

INVESTOR AGREEMENT

BETWEEN

CULTIVAR HOLDINGS LIMITED

AND

CULTIVAR JA LIMITED

THIS AGREEMENT is made the 15th day of February, 2018 by:

CULTIVAR JA LIMITED, a company incorporated under the laws of Jamaica with Registered address situate at 5-9 South Odeon Avenue, Kingston 10 in the parish of Saint Andrew of the ONE PART (hereinafter referred to as “the Company”), and

CULTIVAR HOLDINGS LIMITED, a corporation incorporated under the laws of the Province of Ontario with registered address situate at Suite 3000, Kings Street West, TD Centre, North Tower, PO Box 95, Toronto, Canada of the OTHER PART (hereinafter referred to as “the Lender”), and

WHEREAS:

The Company was incorporated for the purpose of facilitating the research production and sale of medical marijuana products.

The Lender has agreed to advance to the Company the sum of One Hundred Thousand United States Dollars (USD\$100,000.00) in the first instance, and future amounts as agreed between the parties in writing, subject to the terms and conditions of this Agreement.

The Parties are entering into this agreement for their mutual benefit for the funding and financing of the operations of the Company and to regulate the Parties’ rights and obligations in the manner appearing below.

NOW IT IS HEREBY AGREED as follows:

1. **Definitions and interpretation**

In this Agreement:

- 1.1 ‘**Collateral**’ means all of Company’s right, title and interest in, to and under all of its personal property, wherever located and whether now existing or owned or hereafter acquired or arising, leased, consigned by or to and includes intellectual property; equipment (including all fixtures); general

intangibles; receivables; inventory; investment property; deposit accounts; cash; goods; and all other tangible and intangible personal property of the Company, including all substitutions and replacements for, and rents, profits and products of each of the forgoing.

- 1.2 'Loan' means the amount referred to in clause 2.1 below, or the amount of it for the time being outstanding or any future amount agreed between the parties in writing as being subject to this Agreement;
- 1.3 references to any individual include his personal representatives and successors by operation of law;
- 1.4 references to 'the Lender' include its assigns as permitted under this Agreement;
- 1.5 terms defined in the Companies Act 2004 have the same meanings herein;
- 1.6 reference to any statute or statutory provision includes a reference to:
 - (a) that statute or statutory provision as from time to time amended extended re-enacted or consolidated, and
 - (b) all statutory instruments or orders made pursuant to it;
- 1.7 words denoting the singular shall include the plural and vice versa;
- 1.8 words denoting any gender include both genders and words denoting persons shall include firms and corporations and vice versa;
- 1.9 references to clauses or Schedules are to clauses of or schedules to this Agreement; and
- 1.10 the clause headings are for convenience only and shall not be taken into account in the interpretation of this Agreement.
- 1.11 the Company or the Lender may be referred to individually as 'a Party' or collectively as 'the Parties'.

2. **The Loan**

- 2.1 Subject to clause 2.2 below the Lender shall lend to the Company and the Company shall borrow from the Lender the sum of One Hundred Thousand United States Dollars (USD\$100,000.00) ('hereinafter referred to as the Loan').
- 2.2 The loan will be advanced in a single payment through wire transfer to a designated account the details of which will be provided to the Director of CHL.
- 2.3 The Loan is to be applied exclusively for the establishment and operation of the Company.
- 2.4 In the event that the Lender lends to the Company sums in the future, to be utilised for the operation of the Company and be subject to the terms of this agreement, such loan shall be confirmed by way of memorandum in writing, signed by the Parties hereto.

3. **Interest**

Subject to clause 6 herein, interest on the entire outstanding Loan shall be computed at a rate of LIBOR plus 4% per annum. Interest shall be computed and accrued on a 365-day basis for the actual number of days elapsed. The Company shall pay accrued interest in arrears semi-annually.

4. **Royalty Fee**

4.1 Subject to clause 6 hereunder, in addition to all other amounts required to be paid hereunder, during the term hereof, the Company agrees to pay to the Lender royalty fee equal to 10% of the Gross Sales of the Company. For purposes hereof, Gross Sales shall mean the amount of all and any revenues derived for the operation of the Company.

4.2 For the purpose of determining the Royalty fee excise or sales tax levied upon retail sales or any other sum required to be paid over to the appropriate governmental authority shall be deducted prior to the calculation of the Gross Sales.

5. **Management Services Fee**

Subject to Clause 6 herein, the Company shall receive from the Lender the sum of Twenty Thousand United States Dollars (USD\$20,000.00) monthly for management services, payable in the manner stated in clause 6.4.

6. **Payment of Sums Due**

6.1 Subject to Clauses 3 and 16 herein the Company shall repay the Loan in equal monthly instalments of Twenty Thousand United States Dollars (USD20,000.00) per month.

6.2 It is understood that any payments made by the Company with respect to the Loan repayment shall be considered as repayment of interest and then the repayment of the principal amount.

6.3 No payment of the Loan, Royalty Fee or Management Services Fee due hereunder shall commence until the end of the second quarter after the company has begun production of goods for sale.

6.4 Subject to 6.3 above, the Royalty fee and Management Services Fee shall be paid by the Company to the Lender at the end of every calendar quarter.

7. **Duration**

The duration of this Agreement shall be for so long as any sums required to be paid hereunder by the Company remains outstanding.

8. **Early repayment**

8.1 The Company shall be entitled on giving to the Lender at any time not less than ten (10) days' notice in writing to repay the Loan or part of it (over and above the monthly amount due).

8.2 On any partial repayment under this clause, the sum repaid shall be applied in satisfaction or reduction of the outstanding instalments referred to in clauses 2 and 3 above, subject to clause 6.2.

9. **Immediate repayment**

Notwithstanding anything contained in this Agreement, the Loan shall become immediately payable on demand if at any time:

- (a) The Company ceases or threatens to cease to carry on its Company or substantially the whole of its Company; or
- (b) an order is made for winding up the Company; or
- (c) the Company goes into receivership, or if any notice is given to any person of intention to appoint a receiver of the Company or an application is made to the court for such an appointment, or if the Company enters into any agreement or arrangement with its creditors or any group of them.

10. Security Interest

- 10.1 Subject to clause 10.4 and only to the extent stated therein, the Company hereby grants to the Lender a continuing security interest in all presently existing and hereafter acquired or arising Collateral in order to secure prompt repayment of the Loan.
- 10.2 Subject to Clauses 10.3 and 10.4 and only to the extent stated therein, in order to secure the prompt repayment of the Loan, the Company hereby irrevocably mortgages, assigns, transfers and conveys to the Lender, and grants a security interest to the Lender in real property rights and interests now owned, or hereafter acquired by the Company and the buildings, structures, fixtures, additions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter erected or located on the aforementioned real property.
- 10.3 The Lender agrees that Clause 10.2 shall only be enforced if the Company has defaulted on repayment of the Load for a period of over six (6) months.
- 10.4 Any security under this Agreement may only be enforced for the maximum monetary amount provided by the Loan as stated in this Agreement or any additional amount provided as a loan to the Company in the manner stated in Clause 2.4.
- 10.5 Unless the Lender has agreed otherwise in writing, the Company agrees and warrants that:
 - 10.5.1 except for inventory sold or accounts collected in the ordinary course of the Company's business, the Company shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral;
 - 10.5.2 No one else has any interest in or claim against the Collateral;
 - 10.5.3 the Company shall not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance or charge, other than the security interest provided for in this Agreement; or
 - 10.5.4 the Company shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral for less than the fair market value thereof, and not without first obtaining the consent in writing of the Lender. All proceeds from any unauthorized disposition of the Collateral shall be held in trust for Lender, shall not be co-mingled with any other funds and shall immediately be delivered to Lender. This requirement however, does not constitute consent by Lender to any such disposition.
- 10.6 The Company shall be obliged to do whatever is necessary to prevent damage to or loss of the Collateral.
- 10.7 The Company shall cooperate with the Lender to secure the Lender's interest under law.

10.8 Upon three (3) months default in payment of the Loan, the Company authorizes the Lender to enter the premises where the Collateral is located, to take and maintain possession of the Collateral, or any part of it, and to pay, purchase, contest, or compromise any encumbrance, charge, or lien which in Lender's determination appears to be prior or superior to its Security Interest and to pay all expenses incurred in connection therewith. With respect to any of Company's owned premises, the Company hereby grants the Lender a license to enter into possession of such premises and to occupy the same, without charge, in order to exercise any of Lender's rights or remedies provided herein, at law, in equity, or otherwise.

11. **Covenants by the Company**

11.1 The Company covenants with the Lender that (unless the Lender agrees otherwise in writing) the Company will:

- (a) carry on the Company and undertaking in an efficient and Company-like manner;
- (b) not sell or otherwise dispose of the whole or any substantial part of its assets;
- (c) maintain its books and records in accordance with proper accounting principles and practices and permit the Lender to examine and audit the Company's books and records at all reasonable times, upon giving not less than three (3) days notice to the Company and not more than twice annually.

11.2 The Company further covenants with the Lender that it will keep the Lender informed of the progress of its Company and will furnish the Lender to such extent and in such form and detail as the Lender may from time to time reasonably require with information about the Company and in particular but without limiting the generality of the foregoing will furnish the Lender with:

- (a) copies of the trading and audited profit and loss accounts and balance sheets of the Company (together with any auditors' reports on those accounts and balance sheets and other documents referred to in them or required by law to be attached to them) in respect of each financial year immediately upon them becoming available and in any event not later than four (4) months after the end of the financial year to which the profit and loss account in question relates; and
- (b) quarterly financial statements relating to the Company of the Company within 30 days of the end of each such period.

11.3 Any audit of the Company's accounts conducted under Clause 11.2 above will be done by a duly qualified independent auditor. The Company need not obtain the approval of the Lender in the selection of the said auditor.

12. **Representations and Warranties**

12.1 The Company warrants that:

- (a) the Company has filed or recorded all documents or filings required by law relating to the Company name used by Company.
- (b) The execution and delivery of this Agreement and the performance by the Company of its obligations hereunder will not result in the violation of any other agreement, written or oral, to which the Company is a party or by which it is bound.

12.2 Each Party warrants to the other Party that:

- (a) it has the requisite corporate authority to enter into and perform this Agreement;
- (b) its execution, delivery, and performance of this Agreement have been duly authorized by all requisite corporate action on its behalf;
- (c) this Agreement is enforceable against it; and

13. **Relationship of the Parties**

Nothing in this Agreement shall constitute or be deemed to constitute a partnership or joint venture between the parties hereto or constitute or be deemed to constitute any party to be the agent or employee of the other party for any purpose whatsoever and neither party shall have authority or power to bind the other or to contract in the name of, or create a liability against the other in any way or for any purpose. In this regard any liabilities incurred by the Company are the sole responsibility of the Company and the Lender shall have no obligations in relation to payment of any such liabilities.

14. **Confidential Information**

All non-public information regarding the Company of any nature and in any form or medium, including but not limited to written, oral, electronic or visual, which the Lender may obtain from any source, or is made available to the Lender shall be deemed "Confidential Information". The Lender shall not use or disclose such information to others, without the express written consent of the Company. Confidential Information shall include any reports, recommendations, analyses or information, technical or otherwise.

15. **Assignment**

Neither party shall be entitled to assign or transfer, in whole or in part, by operation of law or otherwise, the rights, interests or other obligations accruing under this Agreement to any person or company without the prior written consent of the other party.

16 **Force Majeure**

16.1 A party shall not be liable for a failure to perform any of its obligations in terms of this Agreement insofar as it is able to prove that:

- (a) such failure was due to an impediment beyond its reasonable control;
- (b) it could not reasonably have been expected to have taken such impediment and its effects upon such party's ability to perform into account at the time of conclusion of this Agreement; and
- (c) it could not reasonably have avoided or overcome the impediment or at least its effects,
- (d) and, for purposes of this clause 16, the following events (which enumeration is not exhaustive) shall be deemed to be impediments beyond the control of each of the parties, namely:
 - war, whether declared or not, civil war, civil violence, riots and revolutions, acts of piracy, acts of sabotage;
 - natural disasters such as violent storms, cyclones, earthquakes, floods and destruction by lightning;
 - explosions, fires and destruction of plant, equipment, machinery and machines and of any kind of installations; and.
 - acts of authority, whether lawful or unlawful, apart from acts for which the party seeking relief has assumed the risk.

16.2 Relief from liability for non-performance by reason of the provisions of this clause shall commence on the date upon which the party seeking relief gives notice of the impediment relied upon and shall terminate upon the date upon which such impediment ceases to exist.

17 **Notices**

17.1 Any notice to be given by any party to this Agreement shall be in writing and shall be deemed duly served if delivered personally or sent by electronic mail or prepaid registered post (airmail in the case of an address for service outside Jamaica) to the addressee at the address of that party stated herein or such other address as the party to be served may have notified (in accordance with the provisions of this clause) for the purposes of this Agreement.

17.2 Any notice served by prepaid registered post shall be deemed served five (5) days after posting. In proving the service of any notice it will be sufficient to prove, in the case of a letter, that such letter was properly stamped addressed and placed in the post or delivered or left at the current address if delivered personally.

17.3 Any Notice sent by electronic mail will be deemed to be served on the next Company day following the date of sending and in proving such service it shall be sufficient to prove that the notice was properly addressed.

18. **Entire Agreement**

This Agreement represents the entire Agreement between the parties. Neither party shall be liable to the other for any loss arising from, or in connection with any statements or undertakings made prior to the date of execution of this Agreement unless such statements or undertakings have been incorporated or referred to in this Agreement.

19. **Amendment**

No amendment or other variation of this Agreement shall be valid unless it is in writing, is dated, expressly refers to the Agreement, and is signed by each party hereto.

20. **Headings**

Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

21. **Severability**

If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

22. **Applicable law**

This Agreement shall be construed and governed in accordance with the laws of Jamaica.

IN WITNESS WHEREOF, the authorised representatives of the Company and the Lender have executed this Agreement as of the day and year first written above.

SIGNED FOR AND ON BEHALF of) "SHARON ANNETTE ABRAHAMS"
CULTIVAR JA LIMITED) Director

SIGNED FOR AND ON BEHALF of) "SHELDON KALES"
CULTIVAR HOLDINGS LIMITED) Director

ADDENDUM TO INVESTOR AGREEMENT

DATED FEBRUARY 15, 2018

THIS ADDENDUM is made on the 1st day of January, 2019.

BETWEEN:

CULTIVAR JA LIMITED, a company incorporated under the laws of Jamaica with Registered address situate at 5-9 South Odeon Avenue, Kingston 10 in the parish of Saint Andrew of the ONE PART (hereinafter referred to as "**the Company**"), and

CULTIVAR HOLDINGS LIMITED, a corporation incorporated under the laws of the Province of Ontario with registered address situate at Suite 3000, King Street West, TD Centre North Tower, P.O. Box 95, Toronto, Canada of the OTHER PART (hereinafter referred to as "**the Lender**"),

and collectively referred to as "**the Parties**".

WHEREAS:

1. The parties have entered into Investor Agreement dated February 15, 2018 (referred to hereunder as "**the Agreement**") whereby the Lender has agreed to advance to the Company the sum of One Hundred Thousand United States Dollars (USD\$100,000.00) in the first instance, and future amounts as agreed between the parties in writing.
2. The parties have agreed to amend the Agreement, pursuant to Clause 20 thereof.

THIS ADDENDUM WITNESSES that the following clause in the Agreement should be modified to read as follows:

Clause 4.1 on page 3 is replaced by the following:

- 4.1. Subject to clause 6 hereunder, in addition to all other amounts required to be paid hereunder, during the term hereof, the Company agrees to pay to the Lender royalty fee equal to 50% of the Gross Sales of the Company. For the purposes hereof, Gross Sales shall mean the amount of all and any revenues derived from the operation of the Company.

FURTHER IT IS HEREBY UNDERSTOOD AND AGREED that save as amended herein, the Agreement and the provisions thereof remain in full force and effect and that this Addendum is to be read as one with the said Agreement.

IT IS AGREED THAT this Addendum may be executed in any number of counterparts or duplicates each of which shall be an original but such counterparts or duplicates shall together constitute one and the same Addendum.

IN WITNESS WHEREOF, the authorized representatives of the Company and the Lender have executed this Agreement as of the day and year first written above.

SIGNED FOR AND ON BEHALF of)
CULTIVAR JA LIMITED)
)
) "EUGENE ANTHONY FOLKES")
) _____)
by: Eugene A. Ffolkes) Director
)
)
)

SIGNED FOR AND ON BEHALF of)
CULTIVAR JA LIMITED)
)
) "SHARON ANNETTE ABRAHAMS")
) _____)
by: Sharon Annette Abrahams) Director
)
)
)

SIGNED FOR AND ON BEHALF of)
CULTIVAR HOLDINGS LIMITED)
)
) "SHELDON KALES")
) _____)
by: Sheldon Kales) Director
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