts and other installations of any kind in the Premises where necessary to serve another part of the Shopping Centre. For such purpose, the Landlord may take all material into and upon the Premises which is required therefor and may have access to the underfloor ducts and access panels to mechanical shafts and the Landlord has the right to check, calibrate, adjust and balance controls and other parts of the heating, ventilating, air-conditioning and climate control systems, without this constituting a re-entry or a breach of any covenant for quiet enjoyment contained in this Lease or implied by law. The rent required to be paid pursuant to this Lease shall not abate or be reduced while any such repairs, alterations, changes, adjustments, improvements or additions are being made due to loss or interruption of business of the Tenant or otherwise, and the Landlord shall not be liable for any damage, injury or death caused to any Person, or to the property of the Tenant or of others located on the Premises as a result of such entry. The Tenant shall not unduly obstruct any such pipes, conduits, ducts or mechanical shafts so as to prevent reasonable access thereto. Notwithstanding any of the foregoing, the Landlord shall use commercially reasonable efforts to minimize its interference with the Tenant's business or use of the Premises when exercising any of the rights under this Section 20(a).
- (b) If the Tenant is not personally present to open and permit an entry into the Premises at any time when for any reason an entry therein is necessary or permissible, or if the Tenant refuses the Landlord and/or its agents access to the Premises, then the Landlord or its agents may forcibly in the case of an emergency, real or apprehended (on a reasonable basis), enter the same without rendering the Landlord or such agents liable therefor, and without in any manner affecting the obligations and covenants of this Lease. If the Tenant refuses such entry the Tenant shall reimburse the Landlord for all costs incurred as a result of such refusal including the cost of the Landlord and/or its agents having to re-attend at the Premises plus an administration fee of fifteen percent (15%) thereon. Nothing herein contained, however, is deemed or construed to impose upon the Landlord any obligation, responsibility or liability whatsoever for the care, maintenance or repair of the Premises, or any part thereof, except as otherwise herein specifically provided. The Tenant agrees that any entry made and any work undertaken by or on behalf of the Landlord upon the Premises in accordance with this Section 20 is not a re-entry or a breach of any covenant for quiet enjoyment contained in this Lease or implied by law.

21. **Subordination and Attornment -**

- (a) It is a condition of this Lease and the Tenant's rights granted hereunder that this Lease and all of the rights of the Tenant hereunder are and shall at all times be subject and subordinate to any and all ground or underlying leases, mortgages, trust deeds, or the charge or lien resulting from any instrument of financing, refinancing or collateral financing or any renewals or extensions thereof from time to time in existence against the Premises or the Shopping Centre. Upon request the Tenant shall subordinate this Lease and all of its rights hereunder at no cost to the Tenant in such form as the Landlord reasonably requires to any and all ground or underlying leases, mortgages, trust deeds or the charge or lien resulting

from, or any instruments of, any financing, or collateral financing and to all advances made or hereafter to be made upon the security thereof, and if requested, the Tenant shall attorn to the holder thereof.

- (b) The Tenant shall if: (i) possession is taken under, or (ii) proceedings are brought for possession under, or (iii) the foreclosure of, or (iv) in the event of the exercise of the power of sale under; any mortgage, charge, ground or underlying lease or sale and leaseback transaction, deed of trust, or the lien resulting from any other method of financing, refinancing or collateral financing made by the Landlord or otherwise in existence against the Premises or the Shopping Centre, attorn to the ground or underlying lessor, Mortgagee, chargee, lessee, trustee, other encumbrancer or the purchaser upon any such foreclosure, sale or other proceeding and recognize such ground or underlying lessor, Mortgagee, chargee, lessee, trustee, other encumbrancer or the purchaser as the Landlord under this Lease.
- (c) The Landlord shall use all reasonable commercial efforts to cause any mortgagees whether existing now or in the future to deliver to the Tenant a commercially reasonable non-disturbance agreement.

22. **Governing Law** - This Lease shall be construed in accordance with and governed by the laws of the Province of Ontario.

23. **Time of the Essence** - Time is of the essence of this Lease and of every part hereof.

24. **Overholding, No Tacit Renewal** - If the Tenant remains in possession of the Premises after the end of the Term with the consent of the Landlord but without having executed and delivered a new lease or an extension of Term agreement, there is no tacit renewal of this Lease and/or the Term notwithstanding any statutory provisions or legal presumption to the contrary, and the Tenant shall be deemed to be occupying the Premises as a tenant from month-to-month at a monthly Minimum Rent payable in advance on the first day of each month equal to one hundred and fifty percent (150%) of the monthly amount of Minimum Rent payable for the month immediately prior to the commencement of this month to month tenancy but without setoff or abatement, and otherwise upon the same terms, covenants and conditions as are set forth in this Lease (including the payment of all Additional Rent and other charges required to be paid pursuant to this Lease), so far as these are applicable to a monthly tenancy.

25. **Force Majeure** - Notwithstanding anything to the contrary contained in this Lease, if either party hereto is bona fide delayed or hindered in or prevented from the performance of any term, covenant or act required hereunder by reason of strikes, labour troubles; inability to procure materials or services; power failure; restrictive governmental laws or regulations; riots; insurrection; sabotage; rebellion; war; act of God; pandemic or epidemic; or other reason whether of a like nature or not which is not the fault of the party delayed in performing work or doing acts required under the terms of this Lease, then performance of such term, covenant or act is excused for the period of the delay and the party so delayed shall be entitled to perform such term, covenant or act within the appropriate time period after the expiration of the period of such delay. However, the provisions of this Section 25 do not operate to excuse either party from the prompt payment of any sum of money required by this Lease. The parties agree that the provisions of this Section 25 will not alter the Commencement Date, the commencement of the Fixturing Period or the dates that the Tenant is obligated to commence paying Rent.

26. **Demolition** - At any time after January 1, 2029 the Landlord may terminate this Lease if the Landlord desires to substantially reconstruct, renovate, sell and/or redevelop the Shopping Centre to the extent that vacant possession of the Premises is required, or if the Landlord desires to demolish the portion of the Shopping Centre in which the Premises are in. Such termination shall be effected by written notice (the "Termination Notice") from the Landlord to the Tenant which notice will specify a termination date (the "Termination Date") which is at least one hundred and eighty-five (185) days after the date the Landlord provides the Tenant with the Termination Notice.

27. **Destruction of the Shopping Centre** - Notwithstanding anything contained in this Lease if fifty percent (50%) or more of the Rentable Area of the Shopping Centre, is damaged or destroyed by any cause whatsoever (irrespective of whether the Premises are damaged or destroyed) and if, in the opinion of the Landlord reasonably arrived at, such damage or destruction cannot be repaired within one hundred and eighty (180) days of the happening of the damage or destruction, then, the Landlord may at its option (to be exercised by written notice to the Tenant within sixty (60) days following any such occurrence), elect to terminate this Lease. In the case of such election, the Term and the tenancy hereby created shall expire upon the thirtieth (30th) day after such notice is given without indemnity or penalty payable by, or any other recourse against the Landlord, and the Tenant shall within such thirty (30) day period vacate the Premises and surrender the Premises to the Landlord with the Landlord having the right to re-enter and repossess the Premises discharged of this Lease and to expel all Persons and remove all property therefrom. Minimum Rent and Additional Rent shall be due and payable without reduction or abatement subsequent to the destruction or damage up to the date of termination, except; (a) if access to the Premises is materially and adversely affected, or (b) if a portion or all of the Premises are destroyed and the Tenant acting as a prudent tenant cannot reasonably carry on business from the Premises; then the obligation to pay Rent shall abate until the day immediately preceding the date that such access is restored, or the Tenant can re-commence its business from the Premises. In the event that the Landlord does not elect to terminate this Lease in accordance with this Section 27, the Landlord shall promptly repair all damage or destruction to the extent that the Landlord was responsible to insure against such damage or destruction.

28. **Definitions:** - For the purpose of this Lease:

- (a) "Additional Rent" means all amounts payable by the Tenant pursuant to the provisions of this Lease except Minimum Rent, whether or not specifically designated as Additional Rent.
- (b) "Business Day" means a day of the week other than a Saturday, Sunday, statutory or civic holiday.
- (c) "HST" means all goods and services, business transfer, multi-stage, sales, use, consumption, value added or other similar taxes imposed by the federal or provincial governments including any harmonized taxes, or any other taxing authority, upon the Landlord or the Tenant or in respect of this Lease or the Rent payable hereunder, including, without limitation, the rental of the Premises and the provision of administration services to the Tenant.
- (d) "Person", if the context allows, includes any person, firm, partnership or corporation, or any group of persons, firms, partnerships or corporations or any combination thereof.
- (e) "Proportionate Share" means that fraction which has as its numerator the Rentable Area of the Premises and as its denominator the Rentable Area of premises intended to be leased on the ground level of the Shopping Centre.
- (f) "Realty Taxes" means all real property taxes, rates, duties and assessments (including local improvement taxes, impost charges or levies), whether general or special, that are levied, rated, charged or assessed against the Shopping Centre or any part thereof from time to time by any lawful taxing authority, whether federal, provincial, municipal, school or otherwise, and any taxes or other amounts which are imposed in lieu of, or in addition to, any such real property taxes whether of the foregoing character or not and whether in existence at the Commencement Date or not, and any such real property taxes levied or assessed against the Landlord on account of its interest in the Shopping Centre or any part thereof, or their ownership thereof, as the case may be, calculated on the basis of the Shopping Centre being assessed as a fully leased and operational building.
- (g) "Rent" means Minimum Rent and Additional Rent.
- (h) "Rentable Area of the Premises" means in respect of any rentable premises including the Premises, the exact area in square feet of all floor space on every floor or level therein measured from: (a) the outside surface of all exterior walls; (b) the outside surface of all interior walls, doors and windows separating such premises from any portion of the Common Facilities; and (c) the centre line (determined without regard to any finished treatment on such wall) of all interior walls separating such premises from adjacent rentable premises. Alternatively, the Landlord in its sole discretion may elect to measure the Premises pursuant to the most recent BOMA standard of measurement as of the Commencement Date or such other earlier BOMA standard of measurement. Where a portion of any rentable premises is recessed from a demising line, the area of such recess shall be included as part of the Rentable Area of such premises. There shall be no deduction or exclusion from the Rentable Area for anything occupying floor space and the Rentable Area of the Premises shall further include an allocation of fifteen percent (15%) of the area as measured as noted above, on account of the common areas including hallways and washrooms that serve the 2nd floor tenants.
- (i) "Rentable Area of the Shopping Centre" means all rentable premises located on the ground floor of the Shopping Centre and which, during any applicable time period, are either actually used and occupied or are intended by Landlord to be used and occupied for the purpose of retailing goods or services.
- (h) "Rental Year" means a period of twelve (12) months commencing on the Commencement Date, save that if the Commencement Date is not the first day of a month, then the first (1st) Rental Year shall expire on the last day of that month in which the first (1st) anniversary of the Commencement Date occurs. Each following Rental Year shall be for a period of twelve (12) calendar months save that the last Rental Year shall expire on the last day of the Term.

29. **Liability of Tenant** - If two or more individuals, corporations, partnerships or other business associations (or any combinations of two or more thereof) execute this Lease as tenant, the liability of each such individual, corporation, partnership or other business association hereunder is joint and several. In like manner, if the Tenant named in this Lease is a partnership or other business association, the members of which are by virtue of statutory or general law, subject to personal liability, the liability of each such member is joint and several.

30. **Indemnity Agreement** – Concurrent with the execution of this Lease, the Tenant shall cause the Indemnifier to initial and execute at least one (1) copy of that form of indemnity (the "Indemnity") attached hereto as Schedule "B".

31. **Medical Waste** - The Tenant acknowledges that it may be generating hazardous waste and agrees that such waste must be segregated from other waste and disposed of in accordance with all applicable regulations, all at the Tenant's sole cost. The Landlord must approve the disposal program, equipment and the location of the disposal equipment for the hazardous waste and medical waste created by the Tenant.

32. Option to Extend

- (a) Provided the Tenant is not then (as of the date the Tenant exercises this extension option and on the day immediately preceding the Extension Term as hereinafter defined) in default of any of its covenants contained in the Lease the Tenant shall have an option of extending the Term for two (2) additional periods each of five (5) years.
- (b) Each five year extension term (the "Extension Term"), shall be exercised by written notice given to the Landlord (which notice in order to be valid must be sent as required by the notice provisions of this Lease), no earlier than twelve (12) months and no later than nine (9) months prior to the end of the then current Term and shall be upon the same terms and conditions as are contained in this Lease, save and except: (i) there shall be no rent free period or allowance or inducement payable by the Landlord; (ii) there shall be no further right of renewal or extension after the second (2nd) Extension Term; (iii) there is no Landlord's Work required to ready the Premises for the Tenant's use, (iv) the Pylon Fee will be the Landlord's then standard fee for a similar sized Pylon Fascia, and (v) for the amount of annual Minimum Rent payable for and during the Extension Term, which annual Minimum Rent for first year of the Extension Term shall be established by agreement between the Landlord and the Tenant, but shall not be less than the Minimum Rent payable during the last year of the initial Term or the first (1st) Extension Term as the case may be without set off or abatement, and increased by three percent (3%), and shall be based upon the then fair market rent for similar premises with a similar use in a similar development located at the intersection of two (2) major arterial roads in Toronto, Ontario and within three (3) kilometers from the perimeter of the Shopping Centre. In the event that the Landlord and Tenant have not agreed upon this Minimum Rent as of the commencement of that month which is sixty (60) days prior to the commencement of the first (1st) or second (2nd) Extension Term as the case may be, then such Minimum Rent shall be determined in the manner hereinafter set forth in the provisions of Section 32.(c) provided that in no event shall the amount of annual Minimum Rent payable for first year of the Extension Term be less than the amount of annual Minimum Rent payable for the last year of the initial Term or the first (1st) Extension Term as the case may be, without set off or abatement and increased by three percent (3%). Additionally, during the balance of the Extension Term the annual Minimum Rent for each of the second (2nd) and third (3rd) years of the Extension Term will be an amount equal to the Minimum Rent for the first (1st) year of that Extension Term, while the Minimum Rent for the fourth (4th) and fifth (5th) years of the Extension Term will be that amount equal to the Minimum Rent payable for the third (3rd) year of that Extension Term without set off or abatement plus three dollars (\$3.00) per square foot of the Rentable Area of the Premises.
- (c) (i) On or before that date which is thirty (30) days prior to the commencement of the Extension Term the Landlord and Tenant will agree upon one (1) individual to act as an arbitrator (the "Arbitrator") for the determination of the annual Minimum Rent for the Extension Term. Such arbitrator must have at least ten (10) years' experience in the retail leasing business in Toronto, Ontario. If the Landlord and Tenant cannot agree upon such Arbitrator as of that date which is thirty (30) days prior to the commencement of the Extension Term, then either party can apply to the appropriate court for the court to appoint such individual.
- (ii) Each of the Landlord and the Tenant shall submit to the Arbitrator within thirty (30) days of its appointment their respective "Rent Statement". For the purpose of the Lease a "Rent Statement" is that parties' written statement stating what is considers to be the then current fair market rates of Minimum Rent for similar premises with a similar use in a similar development located at the intersection of two (2) major arterial roads in Toronto, Ontario and within three (3) kilometers from the perimeter of the Shopping Centre. Within thirty (30) days of receipt of the last Rent Statement, the Arbitrator shall choose either the Landlord's Rent Statement or the Tenant's Rent Statement, and the Minimum Rent in the chosen Rent Statement shall be the annual Minimum Rent payable for the first year of the Extension Term, save if such amount is less than the amount of annual Minimum Rent payable for the last year of the initial Term or the first (1st) Extension Term as the case may be without set off or abatement, plus three percent (3%), in which event the annual Minimum Rent for the first year of the Extension Term will be the annual Minimum Rent payable for the last year of the initial Term or the first (1st) Extension Term as the case may be without set off or abatement, plus three percent (3%). The Arbitrator cannot amend or vary any Rent Statement or choose, recommend or select any other amount as being the Minimum Rent. If one party does not provide the Arbitrator its Rent Statement within thirty (30) days of the appointment of the Arbitrator, then the Rent Statement that has been submitted shall be determinative of the annual Minimum Rent payable for the first year of the Extension Term save if such amount is less than the amount of annual Minimum Rent payable for the last year of the initial Term or the first (1st) Extension Term as the case may be without set off or abatement plus three percent (3%), in which event the annual Minimum Rent for the first year of the Extension Term will be the annual Minimum Rent payable for the last year of the of the initial Term or the first (1st) Extension Term as the case may be without set off or abatement, increased by there percent (3%). The Minimum Rent for the balance of the Extension Term is as provided in the last sentence of Section 32.(b) above. The costs of the arbitration shall be paid by the party whose Rent Statement is not accepted.
- (d) If the Tenant fails to exercise the above option within the time and in the manner aforesaid then this option to extend shall be null and void.

33. **Exclusivity-** From and after the acceptance date of the Offer and throughout the Term of the Lease, including any renewals and extensions, the Landlord shall not lease or permit to be leased, assigned, or subleased to any person any premises within the Shopping Centre whose principal business includes the retail sale of cannabis. The Landlord further shall not permit or consent to any retail sale of cannabis within any property the Landlord has an interest in or control of that is within a radius of 300 meters from the Premises. The foregoing covenant is intended to run with the land for the duration of the Term of the Lease, including any renewals and extensions. Notwithstanding the aforesaid, if the Tenant fails to carry on business for at a minimum of five (5) hours per day, five (5) days per week (save in the event of damage and destruction or other event not within the Tenant's control), the Landlord may by written notice to the Tenant, terminate the provisions of this Section 33 and forthwith upon the Tenant's receipt of such written notice, Section 33 shall be *void ab initio*. Additionally, the Tenant's exclusivity will not apply to: (i) any tenant whose primary business is that of a drug store (by way of example only Shoppers Drug Mart or Rexall); (ii) Dollarama, or (iii) any tenant who is leasing, or will be leasing at least ten thousand (10,000) square feet in the Shopping Centre.

34. **Successors** - All rights and liabilities herein granted to, or imposed upon the respective parties hereto, extend to and bind the successors and assigns of the Landlord and the heirs, executors, administrators and permitted successors and assigns of the Tenant, as the case may be. No rights, however, shall enure to the benefit of any assignee/sublessee of the Tenant unless the assignment to such assignee or the sublease to such sublessee as the case may be, has been consented to by the Landlord in writing as provided in Section 10 hereof or is a Permitted Transferee. If there is more than one Person as Tenant, they are all bound jointly and severally by the terms, covenants and conditions herein.

35. **Counterparts** - This Lease may be executed in any number of counterparts, each of which shall be deemed an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original or pdf format and the parties may adopt any signature received in pdf format as an original signature of that party.

36. **PAD** - Concurrent with the execution of this Agreement by the Tenant, the Tenant will execute and return to the Landlord that form of pre authorized debit agreement attached hereto as Schedule "D" signed by the Tenant along with the Tenant's blank cheque marked "VOID".

37. **Odours** - If the Landlord acting reasonably, determines that the Tenant is permitting odours to escape from the Premises which; are offensive to others; or which odours could constitute a breach of another tenant's right to quiet enjoyment; or constitute a nuisance; or if required by the appropriate authority; the Tenant at its cost shall supply and install an odour suppression system as required by the Landlord or the appropriate authority. The Tenant at its sole cost shall maintain, repair and replace the odour suppression system.

38. **Bolding and Strike Out** - Certain text in this Lease has been bolded and / or underlined and certain text has been deleted by way of a line through the applicable text. Such bolding, underlining and lines through the applicable text have been used to identify changes to Landlord's standard form of lease for the Shopping Centre to facilitate the internal administration of this Lease by the Landlord and Tenant. All bolded and / or underlined text will be read and interpreted as if not bolded and / or underlined and all text deleted by way of a line will be deemed not to exist.

39. **Offer to Lease**
The Tenant acknowledges that upon the execution of this Lease by both parties hereto, that offer to lease (the "Offer") dated February 14, 2020 between the Landlord and Tenant shall be *void ab initio* and therefore, of no effect.

40. **Security** - The Tenant will install as part of the Tenant's Work both exterior and interior security cameras. Additionally if line-ups of the Tenant's customers waiting to enter the Premises exceed more than five (5) people for longer than 10 minutes, the Tenant's at its sole cost the Tenant will retain the services of a security company acceptable to the Landlord acting reasonably to provide security and crowd control. Failure to provide such security and crowd control service is a material breach permitting the Landlord the right to terminate this Lease on five (5) days written notice to the Tenant. The Tenant will also be responsible for keeping the line-up area around the Premises clean and free of debris and free of snow and ice and to apply sand and / or salt when required to prevent slipping.

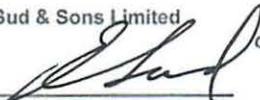
41. **Confidentiality** - The Landlord and Tenant each agrees to keep the terms of this Lease confidential (the "Confidential Information") and not disclose the terms to any person, except that either party may disclose Confidential Information to a trustee, a director, an officer or an employee, or its financial or legal advisors, its accountants, its real estate advisors or its lenders (each, a "Representative"), if such Representative has a need to know the terms of this deal for the purpose of evaluating the transaction, provided that such Representative is advised of the existence and substance of this confidentiality requirement. In any event, the Landlord and Tenant shall not permit and shall prohibit such Representative(s) to whom disclosure is made from disclosing or using any of the terms of this deal otherwise than as permitted herein or as agreed between the parties.

42. **Expropriation** – The Landlord and the Tenant shall co-operate with each other so that each may receive the maximum award to which it is entitled at law in the event of any expropriation or taking by any public body or statutory authority. All Rent shall be abated as of the date that the expropriating authority shall take possession of all or any portion of the Premises.

43. **Environmental Obligations** – The Tenant shall not, in any event, be required to perform or cause others to perform or pay for the cost of any environmental report, audit, enquiry, clean up, remediation, or like obligation or expense except to the extent required by the Tenant's breach (or a breach by those in law for whom the Tenant is responsible) of any applicable environmental laws.

IN WITNESS WHEREOF the parties hereto have hereunto respectively caused their corporate names to be written and attested by their duly authorized officers.

D. Sud & Sons Limited

 c/s

per: Elliott Sud
An authorized signing officer
I have the authority to bind this corporation

11819496 Canada Inc.

c/s

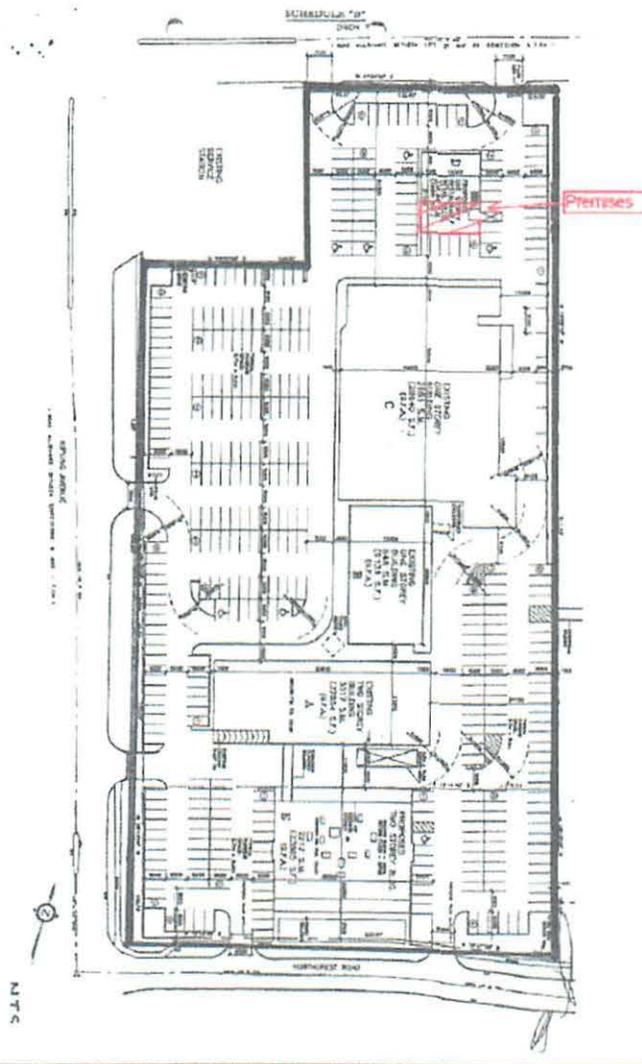


per:
An authorized signing officer
I have the authority to bind this corporation

Schedule "A-1"

Site Plan



The purpose of this plan is to identify the approximate location and configuration of the Shopping Centre. The Landlord reserves the right at any time to rearrange, expand, reduce, and / or alter the buildings, structures, common areas and ingress / egress of the Shopping Centre.

Handwritten signature

Handwritten signature

Schedule "B"

Indemnity

THIS AGREEMENT is made as of the 15th day of August, 2020

BETWEEN:

D. Sud and Sons Limited
(hereinafter called the "Landlord")

- and -

VQTCO Ltd.
(hereinafter called the "Indemnifier")

WHEREAS:

- A. By 'lease' (the "Lease") made as of the 15th day of August, 2020, between the Landlord and 11819496 Canada Inc. (the "Tenant"), the Landlord leased to the Tenant for and during a term (the "Term") of five (5) years upon the terms, covenants and conditions contained in the Lease, certain premises (the "Premises") designated as Unit D # 17 in that building municipally known as 1735 Kipling Avenue, Toronto, Ontario, which building is part of that plaza known as the Westway Plaza, 1723 – 1735 Kipling Avenue, Toronto, Ontario.
- B. In order to induce the Landlord to enter into the Lease, the sum of ten dollars is now paid by each party hereto to the other, (the receipt and sufficiency of which is hereby acknowledged), and for other good and valuable consideration, by this agreement (the "Indemnity") the Indemnifier hereby makes the following indemnity and agreement with and in favour of the Landlord and as outlined in this Indemnity.
1. The Indemnifier hereby agrees with the Landlord that at all times during that period, (the "Indemnity Period") commencing upon the execution of this Lease by all parties hereto, up to and including the last day of the fifth (5th) Rental Year of the Term the Indemnifier will: (a) make the due and punctual payment of all Rent, monies, charges and other amounts of any kind whatsoever payable under the Lease by the Tenant whether to the Landlord or otherwise and whether the Lease has been disaffirmed or disclaimed; (b) effect prompt and complete performance of all and singular the terms, covenants and conditions contained in the Lease on the part of the Tenant to be kept, observed and performed; and (c) indemnify and save harmless the Landlord from any loss, costs or damages arising out of any failure by the Tenant to pay the aforesaid Rent, monies, charges or other amounts due under the Lease or resulting from any failure by the Tenant to observe or perform any of the terms, covenants and conditions contained in the Lease. Notwithstanding the aforesaid, the Indemnifier specifically agrees that if a default of the Tenant occurs during the Indemnity Period (the "Indemnity Period Default") and such default is not remedied on or before the last day of the Indemnity Period, then the obligations of the Indemnifier pursuant to this Indemnity shall continue with regard to the Indemnity Period Default and to any other default arising thereafter up to the date that the Indemnity Period Default and all other subsequent defaults are remedied, notwithstanding that the Indemnity Period may subsequently have expired.
 2. This Indemnity is absolute and unconditional and the obligations of the Indemnifier shall not be released, discharged, mitigated, impaired or affected by: (a) any extension of time, indulgence or modification which the Landlord extends to or makes with the Tenant in respect of the performance of any of the obligations of the Tenant under the Lease; (b) any waiver by or failure of the Landlord to enforce any of the terms, covenants and conditions contained in the Lease; (c) any assignment of the Lease by the Tenant or by any trustee, receiver or liquidator; (d) any consent which the Landlord gives to any such assignment or subletting; (e) any amendment to the Lease or any waiver by the Tenant of any of its rights under the Lease; or (f) the earlier termination of the Term.
 - 3.(a) The Indemnifier hereby expressly waives notice of the acceptance of this Indemnity and all notice of non-performance, non-payment or non-observance on the part of the Tenant of the terms, covenants and conditions contained in the Lease. Without limiting the generality of the foregoing, any notice which the Landlord desires to give to the Indemnifier shall be sufficiently given if delivered in person to the Indemnifier or if mailed by prepaid registered or certified post addressed to the Indemnifier at the Premises or at the address shown in Section 3(b) below, and every such notice is deemed to have been given upon the day it was so delivered in person, or if mailed, seventy-two (72) hours after it was mailed. The Indemnifier may designate by notice in writing a substitute address for that set forth below and thereafter notices shall be directed to such substitute address. If two or more Persons are named as Indemnifiers, any notice given hereunder or under the Lease shall be sufficiently given if delivered or mailed in the foregoing manner to any one of such Persons.

- (b) The Indemnifier agrees that its corporate address is as follows:

VQTCO Ltd.
2722 Parkdale Boulevard NW
Calgary, Alberta
T2N 3S7

The Indemnifier further agrees to advise the Landlord of any change in its corporate address within ten (10) days of such change.

4. In the event of a default under the Lease or under this Indemnity, the Indemnifier waives any right to require the Landlord to: (a) proceed against the Tenant or pursue any rights or remedies against the Tenant with respect to the Lease; (b) proceed against or exhaust any security of the Tenant held by the Landlord; or (c) pursue any other remedy whatsoever in the Landlord's power. The Landlord has the right to enforce this Indemnity regardless of the acceptance of additional security from the Tenant or Tenant and regardless of any release or discharge of the Tenant and/or the Tenant by the Landlord or by others or by operation of any law.
5. Without limiting the generality of the foregoing, the liability of the Indemnifier under this Indemnity during the Indemnity Period is not and is not deemed to have been waived, released, discharged, impaired or affected by the release or discharge of the Tenant in any receivership, bankruptcy, winding-up or other creditors' proceedings or the rejection, disaffirmance or disclaimer of the Lease in any proceeding and shall continue with respect to the periods prior thereto and thereafter, for and with respect to the Term as if the Lease had not been disaffirmed or disclaimed, ~~and in furtherance hereof, the Indemnifier agrees, upon any such disaffirmance or disclaimer, that the Indemnifier shall, at the option of the Landlord, become the subtenant of the Landlord upon the same terms and conditions as are contained in the Lease, applied mutatis mutandis.~~ The liability of the Indemnifier shall not be affected by any repossession of the Premises by the Landlord, provided, however, that the net payments received by the Landlord after deducting all costs and expenses of repossessing and reletting the Premises shall be credited from time to time by the Landlord against the indebtedness of the Indemnifier hereunder and the Indemnifier shall pay any balance owing to the Landlord from time to time immediately upon demand.
6. Intentionally deleted.
7. No action or proceedings brought or instituted under this Indemnity and no recovery in pursuance thereof shall be a bar or defence to any further action or proceeding which may be brought under this Indemnity by reason of any further default hereunder or in the performance and observance of the terms, covenants and conditions contained in the Lease.
8. The Indemnifier and the Landlord acknowledge and agree that this Indemnity constitutes the entire agreement between them, and that the indemnity agreement dated February 7, 2020 is hereby replaced and superseded by this Indemnity.
9. No modification of this Indemnity shall be effective unless the same is in writing and is executed by the Indemnifier and the Landlord.
10. The Indemnifier shall, without limiting the generality of the foregoing, be bound by this Indemnity in the same manner as though the Indemnifier was the Tenant named in the Lease.
11. If two or more individuals, corporations, partnerships or other business associations (or any combinations of two or more thereof) execute this Indemnity as Indemnifier, the liability of each such individual, corporation, partnership or other business association hereunder is joint and several. In like manner, if the Indemnifiers named in this Indemnity are a partnership or other business association, the members of which are by virtue of statutory or general law, subject to personal liability, the liability of each such member is joint and several.
12. All of the terms, covenants and conditions of this Indemnity extend to and are binding upon the Indemnifier, his or its heirs, executors, administrators, successors and assigns, as the case may be, and enure to the benefit of and may be enforced by the Landlord, its successors and assigns, as the case may be, and any mortgagee, chargee, trustee under a deed of trust or other encumbrancer of all or any part of the Shopping Centre referred to in the Lease.
13. The expressions and other terms where used in this Indemnity have the same meaning as in the Lease.
14. This Indemnity shall be construed in accordance with the laws of the Province of Ontario.
15. The Indemnifier acknowledges that the Landlord has strongly recommended that the Indemnifier obtain independent legal advice with regard to its obligations pursuant to this Indemnity prior to the Indemnifier's execution of this Indemnity. The Indemnifier represents and acknowledges the Landlord's reliance thereon that the Indemnifier has obtained independent legal advice and has executed this Indemnity in accordance with the Indemnifier's own will and without influence from the other party.
16. This Indemnity may be executed in any number of counterparts, each of which shall be deemed an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original or pdf format and the parties may adopt any signature received in pdf format as an original signature of that party.

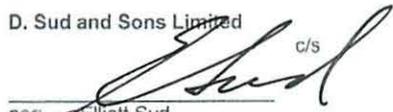



17. Wherever in this Indemnity reference is made to either the Landlord or the Tenant, the reference is deemed to apply also to the respective heirs, executors, administrators, successors and assigns and permitted assigns, respectively, of the Landlord and the Tenant, as the case may be, named in the Lease. Any assignment by the Landlord of any of its interests in the Lease operates automatically as an assignment to such assignee of the benefit of this Indemnity.

IN WITNESS WHEREOF the Landlord and the Indemnifier have signed and sealed this Indemnity.

D. Sud and Sons Limited

c/s



per: Elliott Sud
title: President

I have the authority to bind this corporation

VQTCO Ltd.

c/s



per:
An authorized signing officer

I have the authority to bind this corporation



Schedule "C"

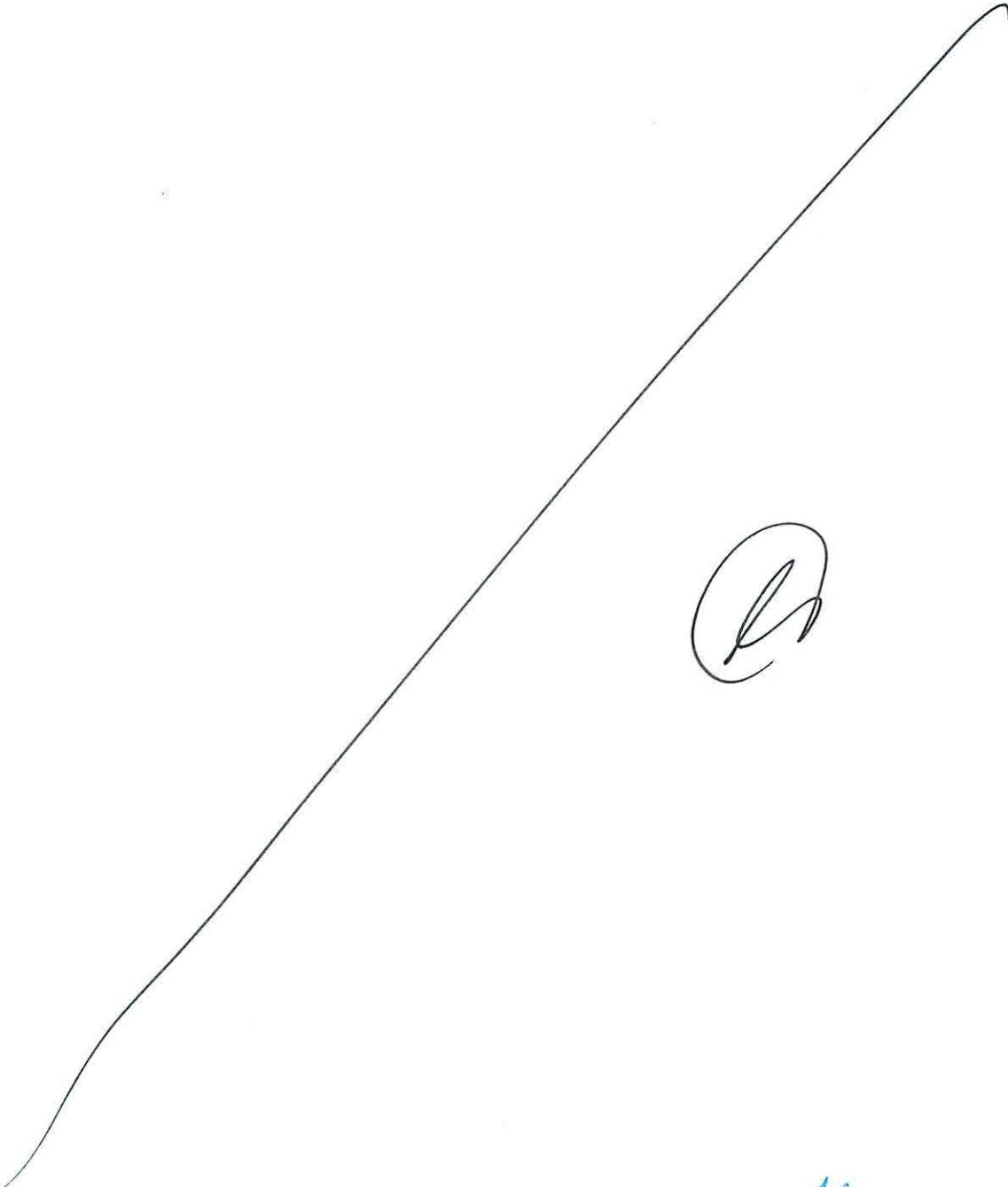
Restrictive Covenant

The Tenant agrees that it cannot carry on or provide any of the following:

1. A medical laboratory or medical clinic.
2. X – ray and radiology services (except as such services are done in the normal operation of the operation of a dental practice).
3. The service of any of the following: chiropractic, chiropody, physiotherapy, psychotherapy, naturopathy, osteopathy, acupuncture and/or massage.
4. The service of a dentist or dental surgeon or any specialty dental service.
5. The principal business is that of a cheque cashing and/or payday advance.
6. A hair salon serving only women or a uni-sex hair salon.
7. The service of any of the following: hair cutting, shampooing, hair conditioning and colouring, perms and relaxing, manicures and pedicures.
8. The service of any of the following: skin treatments, microdermabrasion, peels, acne treatments, skin rejuvenation, photo facials, facials, oxygen facials, hair removal, laser vein removal, electrolysis, permanent make-up, tattoos, pigmentation removal, lashes, botox and filler injectables, micro needling;
9. The Tenant further agrees that the Landlord has entered into a restrictive agreement with that company that as of the date of this Lease carries on business as Shoppers Drug Mart. Therefore the Tenant will not provide or offer for sale, or carry on business any of the following:
 - (a) The operation of a store in excess of eleven thousand (11,000) square feet which sells general merchandise at one or more price points such as, by way of example, stores operating under the names "Everything for a Dollar", "Dollar Plus", "Dollar Depot", "Looney Bin" or "Dollarama";
 - (b) The operation of a convenience store, variety store or jug milk store;
 - (c) The sale of photofinishing services, including self-serve kiosks for the developing of photographs from digital images;
 - (d) The operation of a retail postal outlet;
 - (e) The operation of a store whose principal business is the sale of health and beauty aids;
 - (f) The operation of a store whose principal business is the sale of greeting cards and/or stationery;
 - (g) The operation of a store whose principal business is the sale of beauty products similar to those operated under the trade name "The Body Shop" or any other kind of cosmetics store;
 - (h) The operation of a store whose principal business is the sale of fragrances (such as perfumes and colognes) and/or perfumed bath and/or body products;
 - (i) The operation of a store whose principal business is the sale of home health care and convalescent products;
 - (j) The operation of a health or organic food store or store whose principal business is the sale of organic foods and/or vitamins and nutraceuticals and/or health food supplements, including without limitation, stores similar to those operated under the trade names "GNC", "Noah's Natural Foods" or "Planet Organic";
 - (k) The operation of a telecommunications, telephone, automated or electronic system (including without limitation, internet communication systems), whether located in a kiosk, booth, store or any other facility, whereby a customer can communicate with a third party (no matter where such third party is located) to have prescriptions filled, to order medical supplies and/or non-prescription drugs or to ask questions or receive information respecting medications, prescriptions or non-prescription drugs;
 - (l) For the operation of a store whose business is comprised of any two (2) or more of the types of businesses of the stores or outlets described in subparagraphs (i) to (xii) of this paragraph;
 - (m) For the sale, dispensing or distribution of any items of merchandise requiring the approval or supervision of a registered or licensed pharmacist.

- 10. The sale of Chinese food, Thai food, Mexican food, submarine sandwiches (being a sandwich made with a bread roll of four (4") inches or larger), hamburgers or any other food with a meat patty; and/or French Fries.
- 11. Espresso and/or espresso based coffees or any brand name coffee. Additionally the sale of coffee shall not exceed ten percent (10%) of the Tenant's monthly sales, (and upon written request the Tenant will provide the Landlord with sufficient information in order for the Landlord to determine if the Tenant is in compliance with this ten percent cap).
- 12. ~~The sale of cannabis in any form or products derived from cannabis.~~

The Tenant acknowledges that by not specifying a business in Section 1.(h)(ii) or Schedule "C" the Landlord does not consent to nor permit the Tenant to expand its permitted use from its Permitted Use. The Tenant further acknowledges that by specifying a business in this Schedule "C" does not mean that the Landlord has obtained a tenant to carry on such business



A circular stamp or mark containing a stylized signature or initials.

Handwritten signature in blue ink.

SCHEDULE "D"

Payor's Authorization for Pre-Authorized Debits (PADs) for Business

Date: _____.

1. Payee's name and Address:
D. Sud & Sons Limited
 The Sud Building, 15 Hove Street, Suite 222, Toronto, Ontario, M3H 4Y8
 Phone: 416-638-9222 Fax: 416-638-9424
 Email: controller@sudgroup.com

2. Payor's Name and Address:
11819496 Canada Inc.

In this Agreement, "we", "us" and "our" refer to the Payor and its successors and permitted assigns. We warrant and represent that the following information is true and accurate.

Type of Service for PAD (Please select one): Personal _____ Business X

Company Name (the "Payor"):	11819496 Canada Inc.
Address:	
Telephone:	
Fax:	
Leased Premises:	
Contact Person:	
Contact Telephone & Email:	

The account that the Payee is authorized to draw upon is indicated below.

We have attached to this Payor authorization (the "Authorization") a **specimen cheque for this account marked "VOID"**.

We will inform the Payee of any change in the information provided in this section of the Authorization prior to the next due date of the Pre-authorized Debit ("PAD"), as defined in Canadian Payments Association ("CPA") Rule H1.

Financial Institution (the "Processing Member"):	
Address:	
Accountholder Name (if different than Payor)	
Bank Transit & Account Number:	

3. We acknowledge that the Authorization is provided for the benefit of the Payee and the Processing Member and is provided in consideration of the Processing Member agreeing to process debits against our account, as listed above (the "Account"), in accordance with the Rules of the CPA.
4. We may cancel the Authorization at any time upon written notice being provided by us, with proper authorization to verify the identity of the Payor, within 30 days before the next PAD is to be issued. We acknowledge that, in order to revoke the Authorization, we must provide written notice of revocation to the Payee.
5. We acknowledge that revocation of the Authorization does not terminate the lease herein described, or relieve us of our obligation to pay all amounts owing to the Payee by a method of payment that is satisfactory to the Payee. We acknowledge that the Authorization applies only to the method of payment and does not otherwise affect our contractual payment obligations.
6. We acknowledge that the provision and delivery of the Authorization to the Payee constitutes delivery by us to the Processing Member. Any delivery of the Authorization to the Payee constitutes delivery by us.



FINAL FORM Lease dated the 16th day of August, 2020
 Westway Plaza, Etobicoke, Ontario
 11819496 Canada Inc.



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7. We authorize the Payee to debit the Account for any and all payments and fees due monthly under the lease herein described when each such payment and/or fee is due.
8. We acknowledge that the Authorization, unless previously revoked, shall also apply to any renewal/ extension of the Lease agreement/s thereof.
9. We acknowledge that the Processing Member is not required to verify that a PAD has been issued in accordance with the particulars of the Authorization including, but not limited to, the amount, or that any purpose of payment for which the PAD was issued has been fulfilled by the Payee as a condition to honoring a PAD issued or caused to be issued by the Payee on the Account.
10. We agree that the information contained in the Authorization may be disclosed to the _____ as required to complete any PAD transaction.
11. This Authorization will be effective as of the date first above written.

11819496 Canada Inc.
(the "Payor")



per: ROBERT KWAK
title: PRESIDENT
I have the authority to bind this company



FINAL FORM Lease dated the 15th day of August, 2020
Westway Plaza, Etobicoke, Ontario
11819496 Canada Inc.

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Schedule "E"

Operating Costs

Notwithstanding anything to the contrary in this Lease, Operating Costs shall exclude:

1. capital costs and expenditures determined in accordance with generally accepted accounting principles, except to the extent that such costs are amortized on a straight-line basis over the useful life of the capital item, with the annual amortized amount plus a reasonable interest component thereon being included in Operating Costs;
2. the cost of acquiring, constructing, expanding or altering the Shopping Centre, any costs or expense incurred in constructing or altering the Shopping Centre for, or in installing any improvements within the Shopping Centre for other tenants, or for services, utilities or materials for the sole use and benefit and solely attributable to the account of other tenants or occupants of the Shopping Centre;
3. the costs of correcting structural defects and latent defects in the Landlord's Work and the cost of correcting inherent structural defects or weaknesses relating to the initial construction of the buildings in the Shopping Centre or initial maladjustment in operating equipment and systems in the Shopping Centre, all to the extent covered by warranty;
4. the cost of all work to the Shopping Centre made necessary by non-compliance at the time of construction of the improvements with any laws, regulations, by-laws, ordinances or orders of the applicable municipal, regional, provincial or federal governing authority in that regard;
5. the cost of structural repairs to the roof, foundations, sub floor and outer support walls of the building or buildings comprising the Shopping Centre;
6. net proceeds of insurance received by the Landlord from its insurers, to the extent that the proceeds relate to costs previously included in Operating Costs;
7. any loss or damage to the Shopping Centre or any personal injury for which the Landlord is or ought to have been insured under this Lease to the extent of insurance proceeds actually recovered or received by the Landlord, or which would have been recovered or received had the Landlord maintained the insurance required hereunder;
8. recoveries from warranties to the extent that the repair costs in respect of the work covered by the warranty is or have been included in Operating Costs;
9. costs arising from or occasioned by the negligence or willful misconduct of the Landlord or those for whom the Landlord is in law responsible;
10. costs incurred as a result of any negligence or willful misconduct of, and any amounts directly chargeable or attributable to, or owed by, other tenants in the Shopping Centre;
11. all costs and expenses relating to any repair, closure, detoxification, decontamination or other clean up or remediation of any environmental matter in the Shopping Centre not attributable to the Tenant, its agents, employees, contractors, invitees or those for whom the Tenant is at law responsible;
12. income, franchise, corporation or other taxes personal to the Landlord, and any business taxes relating exclusively to those parts of the Shopping Centre other than the Leased Premises;
13. payment of principal and interest under any mortgage, financing or capital retirement of debt, other than a reasonable amount on account of interest applicable to any amortized cost;
14. ground rentals;
15. the amount of any HST paid by the Landlord on any purchases of goods or services included in Operating Costs;
16. costs incurred in leasing premises in the Shopping Centre to other tenants; and
17. tenant improvements, tenant allowances and leasing commissions.

Indemnity

THIS AGREEMENT is made as of the 15th day of August, 2020

BETWEEN:

D. Sud and Sons Limited
(hereinafter called the "Landlord")

- and -

VQTCO Ltd.
(hereinafter called the "Indemnifier")

WHEREAS:

- A. By 'lease' (the "Lease") made as of the 15th day of August, 2020, between the Landlord and 11819496 Canada Inc. (the "Tenant"), the Landlord leased to the Tenant for and during a term (the "Term") of five (5) years upon the terms, covenants and conditions contained in the Lease, certain premises (the "Premises") designated as Unit D # 17 in that building municipally known as 1735 Kipling Avenue, Toronto, Ontario, which building is part of that plaza known as the Westway Plaza, 1723 – 1735 Kipling Avenue, Toronto, Ontario.
- B. In order to induce the Landlord to enter into the Lease, the sum of ten dollars is now paid by each party hereto to the other, (the receipt and sufficiency of which is hereby acknowledged), and for other good and valuable consideration, by this agreement (the "Indemnity") the Indemnifier hereby makes the following indemnity and agreement with and in favour of the Landlord and as outlined in this Indemnity.
1. The Indemnifier hereby agrees with the Landlord that at all times during that period, (the "Indemnity Period") commencing upon the execution of this Lease by all parties hereto, up to and including the last day of the fifth (5th) Rental Year of the Term the Indemnifier will: (a) make the due and punctual payment of all Rent, monies, charges and other amounts of any kind whatsoever payable under the Lease by the Tenant whether to the Landlord or otherwise and whether the Lease has been disaffirmed or disclaimed; (b) effect prompt and complete performance of all and singular the terms, covenants and conditions contained in the Lease on the part of the Tenant to be kept, observed and performed; and (c) indemnify and save harmless the Landlord from any loss, costs or damages arising out of any failure by the Tenant to pay the aforesaid Rent, monies, charges or other amounts due under the Lease or resulting from any failure by the Tenant to observe or perform any of the terms, covenants and conditions contained in the Lease. Notwithstanding the aforesaid, the Indemnifier specifically agrees that if a default of the Tenant occurs during the Indemnity Period (the "Indemnity Period Default") and such default is not remedied on or before the last day of the Indemnity Period, then the obligations of the Indemnifier pursuant to this Indemnity shall continue with regard to the Indemnity Period Default and to any other default arising thereafter up to the date that the Indemnity Period Default and all other subsequent defaults are remedied, notwithstanding that the Indemnity Period may subsequently have expired.
 2. This Indemnity is absolute and unconditional and the obligations of the Indemnifier shall not be released, discharged, mitigated, impaired or affected by: (a) any extension of time, indulgence or modification which the Landlord extends to or makes with the Tenant in respect of the performance of any of the obligations of the Tenant under the Lease; (b) any waiver by or failure of the Landlord to enforce any of the terms, covenants and conditions contained in the Lease; (c) any assignment of the Lease by the Tenant or by any trustee, receiver or liquidator; (d) any consent which the Landlord gives to any such assignment or subletting; (e) any amendment to the Lease or any waiver by the Tenant of any of its rights under the Lease; or (f) the earlier termination of the Term.
 - 3.(a) The Indemnifier hereby expressly waives notice of the acceptance of this Indemnity and all notice of non-performance, non-payment or non-observance on the part of the Tenant of the terms, covenants


 Indemnity dated August 15, 2020
 D. Sud & Sons Limited and VQTCO Ltd



and conditions contained in the Lease. Without limiting the generality of the foregoing, any notice which the Landlord desires to give to the Indemnifier shall be sufficiently given if delivered in person to the Indemnifier or if mailed by prepaid registered or certified post addressed to the Indemnifier at the Premises or at the address shown in Section 3(b) below, and every such notice is deemed to have been given upon the day it was so delivered in person, or if mailed, seventy-two (72) hours after it was mailed. The Indemnifier may designate by notice in writing a substitute address for that set forth below and thereafter notices shall be directed to such substitute address. If two or more Persons are named as Indemnifiers, any notice given hereunder or under the Lease shall be sufficiently given if delivered or mailed in the foregoing manner to any one of such Persons.

(b) The Indemnifier agrees that its corporate address is as follows:

VQTCO Ltd.
2722 Parkdale Boulevard NW
Calgary, Alberta
T2N 3S7

The Indemnifier further agrees to advise the Landlord of any change in its corporate address within ten (10) days of such change.

4. In the event of a default under the Lease or under this Indemnity, the Indemnifier waives any right to require the Landlord to: (a) proceed against the Tenant or pursue any rights or remedies against the Tenant with respect to the Lease; (b) proceed against or exhaust any security of the Tenant held by the Landlord; or (c) pursue any other remedy whatsoever in the Landlord's power. The Landlord has the right to enforce this Indemnity regardless of the acceptance of additional security from the Tenant or Tenant and regardless of any release or discharge of the Tenant and/or the Tenant by the Landlord or by others or by operation of any law.

5. Without limiting the generality of the foregoing, the liability of the Indemnifier under this Indemnity during the Indemnity Period is not and is not deemed to have been waived, released, discharged, impaired or affected by reason of the release or discharge of the Tenant in any receivership, bankruptcy, winding-up or other creditors' proceedings or the rejection, disaffirmance or disclaimer of the Lease in any proceeding and shall continue with respect to the periods prior thereto and thereafter, for and with respect to the Term as if the Lease had not been disaffirmed or disclaimed, ~~and in furtherance hereof, the Indemnifier agrees, upon any such disaffirmance or disclaimer, that the Indemnifier shall, at the option of the Landlord, become the subtenant of the Landlord upon the same terms and conditions as are contained in the Lease, applied mutatis mutandis.~~ The liability of the Indemnifier shall not be affected by any repossession of the Premises by the Landlord, provided, however, that the net payments received by the Landlord after deducting all costs and expenses of repossessing and reletting the Premises shall be credited from time to time by the Landlord against the indebtedness of the Indemnifier hereunder and the Indemnifier shall pay any balance owing to the Landlord from time to time immediately upon demand.

6. Intentionally deleted.

7. No action or proceedings brought or instituted under this Indemnity and no recovery in pursuance thereof shall be a bar or defence to any further action or proceeding which may be brought under this Indemnity by reason of any further default hereunder or in the performance and observance of the terms, covenants and conditions contained in the Lease.

8. The Indemnifier and the Landlord acknowledge and agree that this Indemnity constitutes the entire agreement between them, and that the indemnity agreement dated February 7, 2020 is hereby replaced and superseded by this Indemnity.

9. No modification of this Indemnity shall be effective unless the same is in writing and is executed by the Indemnifier and the Landlord.

  
Indemnity dated August 15, 2020
D. Sud & Sons Limited and VQTCO Ltd.

10. The Indemnifier shall, without limiting the generality of the foregoing, be bound by this Indemnity in the same manner as though the Indemnifier was the Tenant named in the Lease.

11. If two or more individuals, corporations, partnerships or other business associations (or any combinations of two or more thereof) execute this Indemnity as Indemnifier, the liability of each such individual, corporation, partnership or other business association hereunder is joint and several. In like manner, if the Indemnifiers named in this Indemnity are a partnership or other business association, the members of which are by virtue of statutory or general law, subject to personal liability, the liability of each such member is joint and several.

12. All of the terms, covenants and conditions of this Indemnity extend to and are binding upon the Indemnifier, his or its heirs, executors, administrators, successors and assigns, as the case may be, and enure to the benefit of and may be enforced by the Landlord, its successors and assigns, as the case may be, and any mortgagee, chargee, trustee under a deed of trust or other encumbrancer of all or any part of the Shopping Centre referred to in the Lease.

13. The expressions and other terms where used in this Indemnity have the same meaning as in the Lease.

14. This Indemnity shall be construed in accordance with the laws of the Province of Ontario.

15. The Indemnifier acknowledges that the Landlord has strongly recommended that the Indemnifier obtain independent legal advice with regard to its obligations pursuant to this Indemnity prior to the Indemnifier's execution of this Indemnity. The Indemnifier represents and acknowledges the Landlord's reliance thereon that the Indemnifier has obtained independent legal advice and has executed this Indemnity in accordance with the Indemnifier's own will and without influence from the other party.

16. This Indemnity may be executed in any number of counterparts, each of which shall be deemed an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original or pdf format and the parties may adopt any signature received in pdf format as an original signature of that party.

17. Wherever in this Indemnity reference is made to either the Landlord or the Tenant, the reference is deemed to apply also to the respective heirs, executors, administrators, successors and assigns and permitted assigns, respectively, of the Landlord and the Tenant, as the case may be, named in the Lease. Any assignment by the Landlord of any of its interests in the Lease operates automatically as an assignment to such assignee of the benefit of this Indemnity.

IN WITNESS WHEREOF the Landlord and the Indemnifier have signed and sealed this Indemnity.

D. Sud and Sons Limited


per: Elliott Sud
title: President

I have the authority to bind this corporation

VQTCO Ltd.


per: An authorized signing officer

I have the authority to bind this corporation

c/s


Indemnity dated August 15, 2020
D. Sud & Sons Limited and VQTCO Ltd



Execution Counterpart

LEASE

**SHEMESH INVESTMENTS INC.
LANDLORD**

**11819496 CANADA INC.
TENANT**

**VQTCO LTD.
INDEMNIFIER**

DATED THE 1ST DAY OF JUNE, 2020.

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THIS LEASE made the 1st day of June, 2020 (the "**Effective Date**")

AMONG:

SHEMESH INVESTMENTS INC. (the "**Landlord**")

AND:

11819496 CANADA INC. (the "**Tenant**")

AND:

VQTCO LTD. (the "**Indemnifier**")

Landlord and Tenant do hereby covenant and agree as follows:

ARTICLE 1 DEFINITIONS

1.1 Definitions

The Landlord and the Tenant hereby agree that in this Lease the following words or phrases shall, unless there is something in the context inconsistent therewith, have the meanings hereinafter set out:

- (a) "**Additional Rent**" means:
 - (i) to the extent such are not paid directly by the Tenant, the Utility Costs and Tenant's Taxes,
 - (ii) the Tenant's Proportionate Share of the Operating Costs, and
 - (iii) all other sums which may be payable to the Landlord hereunder or reimbursable to the Landlord hereunder, including, without limitation, all interest and penalties payable by the Tenant hereunder, whether or not such sums are referred to as Rent or Additional Rent or otherwise, except that Additional Rent shall not include the Basic Rent;
- (b) "**Administration Fee**" means an amount equal to 5% of all expenditures made as Operating Costs per annum;
- (c) "**Additional Service**" means those services provided to the Tenant by the Landlord, on request or by arranged schedule, as additional services at the Tenant's cost;
- (d) "**Additional Service Cost**" means the additional amount identified as such in this Lease or payable by the Tenant to the Landlord for any Additional Service;
- (e) "**AGCO**" means Alcohol and Gaming Commission of Ontario;
- (f) "**Architect**" means the licensed architect, engineer, surveyor, or other qualified professional from time to time named by the Landlord;
- (g) "**Basic Rent**" means the rent payable by the Tenant to the Landlord pursuant to Article 6;
- (h) "**BOMA**" means the Building Owners and Managers Association International;

- (i) "**BOMA Standard**" means the BOMA measurement standards which are described in the American National Standard ANSI Z65.1-1996, provided that the Landlord shall be entitled at any time, but without retroactive effect, to apply a more recent BOMA standard;
- (j) "**Building**" means the building and all other fixed improvements situated at any time on the Lands;
- (k) "**Change of Control**" means, in the case of any corporation or partnership, the transfer or issue by sale, assignment, subscription, transmission on death, mortgage, charge, security interest, operation of law or otherwise, of any shares, voting rights or interest which would result in any change in the effective control of such corporation or partnership, unless such change occurs as a result of trading in the shares of a public corporation listed on a recognized stock exchange in Canada or the United States;
- (l) "**Commencement Date**" means the date specified as such in the Lease Summary;
- (m) "**Common Elements**" has the meaning specified in Section 17.10 of this Lease;
- (n) "**Common Use Equipment**" means all mechanical, plumbing, electrical and heating, ventilation and air conditioning equipment, pipes, ducts, wiring, machinery and equipment and other integral services, utility connections and the like providing services to the Building, including, without limitation, the HVAC System, but excluding any of the foregoing providing services exclusively in or to the Premises or any premises of other tenants;
- (o) "**Deposit**" means the deposit specified in the Lease Summary, plus any additional deposit funds provided for in Section 6.2;
- (p) "**Development**" means the Lands and the Building;
- (q) "**Environmental Laws**" means all statutes, laws, ordinances, codes, rules, regulations, orders, notices, guidelines, guidance notes, policies and directives, now or at any time hereafter in effect, made or issued by any local, municipal, provincial or federal government, or by any department, agency, board or office thereof, or by any board of fire insurance underwriters or any other agency or source whatsoever, regulating, relating to or imposing liability or standards of conduct concerning the natural or human environment (including air, land, surface water, groundwater and real and personal, moveable and immoveable property) (collectively, an "**Authority**"), public or occupational health and safety and the manufacture, importation, handling, use, reuse, recycling, transportation, storage, disposal, elimination and treatment of a substance, hazardous or otherwise;
- (r) "**Event of Default**" has the meaning specified in Article 14 of the Lease;
- (s) "**Expiry Date**" means the date specified in the Lease Summary;
- (t) "**Expropriation**" means the seizure, taking or condemnation of the whole or a material portion of the Premises, or the whole or a material portion of the Common Elements, by any Governmental Authority under an exercise or right of its statutory power or through due process of law, so as to render the Premises unfit for the Tenant's use of the Premises as set out in the Lease Summary, as determined by the Landlord acting reasonably;
- (u) "**Extension Term**" has the meaning specified in Schedule "C" annexed hereto;
- (v) "**Fixturing Period**" means the number of days, if any, specified in the Lease Summary allowed for the Tenant to perform its fixturing of the Premises after the Landlord has delivered the Premises to it for such purpose, in accordance with Article 5.2;
- (w) Intentionally Omitted;

- (x) **"Governmental Authority"** means the government of Canada and any province or territory or political subdivision thereof, whether federal, provincial or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, quasi-judicial, taxing, regulatory or administrative powers or functions of or pertaining to government;
- (y) **"Hazardous Substance"** means any solid, liquid, gas, sound, vibration, ray, heat, radiation, odour, or any other substance or thing or mixture of them which alone, or in combination, or in certain concentrations, is or are flammable, corrosive, reactive or toxic or which might degrade or alter (or form part of the process thereof) the quality of the environment or cause adverse effects or be deemed detrimental to living things or to the environment or which is or are likely to affect the life, health, safety, welfare or comfort of human beings or animals or cause damage to or otherwise impair the quality of soil, vegetation, wildlife or property, including, but not limited to: bio-medical waste; any radioactive materials; explosives; mould, mildew, mycotoxins or microbial growths; urea formaldehyde; asbestos; polychlorinated biphenyl; pesticides or any other substances declared to be hazardous or toxic under any Environmental Laws or any other substance the removal, manufacture, preparation, generation, use, maintenance, storage, transfer, handling or ownership of which is subject to Environmental Laws;
- (z) **"HST"** means the Harmonized Sales Tax;
- (aa) **"HVAC"** or **"HVAC System"** means all machinery and equipment providing heating, ventilating and air conditioning to the Building;
- (bb) **"HVAC Costs"** means all costs, charges and expenses, without duplication, in any fiscal year for the operation, repair, replacement and maintenance of the systems for heating, ventilating, and air conditioning the Development as established by Landlord, from time to time, on a fair and equitable basis which reflects load and hours of operation;
- (cc) **"Indemnity Agreement"** means the indemnity attached to this Lease as Schedule "I";
- (dd) **"Indemnifier"** means the Person named as Indemnifier in the Indemnity Agreement and who has executed or agreed to execute the Indemnity Agreement;
- (ee) **"Insurance Costs"** means all premiums and other amounts which the Landlord may expend in effecting or maintaining insurance coverage under the provisions of this Lease;
- (ff) **"Lands"** or **"Land"** means the lands described in Schedule "B" attached hereto, as they may be altered, expanded or reduced from time to time;
- (gg) **"Landlord's Parties"** means the Landlord's employees, invitees, licensees, agents, and contractors;
- (hh) **"Landlord's Units"** means the aggregate of all units owned by Landlord in the Condominium (as hereinafter defined); it being agreed that, as of the date hereof, Landlord only owns units 101 and 102 in the Condominium;
- (ii) **"Landlord's Work"** has the meaning specified in Schedule "E" annexed hereto;
- (jj) **"Lease"** means this Lease, together with the Lease Summary and all Schedules attached hereto, and as amended from time to time;
- (kk) **"Leasehold Improvements"** means all fixtures, improvements, installations, alterations, repairs, works, replacements, changes and additions (including the delivery, storage and removal of materials for any of the foregoing) from time to time made, erected or installed by or on behalf of the Tenant or any former occupant in the Premises, including internal stairways, doors, hardware, security equipment, partitions (including moveable partitions), any connection of apparatus to the electrical system (other than a connection to an existing duplex receptacle), to the plumbing lines, to the HVAC System, the sprinkler system or any

installation of electrical sub-meters, and wall-to-wall carpeting with the exception of such carpeting where laid over vinyl, tile, or other finished floor and removable without damage to such floor, but excluding Hazardous Substances and trade fixtures, window coverings, and furniture and equipment not of the nature of fixtures;

- (ll) "**Lease Summary**" means the Lease Summary pursuant to Article 2 of this Lease;
- (mm) "**Lien**" means any builders', construction and other similar lien (including those contemplated by the *Construction Act* (Ontario) as amended, or enacted or replaced from time to time), mechanics' or garagemans' lien, solicitors' lien, and any mortgage, writ of execution or attachment, charge, security interest (including "fixtures notice" contemplated by the *Personal Property Security Act* (Ontario) as amended, re enacted or replaced from time to time), pledge, deed of trust, encumbrance, financial lien of any kind (including any mortgage), mortgage by way of sublease, charge, option, tax lien, statutory lien, debenture, trust agreement, charge or encumbrance of any kind whatsoever;
- (nn) "**Mortgages**" means all mortgages, debentures, deeds of trust, and mortgages securing bonds and all instruments and indentures supplemental thereto which may now or hereafter charge the Land and Premises, and all renewals, modifications, consolidations, replacements, and extensions thereof;
- (oo) "**Mortgagee(s)**" means any and all existing, proposed or future mortgagees, debenture-holders, and trustees on behalf of mortgagees holding any Mortgages;
- (pp) "**Operating Costs**" means all expenses and costs of every kind, without duplication, and whether externally disbursed or internally incurred, by or on behalf of Landlord in connection with the insuring, repair, operation, management and maintenance of all or any portion of the Premises and, without restricting the generality of the foregoing, shall include:
 - (i) All Common Expenses (as hereinafter defined), other expenses and payments (including, without limitation, special assessments) which are levied, charged or assessed against the Landlord or the Premises by the Corporation (as hereinafter defined) or otherwise levied, charged or assessed against the Landlord or the Premises by reason of the Premises being a unit within the Condominium (as hereinafter defined);
 - (ii) the Taxes, Insurance Costs and HVAC Costs;
 - (iii) all charges for water, gas, electricity, and other utilities and services used on or in respect of any part of the Land and the Building and all fittings, machines, apparatus, meters, and any other thing leased in respect thereof, and all work and services performed by any corporation, authority, or commission in connection with such utilities, but excluding Utility Costs to the extent paid for directly by the Tenant to the appropriate service provider;
 - (iv) repairs, replacement and maintenance of all or any portion of the Premises, provided that any such costs that are Capital Expenditures (as hereinafter defined) shall be amortized as per inclusion (v), below;
 - (v) capital improvements required pursuant to any governmental law or regulation or all other capital improvements deemed necessary by the Landlord for periodic repair or replacements, all amortized over the useful life of the improvements as determined by the Landlord in accordance with sound accounting principles consistently applied in the commercial real estate industry in Ontario ("**Capital Expenditures**") and interest on the unamortized balance of such costs, calculated monthly, at an annual rate equal to 3% above the Prime Rate in effect on the first day of each Operating Year;
 - (vi) all costs incurred in relation to the preparation for, or the event of, any real or perceived health and/or safety emergency, including, without limitation, the costs of purchasing and maintaining

equipment, reasonable inventories of emergency supplies and any increased or additional costs, including for personnel and supplies, relating to the implementation of security, screening and/or sanitization procedures;

- (vii) the Administration Fee; and
- (viii) HST on goods and services provided by or on behalf of the Landlord;

provided however that in determining Operating Costs, the cost (if any) of the following shall be excluded or deducted, as the case may be, except as specifically provided above:

- (i) Capital Expenditures, except to the extent that: (I) such Capital Expenditures are permitted to be included in Operating Costs pursuant to Sections 1.1(pp)(iv) and (v) above; and/or (II) any Capital Expenditures are payable by Landlord as part of Common Expenses pursuant to the Condominium Documents, whether on an amortized basis or otherwise;
- (ii) the cost of acquiring, constructing, expanding or altering the Development, any costs or expense incurred in constructing or altering the Development for, or in installing any improvements within the Development for other tenants, or for services, utilities or materials for the sole use and benefit and solely attributable to the account of other tenants or occupants of the Development, paid for by such tenants and not capable of benefiting all tenants in the Development, except to the extent that such costs are: (I) incurred by the Landlord in connection with any repairs and maintenance performed pursuant to the provisions of this Lease; and/or (II) payable by Landlord as part of Common Expenses;
- (iii) the costs of all work to the Development made necessary by non-compliance at the time of the construction of any work performed by the Landlord with any laws, regulations, by-laws, ordinances or orders of the applicable municipal, regional, provincial or federal governing authority in that regard except to the extent that such non-compliance is due to any work performed by or on behalf of the Tenant or due to the Tenant's default under the provisions of this Lease;
- (iv) the cost of structural repairs to the roof, foundations, sub floor, and outer support walls of the Building except to the extent such costs are: (I) payable by Landlord as part of Common Expenses pursuant to the Condominium Documents; and/or (II) incurred by the actions, negligence or willful misconduct of the Tenant or Tenant's Parties;
- (v) interest on, and the capital retirement of the Landlord's debt;
- (vi) income, franchise, corporation or other taxes personal to the Landlord;
- (vii) ground rentals;
- (viii) all leasing expenses, real estate brokers' fees, leasing commissions, advertising and space planners' fees;
- (ix) the costs incurred as a result of defective design, workmanship, materials or equipment with respect to the Premises that is replaced under warranty and all recoveries by the Landlord in respect of warranties or guarantees to the extent that the repair costs in respect of the work covered by such warranties or guarantees have been charged as Operating Costs;
- (x) recoveries for which Landlord is reimbursed pursuant to any warranties;
- (xi) advertising, promotion, and any merchants' association costs;
- (xii) tenant improvements, tenant allowances and leasing commissions;

- (xiii) net proceeds of insurance received by the Landlord from its insurers, solely to the extent that the proceeds relate to costs previously included in Operating Costs;
 - (xiv) any loss or damage to the Development or any personal injury for which the Landlord is or ought to have been insured under this Lease to the extent of insurance proceeds actually recovered or received by the Landlord, or which would have been recovered or received had the Landlord maintained the insurance required hereunder;
 - (xv) costs arising from or occasioned by the negligence or willful misconduct of the Landlord or the Landlord's Parties; and
 - (xvi) all costs and expenses relating to any repair, closure, detoxification, decontamination or other clean up or remediation of any Hazardous Substances in the Development not attributable to, or resulting from actions of, the Tenant, its agents, employees, contractors, invitees or those for whom the Tenant is at law responsible.
- (qq) "**Operating Year**" means a 12-month period which shall be established by the Landlord from time to time, commencing on the first day of a month in any calendar year and ending on the last day of the 12th following month, provided that the first operating period shall commence on the Commencement Date and end on the last day of the Landlord's designated Operating Year next following and the last operating period shall terminate to coincide with the Expiry Date;
- (rr) "**Permitted Transferee**" means any corporation, partnership or other person which: (i) is an affiliate (as such term is defined in the *Canada Business Corporations Act*) of the Tenant or other corporate nominee; or (ii) is a successor entity formed as a result of an amalgamation or merger of the Tenant or other corporate nominee; or (iii) Tenant is a shareholder; or (iv) is a publicly traded company on a recognized stock exchange in Canada, the United States, Europe, Asia or Australia; or (v) possesses an equal or greater financial covenant as that of the Tenant on the Commencement Date as determined by the Landlord acting reasonably based upon the relevant financial statements and additional information regarding the Permitted Transferee that the Landlord may reasonably require;
- (ss) "**Premises**" means the portion of the Building shown hatched and identified as "Premises" on the plan attached hereto as Schedule "A", together with the Leasehold Improvements, and more particularly units 101 and 102 of the Condominium Plan No. 1219;
- (tt) "**Prime Rate**" means the rate of interest, expressed as an annual rate, at the relevant time or times, established by the Royal Bank of Canada at its main branch in Toronto, Ontario, as a reference rate for commercial loans in Canadian dollars to its best commercial customers and commonly referred to by the said Bank as its "prime rate";
- (uu) "**Relative Portion**" means, with respect to any amount payable under this Lease, that fraction which has as its denominator the period of time expressed in days in respect of which an amount payable hereunder is calculated and which has as its numerator the number of days within the same calculation period, but which fall within the Term or any extension period;
- (vv) "**Rent**" means the Basic Rent and the Additional Rent;
- (ww) "**Rentable Area**" means in the case of the Premises or any other premises included in the Rentable Area of the Landlord's Units, the area expressed in square feet, as calculated by an Architect in accordance with Section 5.4, of all floors of such premises, determined in accordance with BOMA Standards. It is acknowledged that the Rentable Area of the Premises or the Landlord's Units or any other space may be adjusted from time to time to reflect any alteration, expansion, reduction, construction or relocation;

- (xx) **"Rentable Area of the Landlord's Units"** means the aggregate of the Rentable Area of all premises in the Building that are owned by the Landlord (whether actually rented or not), expressed in square feet, including the Premises, as determined by the Landlord;
- (yy) **"Required Conditions"** means that: (i) this Lease has been fully executed by the Landlord and the Tenant; (ii) the Tenant is 11819496 Canada Inc. or a Permitted Transferee (to which this Lease has been assigned pursuant to the provisions of Article 13 hereof) and has not undergone a Change of Control (except where the Change of Control is a transfer of shares to a Permitted Transferee that has been approved by Landlord in accordance with the provisions of Article 13 hereof); and (iii) the Tenant or a Permitted Transferee (to which this Lease has been assigned or sublet pursuant to the provisions of Article 13 hereof) is itself in occupation of and carrying on business from the whole of the Premises; and (iv) the Tenant has paid all Basic Rent and Additional Rent as and when due and, no Event of Default is reoccurring and, no default is then in existence under this Lease;
- (zz) **"Sales Taxes"** means all goods and services, business transfer, harmonized sales, multi-stage sales, sales, use, consumption, value-added or other similar taxes imposed by any Governmental Authority, whether or not in existence at the commencement of the Term, upon the Landlord or the Tenant in respect of:
- (i) this Lease;
 - (ii) any payments made by the Tenant hereunder; or
 - (iii) the goods and services provided by the Landlord hereunder including, without limitation, the rental of the Premises and the provision of administrative services and Additional Services to the Tenant hereunder;
- (aaa) **"Schedule I Bank"** means a Canadian Bank regulated by the government of Canada;
- (bbb) **"Sign"** means any sign, picture, notice, lettering, direction, or other advertising or informational device of whatever nature;
- (ccc) **"Stipulated Rate"** means the rate of interest per annum that is three percentage points more than the Prime Rate;
- (ddd) **"Taxes"** means all taxes, fees, levies, charges, assessments, rates, duties, and excises which are now or may hereafter be levied, imposed, rated, or assessed upon or with respect to the Land or the Building or any part thereof or any personal property of the Landlord used therefor, whether levied, imposed, rated, or assessed by the government of Canada, the government of Ontario, or any political subdivision, political corporation, district, municipality, city, or other political or public entity, and whether or not now customary or in the contemplation of the parties on the date of this Lease. Without restricting the generality of the foregoing, Taxes shall include all:
- (i) real property taxes, business taxes, general and special assessments;
 - (ii) taxes, fees, levies, charges, assessments, rates, duties, and excises for transit, housing, schools, police, fire, or other governmental services, or for purported benefits to the Land or the Building;
 - (iii) local improvement taxes, service payments in lieu of taxes, and taxes, fees, levies, charges, assessments, rates, duties, and excises, however described, that may be levied, rated, or assessed as a substitute for, or as an addition to, in whole or in part, any property taxes or local improvement taxes; and
 - (iv) costs and expenses, including legal and other professional fees and interest and penalties on deferred payments, incurred by the Landlord in contesting or appealing any taxes, assessments, rates, levies, duties, excises, charges, or other amounts as aforesaid;

but Taxes shall exclude all of the following:

- (i) income tax under Part I of the *Income Tax Act* (Canada) as it existed on the Commencement Date, and
 - (ii) the Tenant's Taxes.
- (eee) "**Tenant Design Criteria**" means the Tenant Design Criteria established by the Landlord including matters of design, construction, installation and/or aesthetic to be observed by the tenants in the Building, including the Tenant, in connection with the Tenant's Work, Leasehold Improvements, tenant fixtures and chattels and any other matters relating to the design, construction, installation and/or aesthetic of the Premises, as amended from time to time by the Landlord;
- (fff) "**Tenant's Parties**" means the Tenant's employees, invitees, licensees, agents, and contractors and others for whom it is responsible at law;
- (ggg) "**Tenant's Proportionate Share**" shall mean a fraction which has as its numerator the Rentable Area of the Premises and having as its denominator the aggregate Rentable Area of the Landlord's Units; it being agreed that, as of the date hereof, the Tenant's Proportionate Share is equal to 100%;
- (hhh) "**Tenant's Taxes**" shall mean all taxes, fees, levies, charges, assessments, rates, duties, and excises which are now or may hereafter be levied, imposed, rated, or assessed by any lawful authority relating to or in respect of the business of the Tenant or relating to or in respect of personal property and all business and trade fixtures, machinery and equipment, cabinet work, furniture, and movable partitions owned or installed by the Tenant at the expense of the Tenant or being the property of the Tenant, or relating to or in respect of the Leasehold Improvements or other improvements to the Premises built, made, or installed by the Tenant, on behalf of the Tenant or at the Tenant's request, whether any such amounts are included by the taxing authority in the Taxes;
- (iii) "**Tenant's Work**" has the meaning specified in Schedule "F" annexed hereto;
- (jjj) "**Term**" shall mean the term specified in the Lease Summary;
- (kkk) "**Transfer**" means:
- (i) an assignment, sale, conveyance, sublease, or other disposition of this Lease or the Premises, or any part of them or any interest in this Lease (whether by operation of law or otherwise);
 - (ii) a mortgage, charge or debenture (floating or otherwise) or other encumbrance of this Lease or the Premises or any part of them, or of any interest in this Lease or of a partnership, or partnership interest, where the partnership is a Tenant under this Lease;
 - (iii) a parting with or sharing of possession of all or part of the Premises;
 - (iv) a Change of Control; or
 - (v) a merger, amalgamation or other corporate reorganization of the Tenant.
 - (vi) "**Transferor**" and "**Transferee**" have meanings corresponding to the definition of "**Transfer**" set out above, (it being understood that for a Transfer described in Subparagraph 1.1(kkk)(iv) the Transferor is the person that has effective voting control before the Transfer and the Transferee is the person that has effective voting control after the Transfer); and

- (III) **"Utility Costs"** shall mean all charges for water, gas, telephone, electric light and power, and all other utilities and services used on or in respect of the Premises or any part thereof, whether separately metered to the Premises or as allocated by the Landlord, acting reasonably to the Premises together with all costs and charges for all fittings, machines, apparatus, meters, and any other thing leased or supplied in respect thereof and all costs and charges for all work and services performed by any corporation, authority, or commission in connection with such utilities and services in respect of the Premises, whether separately charged to the Premises or allocated by the Landlord, acting reasonably, to the Premises.

**ARTICLE 2
LEASE SUMMARY**

The following provisions form a part of this Lease.

Civic Address of the Premises:	76 St. Clair Ave W, Units 101 and 102, Toronto, Ontario M4V 1M7		
Rentable Area of the Premises:	Approximately 1,670 square feet of Rentable Area as shown on the plan attached as Schedule "A" subject to measurement in accordance with Section 5.4 hereof.		
Term:	That period commencing on the Commencement Date and expiring on the last day of the month in which occurs the day immediately preceding the fifth (5 th) anniversary of the Commencement Date. The last day of the Term shall be referred to as the " Expiry Date ".		
Possession Date	The date Landlord notifies Tenant that Landlord's Work is substantially completed and the Premises are ready to commence Tenant's Work, estimated to be no later than May 15, 2020 (it being agreed that Landlord shall not be bound by such estimate).		
Fixturing Period:	Beginning on the Possession Date and expiring on the date which is ninety (90) days after the Possession Date.		
Commencement Date:	The Term shall commence on the day immediately following the expiry of the Fixturing Period.		
Additional Rent Commencing:	On the Possession Date.		
Basic Rent Commencing:	On the Commencement Date.		
Basic Rent: Based upon the Rentable Area	PERIOD RATE PSF	Years 1 through 3 PER ANNUM	PER MONTH
	\$48.00 plus H.S.T.	\$80,160.00 plus H.S.T.	\$6,680.00 plus H.S.T.
Basic Rent: Based upon the Rentable Area	PERIOD RATE PSF	Years 4 through 5 PER ANNUM	PER MONTH
	\$50.00 plus H.S.T.	\$83,500.00 plus H.S.T.	\$6,958.33 plus H.S.T.
Tenant Improvement Allowance:	Intentionally Deleted.		
Deposit:	The Deposit shall be equal to \$41,284.89, which shall be applied to the Rent for the first month of the Term with the balance thereof to be held as security pursuant to Section 6.2 hereof.		
Permitted Use of Premises:	The Tenant shall use and occupy the Premises for the sale at retail of cannabis for non-medical and recreational purposes, cannabis accessories, branded merchandise, edibles (permitted by applicable laws) and other items and services reasonably ancillary thereto, in all cases, sold in the majority of the Tenant's (or its affiliates) stores in Ontario, provided that, nothing contained herein shall be construed as allowing for the consumption of cannabis or cannabis products in the Premises or on any part of the Development.		

The Tenant will operate its business, in a first class manner, continuously throughout the Term in accordance with the rules and regulations established by the Landlord, subject to the terms and conditions of this Lease.

Tenant's Trade Name: MCannabis (Metropolitan Cannabis)

Landlord's Address for Rent Payments and Notices: c/o Joseph Shemesh
joseph@superiorclosets.com
124 Connie Crescent, Unit 17
Concord, ON
L4K 1L7

Tenant's Address for Notices: c/o Julia White, Tabetha White
jmanserwhite@telus.net
tabetha@ocholdings.ca
31 Muir Ave
Toronto, ON
M6H 1E7

Extension Option: Two (2) options to extend, for a Five (5) year period each, in accordance with Schedule "C" annexed hereto.

**ARTICLE 3
GENERAL PROVISIONS**

3.1 Tenant's Covenants

- (a) The Tenant covenants with the Landlord:
- (i) to pay Rent; and
 - (ii) to observe and perform all the covenants and obligations of the Tenant herein.

3.2 Landlord's Covenants

- (a) The Landlord covenants with the Tenant:
- (i) for quiet enjoyment, subject to the provisions of this Lease; and
 - (ii) provided the Tenant pays the Rent, and observes and performs all of its covenants and obligations herein, to observe and perform all the covenants and obligations of the Landlord herein.

3.3 Deemed Covenants

Each obligation or agreement of the Landlord or the Tenant expressed in this Lease, even though not expressed as a covenant, is considered to be a covenant for all purposes.

**ARTICLE 4
THE DEMISE**

4.1 Premises

The Landlord hereby leases the Premises to the Tenant, and the Tenant hereby leases the Premises from the Landlord, to have and to hold for the Term, unless sooner terminated, upon the terms and conditions contained in this Lease.

**ARTICLE 5
TERM**

5.1 Term

The Term of the Lease is the period commencing on the Commencement Date and ending on the Expiry Date.

5.2 Fixturing Period

- (a) During the Fixturing Period the Tenant shall be granted non-exclusive occupancy of the Premises for the purpose of completing the Tenant's Work. Provided all municipal occupancy permits are in place and subject to Subsection 5.2(b) below, the Tenant shall be permitted to occupy the Premises during the Fixturing Period and such occupancy shall be governed by all of the terms, covenants and conditions of this Lease (including, without limitation, Tenant's obligation to pay for Operating Costs, indemnification obligations, Tenant's insurance obligations and Tenant's obligations to pay for all Utility Costs), other than Tenant's covenant to pay Basic Rent. If, prior to the expiration of the Fixturing Period, the Tenant shall complete Tenant's Work and obtain all required permits and approvals in accordance with the provisions hereof, the Tenant shall be permitted to open for business during the Fixturing Period.

- (b) If the Tenant has not:
- (i) duly executed this Lease;
 - (ii) provided proof of insurance acceptable to the Landlord;
 - (iii) provided engineered plans and drawings of the Tenant's Work which are in accordance with the Tenant Design Criteria and are acceptable to the Landlord;
 - (iv) obtained all permits necessary for the proposed improvements;
 - (v) provided to the Landlord for its review and approval a complete list of all third party contractors (including the general contractor and all sub-trades) to be engaged by or on behalf of the Tenant to perform any of the Tenant's Work or to otherwise be involved therewith in any respect whatsoever, provided that no such third party contractors shall have access to the Building or the Premises until such time as they have been approved by the Landlord;
 - (vi) submitted the Deposit or other Lease security to the Landlord as required herein;
 - (vii) transferred all appropriate utility accounts into its name, then:

the Landlord shall not be obligated to allow the Tenant access to the Premises. Failure by the Tenant to comply with any of the conditions under this Subsection 5.2(b) shall not in any manner delay the start date of the Fixturing Period or the Commencement Date.

5.3 Landlord's Work

The Landlord will, at its expense, complete the Landlords Work in accordance with Schedule "E" annexed hereto.

5.4 Certificate of the Rentable Area of the Premises

The Landlord may measure the Rentable Area of the Premises in accordance with the BOMA Standard. If the Landlord so measures, then the Landlord will provide a certificate setting out the Rentable Area of the Premises, which certificate will be final and binding on both parties, unless an error can be demonstrated. For greater clarity, the amount of Basic Rent stipulated in the Lease Summary shall be deemed to be the amount of Basic Rent payable following the Landlord's remeasurement of the Rentable Area of the Premises regardless of any change in the Rentable Area of the Premises.

5.5 Possession

The Tenant acknowledges that it is taking possession of the Premises "as is" and that there is nothing whatsoever that is required to be done by the Landlord in or about the Premises except as specifically set out in Schedule "E" hereto and the Tenant shall have ten (10) days after taking possession of the Premises to report any deficiencies in the Landlord's Work to the Landlord.

ARTICLE 6 RENT

6.1 Basic Rent and Additional Rent

The Tenant shall pay to the Landlord during the Term the following Rent payable at the Landlord's address specified in the Lease Summary or at such other place as the Landlord may from time to time designate in writing, in the following instalments:

- (a) the Basic Rent (plus applicable HST) payable in advance in consecutive monthly instalments on the first day of each and every month in each and every year of the Term, commencing on the Commencement Date and continuing until and including the first day of the month in which the Expiry Date falls; and
- (b) the Additional Rent (plus applicable HST) payable in advance in consecutive monthly instalments on the first day of each and every month in each and every year of the Term, commencing on the Possession Date as set out in the Lease Summary and continuing until and including the first day of the month in which the Expiry Date falls, unless indicated otherwise in this Lease.

6.2 Deposit

The Deposit is to be held by the Landlord, or its agent, without interest, and a portion thereof shall be applied to the first full month of Rent due hereunder and the balance thereof shall be held by the Landlord, or its agent, as security for the prompt performance by the Tenant of all of the terms, covenants, conditions and provisions of this Lease to be kept and performed by the Tenant during the Term and any extensions and any tenancy resulting from an overholding. If at any time any Rent or any Taxes shall be overdue prior to the time the Deposit is applied to the Rent as provided in the Lease Summary, the Landlord may, at its option and without prejudice to any of the Landlord's other rights and remedies, apply all or any portion of the Deposit to the payment of such Rent or Taxes as necessary to satisfy same. In addition, if any default as described in Article 14 occurs or the Tenant otherwise defaults in the performance of any terms, covenants, conditions and provisions of this Lease, then the Landlord may, at its option, appropriate and apply all or any part of the Deposit on account of any losses or damages as sustained by the Landlord as a result of such default as is necessary to satisfy same. If all or any part of the Deposit is appropriated and applied by the Landlord prior to the date the Deposit is to be applied as provided in the Lease Summary, then the Tenant shall, within three (3) days after demand from the Landlord, remit to the Landlord a sufficient amount to restore the Deposit to the original sum deposited. The Landlord, or its agent, may deliver the Deposit or such portion thereof remaining on hand to the credit of the Tenant, to any purchaser, Mortgagee or assignee of such person's interest in the Building or this Lease and thereupon the person delivering the Deposit or remaining portion thereof, shall be and is hereby discharged from any further liability with respect to the Deposit.

6.3 To Pay

The Tenant shall pay the Basic Rent and Additional Rent, when due in accordance with the provisions of this Lease.

6.4 No Abatement

The Tenant covenants and agrees with the Landlord that all of the Rent payable under this Lease shall be paid by the Tenant without demand, deduction, set-off, or abatement whatsoever, except as specifically provided in Subsection 12.1(a). The Tenant covenants and agrees that the Landlord may at its option apply all sums received from or due to the Tenant against any amounts due and payable hereunder in such manner as the Landlord may see fit, regardless of any designation or instructions by the Tenant to the contrary.

6.5 Pay by Direction

- (a) The Landlord may direct, at its option, that the Tenant pay any amounts payable pursuant to this Article 6 to any other party specified by the Landlord.
- (b) The Landlord may require the Tenant to provide the necessary authorization and account information to permit the Landlord to debit the Rent from an account of the Tenant so specified by the Tenant on a monthly basis, or require the Tenant to initiate a preauthorized debit payment to an account of the Landlord so specified by the Landlord on a monthly basis.

6.6 Adjustment

If the Term shall commence or cease on a day other than the commencement of or the end of any period of time in respect to which any amount payable hereunder is calculated, then the Tenant shall pay to the Landlord its Relative Portion of such amount for such period of time. Without limiting the generality of the foregoing, if the Term does not subsist during the whole of any calendar year, the Tenant shall pay the Relative Portion of the Tenant's Proportionate Share of the estimated and actual Operating Costs for such Operating Year.

6.7 Accrual of Basic Rent

The Basic Rent shall accrue from day to day. Where the calculation of any Additional Rent is not made until the termination or expiry of this Lease, the obligation of the Tenant to pay such Additional Rent shall survive the termination or expiry of this Lease and such amounts shall be payable by the Tenant within twenty (20) days following written notice from the Landlord.

6.8 Net Lease

It is the intention of the parties that this Lease shall be a completely net and carefree lease and that the Basic Rent provided to be paid to the Landlord hereunder shall be net to the Landlord and shall yield to the Landlord the entire such rental during the Term and any extension thereof without abatement for any cause whatsoever except as set forth in Section 12.1(a). Save as specifically set forth in this Lease, all costs, expenses, and obligations of every kind and nature whatsoever relating to the Premises whether or not herein referred to and whether or not of a kind now existing or within the contemplation of the parties, shall be paid by the Tenant.

6.9 HST

HST shall not be deemed to be Rent nor Additional Rent but the Landlord shall have the same rights and remedies for non-payment of HST as it has for non-payment of Rent.

ARTICLE 7 ADDITIONAL RENT

7.1 Estimated Expenses

The Landlord shall have the right to make reasonable estimates of the amount of any or all of the Additional Rent for each Operating Year during the Term. The estimated Operating Costs (including, without limitation, Taxes) for the current fiscal period is \$23.83 per square foot (\$39,796.10 per annum or \$3,316.34 per month). The Tenant acknowledges and agrees that such estimated amount is based upon information currently available to the Landlord and that the actual charges may vary from the estimated charges as more accurate information becomes available to the Landlord. Landlord shall not be bound by any such estimates.

7.2 Payment

- (a) The Additional Rent specified in Subsection 6.1(b) shall be paid and adjusted with reference to a fiscal period of twelve (12) calendar months, which shall be the twelve (12) month period ending on December 31st in each year during the Term unless the Landlord, by notice to the Tenant, shall from time to time have selected a fiscal period which ends on a different date (but which shall be a twelve (12) month period except where a shorter broken fiscal period occurs at the commencement or end of the Term or is necessary to accommodate a change in the fiscal period made during the Term). From time to time throughout the Term, the Landlord shall give notice to the Tenant of the Landlord's estimate of such Additional Rent to be paid by the Tenant during the next ensuing fiscal period. Such Additional Rent payable by the Tenant shall be paid in equal monthly instalments in advance at the same time as payment of Basic Rent is due hereunder and shall be based on the Landlord's estimate as aforesaid. From time to time the Landlord may re-estimate, on a reasonable basis, the amount of such Additional Rent for any fiscal period in which case the Landlord shall give notice to the Tenant of such re-estimate and fix new equal monthly instalments for the remaining balance

of such fiscal period so that, after giving credit for the instalments paid by the Tenant on the basis of the previous estimate or estimates, all the Additional Rent as estimated or re-estimated will have been paid during such fiscal period.

- (b) All Additional Service Costs shall be paid by the Tenant within twenty (20) days after receipt by it from time to time of invoices from the Landlord specifying the amounts thereof.

7.3 Statement of Operating Costs

The Landlord shall furnish to the Tenant one hundred eighty (180) days following the fiscal year-end of each Operating Year during the Term hereof and on or before one hundred eighty (180) days following the expiration or earlier termination of the Term of this Lease, a statement of annual Operating Costs (the "Statement") for the immediately preceding Operating Year or portion thereof during which Operating Costs are payable by the Tenant, such a Statement to be certified correct by a responsible officer of the Landlord and such a Statement shall contain reasonable detail as to allow the Tenant to confirm the accuracy thereof. Within twenty (20) days after delivery of such Statement, the Landlord or the Tenant (as the case may be) shall make the appropriate adjustment payment in the amount of the differences between the total monthly Operating Costs actually paid by the Tenant during the preceding calendar year or portion thereof and the actual Operating Costs that should have been paid on the basis of the Operating Costs set out in such statement.

7.4 Disagreement as to Operating Costs

If the Landlord and the Tenant disagree on the accuracy of Operating Costs as set forth in a Statement, the Tenant will nevertheless make payment in accordance with any notice given by the Landlord, but the disagreement will immediately be referred by the Landlord for prompt decision by a mutually acceptable chartered accountant, architect, insurance broker or other professional consultant who will be deemed to be acting as expert and not arbitrator, (the "Expert") and a determination signed by the Expert will be final and binding on both the Landlord and the Tenant. In the event that the Landlord and the Tenant do not agree on the appointment of such Expert either party may apply to have such appointment made by a single arbitrator appointed under the law dealing with arbitrations applicable in the jurisdiction in which the Development is located. In the event that the Expert reports, to the Landlord and the Tenant, that the reassessed Operating Costs are less than the Operating Costs, the Landlord and Tenant agree that the Landlord shall pay an amount to the Tenant equal to the amount that the Operating Costs exceed the reassessed Operating Costs and if the reassessed Operating Costs are more than the Operating Costs, the Landlord and Tenant agree that the Tenant shall pay an amount to the Landlord equal to the amount that the Operating Costs is less than the reassessed Operating Costs. Any adjustment required to any previous payment made by the Tenant or the Landlord by reason of any such decision will be made within twenty (20) days thereof. The party required to pay such adjustment will bear all costs of the Expert.

7.5 Intentionally Omitted.

7.6 Reduction or Control of Operating Costs

The Tenant shall comply with any practices or procedures that the Landlord, acting reasonably, may from time to time introduce to reduce or control Operating Costs and shall pay, as Additional Rent, all actual costs that may be incurred by the Landlord as a result of any non-compliance, provided that the Landlord provides reasonable supporting documentation that such costs are a result of the Tenant's non-compliance.

7.7 Increase in Taxes

Notwithstanding anything to the contrary hereinbefore contained, on one occasion during each Operating Year of the Term and any extension thereof, the Tenant will within twenty (20) days of receipt of a written request given by the Landlord in its sole and absolute discretion, prepay the Tenant's Proportionate Share of the increase in Taxes for the entire Operating Year or balance thereof, as the case may be, as shall be estimated by the Landlord.

**ARTICLE 8
TENANT'S TAXES AND UTILITY COSTS**

8.1 Payment

The Tenant shall promptly pay to the applicable authorities the Tenant's Taxes and the Utility Costs as they become due.

8.2 Evidence of Payment

The Tenant shall provide to the Landlord, when and if requested by the Landlord, receipts for payments made by the Tenant in respect of the Tenant's Taxes and the Utility Costs.

**ARTICLE 9
USE OF PREMISES**

9.1 Use of Premises

- (a) The Tenant shall not use the Premises nor allow the Premises to be used for any purpose other than that specified in the Lease Summary, nor in any manner inconsistent with such use and occupation, without the consent of the Landlord not to be unreasonably withheld.
- (b) The Tenant shall operate its business, in a first class manner, continuously throughout the Term and any extension terms, in accordance with such reasonable rules and regulations established by the Landlord. Subject to compliance with applicable laws and the provisions of this Lease, Tenant shall be permitted to operate its business in the Premises on such hours and such days as it elects, provided that (i) such operating hours and days are consistent with Tenant's (or its affiliates) similar business operations in Ontario and (ii) Landlord shall receive prior written notice detailing such hours of operation. Notwithstanding anything to the contrary contained in this Lease, the Tenant shall not be obligated to (and shall not) continuously operate its business from the whole or any portion of the Premises if it: (i) has not obtained or fails to maintain any or all necessary permits, authorizations, or licenses from the AGCO (or any other applicable governmental authority having jurisdiction) to operate its business from the Premises by the Commencement Date; or (ii) is required to temporarily close its business from the Premises to comply with any additional AGCO requirements (provided that such additional AGCO requirements are not as a result of a default or breach by the Tenant of any existing AGCO requirements or other applicable laws) or any additional requirements of any other applicable governmental authority having jurisdiction, in each case, provided that Tenant shall:
- i. diligently and effectively work to (as applicable): (1) obtain any such deficient AGCO permits, authorizations, or licenses; or (2) bring itself into compliance with any such additional AGCO requirements;
 - ii. continue to observe and perform the remaining terms and conditions of this Lease, including without limitation, the payment of Rent as and when due;
 - iii. place signage, decals, notices or similar communications to the public as reasonably required by the Landlord;
 - iv. promptly commence or resume operating its business from the Premises upon (as applicable): (1) obtaining such deficient AGCO permits, authorizations or licenses; or (2) complying with such additional AGCO requirements; and
 - v. provide prior written notice to the Landlord of its intention to temporarily cease continuously operating its business from the Premises.

- (c) The Tenant shall not, at any time during the Term or any extension thereof, commit or suffer to be committed any waste upon the Premises, nor shall the Tenant use, exercise, carry on, or permit, or suffer to be used, exercised, or carried on, in, or upon the Premises or the Land, or any part thereof, any noxious, noisome, or unlawful art, trade, business, occupation, or calling, or keep, sell, use, handle, or dispose of any merchandise, goods, or things by which the Premises or the Land or any part thereof may be damaged or injuriously affected, and no act, matter, or thing whatsoever shall, at any time during the Term or any extension thereof, be done in or upon the Premises or the Land or any part thereof which results in annoyance, nuisance, grievance, damage, or disturbance to other tenants or occupiers of the Building or to the occupiers or owners of any other lands or premises or to the holders of any registered easement, right of way, or other encumbrance charging the whole or part of the Land or the Building.
- (d) The Tenant shall immediately advise the Landlord after knowledge thereof of the presence of, and shall do all things necessary to remove, any dangerous condition from time to time existing on the Premises, the Building, or the Land, and arising as a result of the act or omission of the Tenant or any person for whom the Tenant is, at law, responsible.
- (e) Notwithstanding anything herein to the contrary, Landlord makes no representations or warranties that Tenant is lawfully entitled (i) to use the Premises for the purpose specified in the Lease Summary and (ii) to use Tenant's Trade Name specified in the Lease Summary. Tenant acknowledges and agrees that it has undertaken all necessary steps and investigations to ensure that Tenant is lawfully entitled to (I) use the Premises for such purpose and (II) use such trade name.

9.2 Common Elements

- (a) The use and occupation of the Premises by the Tenant shall include the non-exclusive license to use, in common with others entitled thereto, the Common Elements, subject to this Lease, the Condominium Documents (as hereinafter defined) and to the exclusive control, management, and direction of the Landlord and the Corporation (as hereinafter defined). Subject to the foregoing provisions, the Landlord hereby grants to the Tenant:
 - (i) a non-exclusive license, during the subsisting Term and any extension thereof, in common with all others entitled thereto, to pass and repass with or without vehicles over those areas of the Land as the Landlord may from time to time designate in writing, and to use, for the parking of motor vehicles, those parking spaces, if any, on the Land as the Landlord may from time to time designate in writing for the use of the Tenant (for clarity and for the avoidance of doubt, Landlord shall only be permitted to allocate those parking spaces to the Tenant which the Landlord has an interest in or control of);

Notwithstanding the foregoing grant of license by the Landlord to the Tenant, the Landlord shall have the right to alter the location and size of the areas which are the subject of the said licence, provided that access to the Premises is provided to the Tenant at all commercially reasonable times.

- (b) The Common Elements shall at all times be subject to the exclusive control and management of the Landlord and the Corporation and shall be provided or designated by the Landlord from time to time for the general use by or for the benefit of the Tenant and its employees, invitees, and licensees in common with the other occupants of the Building and such others as may be designated by the Landlord. The Landlord has the right from time to time to establish, modify, and enforce rules and regulations with respect to the Common Elements, including those related to their use, maintenance, and operation, and the rules and regulations in all respects shall be observed and performed by the Tenant and the employees, invitees, and licensees of the Tenant.
- (c) The Tenant covenants that it shall and shall cause its employees, licensees, and invitees to observe all regulations made by the Landlord and the Corporation from time to time with respect to parking on those portions of the Land provided for that purpose, if any, and that the Tenant shall supply automobile licence numbers of its employees to the Landlord upon request. In particular, the Landlord reserves the right to

remove any automobile infringing regulations made by the Landlord with respect to parking from time to time, such removal to be at the risk and expense of the Tenant.

- (d) It is understood and agreed that notwithstanding anything herein to the contrary, the Landlord or the Corporation, as the case may be, shall have the right at all times and from time to time throughout the Term and any extension to:
- (i) change the area, size, or arrangement of the Building and the Land and any part thereof including the Common Elements but not the Premises;
 - (ii) construct other buildings, structures, or improvements on the Land and make alterations thereof, additions thereto, or re-arrangements thereof, demolish parts thereof, build additional stories on the Building (and for such purposes to construct and erect columns and support facilities in the Building), and construct additional buildings or facilities adjoining or proximate to the Building;
 - (iii) relocate or rearrange or make changes or additions to the Common Elements from those existing at the Commencement Date in order to facilitate expansion or alteration of the Building; and
 - (iv) temporarily obstruct or close off the Common Elements or any parts therefore for the purposes of maintenance, repair, or construction;

provided however that the Landlord shall not unreasonably interfere with the use and enjoyment of the Premises beyond the extent necessarily incidental to such changes, additions, and installations, and shall make good any physical damage to the Premises arising in the course of such changes, additions, and installations. The Landlord agrees to use its reasonable efforts to complete all construction, alterations, maintenance, and repairs as expeditiously as possible under the circumstances and in any event the Landlord shall preserve access by the Tenant to the Premises at all commercially reasonable times.

- (e) The Tenant shall not have any right to object to nor any right to any claim of damages, compensation, or other sums whatsoever, nor any right of set-off or reduction of the Rent as a result of or on account of any exercise of the Landlord's rights under Subsections 9.2(b) and 9.2(d). In connection with Landlord's exercise of such rights, the Landlord shall use commercially reasonable efforts to minimize any interference with the Tenant's use or occupation of the Premises. It is further understood and agreed that the exercise by the Landlord of its rights set forth in Subsections 9.2(b) and 9.2(d) shall not be deemed to be constructive or actual eviction of the Tenant, nor a breach of any covenant of quiet enjoyment or other covenant contained in this Lease.

9.3 Compliance with Laws

- (a) The Tenant shall do, observe, and perform all of its obligations and all matters and things necessary or expedient to be done, observed, or performed by the Tenant by virtue of any law, statute, bylaw, ordinance, regulation, or lawful requirements of any governmental authority or any public utility lawfully acting under statutory authority, and all demands and notices in pursuance thereof whether given to the Tenant or the Landlord and in any manner or degree affecting the exercise or fulfilment of any right or obligation arising under or as a result of this Lease and affecting the Premises and the use thereof by the Tenant. If any such demand or notice is given lawfully requiring the execution of works by reason of anything done, omitted, or permitted by the Tenant, then:
- (i) if such notice is given to the Tenant, the Tenant shall forthwith deliver the same or a true copy thereof to the Landlord and the Tenant shall forthwith execute, at its own expense, to the satisfaction of the Landlord acting reasonably and the person giving such notice, all such works as the Landlord may approve in writing in order to comply with the requirements of that notice; and
 - (ii) if such notice is given to the Landlord, the Landlord shall notify the Tenant and thereupon the Tenant shall forthwith execute, at its own expense, to the satisfaction of the Landlord acting reasonably and

the person giving such notice, all such works as the Landlord and the person giving such notice may require in order to comply with the requirements of the said notice.

Notwithstanding the foregoing, the Landlord shall have the right to execute any such works and the Tenant shall afford to the Landlord all necessary access to the Premises and other facilities for such purpose and the Tenant shall, on demand by the Landlord, pay to the Landlord all costs and expenses incurred by the Landlord in executing and performing any and all such works plus an administrative fee equal to fifteen percent (15%) of all costs and expenses incurred by the Landlord.

Without limiting the generality of the foregoing, Tenant acknowledges and agrees that its obligations to comply with laws as provided above shall include, without limitation, the *Cannabis Act, S.C. 2018, c. 16*, *Cannabis Control Act, 2017, C. 26, Sched 1*, the *Ontario Cannabis Retail Corporation Act, 2017, S.O. 2017, c. 26, Sched. 2*, the *Cannabis Licence Act, 2018, S.O. 2018, c. 12, Sched. 2*, and the *Cannabis Taxation Coordination Act, 2019, S.O. 2019, C.7, Sched. 7*.

As of the date hereof, the Tenant shall, at its sole cost and expense, diligently apply for and obtain the appropriate federal, provincial (or territorial) and municipal licenses and/or approvals required by any applicable governmental authorities having jurisdiction for the operation of Tenant's business in accordance with the Permitted Use as specified in the Lease Summary (collectively, the "**Required Licenses**"). The Tenant acknowledges and agrees that at no time shall the Tenant be permitted to operate its business from the Premises without first having obtained such Required Licenses and delivering evidence thereof satisfactory to the Landlord. The Tenant covenants that the Permitted Use shall only be carried out, and only permitted to be carried out, in accordance with all applicable laws, including, without limitation, all building codes and zoning bylaws and the legal regime for recreational cannabis and the licenses issued to the Tenant by Health Canada and the applicable provincial and municipal governmental authorities.

9.4 Continuous Occupation

Subject to Section 9.1(b), the Tenant will, throughout the Term, conduct continuously and actively, in a reputable and first class manner, the business set out in the Lease Summary, in the whole of the Premises, in accordance with the rules and regulations established by the Landlord. In the conduct of the Tenant's business, the Tenant will ensure that all furniture, fixtures and equipment on or installed in the Premises are of a first class quality and keep them in good condition.

ARTICLE 10 INDEMNITY AND INSURANCE

10.1 Tenant's Insurance

- (a) The Tenant shall, at its sole cost and expense during the Term and during such other period of time that the Tenant occupies the Premises, take out and maintain in full force and effect, the following:
- (i) "all risks" insurance upon all merchandise, stock-in-trade, furniture, fixtures, equipment, Leasehold Improvements, plate glass insurance and other property of every kind and description located at the Premises (the "**Insurable Property**"), owned by, or made or installed by or on behalf of the Tenant and any sub-tenant or licensee or for which the Tenant is responsible or legally liable, in the minimum amount of at least equal to the full insurable value thereof, calculated on a stated amount co-insurance and replacement cost basis;
 - (ii) commercial general liability insurance, including contractual liability, tenants' legal liability, non-owned automobile liability and owners' and contractors' protective insurance coverage with respect to the Premises and the Common Elements, which coverage shall include the business operations conducted by Tenant and any other person on the Premises and all of Tenant's Parties, including those performing work for or on behalf of Tenant. Such policies shall be written on an occurrence

basis with coverage for any one occurrence or claim of not less than \$2,000,000.00 or such higher limits as Landlord or the Mortgagee may reasonably require from time to time;

- (iii) comprehensive bodily injury and property damage liability insurance applying to the operations of the Tenant and its licensee or sub-tenant carried on from the Premises and which shall include, without limitation, personal injury liability, product liability, contractual liability, non-owned automobile liability, tenants legal liability and protective liability coverage with respect to the occupancy of the Premises by the Tenant; and such insurance shall be written for an amount of not less than \$5,000,000.00 per occurrence, or such higher amount as the Landlord may from time to time reasonably require;
 - (iv) tenant's all-risks legal liability insurance in an amount not less than \$1,000,000.00;
 - (v) broad form comprehensive machinery risk and/or equipment breakdown insurance on all insurable objects located in the Premises, or which are the property or responsibility of Tenant on a blanket repair or replacement basis limits for each accident in an amount of at least the full replacement cost of all Leasehold Improvements and of all boilers, pressure vessels, air-conditioning equipment and miscellaneous electrical apparatus owned or operated by Tenant or by others (except for Landlord) on behalf of Tenant in the Premises, or relating to, or serving the Premises;
 - (vi) Worker's Compensation insurance in such amount as may be required by applicable laws; and
 - (vii) any other form or forms of insurance as the Landlord may reasonably require from time to time in amounts and for perils against which a prudent tenant acting reasonably would protect itself in similar circumstances.
- (b) All policies of insurance referred to in Subsection 10.1(a) shall include the following provisions:
- (i) the policies shall not be affected or invalidated by any act, omission, or negligence of any person which is not within the knowledge or control of the insured thereunder;
 - (ii) all insurance policies written on behalf of the Tenant shall contain a waiver of any subrogation rights which the Tenant's insurers may have against the Landlord and against those for whom the Landlord is, in law, responsible, whether any insured loss or damage is caused by the act, omission, or negligence of the Landlord, or by those for whose acts the Landlord is, in law, responsible, or otherwise;
 - (iii) all insurance policies shall include the Landlord and any persons, firms, or corporations affiliated with the Landlord and designated by the Landlord as additional insureds and shall provide that each person, firm, or corporation insured under such policies shall be insured in the same manner and to the same extent as if separate policies had been issued to each; and
 - (iv) all policies shall contain an undertaking by the insurers to endeavour to give the Landlord not less than thirty (30) days' prior written notice of any cancellation or other termination thereof, or any change which restricts or reduces the coverage afforded thereby.
- (c) The Tenant agrees that certificates of insurance or, if required by the Landlord or any of the Landlord's Mortgagees, certified copies of each policy shall be delivered to the Landlord as soon as practicable after the placing thereof. The Tenant shall, when required by the Landlord, forthwith provide to the Landlord evidence that all premiums for all insurance policies have been paid.
- (d) For good and valuable consideration, and subject to Section 10.4, the Tenant does hereby release and relieve the Landlord and those persons for whom the Landlord is, in law, responsible, from liability and responsibility for, and waives its entire claim for recovery of any loss or damage whatsoever arising out of or incident to,

the occurrence of any of the perils covered by, or which would be covered by, the insurance policies which the Tenant is obligated to obtain and maintain in force under the terms of this Lease.

- (e) The Tenant shall not do or permit anything to be done upon the Premises whereby any policy of insurance against loss or damage to the Premises or against legal liability for damage to persons or property caused by the ownership, maintenance, use, or occupancy of the Premises, the Land, or the Building, or by reason of the conduct of any business carried on thereon, may be invalidated; and for such purpose, upon receipt of notice in writing from any insurer of the Premises, the Land, or the Building requiring the execution of works or a discontinuance of any operations in order to correct such situation, the Tenant shall comply therewith.
- (f) The Tenant agrees that if the Tenant fails to take out or keep in force any insurance coverage referred to in this Section 10.1, or if any such insurance is not approved by the Landlord and the Landlord's Mortgagees, and the Tenant does not rectify the situation within five (5) business days after written notice by the Landlord to the Tenant setting forth the Landlord's objections, then the Landlord shall have the right, without assuming any obligation in connection therewith, to effect such insurance coverage and shall have the right to recover all costs and premiums incurred in effecting such insurance coverage from the Tenant pursuant to this Section 10.1.

10.2 Indemnify Landlord

The Tenant shall indemnify and save harmless the Landlord from and against any and all manner of actions or causes of action, damages, costs, loss, or expenses of whatever kind (including without limitation legal fees on a solicitor and his own client basis) which the Landlord may sustain, incur, or be put to by reason of or arising out of any act or omission of the Tenant or any persons for whom the Tenant is, at law, responsible, or from the use or occupation of the Premises, the Land, or the Building, in whole or in part and, without limiting the generality of the foregoing, from the non-observance or non-performance by the Tenant or any persons for whom the Tenant is, at law, responsible of any of the obligations imposed under the provisions of any laws, ordinances, regulations, or requirements of any federal, provincial, municipal, or other authority, or any of the covenants, agreements, terms, conditions, and provisos contained in this Lease and the Condominium Documents (as hereinafter defined) to be observed and performed by the Tenant; and such liability to indemnify and save harmless shall survive any termination of this Lease and the expiry of the Term or any extension hereof, anything in this Lease to the contrary notwithstanding.

10.3 Landlord's Insurance

- (a) The Landlord shall, during the Term and any extension thereof, take out and maintain in full force and effect insurance against all risks of physical loss or damage to the Landlord's Units, and such fixtures and improvements as the Landlord shall determine, including the perils of flood and earthquake and including gross rental value insurance, in amounts equal to the full insurable value thereof calculated on a replacement cost basis, and subject to such deductibles as the Landlord may reasonably determine. Provided however that the full insurable value shall not include, and the insurance shall not cover, any property of the Tenant, whether owned by the Tenant or held by it in any capacity, nor Leasehold Improvements nor any other property of whatsoever kind and description located at the Premises whether made or installed by or on behalf of the Tenant. The Landlord shall, upon thirty (30) days' written notice from the Tenant, advise the Tenant of the amount of the deductible referred to in this Subsection 10.3(a).
- (b) The Landlord shall, upon written request by the Tenant, provide the Tenant with evidence from time to time that such insurance has been effected.
- (c) The Landlord may, but shall not be obligated to, take out and carry any other form or forms of insurance as the Landlord or the Landlord's Mortgagees may consider advisable or beneficial, including, without limiting the foregoing, comprehensive liability insurance and boiler and machinery insurance.
- (d) Notwithstanding any contribution by the Tenant to any Insurance Costs as provided for herein, no insurable interest shall be conferred upon the Tenant under policies carried by the Landlord.

10.4 Limitation of Liability of Landlord

- (a) Notwithstanding anything in this Lease to the contrary, the Landlord shall not be liable for any personal injury, death, or property loss or damage sustained by the Tenant or its employees, agents, sublessees, licensees, or those doing business with it on the Premises, in the Building, or on the Land, no matter how caused, except to the extent caused by the negligence or wilful misconduct of the Landlord or those persons for whom the Landlord is, in law, responsible; and the Tenant:
- (i) shall indemnify the Landlord against all actions or liabilities arising out of such personal injury, death, or property damage or loss, except to the extent caused by the negligence or wilful misconduct of the Landlord or those persons for whom the Landlord is, in law, responsible; and
 - (ii) hereby releases the Landlord and its officers, agents, and employees from all claims for damages or other expenses arising out of such personal injury, death, or property loss or damage, except to the extent caused by the negligence of the Landlord or those persons for whom the Landlord is, in law, responsible.
- (b) Without limiting the foregoing, the Landlord shall not be liable for any personal injury, death, or property loss or damage sustained by the Tenant or its employees, agents, sublessees, licensees, or invitees on the Premises, in the Building, or on the Land caused by theft or breakage or by steam, water, rain, snow, radioactive materials, microwaves, deleterious substances, gases, pollutants, or any other materials or substances which may leak into, or issue or flow from any neighbouring lands or adjacent premises, or from the water, steam, or drainage pipes or plumbing works of the same or from any place, or any loss or damage caused by or attributable to the condition or arrangements of any electric or other wiring, or any damage caused or anything done or omitted to be done by any other tenant or occupant of the Land except to the extent caused by the negligence or wilful misconduct of the Landlord or by those persons for whom the Landlord is, in law, responsible; and the Tenant:
- (i) shall indemnify the Landlord against all actions or liabilities arising out of such personal injury, death, or property damage or loss except to the extent caused by the negligence or wilful misconduct of the Landlord or those persons for whom the Landlord is, in law, responsible; and
 - (ii) hereby releases the Landlord and its officers, agents, and employees from all claims for damages or other expenses arising out of such personal injury, death, or property loss or damage, except to the extent caused by the negligence or wilful misconduct of the Landlord or those persons for whom the Landlord is, in law, responsible.

ARTICLE 11 MAINTENANCE, REPAIRS, AND ALTERATIONS

11.1 Repair by Tenant

- (a) The Tenant shall, at all times during the Term and any extension thereof, at its own cost and expense and in accordance with the Tenant Design Criteria, promptly repair, maintain, replace, modify, and clean the Premises and keep the Premises (along with all improvements, fixtures and equipment located in or serving the Premises) in a state of repair and appearance as would a prudent tenant of similar premises in a similar location, excluding repairs required by reasonable wear and tear, repairs which are the express obligation of the Landlord under this Lease, but including without limiting the foregoing, subject to the provisions of Section 11.6 hereof, the ceiling and floor of the Premises, the interior walls, doors, hardware, plate glass, glass windows, internal and external glass, HVAC apparatus, plumbing fixtures, wiring, piping thresholds and all other fixtures, machinery, facilities, equipment, and appurtenances installed by or on behalf of the Tenant or installed by the Landlord as part of the Building and directly servicing the Premises or any part thereof. The Tenant shall give notice to the Landlord of any accidents, damage, nuisance, obstructions, or required repairs in and to the Premises, the Building, or within 24 hours of the Tenant's knowledge thereof.

The Tenant shall also heat the Premises in a reasonable manner so as to prevent any damage thereto by reason of frost or moisture.

- (b) At the end or sooner termination of the Term or any extension thereof the Tenant shall yield up to the Landlord, without notice from the Landlord, the Premises including all fixtures, repaired, cleaned and maintained in the condition required under this Lease (reasonable wear and tear excepted).

11.2 Repair on Notice

- (a) The Tenant shall permit the Landlord and its duly authorized agents or nominees, with or without workers and others, at all reasonable times to enter upon the Premises for the purpose of examining the state of repair, condition, and use thereof, and to permit such entry after the Landlord shall have given 24 hours' notice in writing to the Tenant of such intended entry and examination, or without notice in the event of an emergency or a perceived emergency, and in every case the Tenant shall afford the Landlord all aid and facilities in such entry and examination, and upon notice in writing of defect or want of repair being given by the Landlord to the Tenant, to cause the same to be repaired, as required by Section 11.1, within thirty (30) days from the date of the giving of such notice by the Landlord. If the Tenant shall at any time default in the performance or observance of any of the covenants in this Lease for or relating to the repair, maintenance, cleaning, renewal, or decoration of the Premises or any part thereof and such default shall continue for thirty (30) days after notice in writing from the Landlord of default in respect of repair (or such longer period as may be reasonably necessary provided that the Tenant commences to cure such default within thirty (30) days and thereafter continuously and diligently pursues same to completion), maintenance, cleaning, renewal, or decoration of the Premises, then the Tenant shall permit the Landlord and its duly authorized agents and nominees, with or without workers and others, and without prejudice to the Landlord's right of re-entry, to enter into and upon the Premises and repair, decorate, clean, renew, and maintain the same at the expense of the Tenant; and the Tenant shall afford the Landlord all aid and facilities in doing or causing the same to be done and shall repay to the Landlord on demand all costs and expenses in respect of such repairs, maintenance, cleaning, renewal, and decoration as aforesaid.
- (b) The Tenant shall pay to the Landlord administration charges of the Landlord in the sum of 15% of the total cost of any work specifically completed by the Landlord on behalf of the Tenant, such work being deemed to be the responsibility of the Tenant.

11.3 Business and Trade Fixtures

- (a) The Tenant may install its usual business and trade fixtures in the usual manner in the Premises, provided such installation is in accordance with the Tenant Design Criteria and does not damage the Premises or the Building and provided further that the Tenant shall have submitted to the Landlord plans and specifications for such business and trade fixtures and obtained the prior written consent of the Landlord thereto, which consent shall not be unreasonably withheld.
- (b) All business and trade fixtures owned or installed by the Tenant in or on the Premises shall remain the property of the Tenant and, unless otherwise directed by Landlord in writing, shall be removed by the Tenant, at its sole cost and expense, at the expiration of the Term or any extension thereof or at the sooner termination thereof and the Tenant shall, at its expense, repair any damage to the Premises, the Land or the Building caused by such removal. Such removal by the Tenant shall be permitted provided that the Tenant is not in default under the provisions of this Lease at the time of such removal. If the Tenant does not remove its business and trade fixtures forthwith after written demand by the Landlord, such property shall, if the Landlord elects, be deemed to become the Landlord's property or the Landlord may remove the same at the expense of the Tenant and the cost of such removal shall be paid by the Tenant forthwith to the Landlord on written demand, and the Landlord shall not be responsible for any loss or damage to such property as a result of such removal.

11.4 Alterations and Additions

- (a) The Tenant shall not remove, alter, or change the position or style of, or add to, the Premises or any part thereof, or make any excavations on the Land, without in any and every such case having first submitted plans and specifications thereof to the Landlord and having obtained the prior written consent of the Landlord thereto, and, unless otherwise provided by such consent, all such alterations, additions, erections, or excavations shall be done either by or under the direction of the Landlord, as the Landlord may determine, but at the cost of the Tenant. Notwithstanding the foregoing, any alterations that are decorative and not structural in nature, are to the interior of the Premises, and less than Ten Thousand (\$10,000.00) dollars shall not require the consent of the Landlord. All work shall be in accordance with the Tenant Design Criteria and done in a good and workmanlike manner by contractors or trades people approved in writing by the Landlord. The Tenant shall pay to and reimburse the Landlord, within twenty (20) days of demand therefor, for all costs and expenses incurred by the Landlord in the review and approval of any plans and specifications by the Landlord's architects and engineers. The Tenant shall obtain and pay for all required building and occupancy permits in respect of its work as aforesaid. The Tenant shall, at its own cost and expense, take out or cause to be taken out any additional insurance coverage reasonably required by the Landlord to protect the respective interests of the Landlord and the Tenant during all periods when any such work is being performed.
- (b) The Tenant shall, upon obtaining the consent of the Landlord, be entitled to perform within the Premises any work required to comply with AGCO licensing or development permit requirements, including without limitation, installation of signage or improvements within the Premises, provided that, this Subsection 11.4(b) shall not apply to the installation of any signage or improvements to the exterior of the Premises which shall be subject to the prior written consent of the Landlord acting reasonably.

11.5 Leasehold Improvements

Any and all Leasehold Improvements, but not Tenant's business and trade fixtures in or upon the Premises, whether placed there by the Tenant or the Landlord or a previous occupant of the Premises, shall immediately upon such placement become, and shall thereafter remain, the property of the Landlord without compensation therefor to the Tenant. Notwithstanding anything herein contained, the Landlord shall be under no obligation to repair, maintain, replace, or insure the Leasehold Improvements. Upon the expiration or earlier termination of the Term of this Lease, upon Landlord's written request, the Tenant shall, at its sole cost and expense, remove any Leasehold Improvements required by Landlord from the Premises and the Tenant shall, at its expense, repair any damage to the Premises, the Land or the Building caused by such removal. If the Tenant does not so remove the Leasehold Improvements and any other improvements or alterations required to be removed by Landlord, the Landlord may do so and the Tenant will be responsible for the costs relating to such removal and for any necessary storage charges incurred by the Landlord, and shall promptly reimburse the Landlord upon receipt of an invoice therefor, as Additional Rent. The Landlord will not be responsible for any damage caused to the Tenant's property by reason of such removal.

11.6 Landlord's Repairs

Landlord and Tenant acknowledge that the Corporation is responsible for the repair and maintenance of the Common Elements to the extent provided for in the Condominium Documents, provided that to the extent that any such repair or maintenance is necessitated directly or indirectly by any act or omission (where there is a duty to act) of Tenant or any servant, employee, agent, contractor, invitee or licensee of Tenant, Tenant shall be solely responsible for the cost of such repairs and maintenance and shall indemnify and hold harmless Landlord and the Corporation in respect thereof. Notwithstanding the foregoing, Landlord agrees that Tenant shall not be responsible for performing any Capital Expenditures and that any such Capital Expenditures shall be performed by Landlord as Landlord determines necessary (in its sole discretion), subject to reimbursement by Tenant as part of Operating Expenses pursuant to the applicable provisions hereof.

ARTICLE 12
DAMAGE, DESTRUCTION, OR EXPROPRIATION OF THE PREMISES

12.1 Damage and Destruction

- (a) If the Premises are damaged by fire or other casualty not caused by the negligence of the Tenant or those for whom it is responsible in law, and such damage is covered by insurance held by the Landlord under this Lease, and such damage renders all of the Premises or a substantial area of the Premises unusable by the Tenant and materially adversely affects the business carried on by the Tenant on the Premises, then the Basic Rent shall from and after the date of the damage abate in the same proportion as such unusable area of the Premises bears to the total area of the Premises, and such abatement shall continue until such unusable area of the Premises is capable of use by the Tenant or until the Lease is terminated, whichever shall first occur.
- (b) Except as provided in Subsection 12.1(c), if the Premises are damaged by fire or other casualty not caused by the negligence of the Tenant or those for whom it is responsible in law, and the damage is covered by insurance held by the Landlord under this Lease, then the damage to the Premises shall be repaired by the Landlord provided that the Tenant shall, to the limits of insurance it ought to have received under the terms of this Lease, be responsible for any costs in excess of insurance proceeds received. The Tenant shall, at its expense and in accordance with the Tenant Design Criteria, repair all Leasehold Improvements and any installations, alterations, additions, partitions, improvements, and fixtures made by or on behalf of the Tenant and all damage caused by its negligence or the negligence of those for whom it is responsible in law. At the option of the Landlord, such repairs shall be performed by the Landlord at the expense of the Tenant if the repairs affect structural elements or mechanical or electrical systems of the Building or if the Landlord considers that this would be more efficient and cost-effective. All repairs which the Landlord is required to make hereunder shall be made with due diligence, provided that the Landlord shall not be liable to the Tenant for any loss or damage suffered by the Tenant as a result of any delay which may arise by reason of adjustment of insurance on the part of the Landlord.
- (c) If, in the opinion of an Architect, the Building is damaged by fire or other casualty to the extent that it cannot reasonably be repaired or rebuilt within one-hundred and eighty (180) days after the occurrence of such damage, and if the Landlord shall consequently decide not to restore the same, then the Landlord shall, within twenty one (21) working days after receipt of such Architect's opinion, give to the Tenant a notice in writing of such decision and thereupon the Term and any extension of this Lease shall expire effective the fifteenth (15th) business day following the giving of such notice, and the Tenant shall vacate the Premises and surrender the Premises to the Landlord, and all rights of the Tenant hereunder shall cease and determine on the effective date of termination. If the Building is damaged as aforesaid and the Landlord does not give notice as aforesaid, then the Landlord shall diligently proceed to repair or rebuild the Building in accordance with Subsection 12.1(b). If such repair or rebuilding is not completed and available for occupation by the Tenant within two-hundred and forty (240) days from the time of the fire or other casualty causing the damage, the Tenant may at its option, to be exercised within ten (10) days of the termination of the said period of two-hundred and forty (240) days by notice in writing, terminate this Lease and all of the rights of the Tenant hereunder, and the Tenant shall then have no further liability for Rent in respect of any period after the date of termination.

12.2 Expropriation

If during the Term or any extension thereof there is an event of Expropriation as a result of all or a substantial portion of the Development being taken or expropriated by any public body or paramount authority, then:

- (a) The Landlord and Tenant will co-operate with each other so that each may receive the maximum award to which it is entitled at law. Notwithstanding the foregoing, to the extent that any part of the Development other than the Premises is expropriated, the full proceeds accruing or awarded as a result thereof will belong solely to the Landlord, and the Tenant will abandon or assign to the Landlord any rights that the Tenant may have or acquire by operation of law to those proceeds or awards and will execute any documents that the Landlord requires to give effect thereto; and

- (b) All Basic Rent and Additional Rent shall be apportioned as of the date that the expropriating authority shall take possession of all or a portion of the Premises, the Common Elements, or the Development, as the case may be, and upon settlement and payment of the expropriation compensation in the manner set out in Subsection 12.2(a), this Lease shall be terminated and the Landlord and the Tenant shall stand mutually discharged in respect of future performance, each to the other, of their obligations and covenants pursuant to this Lease.

**ARTICLE 13
ASSIGNMENT AND SUBLETTING**

13.1 Assignment and Subletting

- (a) The Tenant shall not enter into, consent to, or permit any Transfer without the prior written consent of the Landlord in each instance, which consent shall not be unreasonably withheld or unduly delayed and shall be otherwise granted or withheld in accordance with this Article 13 and shall be subject to the Landlord's rights set out in this Article 13. Notwithstanding any statutory provision to the contrary in deciding whether to give its consent to a proposed Transfer, without limiting the other factors the Landlord may consider, it shall not be considered unreasonable for the Landlord to withhold its consent to any Transfer if:
- (i) an Event of Default is then in existence; or
 - (ii) the use of the Premises by the proposed Transferee, in the Landlord's reasonable opinion arrived at in good faith:
 - (A) could result in excessive use of the elevators or other building systems, or
 - (B) is illegal, or
 - (C) is inconsistent with the image and standards of the Building, or
 - (D) would expose the tenants, licensees, or other occupants of the Building to harm, damage or interference with their use and enjoyment thereof; or
 - (E) is different from that of the Tenant, provided that the Landlord agrees to act reasonably in considering such change of use, or
 - (F) would result in a diminution of the standard of operation of the Building; or
 - (iii) the proposed Transfer would violate or breach, or could result in a violation or breach of, any covenants, restrictions or commitments made or granted by the Landlord to any person including Mortgagees and the other tenants or occupants, or prospective tenants or occupants, of the Building, regardless of when such covenant, restriction or commitment is or was given or made; or
 - (iv) in the Landlord's sole opinion, the proposed Transferee does not:
 - (A) possess a satisfactory financial background or history of successful business operations, or
 - (B) possess a good credit rating satisfactory to the Landlord, or
 - (C) exhibit a substantial net worth acceptable to the Landlord; or
 - (v) the proposed Transfer is to an existing tenant, licensee, or other occupant of the Building; or

- (vi) the Landlord, in the Landlord's reasonable opinion, does not receive sufficient information from the Tenant or the proposed Transferee to enable it to make a determination concerning the matters set out above;

Any consent by the Landlord to a Transfer shall not constitute a waiver of the necessity for such consent to any subsequent Transfer. This prohibition against Transfer shall include a prohibition against any Transfer by operation of law.

- (b) If the Tenant intends to effect a Transfer, the Tenant shall give prior notice to the Landlord of such intent which notice shall:
 - (i) include a fee of \$1,000.00 (the "**Transfer Fee**"); and
 - (ii) specify the identity of the proposed Transferee, and the type of Transfer contemplated, and the part of the Premises affected thereby, and the financial and other terms of the Transfer; and
 - (iii) provide copies of all documents which record the particulars of the proposed Transfer.

The Tenant shall provide such other financial, business or other information relating to the proposed Transferee and its principals, partners and shareholders as the Landlord or any Mortgagee may reasonably require or request.

13.2 Landlord's Response

- (a) The Landlord shall, after having received the notice, Transfer Fee and any other requested information, notify the Tenant either that the Landlord:
 - (i) consents or does not consent to the Transfer in accordance with the provisions of this Article 13; or
 - (ii) elects to terminate this Lease as to the whole or the part, as the case may be, of the Premises affected by the proposed Transfer.
- (b) If the Landlord elects to terminate this Lease pursuant to Subsection 13.2(a), the Landlord shall stipulate in its notice the termination date of this Lease, which date shall be the effective date of the proposed Transfer. If the Landlord elects to terminate this Lease, the Tenant shall notify the Landlord within ten (10) days thereafter of the Tenant's election to either refrain from such Transfer or to accept termination of this Lease or the part thereof in respect of which the Landlord has exercised its rights. If the Tenant fails to deliver such notice within such ten (10) days or notifies the Landlord that it accepts the Landlord's termination, this Lease will, as to the whole or affected part of the Premises, as the case may be, be terminated on the date of termination stipulated by the Landlord in its notice of election to terminate. If the Tenant notifies the Landlord within ten (10) days that the Tenant has elected to refrain from such Transfer, then the Landlord's election to terminate this Lease shall become void.
- (c) If the Tenant or any Transferee is not a public corporation, the Tenant shall, upon request by the Landlord, make available to the Landlord from time to time for inspection and copying all books and records of the Tenant required by the Landlord to determine whether a Change of Control has occurred.

13.3 Conditions of Transfer

- (a) The Tenant shall pay, in advance, the Transfer Fee by cash or certified cheque made payable to the Landlord (or such other person as the Landlord may designate from time to time), and shall deliver such payment to such address as the Landlord may designate. The Tenant acknowledges and agrees that the Transfer Fee is separate and distinct from the transfer expenses which may be incurred by the Landlord (and that such reasonable transfer expenses shall be paid by the Tenant to the Landlord within twenty (20) days following receipt of an invoice therefore) and is an administrative fee charged by the Landlord to partially offset the

Landlord's internal costs associated with the Landlord's review of a proposed Transfer and not consideration for the granting of the Landlord's consent to such Transfer and that the Transfer Fee is non-refundable and shall not be returned or refunded to the Tenant under any circumstances whatsoever including if a request for the Landlord's consent to a proposed Transfer is granted, approved, refused, denied or rejected for any reason by the Landlord or if such request is withdrawn by the Tenant or if the making of such request results in the Landlord terminating this Lease or repossessing that portion of the Premises as is effected by the proposed Transfer.

- (b) If there is a permitted Transfer, the Landlord may collect Rent from the Transferee and apply the amount collected to the Rent payable under this Lease but no acceptance by the Landlord of any payments by a Transferee shall be deemed a waiver of the Tenant's covenants or any acceptance of the Transferee as a tenant or a release of the Tenant from the further performance by the Tenant of its obligations under this Lease. If the Transfer is in the nature of an assignment of this Lease, and if the Tenant receives from any Transferee, either directly or indirectly, any consideration for the assignment outside of compensation for the sale of the business, the Tenant shall share such consideration on a 50/50 basis with the Landlord and immediately pay such consideration to the Landlord who shall be entitled to retain such consideration for its own benefit absolutely as Additional Rent payable hereunder. If the Transfer is in the nature of a sublease or other transaction not in the nature of an assignment any consideration received by the Tenant from the Transferee, whether directly or indirectly, for such Transfer (including any monthly payments, or overages of Rent) less any reasonable out of pocket costs actually incurred by the Tenant on demising walls, Leasehold Improvements (including cabling costs), brokerage and professional fees to affect such Transfer (which costs shall be amortized monthly on a straight-line basis over the entire term of the sublease or other agreement giving effect to the Transfer) in excess of the Rent payable by the Tenant pursuant to this Lease, shall be paid forthwith by the Tenant to the Landlord, on a 50/50 basis, who shall be entitled to retain such consideration for its own benefit absolutely, as Additional Rent payable hereunder. The Tenant and the Transferee shall execute any agreement required by the Landlord to give effect to the foregoing provisions of this Subsection 13.3(b).
- (c) Any consent by the Landlord to a Transfer shall be subject to:
 - (i) the Tenant and the Transferee executing and delivering to the Landlord prior to the Transfer being made, an agreement with the Landlord agreeing that the Transferee will be bound by all of the provisions of this Lease, and except in the case of a Transfer in the nature of a sublease, that the Transferee will be so bound as if it had originally executed this Lease as tenant; and
 - (ii) the Transferee and the Tenant both executing and delivering prior to the date the Transfer is to take effect, the Landlord's then standard form of consent to a Transfer;
- (d) If the Transfer is in the nature of a sublease, the Transferee shall waive any rights it may have under any legal or equitable rule of law or under the *Commercial Tenancies Act* (Ontario), or any applicable law, to apply to a court or to otherwise elect to:
 - (i) retain the unexpired Term of this Lease or the unexpired sublease term, or
 - (ii) obtain any right to enter into any lease or other agreement directly with the Landlord for the Premises or the subleased premises, or
 - (iii) otherwise remain in possession of any portion of the subleased premises or the Premises, in any case where this Lease is terminated, surrendered or otherwise cancelled, including a disclaimer or repudiation of this Lease by a trustee in bankruptcy of the Tenant. The Tenant and the Transferee shall promptly execute any agreement required by the Landlord to give effect to the foregoing provisions.
- (e) Notwithstanding any Transfer permitted or consented to by the Landlord, the Tenant shall remain liable under this Lease and shall not be released from performing any of the covenants or provisions of this Lease.

- (f) If the Transfer in respect of which consent has been given is not completed within sixty (60) days of the date of such consent or if the Tenant is in default under this Lease, then such consent shall, at the Landlord's option, become void.
- (g) The agreements referred to in this Article 13 and any document evidencing the Landlord's consent to any Transfer shall, at the Landlord's option, be prepared by the Landlord or its solicitors at the Tenant's cost which cost shall be characterized as transfer expenses, provided that such transfer expenses be in reasonable amounts.

13.4 Permitted Transferee Requiring Landlord's Consent

- (a) The Tenant shall have the right to permit a Transfer to a Permitted Transferee subject to obtaining Landlord's prior written consent, which consent shall not be unreasonably withheld or unduly delayed. Tenant shall give written notice thereof to Landlord no later than thirty (30) days prior to the effective date of the Transfer in question (except that if Tenant is prohibited from giving such prior notice due to any confidentiality obligations to which it is bound then Tenant shall deliver such notice to Landlord no later than fifteen (15) days following the effective date of the Transfer in question). Concurrently with Tenant's notice as aforesaid, Tenant shall furnish the Landlord with copies of all relevant financial statements and additional information that Landlord may reasonably require to ascertain the financial standing of such Permitted Transferee. In the case of any Transfer the Permitted Transferee shall carry on in the Premises only the use permitted by this Lease (unless such other use is consented to by the Landlord, acting reasonably) and shall, within a reasonable period following the transaction becoming effective, enter into a written agreement with the Landlord to assume, be bound by and observe and perform the terms, conditions, and provisions of this Lease.
- (b) Sections 13.1 through and including 13.3 above shall not apply to a Transfer to a Permitted Transferee as provided in Section 13.4(a) above, except for the following Sections which shall apply to such Transfer to a Permitted Transferee: Sections 13.1(a)(i) to (vi), 13.1(b)(ii) and (iii), 13.2(a)(i), 13.2(c), the first sentence of 13.3(b), 13.3(c), (e) and (f).

ARTICLE 14 DEFAULT

14.1 Payments by Landlord Regarded as Rent

- (a) If the Tenant is in default of any of its covenants, obligations or agreements under this Lease (other than its covenant to pay Rent) and such default shall have continued for a period of seven (7) consecutive days (or such shorter period set out in this Lease) after notice by the Landlord to the Tenant specifying with reasonable particularity the nature of such default and requiring the same to be remedied or, if by reason of the nature thereof, such default cannot be cured by the payment of money and cannot with due diligence be wholly cured within such seven (7) day period (or such shorter period set out in this Lease), if the Tenant shall fail to proceed promptly to cure the same or shall thereafter fail to prosecute the curing of such default with due diligence, the Landlord, without prejudice to any other rights which it may have with respect to such default, may remedy such default and the cost thereof to the Landlord plus a 15% administration fee, together with interest thereon from the date such cost was incurred by the Landlord until repaid by the Tenant shall be treated as Additional Rent and added to the Rent due on the next succeeding date on which the Rent is payable. Nothing in this Section 14.1 shall require the Landlord to directly or indirectly commence or complete such performance of the Tenant's covenants or obligations.
- (b) If the Landlord shall suffer or incur any damage, loss, cost, or expense whatsoever for which the Tenant is in any way liable hereunder, by reason of any failure of the Tenant to observe or comply with any of the covenants or agreements of the Tenant in this Lease, then in every such case the amount of any such damage, loss, cost, or expense shall be due and payable by the Tenant to the Landlord on demand by the Landlord and the Landlord shall have the right at its option to add the cost or amount of any such damage, loss, cost, or expense to the Rent hereby reserved, and any such amount shall thereupon immediately be due and payable as Rent and recoverable by the Landlord by all remedies available to the Landlord for the recovery of Rent in arrears.

14.2 Event of Default

- (a) Each of the following shall be an Event of Default of the Tenant:
- (i) whenever the Tenant defaults in the payment of any Rent five (5) business days after written notice is given by the Landlord that Rent was not paid; or
 - (ii) whenever the Tenant shall fail, for any reason, to perform any other covenant, condition, agreement or other obligation on the part of Tenant to be observed or performed pursuant to this Lease (other than the payment of any Rent) or any other agreement between the parties, whether or not related to the Premises (except for such events described in Subparagraphs 14.2(a)(iii) through 14.2(a)(x) for which no cure period is available unless expressly provided), and such default shall continue for fifteen (15) days after written notice thereof or such shorter period as expressly provided herein (or if such default would reasonably require more than fifteen (15) days to remedy, such longer period as may be reasonably required, provided that the Tenant commences remedying the default within such fifteen (15) day period and thereafter diligently and effectively completes the remedying of such default); or
 - (iii) the Tenant taking any action or commencing any proceeding or any action or proceeding being taken or commenced by another person or persons against the Tenant in respect of the liquidation, dissolution or winding-up of the Tenant, including without limitation, any action or proceeding under the *Winding-up and Restructuring Act* (Canada), the *Business Corporations Act* (Ontario), the *Canada Business Corporations Act* or other similar legislation whether now or hereinafter in effect; or
 - (iv) the Tenant taking any action or commencing any proceeding or any action or proceeding being taken or commenced by another person or persons against the Tenant relating to the reorganization, readjustment, compromise or settlement of the debts owed by the Tenant to its creditors, including, without limitation, the filing of a notice of intention to make a proposal or the filing of a proposal pursuant to the provisions of the *Bankruptcy and Insolvency Act* (Canada), the making of an order under the *Companies' Creditors Arrangement Act* (Canada) or the commencement of any similar action or proceeding by the Tenant or such person or persons; or
 - (v) the Tenant making any bulk sale of all or substantially all of its assets located at the Premises, except to a successor in conjunction with a permitted assignment or a transfer to a Permitted Transferee of this Lease; or
 - (vi) the Tenant committing any act of bankruptcy pursuant to or set out under the provisions of the *Bankruptcy and Insolvency Act* (Canada) or the filing of a petition for a receiving order against the Tenant pursuant to the provisions of the *Bankruptcy and Insolvency Act* (Canada) or a receiver, interim receiver and manager, agent, liquidator or other similar administrator being appointed in respect of any of the property of the Tenant located on the Premises, or any part thereof, or the taking by a secured party, lien claimant, other encumbrancer, judgment creditor or a person asserting similar rights of possession of such assets or any part thereof located on the Premises; or
 - (vii) the Tenant's failure to maintain the required permits, authorizations, and/or licenses from the AGCO (or any other applicable governmental authority having jurisdiction) to operate its business from the Premises as a result of a default or breach by the Tenant of any existing AGCO requirements or other applicable laws and such default shall continue for fifteen (15) days after written notice thereof; or
 - (viii) any insurance policy is cancelled or not renewed by reason of the use or occupation of the Premises, or by reason of non-payment of premiums; or

- (ix) if a writ of enforcement shall issue against the Tenant, or if the Term hereby granted or any of the goods, chattels or equipment of the Tenant shall be taken in execution or attachment, or be seized by any creditor of the Tenant, whether secured or otherwise; or
- (x) if the Premises or a substantial part thereof are abandoned or become vacant or not used or occupied while capable of use and occupancy, and remain so for a period of five (5) days, or if the Premises are used by any other person or persons other than the Tenant or for any other purpose than that for which the same were let, in each case without the prior written consent of the Landlord.

The Events of Default described above in Sections 14.2(a)(iii) through (x) are effective immediately upon occurrence, do not require the Landlord to give notice of any kind to the Tenant and have no cure period.

14.3 Remedies of Landlord

Upon any Event of Default of the Tenant, in addition to any remedy which the Landlord may have by this Lease or at law or in equity, the Landlord may, at its option:

- (a) provide, by notice to the Tenant, that the current month's Rent and Rent for the next ensuing three (3) months shall thereupon become immediately due and payable; and/or
- (b) apply any monies owing to the Tenant, but in the possession of the Landlord, against amounts owing to the Landlord in connection with any such default, adding a 15% administration fee; and/or
- (c) enter the Premises as agent of the Tenant, either by force or otherwise, without being liable for any prosecution therefore, and without being deemed to have terminated this Lease, and re-let the Premises or any part thereof as the agent of the Tenant, and receive the rent therefore to be applied on account of the Rent; and/or
- (d) exercise its right of distress, and to take possession of any furniture, fixtures, equipment, stock or other property thereon and, upon giving written notice to Tenant, to store the same at the expense and risk of Tenant or to sell or otherwise dispose of the same at public or private sale without further notice, and the Tenant hereby waives any present or future limitation on the Landlord's right of distress; and/or
- (e) terminate this Lease and re-enter and take possession of the Premises and/or provide, by notice to the Tenant, for an immediate payment by the Tenant of an amount equal to the present value, as of the date of an event of default by the Tenant, of Rent due under this Lease from such date to the last day of the Term of this Lease. If any part of such Rent cannot be absolutely determined as of such date, the Landlord shall estimate same on a reasonable basis. After receipt by the Landlord of such payment and after the Landlord re-lets the Premises, the Landlord shall remit to the Tenant, as and when rent is received therefore, an amount equal to the lesser of the amount received by the Landlord for any period and the amount that would have been payable by the Tenant under this Lease for the same period, such amount shall be less fifteen percent (15%) of such sum which shall be withheld as an administration fee payable to the Landlord; and/or
- (f) without terminating this Lease, demand immediate payment from the Tenant of an amount equal to the present value, as of the date of an event of default by the Tenant, of Rent due under this Lease from such date to the last day of the Term of the Lease. If any part of such Rent cannot be absolutely determined as of such date, the Landlord shall estimate same on a reasonable basis. Upon payment of such amount by the Tenant to the Landlord, the Tenant shall be entitled to occupancy of the Premises for the remainder of the Term in accordance with this Lease.

14.4 Additional Self-Help Remedy of Landlord

In addition to all other remedies the Landlord may have by this Lease, at law or in equity, if the Tenant does not perform any of its obligations hereunder, the Landlord may at its option, perform any of such obligations, after five (5) days' notice to the Tenant or in the event of an emergency without notice, and in such event

the cost of performing any of such obligations plus an administrative charge of fifteen percent (15%) of such cost shall be payable by the Tenant to the Landlord forthwith on demand together with interest at the Stipulated Rate from the date of the performance of any of such obligations by the Landlord to the date of payment by the Tenant.

14.5 Legal Costs

The Tenant hereby agrees to pay to the Landlord, within five (5) days after demand, all legal fees, on a solicitor and his own client basis, incurred by the Landlord for the enforcement of any rights of the Landlord under this Lease or in the enforcement of any of the provisions of this Lease or in the obtaining of possession of the Premises or for the collection of any monies from the Tenant or for any advice with respect to any other matter related to this Lease.

14.6 Remedies Cumulative

The Landlord may from time to time resort to any or all of the rights and remedies available to it in the event of any default hereunder by the Tenant, either by any provision of this Lease, or by statute, or at law or in equity, all of which rights and remedies are intended to be cumulative and not alternative, and the express provisions hereunder as to certain rights and remedies are not to be interpreted as excluding any other or additional rights and remedies available to the Landlord at law or in equity.

14.7 Remedies to Subsist

- (a) No waiver of any of Tenant's obligations under this Lease and no waiver of any of Landlord's rights hereunder in respect of any default by Tenant hereunder shall be deemed to have occurred or be given as a result of any condoning, excusing, overlooking or delay in acting upon by Landlord in respect of any default by Tenant or by any other act or omission of Landlord including, without limitation, the acceptance of any Rent less than the full amount thereof, the acceptance of any Rent after the occurrence of any default by Tenant, or any verbal or written statements or agreements made by any employee of Landlord other than an agreement in writing duly executed on behalf of Landlord by one of its personnel with ostensible authority to do so. No waiver of any of Tenant's obligations or any of Landlord's rights hereunder shall be effective except and only to the extent of any express waiver in writing duly executed on behalf of Landlord by one of its personnel with ostensible authority to do so. The waiver by Landlord of any default of Tenant or of any rights of Landlord in respect of any term, covenant or condition herein shall not be deemed to be a waiver of any subsequent default of Tenant or rights of Landlord in respect of such term, covenant or condition.
- (b) All rights and remedies of Landlord under this Lease and at law shall be cumulative and not alternative, and the exercise by Landlord of any of its rights pursuant to this Lease or at law shall at all times be without prejudice to any other rights of Landlord, whether or not they are expressly reserved. Tenant's obligations under this Lease shall survive the expiry or earlier termination of this Lease and shall remain in full force and effect until fully complied with.
- (c) If Landlord assigns this Lease to a Mortgagee or holder of other security on the Premises or the Development or any part thereof or to any other person whatsoever Landlord shall nonetheless be entitled to exercise all rights and remedies available to it pursuant to this Lease and at law without providing evidence of the approval or consent of such Mortgagee, holder of other security or other person whatsoever.

ARTICLE 15 SUBORDINATION, ATTORNMENT, AND STATUS CERTIFICATE

15.1 Subordination

This Lease is and shall be subject, subordinate, and postponed to all Mortgages to the extent that without execution of any document other than this Lease, the Mortgages shall have priority over this Lease notwithstanding the respective dates of execution, delivery, or registration thereof. Without limiting the generality of the foregoing, the Tenant agrees to promptly execute any document in confirmation of such subordination and

postponement of this Lease to any of the Mortgages. The Landlord shall use commercially reasonable efforts to cause any future Mortgagees to deliver to the Tenant a non-disturbance agreement in the Mortgagees' then standard form.

15.2 Attornment

Whenever required by any of the Landlord's Mortgagees under any of the Mortgages, or in the event of an exercise by any of the Landlord's Mortgagees of the power of sale in any of the Mortgages, the Tenant shall attorn to and become, in each case, a tenant of such Landlord's Mortgagees or any purchaser from such Landlord's Mortgagee for the then-unexpired residue of the Term and all extensions thereof, if any, upon all of the terms and conditions hereof.

15.3 Estoppel Certificates

- (a) The Tenant agrees that it will at any time and from time to time upon not less than ten (10) days' notice, execute and deliver to the Landlord (and, if required, to any prospective purchaser, Mortgagee or encumbrancer of the Development) a certificate in writing as to the status at that time of this Lease, including as to whether this Lease is unmodified and in full force and effect (or, if modified, stating the modification and that the same is in full force and effect as modified), the amount of the Rent then being paid hereunder, the date on which the same, by instalments or otherwise, and other charges hereunder, have been paid, whether or not there is any existing default on the part of the Tenant or Landlord of which it has notice, and any other matters pertaining to this Lease as to which the Landlord shall request a statement.
- (b) Intentionally Deleted.

ARTICLE 16 FURTHER TENANT'S COVENANTS

16.1 Signs

The Tenant shall not, at any time, affix or exhibit or permit to be affixed or exhibited upon any part of the Premises except within the Premises (and out of sight from the exterior of the Premises), any Sign, unless such Sign shall have been first approved in writing by the Landlord, acting reasonably and such Sign complies at all times with the requirements of any lawful authority having jurisdiction over the same. No signs relating to the availability of sublease premises, or any other similar such matters, shall be allowed or approved. All signage shall be in accordance with the Landlord's standard signage criteria and installed at the Tenant's expense. If any Sign no longer complies with the terms of the consent given by the Landlord or the requirements of any lawful authority having jurisdiction over the same, then the Landlord, after giving the Tenant ten (10) days' notice, shall have the right at any time to remove any such Sign at the Tenant's expense; and the costs, charges, and expenses of such removal shall forthwith be paid by the Tenant to the Landlord. The repair provisions of Sections 11.1 and 11.2 shall apply to the Signs. The cost of all graphics and installation thereof will be the sole responsibility of the Tenant and the exact location and size shall be mutually agreed upon by Landlord and Tenant acting reasonably.

16.2 Rubbish

The Tenant shall keep the Premises including, without limitation, all walkways and sidewalks immediately adjacent to the Premises, clean, tidy and in good order and free from rubbish, ice, snow, weeds and the like (to the extent not completed by the Corporation).

16.3 Abate Nuisance and Odours

Upon written notice to the Tenant from the Landlord or from any lawful authority having jurisdiction, the Tenant shall forthwith, at its sole expense, abate any nuisance caused by vibration, noise, or by any undue emission of smoke, odours, vapour, or dust caused by the Tenant or arising directly or indirectly out of the operations carried on upon the Premises. Tenant shall not at any time use or occupy the Premises or the Building, or suffer or permit anyone to use or occupy the Premises, or do anything in the Premises or the Building, or suffer or

permit anything to be done in, brought into or kept on the Premises, which in any manner discharges objectionable fumes, vapors or odours into the Building's flues or vents or otherwise. Tenant shall not conduct its business at the Premises in a manner that will result in the emanation of odours outside of the Premises, and Tenant warrants and represents that the conduct of Tenant's business at the Premises shall not and will not result in the emanation of any such odours.

16.4 Pollution

The Tenant shall:

- (a) not use or permit to be used all or any part of the Premises for the sale, storage, manufacture, disposal, use, or any other dealing with any Hazardous Substances, without the prior written consent of the Landlord, which may be unreasonably withheld;
- (b) strictly comply, and cause any person for whom it is in law responsible to comply, with all Environmental Laws regarding the use and occupancy of the Premises;
- (c) promptly provide to the Landlord a copy of any environmental site assessment, audit, or report relating to the Premises conducted by or for the Tenant at any time if one exists or is conducted;
- (d) promptly notify the Landlord in writing of any release of a Hazardous Substance or Hazardous Substances or any other occurrence or condition at the Premises or any adjacent property which would contaminate the Premises or subject the Landlord or the Tenant to any fines, penalties, orders, investigations, or proceedings under Environmental Laws;
- (e) on the expiry or earlier termination of this Lease, or at any time if requested by the Landlord or required by any governmental authority pursuant to Environmental Laws, remove from the Premises all Hazardous Substances and remediate any contamination of the Premises or any adjacent property resulting from Hazardous Substances, in either case brought onto, used at, or released from the Premises by the Tenant or any person for whom it is in law responsible. The Tenant shall perform these obligations promptly at its own cost and in accordance with Environmental Laws. All such Hazardous Substances shall remain the property of the Tenant, notwithstanding any rule of law or other provision of this Lease to the contrary and notwithstanding the degree of their affixation to the Premises;
- (f) indemnify the Landlord and its directors, officers, employees, agents, successors, and assigns from any and all liabilities, actions, damages, claims, losses, costs, fines, penalties, and expenses whatsoever (including all legal and consultants' fees and expenses and the cost of remediation of the Premises and any adjacent property) arising from or in connection with:
 - (i) any breach of or non-compliance with the provisions of this Section 16.4 by the Tenant; or
 - (ii) any release or alleged release of any Hazardous Substance or Hazardous Substances at or from the Premises related to or as a result of the use and occupation of the Premises or any act or omission of the Tenant or any person for whom it is in law responsible.

The obligations of the Tenant under this Section 16.4 shall survive the expiry or earlier termination of this Lease.

16.5 No Excavation

The Tenant shall not excavate, dig, or extract any sand, gravel, earth, or minerals of any description out of the Land.

16.6 Easements

The Tenant shall not, without the prior written consent of the Landlord, permit any encroachment, right of way, easement, or other encumbrance to be made or entered into, against, or upon the Premises or the Land or any part thereof.

16.7 Liens

The Tenant shall use its reasonable efforts to ensure that no claim of Lien shall be filed in respect of any work which may be carried out by it or on its behalf in the Building or on the Land, and if a claim of Lien shall be filed in respect of any such work the Tenant shall take all necessary steps to have the claim of Lien cancelled and discharged from the Land and the Building within fifteen (15) days of the date the Tenant has knowledge of such filing, and the Tenant shall indemnify and save harmless the Landlord from any and all loss, cost, expense, damage, and liability in respect of such claim of Lien. The Landlord, in addition to any right or remedy, shall have the right, but shall not be obliged, to discharge any claim of Lien from the Land and the Building by paying the amount claimed to be due or by procuring a discharge of such Liens by deposit in the appropriate court (but not to the lien claimant directly). In the event that the Tenant fails to discharge the Lien within twenty-five (25) days of the date the Landlord notifies the Tenant that such a Lien has been registered, the Landlord shall be entitled, if it so acts, to expedite the prosecution of any action for the enforcement of such claim of Lien by the Lien claimant and to pay the amount of the judgment, if any, in favour of the Lien claimant with interest and costs. In any such event, the Tenant shall forthwith pay to and reimburse the Landlord for all money expended by the Landlord and all costs and expenses incurred by the Landlord.

16.8 Registered Charges

Subject to Section 17.1, neither the Tenant nor anyone claiming by, through or under the Tenant shall register anything against title to the Land and in the event of any such registration the Tenant shall coordinate the discharge of same within ten (10) days of the date the Tenant has knowledge of such registration, and the Tenant shall indemnify and save harmless the Landlord from any and all loss, cost, expense, damage, and liability in respect of such registration.

16.9 Exhibit Premises

- (a) The Landlord shall have the right to exhibit the Premises, on 24 hours prior written notice to the Tenant to:
- (i) prospective tenants or subtenants during the six (6) month period prior to the Expiry Date or the date of expiration of and any extension of the Term; and
 - (ii) the Landlord's Mortgagees and prospective Mortgagees and any prospective purchaser of the whole or any part of the Landlord's interest in the Premises; and for such purposes the Landlord may place upon the Premises a sign or notice stating that the Premises are for rent or for sale, and the Landlord shall have the right of entry to the Premises at any reasonable time, and the Tenant at its option may have a servant or agent present at the time of such entry.

16.10 No Auctions

The Tenant shall not permit any sale by auction nor any fire sale, bankruptcy sale, moving sale, going-out-of-business sale, or bulk sale to be held upon the Premises or the Land or any part thereof.

16.11 Entry for Benefit of Adjoining Premises

The Tenant shall permit the Landlord, its agents, workers, and other persons authorized by the Landlord, and the tenants of any adjoining or neighbouring premises and their respective agents and workers, to enter upon the Premises at all reasonable times and upon 24 hours prior written, or reasonable notice so far as may be necessary or useful in order to construct, examine, repair, or rebuild any adjoining or neighbouring premises or for

any other reasonable purpose, provided that the Landlord shall make good all damage occasioned by the exercise of such rights by the Landlord, its agents, workers, and any other persons authorized by the Landlord. Insofar as any tenant of any adjoining or neighbouring premises and its respective agents and workers are concerned, no such rights shall be exercisable until such tenant and its agents and workers shall have covenanted with the Tenant to make good all damage occasioned by the exercise of such rights by that tenant and its respective agents and workers. A representative of the Tenant shall be entitled to accompany any person entering upon the Premises pursuant to this Section 16.11.

16.12 Fire Regulations

The Tenant shall not store or bring on the Premises any articles of an inflammable, combustible or dangerous nature and shall at all times keep the Premises in such condition as to comply with the regulations and requirements of any appropriate fire underwriter's association and of the fire department of local and competent jurisdiction. The Tenant shall keep and maintain on the Premises all safety appliances required by any authority for the use of the Premises. The Tenant shall not do anything which shall cause any insurance policy insuring the Lands, the Building or any part thereof to be cancelled or affected in any manner whatsoever.

ARTICLE 17 GENERAL

17.1 No Registration of Lease

Neither the Tenant nor anyone on the Tenant's behalf or claiming by, through or under the Tenant shall register this Lease or any Transfer against the Lands. Notwithstanding the foregoing, the Tenant shall be permitted to register a notice of lease against the Lands in such form as has been approved by the Landlord in writing, such approval not to be unreasonably withheld, conditioned, or delayed. Upon the expiry or earlier termination of this Lease, the Tenant shall, at its sole cost and expense, discharge any such notice of lease registered by it. The Tenant's obligations under this Section 17.1 shall survive the expiry or earlier termination of this Lease.

17.2 Confidentiality

The Tenant and the Landlord and their respective agents shall keep confidential all financial information in respect of this Lease provided that the Tenant and the Landlord may disclose such information to their respective auditors, consultants, lenders and professional advisors, so long as they have first agreed to respect such confidentiality, and further provided that the confidentiality obligations contained herein shall be subject to disclosure of information as is otherwise required by law. Any Tenant or Indemnifier that is an individual person consents to the collection and use of their personal information, as provided directly or collected from third parties, for the purposes of the Landlord considering the Tenant's offer to lease and determining the suitability of the Tenant or the Indemnifier, as applicable and both initially and on an ongoing basis, including the disclosure of such information to existing and potential lenders, investors and purchasers.

17.3 No Warranties

The Tenant acknowledges and agrees that no representations, warranties, agreements, or conditions have been made other than those expressed herein, and that no agreement collateral hereto shall be binding upon the Landlord unless it be made in writing and duly executed on behalf of the Landlord.

17.4 No Waiver

- (a) The failure of the Landlord to exercise any right or option in connection with any breach or violation of any term, covenant, or condition herein contained shall not be deemed to be a waiver or relinquishment of such term, covenant, or condition nor of any subsequent breach of the same or any other term, covenant, or condition herein contained. The subsequent acceptance of the Rent or any portion hereunder by the Landlord shall not be deemed to be a waiver of a preceding breach by the Tenant of any term, covenant, or condition of this Lease.

- (b) The acceptance of any of the Rent from, or the performance of any obligation hereunder by, a person other than the Tenant shall not be construed as an admission by the Landlord of any rights, title, or interest of such person as a Transferee or otherwise in the place and stead of the Tenant.
- (c) The acceptance by the Landlord of a part payment of any money required to be paid hereunder shall not constitute waiver or release of the right of the Landlord to payment in full of such money.

17.5 Notices

All notices, demands, and requests which may be or are required to be given pursuant to this Lease shall be in writing and shall be sufficiently given if delivered personally to the party or an officer of the party for whom it is intended, or faxed with a confirmation copy mailed, or mailed prepaid and registered to the respective addresses specified in the Lease Summary or such other addresses as the parties may from time to time advise by notice in writing. The Tenant shall require each Transferee to supply its respective mailing address to the Landlord. The date of receipt of any such notice, demand, or request shall be deemed to be the date of delivery of such notice, demand, or request if delivered or if faxed as aforesaid it shall be deemed to be received on the next day following the date of transmission (excluding Saturdays, Sundays, and statutory holidays in Ontario), or if mailed as aforesaid it shall be deemed to be received on the third business day next following the date of such mailing (excluding Saturdays, Sundays, and statutory holidays in Ontario), unless there is between the date of mailing and actual receipt a mail strike or other labour dispute which adversely affects mail service in Ontario, in which case the party giving the notice, demand, or request shall deliver such notice, demand, or request by an alternative method.

17.6 Yield Up

Subject to the provisions of Article 11 hereof, the Tenant shall, at the expiration or sooner termination of the Term, forthwith peacefully surrender and yield up unto the Landlord the Premises and its appurtenances, together with all fixtures or improvements which at any time during the Term shall be made therein or thereon, in the state of repair required to be maintained by the Tenant hereunder, without notice from the Landlord; and shall deliver to the Landlord all keys to the Premises which the Tenant has in its possession. Notwithstanding the foregoing, upon the expiration or sooner termination of the Term, upon notice from Landlord, Tenant shall, at its sole cost and expense, restore the Premises in a timely manner to the condition it was in on the Possession Date (including, without limitation, repair of any damage caused by any humidity or mold due to Tenant's operation in the Premises).

17.7 Holding Over

- (a) The Tenant shall surrender possession of the Premises immediately upon the expiration or earlier termination of this Lease. If the Tenant remains in possession of all or any part of the Premises after the expiry of the Term with the consent of the Landlord and without any further written agreement, or without the consent of the Landlord, there shall be no tacit renewal or extension of this Lease and, despite any statutory provision or legal presumption to the contrary, the Tenant shall be deemed conclusively to be occupying the Premises as a monthly tenant at will if the Landlord did consent to the Tenant remaining in possession, or as a tenant at will if the Landlord did not consent to the Tenant remaining in possession, in either case on the same terms as set forth in this Lease as far as such terms would be applicable to a monthly tenancy, and except for any right of extension and any Landlord indemnities, at a monthly basic rent payable in advance and equal to 125% the monthly Basic Rent payable immediately prior to the overholding plus additional rent equivalent to Additional Rent hereunder. The Landlord may terminate such a tenancy at any time on fifteen (15) days written notice.
- (b) The Tenant shall promptly indemnify and hold harmless the Landlord from and against any and all claims incurred by the Landlord as a result of the Tenant remaining in possession of all or any part of the Premises after the expiry of the Term. The Tenant shall not make any counterclaim in any summary or other proceeding based on such overholding by the Tenant.

17.8 Interest

Interest on any money due to the Landlord under this Lease shall be paid by the Tenant and shall accrue on a daily basis at the Stipulated Rate, such rate of interest to be calculated and compounded monthly, not in advance, from the respective date upon which any such money becomes due to the Landlord.

17.9 Indemnifier

The Indemnifier agrees to execute the indemnity in the form attached as Schedule "I" to this Lease.

17.10 Condominium Matters

For the purposes hereof, the following terms shall have the following meanings:

"Act" means the *Condominium Act, S.O. 1998, Chapter 19*, as amended, and the regulations made thereunder, as the same may be amended from time to time.

"Common Elements" means the common elements of the Project, within the meaning of the Act and the Condominium Documents.

"Common Expenses" means all common expenses, within the meaning of the Act and the Condominium Documents, payable by Landlord from time to time in respect of Landlord's ownership of the Unit pursuant to the Condominium Documents, whether payable to the Corporation or to any other person to whom the Corporation has directed such amounts to be paid.

"Condominium" means the condominium established pursuant to the Act in respect of the Project.

"Condominium Documents" means the Declaration, by-laws and all rules and regulations of the Condominium made pursuant to the provisions of the Act or otherwise permitted to be made by the Corporation; it being acknowledged and agreed that, as of the date hereof, Tenant has received a copy of such documents.

"Corporation" shall have the meaning ascribed to it in the Declaration.

"Declaration" means the declaration of the Condominium made pursuant to the provisions of the Act.

Notwithstanding any other provision of this Lease to the contrary, Tenant acknowledges that the Development is registered as a condominium established pursuant to the Act, and accordingly:

- (a) Tenant acknowledges and agrees that this Lease is subject and subordinate to the provisions of the Act and the Condominium Documents and Tenant shall comply with the Act and the Condominium Documents, as they apply to the Premises and Common Elements (and in the event of any conflict between the provisions of this Lease and the provisions of the Act and the Condominium Documents, the provisions of the Act and the Condominium Documents shall govern and control with respect to Tenants rights and obligations hereunder);
- (b) any determination, right or obligations which must or may be made, exercised or performed by Landlord hereunder may, if so provided in the Act or the Condominium Documents, instead be made, exercised, performed by the Corporation, in which case Landlord shall have no liability to Tenant in respect thereof; and
- (c) any approval or consent required of Landlord hereunder shall be subject to any approval or consent required of the Corporation by the Act or the Condominium Documents.

Landlord agrees with Tenant that:

- (a) Landlord shall comply with the Act and the Condominium Documents and enforce its rights as an owner in a manner that ensures the Corporation complies with its obligations thereunder;
- (b) Landlord shall promptly deliver to Tenant any further documents or notices issued by the condominium declarant or the Corporation, including without limitation, any proposed amendments to the Condominium Documents;
- (c) Landlord shall use commercially reasonable efforts to assist Tenant in obtaining any consents and approvals that are required from the Corporation; and
- (d) Landlord shall not exercise any voting rights pursuant to the Act or the Condominium Documents in a manner that would materially and adversely interfere with Tenant's use of the Premises or Tenant's business operations.

Tenant shall comply with all applicable laws, the Condominium Documents, and with all reasonable rules and regulations from time to time made by Landlord or the Corporation. Tenant shall not use the Premises or permit them to be used for any use which in any way contravenes any restrictive covenants contained in the Condominium Documents.

17.11 Financial Information

Unless the Tenant or any Indemnifier is listed on a recognized stock exchange in Canada or the United States, the Tenant shall provide to the Landlord, within five (5) business days of a request therefor by the Landlord, access to and copies of the current financial statements of the Tenant and any Indemnifier.

17.12 Bankruptcy and Insolvency

To the extent permitted by applicable laws, the Tenant hereby waives any right it, or any person on its behalf, may have to disclaim, repudiate or terminate this Lease pursuant to any bankruptcy, insolvency, winding-up or other creditors proceeding, including, without limitation, the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada), and agrees that in the event of any such proceeding Landlord will comprise a separate class for voting purposes.

17.13 Governing Law

This Lease shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each party hereto irrevocably attorns to the jurisdiction of the courts of the Province of Ontario.

17.14 Canadian Dollars

Wherever any reference is made in this Lease to any sum or amount of money, such reference shall be deemed to be to Canadian Dollars.

17.15 Amounts Do Not Include HST

Unless otherwise noted, amounts and payments quoted in this Lease do not include HST. The Tenant and Landlord agree to pay all applicable HST at the same time and place as any other payments due hereunder.

17.16 Number and Gender

Where required the singular number shall be deemed to include the plural and the neuter gender the masculine or feminine.

17.17 Covenants

The Landlord and the Tenant agree that all of the provisions of this Lease are to be construed as covenants and agreements as though the words imparting such covenants and agreements were used in each separate provision thereof. Should any provision or provisions of this Lease be illegal or not enforceable, it or they shall be considered separate and severable from this Lease and its remaining provisions shall remain in force and be binding upon the parties as though the said provision or provisions had never been included.

17.18 Time of the Essence

Time shall be of the essence of this Lease.

17.19 Headings

Any captions, headings, and marginal notes throughout this Lease are for convenience and reference only and the words and phrases contained therein shall in no way be held or deemed to define, limit, describe, explain, modify, amplify, or add to the interpretation, construction, or meaning of any provision of or the scope or intent of this Lease nor in any way affect this Lease.

17.20 Enurement

This Lease shall extend to, be binding upon, and enure to the benefit of the Landlord and the Tenant and their respective heirs, executors, administrators, successors, and permitted assigns.

17.21 Continuation of Obligations

This Lease and the obligations of the Tenant hereunder shall continue in full force and effect notwithstanding any change in the person or persons comprising the Landlord.

17.22 Landlord's Limit of Liability

The term "Landlord" as used in this Lease so far as covenants or obligations on the part of the Landlord are concerned shall be limited to mean the Landlord as described in the Lease Summary, while it retains its interest in the Premises, but upon a sale, transfer, or other disposition of that interest, the Landlord shall be automatically and immediately relieved from all liability arising out of the requirement for performance of any obligations on the part of the Landlord herein contained, it being understood and agreed hereby that the obligations contained in this Lease on the part of the Landlord shall be binding upon the Landlord, its successors, and assigns, only during and in respect of the respective successive periods of its interest in the Premises. The Tenant agrees to attorn to a purchaser, transferee, or person acquiring the interest of the Landlord in the Premises, such attornment to be effective and self-operative without the necessity of the execution of any further instrument on the part of the Landlord, the Tenant, or any other person.

17.23 Consents

Wherever and whenever the approval or consent of the Landlord is required to be obtained, such approval or consent may be given by such officers, agents, committee, person, or persons as may from time to time be nominated or appointed in writing by the Landlord for such purpose, and any such power of nomination or appointment may be delegated by the Landlord. Subject to the terms of this Lease except as otherwise specifically provided in this Lease, the Landlord and the Tenant, and each person acting for them, in granting a consent or approval or making a determination, designation, calculation, estimate, conversion or allocation under this Lease, or in exercising discretion or expressing an opinion, will act reasonably and in good faith and each expert or other professional person employed or retained by the Landlord will act in accordance with the applicable principles and standards of such person's profession, provided that, any approval or consent given by the Landlord may contain such reasonable conditions as the Landlord may deem necessary. The Tenant's sole remedy if the Landlord unreasonably

withholds or delays its consent or approval if it is not entitled hereunder to do so shall be an action for specific performance, and Landlord shall not be liable for damages in respect thereto.

17.24 Amendments

This Lease shall constitute the entire agreement between the parties with respect to the subject matter hereof and supersedes all previous understandings and agreements between the parties, whether oral or written (including, without limitation, the Offer to Lease entered into between the parties dated February 18, 2020 as amended by an Amendment to Lease dated February 18, 2020) and shall not be modified, amended, or waived except by an instrument in writing duly executed and delivered by the parties or by their successors and permitted assigns.

17.25 Force Majeure

Whenever and to the extent that either party shall be unable to fulfill, or shall be delayed or restricted in the fulfilment of any obligation hereunder by reason of being unable to obtain the material, goods, equipment, service, utility, or labour required to enable it to fulfill any such obligation, or by reason of any statute, law, or order-in-council or any regulation or order passed or made pursuant thereto, or by reason of the order or direction of any administrator, controller, or board, or any governmental department or officer or other authority, or by act of God, or by reason of any incidence of disease and/or other illness that reaches outbreak, epidemic, endemic, and/or pandemic proportions, or by reason of not being able to obtain any permission or authority required thereby, or by reason of strikes, lockouts, or other industrial disturbances, explosion, breakage or accident to machinery, or by reason of any other cause beyond the reasonable control of Landlord or Tenant, as the case may be, whether of the foregoing character or not (but not including lack of funds), such party so delayed or restricted shall be entitled to extend the time for fulfilment of such obligation by a time equal to the duration of such delay or restriction, and the other party shall not be entitled to compensation for any inconvenience, nuisance, discomfort, or damage thereby occasioned, and shall not be entitled to cancel or terminate this Lease. Notwithstanding the foregoing and for the avoidance of doubt, the provisions of this Section 17.25 shall at no time operate to excuse the Tenant from any obligations for payment of Basic Rent, Additional Rent or any other payments required by the terms of this Lease when the same are due, and all such amounts shall be paid when due.

17.26 Rules

The Tenant covenants to faithfully observe and comply with the Rules and Regulations as set out in Schedule "G" hereto annexed and such further reasonable rules and regulations as the Landlord hereafter at any time or from time to time may make and communicate in writing to the Tenant, which in the reasonable judgement of the Landlord shall be necessary for the reputation, preservation of good order therein, or the operation or maintenance of the building or the equipment thereof, or the comfort of the tenants or other occupants of the building, provided that no such rules and regulations shall be contradictory or inconsistent with the other provisions of this Lease.

17.27 Schedules

The Schedules attached hereto are hereby incorporated and form part of this Lease.

17.28 Acceptance

The Tenant hereby accepts this lease of the above described Premises, to be held by it as tenant, and subject to the conditions, restrictions and covenants above set forth.

17.29 Counterpart Execution

This Lease may be executed in any number of counterparts with the same effect as if all signatories to the counterparts had signed one document, all such counterparts shall together constitute, and be construed as, one instrument and each of such counterparts shall, notwithstanding the date of its execution, be deemed to bear the date first above written. A signed counterpart provided by way of facsimile transmission or in .pdf format shall be as binding upon the parties hereto as an originally signed counterpart.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the parties have duly executed and delivered this Lease.

SHEMESH INVESTMENTS INC.

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

We are authorized to bind the Corporation.

11819496 CANADA INC.

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

I/We are authorized to bind the Corporation.

VQTCO LTD.

Per: _____
Name: _____
Title: _____

I/We are authorized to bind the Corporation.

IN WITNESS WHEREOF the parties have duly executed and delivered this Lease.

SHEMESH INVESTMENTS INC.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

We are authorized to bind the Corporation.

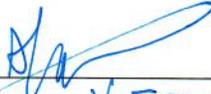
1181946 CANADA INC.

Per:  _____
Name: ROBERT KWAK
Title:

Per: _____
Name:
Title:

I/We are authorized to bind the Corporation.

VQTCO LTD.

Per:  _____
Name:
Title: Vu Tran
Director

I/We are authorized to bind the Corporation.

SCHEDULE A

THE PREMISES

Civic Address: 76 St. Clair Ave W, Units 101 and 102, Toronto, Ontario M4V 1M7

SCHEDULE B**THE LANDS**

Legal Description:

PIN: 12219-0001, UNIT 1, LEVEL 1, METRO TORONTO CONDOMINIUM PLAN NO. 1219 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS: PT LTS 43 & 44, PL 365 (YORK) DES AS PTS 1,2 & 3 ON PL 66R66R17793, S/T & T/W AS SET OUT IN SCHEDULE 'A' OF DECLARATION D628061, CITY OF TORONTO

PIN: 12219-0002, UNIT 2, LEVEL 1, METRO TORONTO CONDOMINIUM PLAN NO. 1219 AND ITS APPURTENANT INTEREST. THE DESCRIPTION OF THE CONDOMINIUM PROPERTY IS: PT LTS 43 & 44, PL 365 (YORK) DES AS PTS 1,2 & 3 ON PL 66R66R17793, S/T & T/W AS SET OUT IN SCHEDULE 'A' OF DECLARATION D628061, CITY OF TORONTO.

SCHEDULE C**EXTENSION OPTION**

1. EXTENSION PROVISION

- (a) Provided that the Required Conditions are satisfied (which conditions may be waived in Landlord's sole discretion), the Tenant shall have the right to extend the Lease for two (2) further terms (such further terms being hereinafter called an "**Extension Term**") of five (5) years each.
- (b) The option in respect of the applicable Extension Term shall be exercised in writing given to the Landlord a minimum of ten (10) months and not more than sixteen (16) months prior to the expiration of the initial Term or the applicable Extension Term, as appropriate (the "**Exercise Date**").
- (c) The extension of the Lease upon the exercise of the option in respect of the applicable Extension Term shall be on the same terms and conditions as contained in the Lease, except that:
 - (i) the Basic Rent payable during the applicable Extension Term shall be the then current fair market rent for similar premises, taking into account all relevant factors, as then improved in similar buildings and location inclusive of any cash allowances or other inducements prevailing at that time, but not less than the Basic Rent payable during the immediately previous year of the Term or applicable Extension Term. No premium or discount shall be applied on account of any of the Tenant's equipment or trade fixtures in the premises to the determination of the fair market rent;
 - (ii) there shall be no further right to extend the Term beyond the second Extension Term (it being agreed that Tenant shall not be permitted to exercise its right to extend with respect to the second Extension Term unless it has duly exercised its right to extend with respect to the first Extension Term);
 - (iii) with respect to such applicable Extension Term, Landlord shall have no obligation to pay or provide to Tenant any allowance, concession or inducement of any nature, or provide to Tenant any free Rent or discounted Rent of any nature, or provide to Tenant any Rent-free or Fixturing Period, or do or perform any Landlord's Work in, on, to or for the Premises (and Tenant accepts the state of the Premises as at the commencement date of the applicable Extension Term on an "as is, where is" basis) nor shall any rights of refusal, or options on additional space in the Development, or any restrictive covenants, or any other special rights granted to Tenant, apply during the applicable Extension Term.

2. ARBITRATION

If the Extension Term Basic Rent has not been agreed to by the parties prior to the commencement of the applicable Extension Term, then either party may at any time thereafter, unless and until Extension Term Basic Rent is settled, submit the matter to arbitration in accordance with the provisions of the *Arbitration Act, 1991* (Ontario) and the Tenant shall not be considered in default for non-payment of Basic Rent if pending settlement of Extension Term Basic Rent the Tenant pays Basic Rent in an amount equal to 125% of the Basic Rent payable during the immediately previous year of the Term ("**Interim Basic Rent**"), provided that within ten (10) days of an agreement or determination as to Extension Term Basic Rent, the Tenant shall pay to the Landlord, or the Landlord shall credit to the Tenant, as applicable, any deficiency or overage resulting from the difference (if any) between Interim Basic Rent and Extension Term Basic Rent and accruing from the commencement date of the applicable Extension Term to the date of such agreement or determination as to Extension Term Basic Rent.

SCHEDULE D**SPECIAL PROVISIONS**

1. **PARKING.** Throughout the Term, the Tenant's customers, guests and invitees shall have the non-exclusive use of the commercial common parking stalls adjacent to the Building, if any, at no cost.
2. **SIGNAGE.** Provided that conditions (i), (iii) and (iv) of the Required Conditions are satisfied, during the Term, the Tenant shall use from the Landlord an area on the outside of the Building above the Premises for its fascia signage. Landlord shall permit the Tenant to install, at its sole cost, its signage package based on and subject to municipal approvals, the Landlord's signage criteria and the approval of the Landlord, acting reasonably. The cost of all graphics and installation thereof will be the sole responsibility of the Tenant and the exact location and size shall be mutually agreed upon by Landlord and Tenant acting reasonably.
3. **EXCLUSIVITY**
 - (a) Provided that the Required Conditions are satisfied, the Landlord covenants and agrees that it shall not lease or license (or consent to any lease, license, sublease or use under any lease in which Landlord is a party, provided that the Landlord shall have the right to withhold its consent thereto under the terms of the applicable lease) to any person whose principal business includes the retail sale of cannabis (the "**Exclusive Use**") within any property the Landlord has an interest in and control of that is within a radius of three hundred (300) metres from the Premises.
 - (b) It is the intention of the Landlord and the Tenant that the foregoing restrictive covenant, set out above, shall run with and burden the Lands throughout the Term including any renewals or extensions thereof.
 - (c) Notwithstanding the foregoing, the provisions of this Section 3 shall not apply to: (i) any lease, use or occupation of any part of the Building (other than the Premises) by a tenant, licensee or occupant under a lease, license or other agreement (the "**Existing Lease**") or under any extension, renewal, supplement or replacement of an Existing Lease, or by the successors, assigns, subtenants, sublicensees, and permitted transferees of the tenant, licensee or occupant under an Existing Lease provided that such Existing Lease was in effect prior to March 2, 2020 and was disclosed to the Tenant and (ii) any lands and premises which are not owned or controlled by Landlord (including, without limitation, the Building, other than the Premises) or an affiliate.
 - (d) Tenant agrees that Landlord shall not be liable to Tenant for any damages Tenant may suffer as a result of another tenant of Landlord using its premises for the Exclusive Use in violation of such tenant's lease, license or other agreement.
 - (e) Landlord is not obliged to enforce the restrictive covenants in this Section 3 against any person if by doing so it shall be in breach of the *Competition Act*, R.S.C., 1985, c. C-34 (the "**Competition Act**") or any other replacement or similar statute. Tenant shall indemnify and protect Landlord from any losses or expenses incurred by Landlord in connection with any claims or proceedings brought under the *Competition Act*, or any other statute or law of similar effect, with respect to this covenant.
4. **SECURITY.** Tenant shall, at its own expense, prior to opening its business to the general public, install its own first class security system, including, without limitation, metal window guards, monitored burglar alarms and surveillance cameras (collectively, "**Tenant's Security System**") in the Premises provided, however, that Tenant shall coordinate the installation and operation of Tenant's Security System with Landlord to assure that Tenant's Security System is compatible with Landlord's existing security system, if any, and the Building systems and to the extent that Tenant's Security System is not compatible with Landlord's security system and/or the Building systems, Tenant shall, at its sole cost and expense, make the necessary changes to the Tenant's Security System to make it compatible with the Landlord's security system and the Building

systems. Tenant shall be solely responsible, at Tenant's sole cost and expense, for the monitoring, operation and removal of Tenant's Security System in accordance with Section 11.5 of this Lease. Tenant shall not be permitted to commence operation of its business from the Premises until it has provided proof of installation of Tenant's Security System to the satisfaction of Landlord, provided that any delays with respect to Tenant providing such proof shall not in any manner delay the start of the Commencement Date. The provisions of this paragraph shall survive the earlier termination of this Lease.

In addition to the foregoing, in the event the Landlord, acting reasonably determines a full time security guard is required for the security of the Premises and the Building, the costs of such security shall be borne by Tenant. Additionally, if any applicable laws (including, without limitation, Ontario legislation) require certain physical and security requirements for a brick-and-mortar cannabis retail stores, Tenant shall promptly comply with the same at its sole cost and expense.

5. SNOW REMOVAL. To the extent not completed by the Corporation, the Tenant shall be responsible for all snow removal and ice removal (and pay all expenses for snow and ice removal) from all walkways and sidewalks immediately adjacent to the Premises to keep said property in a clean and safe condition.

SCHEDULE E**LANDLORD'S WORK**

Landlord shall, at its sole cost and expense, perform the following work prior to the Commencement Date:

Provide the base Building heating and cooling systems in the Premises in a balanced and good working condition according to the Landlord's base Building specifications for the Building; and

Provide vacant possession of the Premises to the Tenant in "as-is where-is" condition, broom swept and ready for Tenant improvements and fixturing.

SCHEDULE F**TENANT'S WORK**

1. All work required to complete the Premises for occupancy, including without limitation the construction and installation of all Leasehold Improvements and fixtures shall be the responsibility of and performed by the Tenant, at Tenant's sole cost and expense (the "**Tenant's Work**"). The Tenant shall complete all Tenant's Work in accordance with all laws, in accordance with the Tenant Design Criteria, in a good and workmanlike manner using new or like new materials and to the Landlord's reasonable satisfaction. All Tenant's Work shall be performed by competent workmen and is subject to the reasonable supervision of the Landlord. The Tenant shall provide all things necessary over and above that which has already been enumerated, for the purpose of completing the Tenant's Work and carrying on its business, including requirements of law, regulations, insurance, building code, permits and licenses, as applicable. Any changes desired by the Tenant to the Landlord's Work are subject to the Landlord's approval (to be given or withheld in Landlord's sole and absolute discretion) and shall be the Tenant's expense. The Tenant further agrees to:
 - (a) Provide proper documentation to the Landlord verifying that provisions have been made for payment in full of all costs of the Tenants' Work;
 - (b) Adhere to the guidelines established in the Landlord's design and signage criteria (all signage requires prior written approval by the Landlord);
 - (c) Retain an independent balancing contractor to balance the Tenant's air distribution system. A copy of the balancing report will be sent to the Landlord for its approval, failing receipt of which Landlord may, at its sole option, perform such work on behalf of the Tenant in accordance with the Lease;
 - (d) Coordinate all roof access with the Landlord, and, where the Landlord requires, use the Landlord's contractor for any roof work at the Tenant's sole cost and expense;
 - (e) Provide, upon written request from the Landlord, as-built drawings of the Premises upon completion of the Tenant's Work (including mechanical and electrical);
 - (f) Install any separate utility meters required by the Landlord at the Tenant's sole cost and expense; and
 - (g) ensure all washrooms in the Premises are properly vented to any standard imposed by any Authority.
2. No construction work shall be undertaken or commenced by the Tenant in the Premises until, in addition to the requirements set forth in Section 5.2(b) of the Lease:
 - (a) The Landlord has received and approved the Tenant's plans/ drawings (to include but not be limited to: architectural and engineered structural / mechanical / electrical drawings at Landlord's sole discretion);
 - (b) All permits necessary for the installation of the Tenant's improvements and approval have been obtained by the Tenant from applicable municipal and other governmental departments, and copies provided to the Landlord; and
 - (c) A certificate of insurance has been provided to the Landlord confirming that insurance is in place in accordance with the Lease.

SCHEDULE G**RULES AND REGULATIONS**

1. The Corporation or Landlord, as the case may be, shall have the right to control and operate the public portions of the Building and the public facilities as well as facilities furnished for the common use of the tenants generally. No tenant shall invite to the demised premises or permit the visit of persons in such numbers or under such conditions as to interfere with the use and enjoyment of the entrances, corridors and facilities of the building by the other tenants.
2. The Corporation or Landlord, as the case may be, may refuse admission to the Building outside of ordinary business hours to any person not known to any security personnel in charge or not having a pass issued by the Tenant or not properly identified and may require all persons admitted to or leaving the building outside of ordinary business hours to register.
3. The plaza, sidewalks, entrances, stairways and corridors of the Building shall not be obstructed by the Tenant or used by it for any other purpose than for ingress and egress to and from the Premises and no Tenant shall place or allow to be placed in or on the plaza, hallways, corridors, toilets or stairways any unauthorized signage, waste paper, dust, garbage, refuse or anything whatever that shall tend to make them appear unclean or untidy.
4. No awnings or other projections over or around the windows or entrances of the Premises shall be installed by the Tenant.
5. All entrance doors in the Premises shall be left locked by the Tenant when the Premises are not in use.
6. Canvassing, soliciting or peddling in the Building is prohibited and the Tenant shall cooperate to prevent the same.
7. The Tenant shall not permit the introduction into the Premises or the Building of any machines or mechanical device of any nature whatsoever which may be liable to cause objectionable noise or vibration or be injurious to the Premises or the Building.
8. The Tenant shall not install or permit the installation or use of any machine dispensing goods on sale other than coffee and confectionary dispensing machines, in the Premises or the Building without the approval of the Landlord, not to be unreasonably withheld.
9. Any hand trucks, carryalls or similar appliances used for the delivery or receipt of merchandise or equipment shall be equipped with rubber tires, side guards and such other safeguards as the Landlord shall require.
10. If any apparatus used or installed by the Tenant requires a permit as a condition for its installation. The Tenant must file a copy of such permit with Landlord, upon request.
11. The Tenant shall ensure that all doors leading from the Premises to the Common Elements are locked between the hours of 6:00 p.m. and 7:00 a.m. (Daylight or mountain time, whichever may be then applicable) on Mondays to Fridays and at all hours on weekends and Statutory holidays, or such other times and days as the Corporation may decide.
12. The Tenant shall not install any signs, blinds, curtains or drapes which would be exposed to view from the exterior of the Building without the written consent of the Landlord being first had and obtained, which shall not be unreasonably or arbitrarily withheld.
13. In the event the Landlord provides Directory Boards, the space thereon allotted to the tenants of the Buildings for directory listing shall be of such size and style as the Landlord shall decide.

14. The Landlord reserves the right to promulgate, rescind, alter or waive any rules or regulations at any time prescribed for the Building when it is necessary, desirable or proper for its best interest and in the opinion of the Landlord for the best interest of the tenants.
15. The Tenant shall not drill into or in any way deface the walls, ceiling, partitions, floors, wood, stone or ironwork of the Building. Boring, cutting or stringing of wires including telegraphic or telephonic connections or pipes shall not be permitted except with the prior written consent of the Landlord and as it may direct.
16. No one shall use the Premises or any part thereof for sleeping apartments.
17. The Tenant shall not operate or permit to be operated any musical or sound producing instrument or device inside or outside the Premises which may be heard outside the Premises. The Tenant will not install any radio or television antennae, loudspeakers, sound amplifiers or similar devices on the roof or exterior walls of the said Building without the written consent of the Landlord.
18. No animal shall be allowed on or kept in or about the Building (save and except for service animals accompanying customers of the Tenant).
19. The Landlord shall, at its option, assign or unassign parking spaces to the tenants of the Building of the Premises, in its sole and absolute discretion including without limitation, the imposition of parking charges for such space.
20. Tenant shall not permit any employees, invitees, customers or agents to congregate, assemble, line-up or loiter in any Common Elements, including without limitation, walkways and sidewalks immediately adjacent to the Premises.

SCHEDULE H

FORM OF INDEMNITY AGREEMENT

INDEMNITY AGREEMENT

THIS INDEMNITY AGREEMENT is dated June 1, 2020

BETWEEN:

SHEMESH INVESTMENTS INC.

("LANDLORD"),

- and -

VQTCO LTD.

("INDEMNITOR")

In order to induce Landlord to enter into the agreement of lease (the "**Lease**") dated June 1, 2020, and made among Landlord, as landlord, 11819496 Canada Inc., as tenant, and Indemnitor, as indemnifier, and for other good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged, Indemnitor hereby makes the following indemnity and agreement ("**Indemnity**") with and in favour of Landlord:

1. Indemnitor hereby agrees with Landlord that at all times during (i) the Term (ii) any extension or renewal thereof, and (iii) any other period when Tenant is in possession of the Premises, Indemnitor shall be bound to Landlord for the performance of all the obligations of Tenant under the Lease, and Indemnitor's liability shall be that of a direct and primary obligor, and, in this regard, Indemnitor shall: (a) make due and punctual payment in full of all Rent, loan repayments, moneys, charges and other amounts of any kind whatsoever due and payable under the Lease by Tenant, whether to Landlord or to any other person and whether the Lease has been disaffirmed, disclaimed, terminated or surrendered; (b) effect prompt and complete performance of all the terms, covenants and conditions contained in the Lease on the part of Tenant to be kept, observed and performed; and (c) promptly indemnify and save Landlord harmless from and against any and all Claims (as hereinafter defined) arising out of any failure by Tenant to pay all Rent, loan repayments, moneys, charges or other amounts of any kind whatsoever due and payable under the Lease or resulting from any failure by Tenant to observe or perform any of the terms, covenants and conditions contained in the Lease on the part of Tenant to be kept, observed and performed. For the purposes hereof, the term "**Claims**" means claims, losses, actions, suits, proceedings, causes of action, demands, damages (incidental, direct, indirect, special, consequential or otherwise), fines, duties, interest, penalties, judgements, executions, liabilities, responsibilities, costs, charges, compensation, payments and expenses including, without limitation, any professional, consultant and legal fees on a complete indemnity basis. As used herein, a "person(s)" means any individual person, firm, partnership or corporation, trust, trustee, or any group or combination of them.

2. Indemnitor hereby expressly acknowledges and agrees that this Indemnity is absolute and unconditional and the obligations of Indemnitor shall not be released, discharged, mitigated, impaired or affected (whether or not Indemnitor has notice thereof or is a party thereto) by: (a) any extension of time, indulgences or modifications which Landlord extends to or makes with Tenant in respect of the performance of any of the obligations of Tenant under the Lease; (b) any waiver by or failure of Landlord to enforce any of the terms, covenants, agreements, stipulations, provisos, conditions and rules and regulations contained in the Lease; (c) any Transfer of the Lease or of all or any part of the Premises by Tenant or by any Transferee, or by any trustee, receiver, receiver-manager or liquidator; (d) any Change of Control of Tenant or of any Transferee; (e) any consent which Landlord gives to any Transfer or Change of Control; (f) any relocation, expansion or reduction of the Premises and any changes to the Lease resulting therefrom; (g) any amendment, modification or variation (whether minor, trivial, substantive or otherwise) to the Lease (whether such amendment, modification or variation is made between Landlord and Tenant, or between Landlord and any Transferee); (h) any waiver by Tenant or any Transferee of any of its rights under the Lease; (i) any changes, additions, or alterations in, to or for the Premises or any part thereof; (j) the expiration of the Term or termination of the Lease; (k) any overholding by Tenant of the Premises or any part thereof; (l) any renewal or extension of the Lease pursuant to any option or right of Tenant or otherwise; it being understood and agreed that this Indemnity shall extend throughout the Term, as renewed or extended; (m) any loss of, or any loss in respect of, any security received or intended to have been received by Landlord from Tenant or any other person, whether or not occasioned or contributed

to by or through the act, omission, default or neglect of Landlord or those for whom Landlord is in law responsible; (n) any act, omission, default or neglect of Landlord or any other person whereby (i) Tenant (or any one or more persons comprising Tenant) or (ii) Indemnitor (or any one or more persons comprising Indemnitor) is released or has its (or their) obligations under the Lease or this Indemnity, as the case may be, discharged, mitigated, impaired or affected in any way whatsoever; or (o) any present or future statute or any existing or future common law under which (i) Tenant (or any one or more persons comprising Tenant) or (ii) Indemnitor (or any one or more persons comprising Indemnitor) is released or has its (or their) obligations under the Lease or this Indemnity, as the case may be, discharged, mitigated, impaired or affected in any way whatsoever; or (p) the addition of any person or persons comprising the Tenant or the Indemnitor, or both; or (q) any unilateral action of either Landlord or Tenant; or (r) any dealings or transactions or matter or thing occurring between Landlord and Tenant, including, without limitation, any adjustments, compromises, settlements, accord and satisfactions, or releases, or any bankruptcy, insolvency, reorganization, arrangement, assignment for benefit of creditors, receivership, or trusteeship affecting Tenant, whether or not notice thereof is given to Indemnitor, all of which notices Indemnitor expressly waives. Nothing but payment and satisfaction in full of all Rent and the due performance and observance of all terms, covenants and conditions on the part of Tenant to be paid and performed under the Lease shall release Indemnitor from its obligations under the Lease or this Indemnity, as the case may be.

3. Indemnitor hereby expressly waives notice of the acceptance of this Indemnity and any notice of non-performance, non-payment or non-observance on the part of Tenant of any of the terms, covenants and conditions contained in the Lease. Without limiting the generality of the foregoing, any notice which Landlord desires to give to Indemnitor shall be sufficiently given if addressed to Indemnitor and delivered to the Premises, or, if mailed by prepaid registered or certified post addressed to Indemnitor at the Premises, and every such notice is deemed to have been given on the day it was so delivered, or, if mailed, seventy-two (72) hours after it was mailed. Indemnitor may designate by notice in writing a substitute address for that set forth above and thereafter notices shall be directed to such substitute address. If two or more persons are named as Indemnitor, any notice given hereunder or under the Lease shall be sufficiently given if delivered or mailed in the foregoing manner to any one of such persons.

4. In the event of a default by Tenant under the Lease, Indemnitor expressly acknowledges and agrees that Landlord may proceed directly against Indemnitor, and in this regard Indemnitor waives any right to require Landlord first to (a) proceed first against Tenant or any other indemnitor, guarantor or person or pursue any rights or remedies against Tenant or any other indemnitor, guarantor or person with respect to the Lease, (b) proceed against or exhaust any security of Tenant held by Landlord, or any other credit in favour of Tenant, or (c) pursue any other remedy available to Landlord under the Lease, in equity or at law. Indemnitor hereby waives any and all defences available to Tenant under the Lease, and acknowledges that Indemnitor shall be responsible for any indebtedness (used in its most comprehensive sense) of Tenant, including, without limitation, any debt or obligation which may be or hereafter become otherwise unenforceable. Landlord has the right to enforce this Indemnity regardless of the acceptance of additional security from Tenant and regardless of any release or discharge of Tenant by Landlord or by others or by operation of any law.

5. Without limiting any other provision contained in this Indemnity, the liability of Indemnitor under this Indemnity shall continue in full force and effect and shall not be, or be deemed to have been, waived, released, discharged, impaired or affected by reason of the release or discharge of Tenant in any receivership, bankruptcy, winding-up or other creditors' proceedings, or the rejection, disaffirmance, disclaimer, termination or surrender (whether or not accepted by Landlord) of the Lease pursuant to any statute or otherwise, and shall continue with respect to the periods prior thereto and thereafter, for and with respect to the Term as if the Lease had not been rejected, disaffirmed, disclaimed, terminated or surrendered. The liability of Indemnitor shall not be affected by any repossession of the Premises by Landlord, provided, however, that any net payments received by Landlord after deducting all costs and expenses, including, without limitation, all professional, consultant and legal fees on a complete indemnity basis of repossessing and reletting the Premises shall be credited from time to time by Landlord against the indebtedness of Indemnitor hereunder, and Indemnitor shall pay any balance owing to Landlord from time to time immediately upon demand therefor.

6. No action or proceedings brought or instituted under this Indemnity and no recovery in pursuance thereof shall be a bar or defence to any further action or proceeding which may be brought under this Indemnity by reason of any further default hereunder or in the performance and observance of any of the terms, covenants and conditions contained in the Lease. Indemnitor hereby waives the right to trial by jury in any action or proceeding that may hereafter be instituted by Landlord against Indemnitor in respect of this Indemnity. Indemnitor shall pay to Landlord,

on demand, all of Landlord's costs and expenses, including, without limitation, all professional and legal fees on a complete indemnity basis, in enforcing this Indemnity.

7. No modification of this Indemnity shall be effective unless such modification is in writing and is executed by both Indemnitor and Landlord.

8. If Indemnitor is a corporation, it shall not, directly or indirectly, change, or permit to be changed, the effective voting control thereof from that existing as of the date of the commencement of the Fixturing Period, or, if none, as of the Commencement Date, and, if Indemnitor is a partnership, joint venture or co-tenancy, it shall not change, or permit to be changed, the persons comprising the partnership, joint venture or co-tenancy as of the date of commencement of the Fixturing Period or, if none, as of the Commencement Date, without in either case obtaining Landlord's prior written consent in each and every instance, which consent may be unreasonably withheld.

9. If more than one individual, corporation, partnership or other business association (or any combination of them) executes this Indemnity as Indemnitor, the liability of each such individual, corporation, partnership or other business association hereunder is joint and several. In like manner, if Indemnitor named in this Indemnity is a partnership or other business association, the members of which are by virtue of statutory or common law subject to personal liability, the liability of each such member is joint and several. If two or more persons are named as an Indemnitor in this Indemnity, the release of one or more of such persons does not release any remaining person named as an Indemnitor in this Indemnity.

10. All debts, obligations and liabilities (collectively "**Liabilities**") of Tenant to Indemnitor, present and future, are hereby assigned to Landlord and postponed to all the Liabilities of Tenant to Landlord. All money, property and other benefits received by Indemnitor from Tenant shall be received in trust for Landlord and, forthwith upon receipt thereof, Indemnitor shall pay it or them to Landlord on account of any outstanding obligations of Tenant to Landlord.

11. Indemnitor shall be bound by any account settled between Landlord and Tenant.

12. Every year throughout the Term and any renewal or extension thereof, on the first day of each January, Indemnitor shall deliver to Landlord the following information regarding Indemnitor's credit-worthiness: (a) current, complete, accurate and detailed audited financial statements of Indemnitor; (b) current bank references for Indemnitor; (c) a Dun & Bradstreet report on Indemnitor, if available; and (d) a balance sheet of Indemnitor certified as being true by an independent chartered accountant.

13. This Indemnity constitutes the complete agreement between Indemnitor and Landlord, and none of the Parties hereto shall be bound by any representations or agreements made by any person which would in any way reduce or impair the obligations of Indemnitor other than any which are expressly set out herein, or in any modification of this Indemnity in writing and executed by both Indemnitor and Landlord.

14. All the terms, covenants and conditions of this Indemnity extend to and are binding on Indemnitor, his, her or its heirs, executors, administrators, successors and assigns, as the case may be, and enure to the benefit of and may be enforced by Landlord, its successors and assigns, as the case may be, and by any Mortgagee or other encumbrancer of all or any part of the Development referred to in the Lease. Indemnitor shall, on demand, reimburse Landlord for all costs and expenses (including, without limitation, all professional and legal fees on a complete indemnity basis) incurred by Landlord in enforcing this Indemnity or any provision thereof. The obligations of Indemnitor shall not be affected by the death or incapacity of Indemnitor.

15. The words "Mortgagee", "Landlord", "Tenant", "Rent", "Term" and "Premises" and all other words and phrases used in this Indemnity that are defined in the Lease are used in this Indemnity as so defined, unless otherwise defined in this Indemnity, or the context otherwise requires.

16. Indemnitor shall, without limiting the generality of the foregoing, be bound by this Indemnity in the same manner as if Indemnitor were Tenant named in the Lease. Indemnitor acknowledges and agrees that it has received a true copy of the Lease and is familiar with the terms, covenants and conditions contained therein.

17. Wherever in this Indemnity reference is made to either Landlord or Tenant, the reference is deemed to apply also to the respective heirs, executors, administrators, successors and assigns of Landlord or of Tenant, as the case may be, named in the Lease. Any assignment by Landlord of any of its interest in the Lease operates automatically as an assignment to such assignee of the benefit of this Indemnity.

18. This Indemnity shall be construed in accordance with the laws of Canada and the Province of Ontario.

19. Indemnitor acknowledges the suggestion of Landlord that, before executing this Indemnity, Indemnitor should obtain independent legal advice.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Landlord and Indemnitor have executed this Indemnity the day and year first above written.

LANDLORD

[THIS IS A FORM, DO NOT SIGN]

[Print full name]

[Print title]

I have authority to bind the corporation.

INDEMNITOR

[THIS IS A FORM, DO NOT SIGN]

[Print full name]

[Print title]

I have authority to bind the corporation.

RETAIL LEASE

PINNACLE INTERNATIONAL (ALDER PLACE) LTD.

(the "LANDLORD")

- AND -

11819496 CANADA INC. O/A MCANNABIS

(the "TENANT")

5485 DUNDAS STREET WEST
ETOBICOKE, ON M9B 1B5

DATE: MAY 15, 2020

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THIS LEASE is dated 15th of May, 2020, and is made between:

PINNACLE INTERNATIONAL (ALDER PLACE) LTD.

("Landlord")

OF THE FIRST PART

-and-

11819496 CANADA INC. O/A MCANNABIS

("Tenant")

OF THE SECOND PART

ARTICLE 1 – BASIC TERMS

The following are certain basic lease provisions which are part of, and are referred to in subsequent provisions of this Lease.

- | | | |
|------|--------------------------------------|---|
| 1.1. | LANDLORD'S ADDRESS FOR NOTICE | PINNACLE INTERNATIONAL REALTY GROUP II INC.
1 Yonge Street, Suite 600
Toronto, ON M5E 1E5
Attn: Ralph Montone, Director Commercial Real Estate
(Section 20.7) |
| 1.2. | TENANT'S ADDRESS FOR NOTICE | 11819496 Canada Inc.
o/a Mcannabis (Metropolitan Cannabis)
c/o Julia White, Tabettha White
jmanserwhite@telus.net
tabetha@ocholdings.ca
31 Muir Ave
Toronto, ON
M6H 1E7 |
| 1.3. | INDEMNIFIER'S INFORMATION | Name: VQTCO Ltd.
Address: 2722 Parkdale Blvd.
NW Calgary, AB T2N 3S7
Contact: Vu Tran
(See Schedule "E") |
| 1.4. | BUILDING | 5485 Dundas Street West, Etobicoke, Ontario M9B 1B5 (Article 2) |
| 1.5. | PREMISES | The Premises designated as 5485 Dundas Street West as shown in the Site Plan and Floor Plan outlined in red on Schedule "B" attached hereto. The Drive-Thru shall be for the Tenant's exclusive use and located generally in the area hatched in red on Schedule "B1", the Drive-Thru shall not be included in the area of the Premises for purpose of calculation of any Rent. The Landlord reserves the right to amend or relocate the Drive-Thru area and/or any parking area located to the south of the Building to accommodate future development plans of the adjacent lands.
(Section 3.1) |
| 1.6. | GLA OF THE PREMISES | Approximately 3,112 square feet, subject to measurement.
(Article 2 and Section 4.4) |
| 1.7. | USE | The Tenant covenants to use the Premises <u>for the sale, at retail, of recreational cannabis, cannabis accessories and any other cannabis-related products (as they become legal from time to time) including, without limitation, edibles, cannabis-infused</u> |

beverages, and non-nicotine vaping devices or a vape store with sales of ancillary products and for no other purpose without the Landlord's prior approval, which shall not be unreasonably withheld or delayed

The Tenant will operate under the trade name of **MCannabis**. Changes in the name must first be approved by the Landlord, such approval not to be unreasonably withheld. (Section 9.1)

- 1.8. **TRADE NAME** **MCANNABIS** (Section 9.1)
- 1.9. **RADIUS** N/A
- 1.10. **POSSESSION DATE** The date Landlord notifies Tenant that the Premises are ready to commence Tenant's Work, estimated to be **June 1st, 2020**. (Section 4.2)
- 1.11. **FIXTURING PERIOD** Provided that the Tenant has executed this Lease and provided the Landlord with proof of insurance, and has paid the Pre-paid rent along with the Security deposit it is agreed and understood that the Tenant will be granted access Ninety (90) days starting from **June 1st, 2020** until **August 31st, 2020** (the "Fixturing Period") for its intended use. During the Fixturing Period, no Minimum Rent shall be payable by the Tenant; however, the Tenant shall be responsible for Additional Rent, Utilities, Insurance, and garbage removal and all other charges under this Lease.

Should the Tenant's Work be completed prior to the expiry of the Fixturing Period, the Tenant shall be permitted to occupy and commence business from the Premises (the "Early Occupancy Period"). All other terms and provisions of the Lease, shall remain in full force and effect during the Early Occupancy Period, but the Commencement Date shall not be modified and all timelines in the Lease shall remain in place (including, for greater certainty, that the Tenant's obligation to pay Minimum Rent in accordance with this Lease will not commence until **September 1st, 2020**). (Section 4.2)
- 1.12. **TERM** Approximately **Four (4)** years commencing on the Commencement Date and expiring on the Expiry Date. (Section 3.1)
- 1.13. **COMMENCEMENT DATE** **June 1st, 2020**
- 1.14. **EXPIRY DATE** **May 31st, 2024** (plus the number of days from the Commencement to the last day of the calendar month in which the Commencement Date occurs, if not the first day of a calendar month). (Section 3.1)
- 1.15. **MINIMUM RENT**

YEARS/PERIODS	ANNUAL	MONTHLY	ANNUAL RATE PER SF. FT.
Sept. 01/20 to May 31/21	\$105,808.00	\$8,817.33	\$34.00
June 01/21 to May 31/22	\$105,808.00	\$8,817.33	\$34.00
June 01/22 to May 31/23	\$108,920.00	\$9,076.67	\$35.00
June 01/23 to May 31/24	\$108,920.00	\$9,076.67	\$35.00

(Section 6.1)
- 1.16. **PERCENTAGE RENT RATE** N/A
- 1.17. **BREAKPOINT FIGURE** N/A
- 1.18. **PREPAID RENT** **\$14,781.27** plus Applicable Taxes. (Section 6.2)
- 1.19. **SECURITY DEPOSIT** **\$30,148.65** plus Applicable Taxes. (Section 17.12)

1.19.	SECURITY DEPOSIT	\$30,148.65 plus Applicable Taxes. (Section 17.12)																												
1.20.	LETTER OF CREDIT	N/A																												
1.21.	CHARGES	The Tenant shall pay its estimated proportionate share of all of the Landlord's gross costs incurred by the Landlord in operation, maintaining and administering the Lands (the land upon which the Building and Premises are situated) and Premises as calculated by the Landlord, including municipal property taxes, water and sewer, waste removal levies, building insurance, Operating Costs, management fees. The Landlord estimates the first year's Additional Rent as being \$16.44 per square foot (\$4,263.44 per month plus applicable taxes). It is agreed that the administrative fee that may be applicable to additional rent shall not exceed fifteen (15%) percent of the Additional Rent charged. Tenant to pay own gas and electricity, to be separately metered.																												
1.22.	SCHEDULES	<table border="0"> <tr> <td>Schedule "A"</td> <td>Legal Description of the Building</td> </tr> <tr> <td>Schedule "B"</td> <td>Site Plan and Floor Plan</td> </tr> <tr> <td>Schedule "B1"</td> <td>Site Plan of Drive Thru</td> </tr> <tr> <td>Schedule "C"</td> <td>Construction of the Premises</td> </tr> <tr> <td>Schedule "C-1"</td> <td>Check Meter Installation</td> </tr> <tr> <td>Schedule "D"</td> <td>Operating Costs</td> </tr> <tr> <td>Schedule "E"</td> <td>Special Provisions</td> </tr> <tr> <td>Schedule "F"</td> <td>Rules and Regulations</td> </tr> <tr> <td>Schedule "G"</td> <td>Payor's Pad Agreement</td> </tr> <tr> <td>Schedule "H"</td> <td>Status Statement</td> </tr> <tr> <td>Schedule "I"</td> <td>Landlord's Security Interest</td> </tr> <tr> <td>Schedule "J"</td> <td>Existing Exclusive and Restrictive Covenants</td> </tr> <tr> <td>Schedule "K"</td> <td>Consent and Acknowledgement</td> </tr> <tr> <td>Appendix "A"</td> <td>Indemnity Agreement</td> </tr> </table>	Schedule "A"	Legal Description of the Building	Schedule "B"	Site Plan and Floor Plan	Schedule "B1"	Site Plan of Drive Thru	Schedule "C"	Construction of the Premises	Schedule "C-1"	Check Meter Installation	Schedule "D"	Operating Costs	Schedule "E"	Special Provisions	Schedule "F"	Rules and Regulations	Schedule "G"	Payor's Pad Agreement	Schedule "H"	Status Statement	Schedule "I"	Landlord's Security Interest	Schedule "J"	Existing Exclusive and Restrictive Covenants	Schedule "K"	Consent and Acknowledgement	Appendix "A"	Indemnity Agreement
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Appendix "A"	Indemnity Agreement																													

ARTICLE 2 – DEFINITIONS

In this Lease, any word or expression defined by quotation marks and first letter capitalization in any specific Section will have the meaning described in that Section, and the following defined terms have the following meanings:

"Additional Rent": means all amounts payable by Tenant to Landlord or any other Person pursuant to this Lease other than Minimum Rent and includes, without limitation, all Charges.

"Applicable Laws": means all federal, provincial, municipal and local laws, statutes, ordinances, by-laws and regulations and all orders, directives and decisions rendered by, and policies, guidelines and similar guidance of, any ministry, department or administrative or regulatory agency having jurisdiction over any matter from time to time.

"Authorities": means all governmental authorities having jurisdiction.

"Building": means the lands described in Schedule "A" and shown approximately outlined in heavy black on Schedule "B" together with all buildings, and all other structures, improvements, equipment, and facilities, including, without limitation, the Common Facilities, serving them or located on or in them from time to time and any other land which may be designated from time to time by Landlord in its sole and unfettered discretion for the use of the Building, all as may be altered, expanded, reduced or reconstructed from time to time by Landlord.

"Business Day": means any day of the week other than a Saturday, Sunday or statutory holiday effective under Applicable Laws in the Province.

"Business Taxes": means, (i) the taxes, rates, duties, levies, assessments and other charges that are imposed against or in respect of the improvements, equipment and facilities of Tenant on or in the Premises or the Building or any part of either of them or Landlord on account of its ownership of or interest in either of them; and (ii) every tax and license fee that is imposed against or in respect of the business carried on in the Premises or in respect of the use or occupancy of the Premises or any part of the Building by Tenant or its subtenants or licensees, or against Landlord or the Owner on account of its or their ownership of the Premises or the Building or any part of it, whether or not in existence as of the date of this Lease and whether of the foregoing character or not. Business Taxes do not include Taxes.

"Change of Control" has the meaning set out in Section 2 of Schedule "E" to this Lease.

"Charges": means all items of Additional Rent referred to in Section 1.21, subject to the requirement that the Landlord not duplicate any of the items it may charge as Additional Rent under this Lease.

"Commencement Date": means the date stipulated in Section 1.13 for commencement of the Term of this Lease.

"Common Facilities": means, (i) the areas, facilities, utilities, improvements, equipment and installations (collectively, "elements") in the Building that, from time to time, are not intended to be leased to tenants of the Building, or are designated from time to time as Common Facilities by Landlord; (ii) the elements outside the Building that serve the Building (or any part of it) or are designated by Landlord from time to time as part of the Common Facilities; and (iii) the elements in or on Rentable Premises that are provided for the benefit of two (2) or more tenants of the Building and their employees, customers and other invitees in common with others entitled to use them. The Common Facilities include, but are not limited to, the roof, exterior wall assemblies including weather walls, exterior and interior structural components (other than structural mezzanines within any Rentable Premises) and bearing walls in the buildings and improvements in the Building; equipment, furniture, furnishings and fixtures; music, fire prevention, security and communication systems; columns; pipes; electrical, plumbing, drainage, mechanical and other installations, equipment or services in the Building or related to it, as well as the structures housing them; the heating, ventilating and air-conditioning system of the Building; access roads; driveways; delivery passages; pedestrian sidewalks; landscaped and planted areas; and parking facilities.

"Controls": means all books and records which are required to satisfy the requirements, if any, of the income and sales tax Authorities and any additional material which would normally be examined by an auditor pursuant to accepted auditing standards in performing a detailed audit of Tenant's sales.

"CPI": means the Consumer Price Index (All Items for Regional Cities) as published by Statistics Canada or by a successor or other governmental agency, for the geographical area closest to the Building, or any replacement index reasonably designated by Landlord if such index is no longer published.

"Damage": means, collectively or individually, any damage to property, death or injury to any Person or any other loss or injury whatsoever arising from or out of any occurrence in or relating to the Building or damage to property of Tenant or of Landlord or of others wherever located.

"Discharge": means any Hazardous Substance spilled, leaked, discharged or otherwise released at, on, over, under, to or from the Premises or the Building.

"Event of Default": has the meaning ascribed in Section 17.1.

"Expert": means the independent architect, architectural technician, engineer, land surveyor or other professional consultant Landlord names from time to time. The decision of the Expert whenever required by this Lease (or requested by Landlord) will be final and binding. In the event of demonstrable error, the Expert's decision will be resolved through arbitration in accordance with the applicable arbitration legislation for the Province.

"Expiry Date": means the date stipulated in Section 1.14 for expiry of the Term of this Lease.

"Fixturing Period": means the period, if any, specified in Section 1.11 provided to Tenant to perform its Tenant's Work.

"GLA": means all floor areas measured from, (i) the exterior face of exterior walls, doors and windows; (ii) the exterior face of interior walls, doors and windows separating Rentable Premises from Common Facilities; (iii) the exterior face of interior walls that are not common walls separating Rentable Premises from adjoining Rentable Premises; and (iv) the centre line of interior common walls separating Rentable Premises from adjoining Rentable Premises. GLA includes interior space even if it is occupied by projections, structures or columns, structural or non-structural, and if a store front is recessed from the lease line the area of the recess is included within the GLA of Rentable Premises. The dimensions of Rentable Premises that are a kiosk will be determined by Landlord.

"GLA of the Building": the total of the GLA of all Rentable Premises excluding, where applicable, any one or more of the following categories of space: (i) kiosks; (ii) basement and storage areas; (iii) free-standing buildings or structures; (iv) Major Tenants; (v) theatres or cinemas; (vi) any second storey premises or any premises above ground level; (vii) space used by governmental, quasi-governmental or public offices, agencies or services or charitable organizations; (viii) mezzanine areas inside Rentable Premises, (ix) the area demised pursuant to any land leases; and (x) other tenants or other occupants whose contributions to Operating Costs

or Taxes are reduced, limited or non-existent. However, the area of the Premises and the area of other Rentable Premises that are of the same category of space as the Premises shall be included in the GLA of all Rentable Premises.

"Gross Negligence": means conduct which is a very marked departure from the standard of conduct expected of a landlord or those for whom it is in law responsible and which goes beyond mere ordinary neglect.

"Hazardous Condition": means individually or collectively the creation of a hazardous, dangerous or harmful situation, condition or substance, including related to mould, asbestos or asbestos-containing material.

"Hazardous Substance": means any substance or thing or mixture of them, including any breakdown product or constituent element (individually or collectively, a "Substance"), any of which alone or in combination with others may be hazardous, harmful, detrimental or dangerous to Persons, other living things, property or the environment (including indoor space) (individually or collectively hereinafter referred to as the "Environment"), including without limiting the generality of the foregoing, any Substance that could cause an adverse effect to or impairment of the Environment or which is, or may be deemed or designated by Applicable Laws to be, dangerous or detrimental to living things or to the Environment, and includes, but is not limited to, any pollutant, contaminant, dangerous good, deleterious substance, toxic or hazardous chemical, waste that is hazardous, toxic, dangerous, or deemed to be subject waste or a similarly designated waste under Applicable Laws ("Hazardous Waste"), dangerous, noxious or toxic Substance, flammable, explosive or radioactive Substance, urea formaldehyde foam insulation, asbestos, polychlorinated biphenyl, pesticides, mould, or any other Substance, the presence, release, leaking, spilling, discharging, processing, removal, recycling, manufacture, preparation, production, generation, use, maintenance, treatment, storage, transfer, transportation, handling or ownership of which is subject to or regulated under Applicable Laws.

"Indemnifier": means the party set out in Section 1.3.

"Landlord": means the party of the First Part and Persons for whom Landlord is responsible in law. In sections that contain a release or other exculpatory provision or indemnity in favour of Landlord, "Landlord" includes the directors, officers, employees and agents of Landlord.

"Landlord's Acceptance Period": has the meaning ascribed in Section 3.3.1.

"Landlord's Work": means the work Landlord has agreed to perform pursuant to Schedule "C".

"Lease": means this agreement and all attached schedules, all as may be amended from time to time in writing and executed by the parties. The rules and regulations made from time to time by Landlord for the Building shall also form part of the Lease.

"Lease Year": means, in the case of the first Lease Year, a period commencing on the Commencement Date and ending on the last day of the following December. Each Lease Year thereafter shall consist of consecutive periods of twelve (12) calendar months save for the last Lease Year which shall terminate upon the Expiry Date, unless earlier terminated pursuant to the terms of this Lease. Landlord may, in its sole and unfettered discretion, change the Lease Year from time to time, but in no event shall Tenant be exposed to duplicated charges as a result.

"Major Tenant": means a tenant occupying at least ten thousand (10,000) square feet of Rentable Premises in the Building.

"Management Company": means PINNACLE INTERNATIONAL REALTY GROUP II INC. and/or any other company or other entity, if any, appointed by Landlord from time to time to operate or manage the Building.

"Merchants' Association": means any association of merchants approved by Landlord acting solely to assist in the promotion and advertising of the Building.

"Minimum Rent": means the annual rent payable pursuant to Section 6.1.

"Mortgagee": means any mortgagee, chargee or other encumbrancer (including any trustee for bondholders) from time to time, of the Building or any part of it, or Landlord's or the Owner's interest in it. The security documents held by Mortgagees and any ground or underlying leases affecting the Building are referred to as "Encumbrances".

"Owner": means the owner or owners from time to time (other than Landlord) of the freehold or leasehold title of the Building.

"Operating Costs": means the costs in Schedule "D".

"Ordinary Municipal Waste": means solid waste that is not and does not contain Hazardous Waste.

"Person": if the context allows, includes any individual person, firm, partnership or corporation, trust, trustee, or any group or combination of them.

"Possession Date": means the date stipulated in Section 1.10.

"Premises": means the Rentable Premises described in Section 1.5.

"Premises HVAC System": means the heating, ventilating and air-conditioning equipment, facilities and system exclusively serving the Premises.

"Prepaid Rent": means the amount stipulated in Section 1.18 and applied in accordance with Section 6.2.

"Prime Rate": means the rate of interest per annum publicly quoted from time to time by a Canadian chartered bank chosen by Landlord as the referenced rate of interest (commonly known as its "prime rate") used by it to determine rates of interest chargeable in Canada on Canadian dollar demand loans to its commercial customers.

"Project Manager": means Landlord's designated project manager for the Building.

"Proportionate Share": means a fraction which has as its numerator the GLA of the Premises, and as its denominator the GLA of the Building.

"Province": means the province in which the Building is located.

"Redevelopment": has the meaning ascribed in Section 10.4.1.

"Released Persons": means collectively and individually, Landlord, the Management Company, PINNACLE INTERNATIONAL REALTY GROUP II INC. and each corporation, partnership and trust controlled by it, and the Mortgagee. In any Section of this Lease which contains a release or other exculpatory provision, or an indemnity in favour of any or all of the Released Persons, such Released Persons shall include the officers, directors, employees and agents of each such Released Person, and Landlord acts as agent for, or as trustee for, the benefit of such Released Person so that each such release, indemnity and/or other exculpatory provision is fully enforceable by the Released Persons and Tenant (and the Indemnifier), as the case may be, undertakes having knowledge of the Released Person to accept this irrevocable stipulation for another.

"Rent": means Net Rent and Additional Rent.

"Rentable Premises": means those premises (including the Premises), in or on the Building that are, or are intended from time to time to be, occupied by businesses that sell or lease goods or services to the public.

"Required Conditions": means:

- (a) An Event of Default has not occurred; and
- (b) No Transfer of this Lease has occurred and Tenant named on page 1 of this Lease is in physical occupation of and conducting business in the whole of the Premises for the purpose stipulated in Section 1.7, except for a Transfer to a Permitted Transferee.

"Rules and Regulations": means the rules and regulations adopted, promulgated, revised or amended by Landlord from time to time acting reasonably and in such manner as would a prudent landlord of a reasonably similar building.

"Sales Taxes" means any tax or duty imposed upon either Landlord or Tenant which is measured by or based in whole or in part directly upon the Rent payable under this Lease or in respect of the rental or rental value of premises under this Lease whether existing at the date of this Lease or hereafter imposed by any governmental authority, including, without limitation, goods and services tax, harmonized sales tax, value added tax, business transfer tax, sales tax, federal sales tax, excise taxes or duties or any tax similar to the foregoing.

"Secured Claim": means a construction lien, or legal hypothec, charge, mortgage, security interest, floating charge, debenture, or other encumbrance.

"Security Deposit": means the amount stipulated in Section 1.19 and applied in accordance with Section 17.12.

"Shared HVAC System" means the heating, ventilating and air-conditioning equipment, facilities and system shared (and/or connected to a centralised system) among Rentable Premises in the Building.

"Stipulated Rate": means an amount per annum equal to the aggregate of the Prime Rate in force when an amount becomes due as adjusted from time to time to reflect variations in the Prime Rate, plus five percent (5%).

"Taxes": means, (i) all immovable real property taxes (including the tax or surtax on non-residential immovables), rates, duties and assessments that are levied, rated, charged or assessed from time to time by any taxing authority in respect of the Building or any part of it from time to time (including, but not limited to, the Common Facilities) or upon Landlord or the Owner on account of its or their interest therein; and (ii) all legal, appraisal, consultation and other costs, fees and expenses incurred by Landlord in calculating Taxes, in contesting any Taxes, or in negotiating with taxing Authorities regarding Taxes, and/or in doing any examinations, studies or research to determine the feasibility of either contesting any Taxes or negotiating with taxing Authorities with respect to Taxes. If the system of real estate taxation is altered or varied from that in force on the Commencement Date and any new tax shall be levied or imposed on all or part of the Building and/or the revenues therefrom and/or Landlord in substitution for or in addition to previously existing Taxes by any taxing authority, whether or not the taxing authority has previously charged any Taxes, then any such new tax shall be included in Taxes. Taxes shall also include all immovable property taxes, rates, duties and assessments imposed upon any lands adjoining or proximate to the Building to the extent that those lands benefit the Building. Taxes shall in every instance be calculated on the basis of the Building being fully assessed and taxed at prevailing commercial building rates for occupied space for the period for which Taxes are being calculated.

"Tax Year": means each twelve (12) month period occurring in whole or in part during the Term which Landlord adopts from time to time to calculate Taxes.

"Tenant": means the party of the Second Part and Persons for whom Tenant is in law responsible. Where the context permits, Tenant will also include the officers, directors, employees, agents, mandataries and contractors of Tenant.

"Tenant's Work": means any work, renovation, repair, alteration, replacement, decoration or improvement conducted by or on behalf of Tenant to the Premises in accordance with this Lease, including, without limitation, the work specified under Schedule "C".

"Term": means the period specified in Section 1.12 and includes all renewals or extensions thereof.

"Transfer": means any assignment, transfer or disposition of this Lease, other than to a Permitted transferee, in whole or in part, any sublease of all or any part of the Premises, the sharing, license or transfer of any right of use or permitting the occupancy of all or any part of the Premises, any granting of a franchise or concession with respect to all or any part of the Premises, any Change of Control, and includes any transaction or occurrence whatsoever (including, but not limited to, death of Tenant, expropriation, receivership proceedings, seizure by legal process and transfer by operation of law), which has changed or might change the identity of the Person having use or occupancy of any part of the Premises. "Transferor" and "Transferee" have corresponding meanings.

"Unavoidable Delay": means any delay occasioned by cas fortuit, force majeure, strikes, lockouts, labour troubles, inability to procure materials or services, power failure, restrictive governmental rules, regulations or orders, bankruptcy of contractors, the failure of any existing tenant or occupant to vacate the Premises, riots, insurrection, sabotage, rebellion, war, acts of terrorism, state of emergency, or any other condition whether of the foregoing nature or not (other than the financial condition of either party) which is beyond the reasonable control of Landlord or Tenant, as the case may be.

"Utilities": means water, fuel, power, telephone and any other utilities.

ARTICLE 3 – GRANT AND TERM

3.1. DEMISE

3.1.1. Landlord leases to Tenant, and Tenant leases from Landlord, the Premises, to have and to hold for the Term, unless sooner terminated. Tenant has the non-exclusive and non-transferable (except to a Transferee approved by Landlord in accordance with Article 12 of this Lease or to a Permitted Transferee) right to use the Common Facilities in common with others entitled to do so, for the purposes for which they are intended, subject to the terms of this Lease.

3.2. QUIET ENJOYMENT

3.2.1. If Tenant performs its obligations under this Lease, it may hold and use the Premises without interference by Landlord or any other Person claiming by, through or under Landlord, subject to the terms of this Lease.

ARTICLE 4 – DELIVERY AND CONSTRUCTION OF PREMISES

4.1. DELIVERY AND ACCEPTANCE OF PREMISES

4.1.1. If there is no Landlord's Work to be done, Tenant agrees to accept the Premises in the state and condition they are found on the date they are delivered. Tenant will advise Landlord in writing of any defects or deficiencies within ten (10) days following the Possession Date, failing which Tenant will be deemed to have accepted Landlord's Work and the Premises in all respects, subject to latent defects and Landlord's repair obligations contained in this Lease.

4.1.2. If there is any Landlord's Work to be done, Landlord will deliver the Premises to Tenant with Landlord's Work substantially completed, subject to any joint occupancy or other arrangements to be made between Landlord and Tenant. Tenant will advise Landlord in writing of any defects or deficiencies in Landlord's Work within ten (10) days following receipt of Landlord's notice given pursuant to Section 4.2.2 below, failing which Tenant will be deemed to have accepted Landlord's Work and the Premises in all respects, subject to latent defects and Landlord's repair obligations contained in this Lease.

4.1.3. Tenant acknowledges that if there is a delay which results in any part of the Premises not being completed on the Possession Date, Landlord will not be responsible for any expenses or losses incurred as a result of the delay, and the Fixturing Period and Commencement Date will be deferred on a day-for-day basis. The Tenant shall further be entitled to one day of free Rent for each and every day that the Landlord is delayed in delivering possession of the Premises to the Tenant following the date that is fifteen (15) days from the Possession Date. If any such delay results from any act or omission of Tenant, the commencement of the Fixturing Period and the Commencement Date shall be such date the same would have commenced had the delay not occurred and the Tenant shall not be entitled to any free Rent under this Section 4.1.3.

4.2. CONSTRUCTION OF THE PREMISES

4.2.1. If requested by the Project Manager, Tenant shall within fifteen (15) days after execution of this Lease by both parties, provide all information required in order to enable Landlord to complete Landlord's Work, if any, and if Tenant delivers such information after the expiry of the fifteen (15) day period, then the Fixturing Period will be reduced by the length of the delay.

4.2.2. Upon receipt of Landlord's notice that the Premises are available for delivery in the state required by Section 4.1, Tenant will take possession of the Premises on the Possession Date to perform Tenant's Work and all other work necessary to prepare the Premises to be open for business to the public.

4.2.3. If Landlord and Tenant agree that during the Fixturing Period there will be joint occupancy of the Premises then each party will cooperate and cause their respective contractors, sub-contractors and tradespeople to cooperate with each other so that all work may be completed as expeditiously as possible.

4.3. LANDLORD'S NON-DELIVERY

4.3.1. Notwithstanding the execution by either or both parties of this Lease, if Landlord is unable to deliver vacant possession of the Premises and/or is unable to proceed with Landlord's Work at any time, for any reason whatsoever, within six (6) months of the date set out in Section 1.11(iii), the Tenant or the Landlord may, at its option, terminate this Lease, whereupon same will be deemed null and void, any Prepaid Rent and any Security Deposit will be returned to Tenant without interest or deduction, and neither party will have any further recourse against or liability towards the other hereunder. Tenant hereby renounces to any claims or recourses of whatever nature it may have against Landlord as a result of Landlord exercising its option to terminate contained herein.

4.4. CERTIFICATION OF THE PREMISES

N/A

ARTICLE 5 – GENERAL RENTAL PROVISIONS

5.1. NET LEASE

5.1.1. It is the intention of the parties that, except as expressly stipulated in this Lease, Landlord will not be liable to contribute to any costs, charges or expenses of any kind regarding the Premises and Tenant will pay all charges, impositions, costs and expenses of any and every nature and kind relating to the Premises.

5.2. PLACE AND MANNER OF PAYMENT

5.2.1. Tenant shall pay Rent throughout the Term to Landlord or as Landlord may direct at the address stipulated in Section 1.1, or such other place Landlord designates from time to time.

5.2.2. Tenant shall pay all required amounts in Canadian currency without prior demand therefor, and without any deduction, abatement, diminution, set-off or compensation whatsoever, except as specifically provided for in this Lease.

5.3. PAYMENT DATES

5.3.1. Unless otherwise stipulated herein, all Minimum Rent, Additional Rent and Charges will be payable in equal and consecutive monthly instalments in advance on the first day of each calendar month during the Term. Any other charges shall be payable on Fifteen days following receipt of Landlord's request for payment.

5.4. IRREGULAR PERIODS

5.4.1. All amounts payable to Landlord shall be deemed to accrue on a daily basis. Any sums payable during broken periods will be pro-rated on a daily basis over a period of three hundred and sixty-five (365) days.

5.5. SURVIVAL OF RIGHTS, REMEDIES AND OBLIGATIONS

5.5.1. Any obligations of Landlord or Tenant to make any payments to or make any readjustments on account of Rent will survive the expiration or earlier termination of this Lease.

5.5.2. If Tenant is in default of any of its obligations under this Lease at the time this Lease expires or is terminated:

5.5.2.1. Tenant shall remain fully liable for the performance of such obligations; and

5.5.2.2. all of Landlord's rights and remedies in respect of such failure shall remain in full force and effect,

all of which shall be deemed to have survived such expiration or termination of this Lease. Every indemnity, exclusion or release of liability and waiver of subrogation contained in this Lease or in any of Tenant's insurance policies shall survive the expiration or termination of this Lease.

5.6. ACCORD AND SATISFACTION / IMPUTATION OF PAYMENTS

5.6.1. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly payment of any Rent stipulated is deemed to be other than on account of the earliest stipulated Rent, nor is any endorsement or statement on any cheque or any letter accompanying any cheque or payment as Rent deemed an acknowledgment of full payment or accord and satisfaction, and Landlord may accept and cash any cheque or payment notwithstanding any such endorsement or inscription, including the mention "final payment" or "final settlement" or any other like mention without prejudice to Landlord's right to recover the balance of the Rent due or to pursue any other remedy provided in this Lease. Landlord may impute any of Tenant's payments against payment of any sum which has become due under this Lease regardless of any designation or imputation by Tenant.

5.7. METHOD FOR PAYMENT OF RENT PAYMENT

5.7.1. Tenant will permit Landlord or its bankers to automatically debit Tenant's bank account on the first day of each calendar month by an amount representing the monthly Minimum Rent and Charges payable under this Lease. To give effect to such payments, concurrently upon execution of this Lease, Tenant will sign an application in the form attached hereto as Schedule "G" to activate automatic debiting and thereafter within twenty (20) days of request sign whatever documents are required by Landlord from time to time to maintain automatic debiting. Failure of Tenant to comply with the provisions of this Section 5.7.1 shall constitute an Event of Default and Landlord shall be entitled to exercise all of its rights and remedies provided for in this Lease.

5.7.2. Amounts not payable by preauthorized debit shall be payable by cheque. If any cheque is returned unpaid (unless attributable to Landlord's fault in processing the cheque), Tenant shall pay to Landlord a

processing fee equal to the greater of: (i) fifty dollars (\$50.00) per cheque; or (ii) the amount Landlord actually incurs as a result of any such default of payment. This processing fee is charged as Additional Rent, and not as a penalty or interest, for the purpose of defraying Landlord's expenses incidental to the processing of any such overdue payments. All payments are subject to H.S.T.

5.8. INTEREST ON OVERDUE AMOUNTS

5.8.1. If Tenant fails to pay any amount it is obliged to pay under this Lease when due, each unpaid amount will bear interest at the Stipulated Rate from its due date until the date payment is made to Landlord. Overdue interest will also bear interest at the Stipulated Rate, compounded monthly. Notwithstanding anything else in this Lease, such interest will not be considered to be Rent but Landlord will have all of the same remedies for, and rights of recovery with respect to such amounts, as it has for non-payment of Rent.

5.8.2. In addition to interest charges as previously set out, Tenant will pay Landlord, as Additional Rent, a charge of one hundred and fifty dollars (\$150.00) in respect of each late payment representing Landlord's overhead and administration fees, the whole without prejudice to any rights or recourses which Landlord may have pursuant to this Lease or at law.

5.9. RENTAL AGREEMENT

5.9.1. Tenant acknowledges that: (i) the Minimum Rent and Percentage Rent payable by Tenant has been established through negotiation and mutual agreement between Landlord and Tenant; (ii) Tenant itself has determined that the amount of Minimum Rent and Percentage Rent payable and the Premises are suitable for its intended business purposes; (iii) Landlord has not made any representations, warranties or other statements or assurances regarding the volume of business, profit or cashflow which Tenant can expect to generate from the Premises; (iv) the Minimum Rent payable under this Lease may at times throughout the Term be greater than or less than the then current fair market rental for the Premises; and (v) Tenant's continued payment of Rent in full, without threat, condition, request or other indication that Landlord will, or will be required to, or will be requested to reduce, abate or otherwise receive a lesser amount (even if by way of deferment) on account of Rent, was a material factor inducing Landlord to lease the Premises to Tenant.

ARTICLE 6 – MINIMUM RENT, PREPAID RENT AND PERCENTAGE RENT

6.1. MINIMUM RENT

6.1.1. Tenant shall pay to Landlord for each Lease Year during the Term Minimum Rent equal to the amount or amounts stipulated in Section 1.15.

6.2. PREPAID RENT

6.2.1. On the date Tenant signs this Lease, Tenant will deliver the Prepaid Rent as stipulated in Section 1.18, which amount will be retained on account and held by Landlord, without interest, and applied towards the Rent due for the first month of the Term.

6.3. PERCENTAGE RENT

N/A

6.4. PAYMENT OF PERCENTAGE RENT

N/A

6.5. REPORTS

N/A

6.5.1.

6.6. TENANT'S RECORDS

N/A

6.6.1.

6.7. EXAMINATION AND AUDIT

N/A

ARTICLE 7 – TAXES AND OPERATING COSTS

7.1. TAXES PAYABLE BY LANDLORD

7.1.1. Landlord will pay or cause to be paid all Taxes payable to the relevant taxing Authorities when due to the extent it is legally required to do so.

7.1.2. Landlord may, without being obliged to do so, defer, contest or appeal any Taxes, assessment or any decision of any taxing authority, and to prosecute, suspend, settle or otherwise deal with any deferment, contestation or appeal as it deems appropriate, in each case without having to obtain Tenant's consent. Nothing whatsoever related directly or indirectly to any deferment, contestation or appeal will entitle Tenant to withhold or defer payment of any Taxes it is obliged to pay either to Landlord or to any taxing authority.

7.1.3. Despite Applicable Laws to the contrary, Tenant shall have no right to contest or appeal any governmental assessment or determination of the value of the Building or any portion of the Building whether or not the assessment or determination affects the amount of Taxes or other taxes, rates, duties, levies or assessments to be paid by Tenant.

7.2. TAXES PAYABLE BY TENANT

7.2.1. Subject to Section 7.2.2, if applicable, for each Tax Year Tenant will pay to Landlord or to any associated or affiliated company of Landlord or to the parent company of Landlord or to any other legal Person designated by Landlord, a Proportionate Share of Taxes in the manner stipulated in Section 7.4. Tenant acknowledges that all rebates, credits, tax reductions and other amounts received by or credited to Landlord from the taxing authority in respect of vacant space will belong solely to Landlord and Tenant will have no right to any portion of any such amounts.

7.2.2. If the Premises are separately assessed for the purpose of real estate taxation or if assessor's working papers are available which indicate a separate assessment or valuation for the Premises or if assessor's working papers are available which indicate a separate valuation or apportionment of the total Building valuation in respect of the Premises (for clarity, in the event that any phase-in and/or adjustment to Taxes are indicated on the property assessment notice and/or the final tax bill for the Building, Landlord shall make the same phase-in and/or adjustment in determining Tenant's share of Taxes as used by the taxing authorities in the final tax bill), Tenant will pay to Landlord for each Tax Year, at Landlord's option, either a Proportionate Share of Taxes under Section 7.2.1 or the aggregate of:

7.2.2.1. the Taxes separately assessed, valued or apportioned against the Premises; and

7.2.2.2. a Proportionate Share of Taxes separately assessed, valued or apportioned against the Common Facilities, or failing a separate assessment, valuation or apportionment, the portion of Taxes Landlord reasonably attributes to the Common Facilities (after deducting any Taxes that are allocated by Landlord to the Rentable Premises not included in the GLA of the Building).

7.2.3. Tenant will furnish Landlord with all separate assessment notices and/or tax bills it receives within twenty (20) days following receipt, and Tenant shall be responsible for all interest and charges for late payment of Taxes where Tenant fails to diligently furnish Landlord with copies of such separate assessment notices and/or tax bills.

7.2.4. If Landlord identifies any portion of the taxable assessment as being attributable to any improvements to the Premises, Tenant will pay the full amount of the Taxes resulting therefrom to Landlord.

7.3. OPERATING COSTS

7.3.1. During each Lease Year or partial Lease Year (or other period Landlord designates), Tenant will pay to Landlord a Proportionate Share of Operating Costs in the manner stipulated in Section 7.4.

7.4. PAYMENT OF TAXES AND OPERATING COSTS BY TENANT

7.4.1. Tenant will pay all sums required by Sections 7.2 and 7.3 provisionally on the basis of Landlord's estimates to be furnished prior to the beginning of the period for which the estimate is intended to apply or as soon as reasonably practical thereafter.

7.4.2. Until Landlord furnishes the estimates for the first Lease Year, the amounts set out provisionally in Section 1.21 as the Proportionate Share of Taxes and Operating Costs shall apply in lieu thereof. Thereafter, the last previous existing estimate shall apply until replaced by another.

7.4.3. Within a reasonable time after the end of the period for which the estimated payments apply, Landlord

will furnish Tenant with a statement showing the actual amount of Tenant's required contribution for Taxes and Operating Costs for each respective period in question. If Tenant has underpaid any amount provisionally (and whether or not as a result of any increase in Operating Costs and/or Taxes due to any redevelopment activity by Landlord), it will pay the difference to Landlord within twenty (20) days following the date Landlord sends its invoice. If Tenant has overpaid any amount provisionally, Landlord will credit the overpayment against any sums due or to become due by Tenant under this Lease.

7.4.4. If bills for Taxes or Operating Costs are received during the course of a Lease Year and the costs incurred by Landlord according to the bills exceed the estimated payments received to that date, then Landlord may immediately bill Tenant for its Proportionate Share of the deficiency.

7.4.5. Notwithstanding the foregoing and any other provisions of this Lease and Applicable Laws to the contrary, the fact that Landlord has not provided an evaluation, estimate, statement of account, adjustment or re-adjustment, cannot be setup to prevent, in any manner whatsoever, Landlord's right to provide same at any time.

7.4.6. Notwithstanding any other provision of this Lease, no claim for any readjustment in respect of any payment made by Tenant under this Lease shall be receivable unless claimed in writing prior to the expiration of one (1) year from the date of said payment.

7.4.7. The Landlord shall, upon request by the Tenant, provide any supporting documentation or evidence reasonably necessary for the Tenant to ascertain the true cost of any Charges.

7.5. BUSINESS TAXES AND SALES TAXES

7.5.1. Tenant shall pay promptly and directly to the lawful taxing authority, and/or to Landlord if Landlord is invoiced directly by the taxing authority, all Business Taxes and Tenant will indemnify and save harmless Landlord from and against all losses, costs, charges and expenses occasioned by or arising from the foregoing. If there is not a separate bill issued by the relevant authority for Business Taxes, Tenant will pay its Proportionate Share of the Business Taxes with respect to the entire Building. Landlord will remit amounts that it collects for Business Taxes to the relevant authority.

7.5.2. Tenant will, together with the Rent, pay to Landlord, or as Landlord directs, all Sales Taxes. Within twenty (20) days of written request by Landlord, Tenant shall provide confirmation that all Sales Taxes have been paid in accordance with Applicable Laws. In the event of a failure by Tenant to pay any Sales Taxes, Landlord shall have the same rights and remedies as it has in the event of a failure by Tenant to pay Rent.

7.6. ADDITIONAL SERVICES

7.6.1. Tenant shall pay to Landlord, as Additional Rent, the cost of all such services provided by Landlord at Tenant's request or otherwise provided for herein and which are not included in Operating Costs, plus an administration fee equal to fifteen percent (15%).

ARTICLE 8 – PREMISES UTILITIES AND HEATING, VENTILATING AND AIR CONDITIONING

8.1. PREMISES UTILITIES

8.1.1. Tenant shall be solely responsible for and shall promptly pay the cost of all Utilities used or consumed in or from the Premises directly to the utility supplier or as Landlord may otherwise direct. Within twenty (20) days of written request by Landlord, Tenant shall provide confirmation that all charges for Utilities consumed in or from the Premises have been paid.

8.1.2. If the Premises are not separately metered by the utility supplier, then Tenant will pay, without duplication: (i) an unmetered charge for supplying Utilities to the Premises in the amount stipulated in Section 1.21 and an administration fee of fifteen percent (15%). For greater certainty, no administration fee is payable for amounts billed directly to Tenant by a supplier of a utility and paid by Tenant directly to the supplier. The unmetered charge for Utilities stipulated in Section 1.21 shall increase or decrease on a pro rata basis as the rates for Utilities Landlord uses to initially calculate the unmetered charge increases or decreases; and (ii) the costs incurred by Landlord for Utilities used in or for the Premises or allocated to the Premises by Landlord, acting equitably, if an unmetered charge for Utilities is not stipulated in Section 1.21. In the case of an estimate, charges for Utilities will be adjusted using the method for Operating Costs and Taxes in Section 7.4.3.

8.1.3. Each time the unmetered charge for supplying Utilities is adjusted, the amount stipulated in Section 1.21 will be deemed replaced by the adjusted amount.

8.1.4. The amount stipulated in Section 1.21 assumes that the Premises have a connected load which is no greater than six (6) watts per square foot of the GLA of the Premises. If in Landlord's reasonable opinion the

above assumption is exceeded, the unmetered charge for Utilities will be increased by such amounts as Landlord, acting on the advice of an Expert, considers justified.

8.1.5. At Landlord's request Tenant will install at Landlord's expense a check meter in the Premises to measure consumption of Utilities in or from the Premises in accordance with Schedule "C-1", in which case payment of utility consumption shall be made in accordance with Schedule "C-1".

8.1.6. Tenant will not install or use any equipment or electrical arrangement which may overload the electrical or other service facilities available unless it first obtains the prior written consent of Landlord, and if necessary, at its own expense, makes whatever changes are necessary to comply with the reasonable requirements of Landlord, Landlord's insurance underwriters and all Applicable Laws.

8.1.7. Landlord is not liable for interruption or cessation, or failure in the supply of Utilities, services or systems in, to or serving the Building or the Premises, whether they are supplied by Landlord or others, and whether or not the interruption or cessation is caused by Landlord's negligence, including, but without limitation, economic losses and consequential damages.

8.2. HEATING, VENTILATING AND AIR-CONDITIONING

8.2.1. The parties acknowledge that notwithstanding that Landlord owns the Premises HVAC System and unless otherwise required or permitted by Landlord as set out in this Section, Tenant shall be solely responsible for all costs and expenses of operating, maintaining, and repairing the Premises HVAC System including entering into such maintenance and service contracts as are necessary for such operation, maintenance and repair. Notwithstanding the foregoing or anything to the contrary in this Lease, the Tenant shall be responsible for any repairs or replacements to the Premises HVAC System that are of a capital nature.

8.2.2.

8.2.3. Tenant shall regulate those parts of the Premises HVAC System within the Premises (including the distribution system for the Premises) that are not part of the Common Facilities so as to maintain reasonable conditions of temperature and humidity within the Premises and to avoid direct or indirect appropriation of heating, ventilating and air-conditioning from the balance of the Building. If as a result of the operation of the Premises HVAC System, a direct or indirect appropriation of heating, ventilating and air-conditioning from the Common Facilities occurs (as determined by Landlord, acting reasonably), Tenant agrees, forthwith upon notification thereof by Landlord, to take such steps as are reasonably necessary to prevent such direct or indirect appropriation.

8.2.4. Landlord may, at its option, assume the responsibility of operating, maintaining, repairing and replacing the Premises HVAC System including entering into such maintenance and service contract or contracts as are necessary for operation, maintenance, repair and replacement of the Premises HVAC System and Tenant shall pay the costs and expenses of such maintenance and service contract or contracts as Additional Rent. Landlord may at any time subsequently elect to have Tenant re-assume sole responsibility for the operation, maintenance, and repair of the Premises HVAC System.

N / A

8.3. SPECIAL SERVICES

8.3.1. If Tenant requests interior climate control services, electricity, sewage disposal, water or other utility services of a type or in quantities that exceed normal use by tenants in the Building, as determined by Landlord, acting reasonably, Tenant will pay to Landlord all costs, both non-recurring and recurring, of providing all such services. Such costs shall be determined by Landlord in a reasonable manner.

ARTICLE 9 - TENANT'S USE AND OPERATION OF THE PREMISES

9.1. USE AND TRADE NAME

9.1.1. The Premises will only be used for the purpose stipulated in Section 1.7 and continuously operated throughout the Term only under the name stipulated in Section 1.8 and Tenant will not change or permit the change of that name without the prior written consent of Landlord, which consent will not be unreasonably withheld.

9.1.2. Tenant acknowledges that Landlord has granted exclusive and restrictive covenants and may grant other exclusive and restrictive covenants to other tenants of the Building and accordingly, Tenant is strictly prohibited from introducing products or services to its customers or changing products or services existing as of the date of this Lease without first obtaining Landlord's prior written approval, all the extent that such covenants have been disclosed to the Tenant in writing by the Landlord.

9.1.3. The existing exclusive and restrictive covenants granted by the Landlord to other tenants of the Building are attached hereto as Schedule "J".

9.1.4.

9.2. OBLIGATION TO OPERATE

9.2.1. Tenant shall take possession and open for business in the whole of the Premises on the Commencement Date. Throughout the Term, Tenant will continuously, actively and diligently conduct its business in the whole of the Premises in a proper, reputable and efficient manner in keeping with a first class building and the general image Landlord has established for the Building, including, without limitation, accepting credit and debit cards, and in such manner as to maximize the revenue made in and from the Premises. Without limiting the generality of the foregoing, Tenant will store and stock in the Premises only such goods, wares and merchandise as Tenant intends to offer for sale at retail from the Premises and Tenant shall not use any portion of the Premises for office, clerical or other non-selling purposes other than such minor parts as are reasonably required for Tenant's business in the Premises. Tenant shall keep the Premises fully fixtured and stocked with merchandise and shall provide sufficient staff to courteously and efficiently service customers so as to derive a maximum amount of revenue from the Premises.

9.2.2. Tenant will operate its business in the Premises during all hours Landlord designates for the majority of retail tenants in the Building unless prohibited from doing so under Applicable Laws.

9.2.3. Tenant shall install and maintain at all times displays of merchandise in the display windows, if any, of the Premises. All such display windows will be suitably illuminated in such manner and at such times as Landlord may reasonably require.

9.2.4. At Landlord's request, Tenant will co-operate with Landlord and comply with any directive, policy or request of any governmental or quasi-governmental authority or entity, or any other request of Landlord, in respect of any energy conservation, waste management, safety, security or other matter relating to the operation of the Building and/or the reduction of the Building's impact on the environment.

9.2.5. Tenant will abide by the Rules and Regulations stipulated by Landlord now or subsequently in force which do not conflict with the terms of this Lease and which are applied to all tenants in a non-discriminatory manner. The Rules and Regulations existing as at the Commencement Date are those set out in Schedule "F". Landlord reserves the right from time to time to amend or supplement the Rules and Regulations applicable to the Premises or the Building as in Landlord's judgment are from time to time needed for the safety, care, cleanliness and efficient operation of the Building.

9.2.6. Notwithstanding anything to the contrary in this Lease, the Landlord acknowledges and agrees that, during that portion of the Term that the municipality, the Alcohol and Gaming Commission of Ontario or any other governmental bodies or authorities having jurisdiction have not issued to the Tenant such licenses, permits, authorizations or approvals required by law to permit the Tenant to sell cannabis at retail from the Premises, the Tenant shall not be obligated to use, occupy, open for business or conduct its business from the Premises. The Tenant and/or a related entity agree to use reasonable commercial efforts to diligently pursue, obtain and maintain all such licenses, permits or authorizations required by law to permit the Tenant to sell recreational cannabis at retail from the Premises.

9.3. PROHIBITED ACTIVITIES

9.3.1. Except as expressly permitted under Section 1.7, Tenant shall not, at any time during the Term, conduct or carry on in the Premises any of the following activities or business: (i) any manufacturing operation; (ii) any mail order, internet order, or catalogue business except of merchandise that Tenant is permitted to sell under Section 1.7; (iii) a store conducted principally or in part for the sale of second hand goods, war surplus articles, insurance salvage stock, or fire sale stock; (iv) a store conducted, promoted and/or represented in whole or substantially as a discount operation or in part as a discount operation so as to give the impression that it is being conducted principally as a discount operation; (v) a pawn shop; (vi) any operation in any line of merchandise in which operation Tenant is making a practice of fraudulent or deceptive advertising or selling procedures; (vii) an auction or bulk sale; (viii) the sale of firecrackers or fireworks of any kind; (ix) an establishment to carry on the business of an automotive service centre or a service station or to dispense directly into motor vehicles any kinds of gasoline or lubricants or other petroleum products or a store selling automobile tires, batteries and auto accessories; (x) a warehouse sale; (xi) a sale of Tenant's trade fixtures from the Premises; and (xii) a non-therapeutic, massage parlour; and (xiii) any other business which because of the merchandise likely to be sold or the merchandising or pricing methods likely to be used would tend to lower the character, quality, image or reputation of the Building. Tenant shall not conduct on the Premises any "distress sale", "bankruptcy sale", "going out of business sale", "moving sale", "liquidation sale" or "fire sale" nor any other type of sale designed to convey to the public that business operations are to be discontinued or will be moved elsewhere than in the Building, and Tenant shall only sell merchandise in the regular course of trade as a retailer operating the Premises for the purpose for which the Premises are leased.