

SUBLEASE AGREEMENT

between

MIND HEALTH (PTY) LTD, a private company incorporated in the Kingdom of Lesotho with registration number 71179, and duly represented by **JODY AUFRICHTIG** in his capacity as director acting on behalf of the aforementioned company, (as MH, hereinafter referred to “**MH**”)

and

CANOPY GROWTH LESOTHO (PTY) LTD t/a HIGHLANDS LESOTHO, with registration number 58303, and duly represented by **MARK CORBETT** in his capacity as director acting on behalf of the aforementioned company (as the Highlands, hereinafter referred to “**Highlands**”)

collectively referred to as the “**Parties**”

Contents

1	Definitions and interpretation	1
2	Suspensive Condition	4
3	Grant of sub lease	4
4	Application of the Original Sublease	4
5	Rental and Charges	4
6	Clear possession, undisturbed enjoyment, etc.	5
7	Use of Land	5
8	Maintenance and Alterations to the Land	5
9	Site Easements and Servitude	5
10	Essential Facilities	6
11	Utilities and Services	7
12	Optional Facilities	7
13	MH Obligations	7
14	Step-in Rights of MH	8
15	Dispositions	9
16	Early termination	9
17	Consequences of expiry or termination	9
18	Representations and Warranties	10
19	Multiple Plots and Sub-Leases	10
20	Compliance with Law	11
21	Real estate taxes and other assessments	11
22	Governing Law	11

Introduction

- (A) The Original Sub Lessors are the rightful owners and / or holders of occupational rights, in terms of the Land Act of _____ (as indicated on the plan attached as Annexure A2) situated on agricultural land at _____ measuring to the extent as marked and for identification purposes shown in red on the plan attached as Annexure "A1" ("Site");
- (B) Under the Original Sub-Leases, the _____ have been sub-let by the Original Sub Lessors to Highlands in terms of the Land Act.
- (C) MH wishes to occupy the _____ and a portion of _____ (to the extent as marked and for identification purposes only edged in orange on the plan attached as Annexure A2) ("Land") to carry out the Activities.
- (D) The Parties have agreed that MH shall be granted the sub lease over the Land to enable it to carry out the Activities.
- (E) Upon fulfilment or waiver as the case may be of the Suspensive Condition Highlands and MH wish to give effect to this Agreement for use by MH to carry out the Activities, build and operate the Facility and all other related activities pursuant to the terms of this Agreement and any permissions received from the Kingdom of Lesotho.

Agreed terms

1 Definitions and interpretation

- 1.1 In this Agreement, unless the context otherwise requires, the following terms shall have the following meanings:

Activities means the growth and production of psilocybin and other psychedelics, the design, procurement, construction, and commissioning of the Facility including the land remediation required to render the Land suitable for the growth and production of psilocybin and other psychedelics and installation of the Facility, the operation and maintenance of the Facility, including but not limited to, civil works and roads all matters necessarily ancillary or connected to such activities that are not expressly prohibited by the Land Act or by the Commissioner of Lands;

Agreement means this Sub Lease Agreement, including the recitals and all Annexes attached hereto as from time to time amended, supplemented, novated or assigned;

Charges means the cost of the use of the Essential Facilities to be charged to MH in accordance with clause 10 and any other additional charges levied on MH under this Lease;

Consents means all consents, permits, decrees, clearances, authorisations, approvals, rulings, exemptions, registrations, filings, decisions, licences, required to be issued by or made with any Governmental Instrumentality in connection with this Agreement and the Activities (including operational permits required to operate and maintain the Facility);

Easements has the meaning set out in clause 9.1;

Effective Date means 1 June 2020;

Essential Facilities shall mean the essential infrastructure and related services that are listed in this clause 10 of this Agreement and identified on the plan attached as Annexure A2, which shall be provided by Highlands;

Facility means a psilocybin cultivation facility.

Force Majeure means any act, event or occurrence or any combination thereof where such act, event or occurrence:

- a) is beyond the reasonable control of the affected Party;
- b) was not reasonably foreseeable or if foreseeable, could not have been (including by reasonable anticipation) avoided or overcome by the affected Party acting reasonably;
- c) could not have been (including by reasonable anticipation) and cannot reasonably be avoided or overcome by the affected Party, acting reasonably;
- d) prevents, hinders or delays the affected Party in its performance of any (or any part of) its obligations under this Agreement, including, without limitation:
 - (i) a Government Risk Event;
 - (ii) war (whether declared or not), hostilities, belligerence, blockade, revolution, insurrection, terrorism or sabotage;
 - (iii) plague, epidemic, and other natural calamity such as but not limited to, severe lightning, tempests, typhoons, earthquakes, tsunamis, landslides, unusual flood, and tidal waves;
 - (iv) radioactive contamination or ionising radiation; and
 - (v) fire, explosion or biological or chemical contamination,

each such act, event or occurrence or combination thereof being a **Force Majeure Event**;

Government Risk Event means the occurrence of any of the following:

- a) expropriation, requisition, confiscation, nationalisation, import restrictions or closure of harbours, docks, Facility for the use of or services to, shipping or navigation, by any Governmental Instrumentality;
- b) the expropriation, nationalisation, compulsory acquisition of, or any restriction on, the Land, the Facility, any asset of the Parties or any shares or other interest (direct or indirect) in the Parties by any Governmental Instrumentality;
- c) any change of Law which prevents, hinders or delays the affected Party in its performance of any (or any part of) its obligations under this Agreement;
- d) any act or omission of any Governmental Instrumentality adversely affecting the legality, validity, binding nature or enforceability of this Agreement,

Governmental Instrumentality means the government of the Kingdom of Lesotho or any local government, any ministry, department or political sub-division thereof, and any person under the direct or indirect control of any such government exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government or any other governmental entity, instrumentality, agency, authority, corporation, committee or commission, or any independent regulatory authority, and any successor to or any assignee of any of the foregoing;

Land has the meaning set out in clause (C) of the Introduction;

Land Act means the Land Act 8 of 2010;

Law means any decree, resolution, law, statute, act, ordinance, rule, directive (to the extent having the force of law), order, treaty, code or regulation (including any of the foregoing relating to health or safety matters, taxes or any environmental law) or any interpretation of the foregoing, as enacted, issued or promulgated by any Governmental Instrumentality that is publicly available or of which the Party to which such Law applies has actual knowledge, including amendments, modifications, extensions, replacements or re-enactments thereof;

Optional Facilities shall mean facilities that may be developed, constructed, operated and maintained by Highlands in addition to the Essential Facilities, which MH can elect to subscribe to;

Original Sub-Leases means the sub-lease agreements concluded between Highlands and the Original Sub Lessors in respect of the Land and **Sub-Leases** shall refer to the multiple sub-lease agreements concluded by Highlands in respect of the Plots;

Plots means, collectively, the plots of land making up the Site as sketched in black on the plan on Annexure A2 and "**Plot**" shall mean any one of them;

Renewal Period(s) has the meaning given to such term in clause 3.2;

Rental shall be the rental charged to MH in accordance with clause 5;

Term has the meaning given to such term in clause 3.1;

Signature Date means the date of signature of this Agreement by the Party last signing; and

Site has the meaning set out in clause (A) of the Introduction;

VAT means value added tax or any equivalent turnover tax chargeable in the Kingdom of Lesotho or any equivalent tax or duty which may be imposed in substitution for it or in addition to it at the rate applicable from time to time.

1.2 Unless the context of this Agreement otherwise requires references to Laws, Consents, licences, codes, exemptions and other legal instruments shall be deemed to be references to such Laws, licences, codes, exemptions and other legal instruments as may be amended, modified, varied, repealed or replaced from time to time.

2 **Suspensive Condition**

- 2.1 Save for the recordals under the heading "Introduction" and clauses 1 and 2, and clauses 18, 20 and 22 all of which will become effective immediately, this Agreement is subject to the fulfilment of the Suspensive Condition that all Consents required by Law to implement and execute this Agreement, the Facility and conduct the Activities have been obtained.
- 2.2 Unless all the Suspensive Condition has been fulfilled or waived, the provisions of this Agreement, save for the recordals under the heading "Introduction" and clauses 1 and 2, and clauses 18, 20 and 22, which will remain of full force and effect, will never become of any force or effect and the *status quo ante* will be restored as near as may be and none of the Parties will have any claim against the others in terms hereof or arising from the failure of the Suspensive Condition.

3 **Grant of sub lease**

- 3.1 Highlands hereby agrees to sublet each Plot, and collectively sublet the Land to MH for the purpose of the Activities from the Effective Date to 21 May 2029 (the **Initial Term**), subject to renewal in accordance with clause 3.2 or earlier termination in accordance with clause **16**.
- 3.2 MH shall be entitled, in its sole discretion, to renew this Agreement for a period of no more than 10 years on the same terms (**Renewal Period**), provided that MH has provided Highlands with written notice to this effect no less than 3 months prior to the expiration of the Initial Term. MH shall be entitled to exercise this option to renew 5 times. Any renewal or extension under this clause together with the Initial Term shall be referred to as "**Term**". Any renewal or extension under this clause shall be subject to the rental escalation set out in clause 5.1. Where MH exercises its right to renew this Agreement under this clause, Highlands shall be obliged to exercise its corresponding right to renew the Sub-Leases in accordance with clause 3.2 of the Sub-Leases.
- 3.3 The Parties shall be jointly responsible for the registration of this Agreement in compliance with the Land Act and the Deeds Registry Act of 1967.

4 **Application of the Original Subleases**

All the terms and conditions of the Original Subleases shall, in so far as the same are consistent with the terms and conditions of this Agreement and the relationship between the Parties, *mutatis mutandis*, apply to this Agreement. In the event of a conflict between the terms and conditions of Original Sub-Leases and this Agreement, the terms and conditions of this Agreement shall prevail.

5 **Rental and Charges**

- 5.1 During the Term, MH shall pay monthly rental ("**Rental**"), monthly in advance, in the amount of _____ per acre from the Effective Date until 21 May 2024, whereafter the monthly rental will increase by 5% per annum on the anniversary date of 21 May 2024 for the duration of the Term (including the Renewal Periods if any).
- 5.2 All payments by MH to Highlands under this Agreement shall be made by bank wire transfer to the bank account designated by Highlands. In case of change in payment method

Highlands shall provide prior notice to MH in writing, and this Agreement shall be subject to amendment accordingly.

5.3 Unless stated otherwise, a reference to any payment by or cost incurred by MH under this Agreement shall be a reference to the cost exclusive of VAT.

5.4 The Rental does not include the Charges which will be billed to MH separately, monthly in arrears.

6 **Clear possession, undisturbed enjoyment, etc.**

6.1 Highlands shall give MH exclusive possession of the Land, free and clear of any right adverse to the Agreement.

6.2 Highlands shall ensure that MH has undisturbed enjoyment of and access to the Land throughout the Term (or until earlier termination of this Agreement).

7 **Use of Land**

7.1 MH shall, in its sole discretion and without any prior consent, be entitled to use and exploit the Land so long as there is no breach of the provisions of this Agreement or any Law.

7.2 MH shall use the Land for the purpose of the Activities only and for no other purpose whatsoever and shall manage the Land properly in accordance with the terms of this Agreement and the Law.

7.3 MH shall not be entitled to make any modification to or remove any pipelines, cables, drainage systems or other facility (surface or buried) which are located on the Land at the date hereof without the prior written consent of Highlands, which consent shall not be unreasonably withheld.

7.4 During the Term, MH shall have full responsibility for the security of the Land.

8 **Maintenance and Alterations to the Land**

8.1 Highlands shall not be responsible for any damage caused to MH's books, stocks, papers fixtures and fittings and any other assets situated upon the Land, by rain, wind, hail, lightning, flood or fire or by reason of riot, strikes, or other Force Majeure Event, or by the act of any person, nor in respect of any damage which may be sustained or suffered by MH as a result of any water leakage or seepage or flooding of water.

8.2 MH shall have the right at any time to carry out on the Land any alterations and/or additions whether such alterations and/or additions are structural or otherwise. Such alterations and additions shall be at the sole cost and expense of MH, for which MH shall not be entitled to claim compensation on termination hereof.

9 **Site Easements and Servitude**

9.1 For the Term, Highlands hereby grants MH a non-exclusive easement for ingress, egress and regress over and across and in and on the Site to access the Land using existing main access road as marked on the plan attached as Annexure A2 ("**Easements**") as reasonably necessary, or otherwise without interference to the operations of Highlands or its agents, employees, invitees with respect to use and enjoyment of the Site.

9.2 MH shall at all times use its best efforts to keep the Easements free and clear from obstructions and impediments placed there by MH, and MH shall not use any of the Easements nor allow any Easements to be used for the purpose of parking vehicles (except on a temporary basis), storing equipment, material or products, or for any other purpose that would materially interfere with the activities of Highlands.

9.3 Internal access roads within the Land shall be laid by MH at its own cost.

10 **Essential Facilities**

10.1 Highlands hereby grants MH rights of access to and use of the essential facilities listed in this clause 10 (**Essential Facilities**) on a non-discriminatory basis. Highlands shall operate and maintain the Essential Facilities.

10.2 If a separate electricity meter is installed in respect of the Land, MH shall pay to Highlands the cost of electricity consumed at the Land at the same rate and on the same basis as if such electricity were supplied directly to MH by the relevant authority. Highlands may at any time install a separate electricity meter in respect of the Land.

10.3 **Main Road and Common Area Lighting**

Highlands shall lay and maintain the main roads leading to the Land.

10.4 **Water Supply**

10.4.1 Highlands will arrange and provide the water supply for operations and maintenance of the Land and Facility up until the erf boundary. All internal reticulation shall be MH's responsibility and for MH's account.

10.4.2 Highlands will supply no less than 50KL/day of raw borehole water or such higher amounts as reasonably required by MH, however such supply will be subject to any restrictions imposed upon Highlands by the Law.

10.4.3 Highlands shall provide water at a single source through a meter for the Land. MH shall collect the water supplied by Highlands in a ground level water tank and water from this tank shall be used by MH by making its own arrangements as required.

10.4.4 If MH desires to make its own arrangements for obtaining water beyond that provided by Highlands, then MH shall obtain necessary Consents to dig/bore wells or to get water from nearest reservoir by tankers.

10.4.5 MH will be charged per month per 1000m² of Land under cultivation (pro rata as required). Highlands may at any time install a separate water meter in respect of the Land.

10.5 **Drainage and Sewerage System**

10.5.1 Highlands shall provide drainage facilities.

10.5.2 MH will be charged per month for use of these facilities.

10.6 **Access rights through the GMP high secure hub**

MH shall have access through Highlands' security checkpoint. MH shall adhere to all Site standard security protocols which includes signing in and out from the Site.

10.7 Electrical connection metered and usage of generator backup

10.7.1 A single 3 phase 150kVA supply will be made available up until the erf boundary. MH shall install a kiosk to receive the supply cable. The costs associated with making such electricity supply available to MH will be for MH's account and Highlands shall be entitled to recover all such costs from MH.

10.7.2 MH shall install its own back up generator.

10.8 MH shall have no claim of any nature whatsoever, whether for damages or a remission of rent, against Highlands for any interruption in the supply of water, gas, electricity, heating or air conditioning provided to Land or Facility, whether such interruption arises from an event of Force Majeure or any other cause whatsoever.

10.9 MH shall have no claim of any nature whatsoever against Highlands for any accident, injury or damage caused while using the Essential Facilities, whether arising or not out of the negligence of Highlands or any other cause.

11 Utilities and Services

11.1 Save for the Essential Facilities, MH is responsible for procuring any other utilities required in respect of the Land or the Activities.

11.2 MH shall be solely responsible for obtaining any requisite Consents, ensuring proper connection up to the relevant delivery points and making prompt payment for any utilities that it consumes.

12 Optional Facilities

12.1 Highlands may construct, develop, and make available Optional Facilities. MH may subscribe to one of more of these facilities and related services as it deems necessary, according to the terms and conditions agreed to between the Parties.

12.2 Highlands shall operate and maintain the Optional Facilities and related services.

12.3 MH shall have no claim of any nature whatsoever against Highlands for any accident, injury or damage caused while using the Optional Facilities, whether arising or not out of the negligence of Highlands or any other cause.

13 MH Obligations

MH shall –

13.1 procure and maintain the required fire-fighting arrangements as per the requirements of the Law;

13.2 comply with all the statutory requirements and instructions of Government Instrumentalities in respect of the Land and Activities;

- 13.3 not do any act, which is destructive, or permanently injurious to the Site, Easements, Essential Facilities and Optional Facilities;
- 13.4 maintain the Land and Easements in a clean and sanitary condition to the satisfaction of Highlands;
- 13.5 permit the officers and staff of Highlands at all reasonable times to enter upon the Land to view the condition and state thereof, provided that it has provided MH with 24 hour's notice;
- 13.6 obtain and renew, if necessary, at its own cost and risk, all necessary Consents in respect of the Land and Activities;
- 13.7 pay all license and other levies, cess and taxes in respect of the Land by reason of their being used for the purpose of the Activities; and
- 13.8 at the end of the Term and at the time of handing over of the Land to Highlands, dismantle the Facility as contemplated in this Agreement.

14 **Step-in Rights of MH**

14.1 In the event that Highlands –

- 14.1.1 refuses to renew the Sub-Leases in accordance with clause 3.2 of the Sub-Leases as required under clause 3.2 of this Agreement;
- 14.1.2 fails to perform under any of the Sub-leases, including failure to make any payment due;
- 14.1.3 is wound up or liquidated provisionally or finally or placed under judicial management provisionally or finally or effects or offers a compromise with its creditors generally;
- 14.1.4 assets are attached in execution and Highlands fails to apply for rescission of the relevant judgment within 14 (fourteen) days of such attachment or, having so applied, fails successfully to prosecute such application within 60 (sixty) days of the judgment; or
- 14.1.5 is give a judgment given against it and such judgment is not discharged within 14 (fourteen) days or if application for rescission of such judgment is not made within 14 (fourteen) days or, having so applied, fails successfully to prosecute such application within 60 (sixty) days of the judgment,

then MH shall be entitled, at its election –

- 14.1.6 to step in and act on Highlands' behalf (i) to remedy any breaches of contract, (ii) make any payment due by Highlands and/or (iii) renew the Sub-leases; or
- 14.1.7 take transfer of all of Highlands' rights and obligations in such Sub-leases as MH may reasonably deem required to protect its rights and interests under this Agreement.

14.2 If any of the events listed in clause 14.1 occurs, Highlands hereby –

14.2.1 grants MH the step in rights referred to in clause 14.1.6, which step in rights MH hereby accepts; and

14.2.2 assigns all of its rights and obligations in and to such Sub-leases selected in accordance with clause 14.1.7, should MH exercise its right under clause 14.1.7.

14.3 Any costs incurred or payment made by MH on Highlands' behalf or in exercising its rights under this clause 14 shall be refunded to MH by Highlands upon receipt of a written demand for such refund.

15 **Dispositions**

15.1 MH shall be entitled, without the written consent of Highlands, to assign or transfer its rights under this Agreement.

15.2 To the extent permitted by Law, MH may mortgage or otherwise grant security in its rights under this Agreement, provided that any such mortgage or other security is for the sole purpose of financing the Activities.

16 **Early termination**

The Parties shall be entitled to terminate this Agreement in the following circumstances:

16.1 by MH, if a Force Majeure Event or event of Government Risk endures for a period of more than 3 months and either prevents MH from carrying out the Activities or from benefiting from this Agreement;

16.2 by a Party, if the other Party is in breach this Agreement and fails to remedy such breach within 10 business days of receiving a notice of demand to remedy such breach;

16.3 by a Party, if the other Party is or is deemed for the purposes of any applicable law to be insolvent or unable to pay its debts as they fall due, admits its insolvency or its inability to pay its debts as they fall due, suspends making payments on any of its debts or announces an intention to do so (other than pursuant to a bona fide dispute) or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to the rescheduling, restructuring or compromise of any of its indebtedness;

16.4 by a Party, if the other Party commences proceedings or proceeding are commenced against it for the liquidation or winding up of that Party;

16.5 by a Party, if any action in eminent domain for the condemnation of the free title of the Land is filed for a public improvement by a public agency, or whenever there is any such action or acquisition by any Government Instrumentality; or

16.6 by a Party, in the event of any breach in respect of the warranties under clause 18 by the other Party.

17 **Consequences of expiry or termination**

On expiry or termination of this Agreement, Highlands may demand that MH, at the cost of MH, remove all structures, fixtures, fittings, equipment and other property of MH situated on the Land, and MH shall clean and reinstate the Land. Any damage caused by such removal shall be made good by MH before vacating the Land.

18 **Representations and Warranties**

18.1 Highlands hereby gives to and in favour of MH the warranties set out below:

- 18.1.1 it has the requisite title and rights over the Land to enter into this Agreement;
- 18.1.2 there is no pending or threatened litigation or claim which would impair its ability to perform its obligations under this Agreement;
- 18.1.3 it has entered into any agreement for sale or contract to anybody in respect of the Land or any portion thereof; and
- 18.1.4 it has not entered into any agreements or arrangements for the charge, lease and/or encumbrance in any manner whatsoever of the Land or any part thereof or created any lien over the Land or any part thereof to any third party nor granted any option or the right in favour of any third party for any of the above in relation to the Land which is still subsisting as at the date hereof.

18.2 Each Party hereby gives to and in favour of the other Party the warranties set out below:

- 18.2.1 it has obtained all approvals from such Government Instrumentality, needed for it to lawfully enter into this Agreement and, in the case of MH, to use the Land for the purposes of conducting the Activities at all times during the Term;
- 18.2.2 there are no conflicts or violations of Law that would affect its rights or obligations under this Agreement.

18.3 The warranties in clause 18 above shall be deemed to be repeated by each of the Parties during the Term as if made with reference to the facts and circumstances on such date. Each Party undertakes to promptly notify the other in writing if any of the warranties given by it in this clause 18 ceases to be true in any material respect.

19 **Multiple Plots and Sub-Leases**

19.1 The Parties acknowledge that whilst this Agreement has been concluded in respect of the Land, the Land is adjacent to multiple Plots which are subject to multiple Sub-leases. Therefore, the Parties hereto agree and undertake in the event that any of the Sub-leases are terminated or invalidated for any reason whatsoever –

- 19.1.1 this Agreement shall remain of full force and effect; and
- 19.1.2 the Parties shall meet in good faith to negotiate a commercial solution if required, however,
- 19.1.3 neither Party shall be obliged to perform in terms of clause 19.1.1 and 19.1.2 if it would: 1) in the case of MH, materially compromise the Activities or hinder MH's rights under this Agreement to an extent which is unacceptable to MH or 2) cause an undue financial or operational burden on that Party or 3) give rise to circumstances under which such Party cannot reasonably be expected to continue to be bound by this Agreement.

20 **Compliance with Law**

MH shall comply with Law in its use of the Land and its conduct of the Activities.

21 **Real estate taxes and other assessments**

MH shall pay any and all real property taxes, special assessments and other governmental charges of any kind or nature whatsoever, whether general or special, ordinary or extraordinary or foreseen or unforeseen, which are now or are hereafter levied, assessed or imposed with respect to the Land, by taking into account the size of the Land relative to the Site and making payment on a pro rata basis.

22 **Governing Law**

This Agreement shall be governed by, and construed in accordance with, the laws of the Kingdom of Lesotho.

IN WITNESS WHEREOF the Parties have caused this Agreement to be executed by their duly authorised representatives as of the day and year first above written.

executed as a deed by **Highlands**)

duly represented by **Jody Aufrichtig**)

)

in the presence of: **Taryn Vos**

witness signature:

executed as a deed by **MH**)

duly represented by **Mark Corbett**)

)

)

in the presence of: **Taryn Vos**

witness signature:

Annexure "A1"

Annexure "A2"