

INDUSTRIAL LEASE

NICHOLAS GORDON BRUSATORE

(the "LANDLORD")

AFFINOR GROWERS INC.

(the "TENANT")

Industrial Lease
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THIS LEASE made the 21 day of January, 2021,

BETWEEN:

NICHOLAS GORDON BRUSATORE

(the “**Landlord**”)

AND

AFFINOR GROWERS INC.

(the “**Tenant**”)

WITNESSETH AS FOLLOWS:

ARTICLE 1 - BASIC TERMS, DEFINITIONS

1.1 Basic Terms

- (a) Landlord: Nicholas Gordon Brusatore
Address: 34240 Page Road, Abbotsford BC V3G 1M7
- (b) Tenant: Affinor Growers Inc.
Address: 400, 595 Howe Street, Vancouver BC V6C 2T5
- (c) Property: the project situate on the Lands described in Schedule “B” and municipally known as 34240 Page Road, Abbotsford BC V3G 1M7;
- (d) Premises: the greenhouse and compost buildings and their equipment and fixtures, located on the Property as outlined in Schedule “A” and access thereto subject to Section 5.2;
- (e) Rentable Area of Premises: Approximately 27,000 square feet containing approximately 15,000 square feet of rentable area comprising a greenhouse and approximately 12,000 square feet of rentable area comprising a compost building;
- (f) Term: Ten (10) years, subject to renewal Option in Schedule “E”;

Commencement Date: March 1, 2021. In the event that the Landlord’s Work is not complete to a stage sufficient to permit the Tenant to commence the Tenant’s Work, then the Commencement Date and the expiry date of the Term shall be extended by the length of such delay;

End of Term: February 28, 2031, subject to Sections 2.3;

- (g) Rent (Section 3.1):

Period	Per Sq. Ft./Year	Per Year	Per Month
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Year 1 to Year 10 \$3.00 \$81,000.00 \$6,750.00

- (h) Permitted Use (Section 6.1): The planting, growing and harvesting of various fruits and vegetables and related products and derivatives for all ancillary uses related to the Tenant's business, including but not limited to production and research & development.;
- (i) Security Deposit: \$5,000.00, shall be held as a security deposit in accordance with Section 3.3;
- (j) Extension Rights, if any: set out in Schedule "E", if applicable;
- (k) Right of First Refusal to purchase the Property, if any: set out in Schedule "E", if applicable;
- (l) Schedules forming part of this Lease:
 - Schedule "A" - Rules and Regulations
 - Schedule "B" - Legal Description
 - Schedule "C" - Rules and Regulations
 - Schedule "D" - Landlord's and Tenant's Work
 - Schedule "E" - Extension Rights and ROFR

In this Lease, unless there is something in the subject matter or context inconsistent therewith, the following terms have the following respective meanings:

- (m) "**Act**" shall have the meaning ascribed to it in Schedule "D";
- (n) "**Commencement Date**" means the date set out in Section 1.1(f), as such may be varied pursuant to the terms of this Lease;
- (o) "**Common Areas**" means those areas, facilities, utilities, improvements, equipment and installations within, adjacent to or outside the Property which serve or are for the benefit of the Property, which do not comprise part of the Premises and which, from time to time, are not designated or intended by the Landlord to be for the Landlord's exclusive use, and are not designated or intended by the Landlord to be leased to the Tenant or any other tenants of the Property, and which include all walkways and sidewalks, all landscaped and planted areas, the roof and exterior walls of any buildings on the Property, exterior and interior structural elements and walls of the buildings on the Property, common washrooms, all parking and loading areas and all entrances and exits thereto and all structural elements thereof, all access ways, truck courts, driveways, delivery passages, loading docks and related areas, all electrical, telephone, meter, valve, mechanical, mail, storage, service and janitorial rooms, fire prevention, security and communication systems, and generally all areas forming part of the Property which do not constitute rented or rentable premises;

- (p) “**Environmental Laws**” shall have the meaning ascribed to it in Section 8.2(2)(a);
- (q) “**Event of Default**” has the meaning set out in Section 12.1;
- (r) “**Free Rent Period**” shall have the meaning ascribed to it in Schedule “D”;
- (s) “**Free Rent Reports**” shall have the meaning ascribed to it in Schedule “D”;
- (t) “**Hazardous Substances**” shall have the meaning ascribed to it in Section 8.2(2)(a);
- (u) “**Health Emergency**” means a situation in which the relevant public health authority determines that occupants, tenants, invitees or contractors working in the Property or the Premises are or may be exposed to imminent danger from a disease, virus or other biological or physical agents that may be detrimental to human health including, by way of example, COVID-19, Severe Acute Respiratory Syndrome (SARS) and Influenzavirus A strains and subtypes such as Avian Flu (H5N1);
- (v) “**Landlord’s Work**” shall have the meaning ascribed to it in Schedule “D”;
- (w) “**Lands**” means the lands described in Schedule “B”, as such may be varied from time to time, and all rights and easements which are or may hereafter be appurtenant thereto;
- (x) “**Leasehold Improvements**” means all fixtures, improvements, installations, alterations and additions from time to time made, erected or installed by or on behalf of the Tenant or any former occupant of the Premises, including doors, hardware, partitions (including moveable partitions) and wall-to-wall carpeting, but excluding trade fixtures (including without limitation the items installed as the Tenant’s Work in Schedule “D” hereto), and furniture and equipment not in the nature of fixtures;
- (y) “**Minimum Business Hours**” means the typical business hours set by the Tenant from time to time subject to applicable laws;
- (z) “**Mortgage**” means any mortgage, charge or other security against the Property and/or the Landlord’s interest in this Lease, from time to time;
- (aa) “**Mortgagee**” means the holder of any Mortgage from time to time;
- (bb) “**Offer**” shall have the meaning ascribed to it in Schedule “E”;
- (cc) “**Option**” shall have the meaning ascribed to it in Schedule “E”;

- (dd) “**Premises**” means that portion of the Property identified in Section 1.1(d) and having the Rentable Area as set out in Section 1.1(e), and all rights and easements appurtenant thereto;
- (ee) “**Prime Rate**” means the rate of interest per annum from time to time publicly quoted by the Landlord’s Canadian chartered bank as its reference rate of interest for determining rates of interest chargeable in Toronto on Canadian dollar demand loans to commercial customers;
- (ff) “**Property**” means the project which is comprised of the Lands together with the improvements, buildings, fixtures and equipment (whether chattels or fixtures) on such Lands (but not including tenants’ fixtures, improvements or chattels) from time to time;
- (gg) “**Realty Taxes**” means all real property taxes, rates, duties and assessments (including local improvement rates), impost charges or levies, whether general or special, that are levied, charged or assessed from time to time by any lawful authority, whether federal, provincial, municipal, school or otherwise, and any taxes payable by the Landlord which are imposed in lieu of, or in addition to, any such real property taxes, whether of the foregoing character or not, and whether or not in existence at the commencement of the Term, and any such real property taxes levied or assessed against the Landlord on account of its ownership of the Property or its interest therein, but specifically excluding any taxes assessed on the income of the Landlord;
- (hh) “**Rent**” means the rent payable by the Tenant pursuant to Section 3.1
- (ii) “**Rentable Area of the Premises**” means the Premises measured to the outside surface of the outer building wall;
- (jj) “**Rentable Area of the Property**” means the aggregate of the rentable area of all premises in the Property that are rented, or designated or intended by the Landlord to be rented (whether actually rented or not), calculated in the same manner as the Rentable Area of the Premises;
- (kk) “**Rental Taxes**” means any and all taxes or duties imposed on the Landlord or the Tenant measured by or based in whole or in part on the Rent payable under the Lease, whether existing at the date hereof or hereinafter imposed by any governmental authority, including, without limitation, goods and services tax, harmonized sales tax, value added tax, business transfer tax, retail sales tax, federal sales tax, excise taxes or duties, or any tax similar to any of the foregoing;
- (ll) “**Required Deliverables**” shall have the meaning ascribed to it in Schedule “D”;
- (mm) “**ROFR**” shall have the meaning ascribed to it in Schedule “E”;

- (nn) **“Rules and Regulations”** means the reasonable rules and regulations promulgated by the Landlord from time to time pursuant to the terms of this Lease;
- (oo) **“Tenant’s Plans”** shall have the meaning ascribed to it in Schedule “D”;
- (pp) **“Tenant’s Progress Reports”** shall have the meaning ascribed to it in Schedule “D”;
- (qq) **“Tenant’s Work”** shall have the meaning ascribed to it in Schedule “D”;
- (rr) **“Term”** means the period specified in Section 1.1(f) and, where the context requires, any renewal, extension or overholding thereof;
- (ss) **“Transfer”** means an assignment of this Lease in whole or in part, a sublease of all or any part of the Premises, any transaction whereby the rights of the Tenant under this Lease or to the Premises are transferred to another person or entity, any transaction by which any right of use or occupancy of all or any part of the Premises is shared with or conferred on any person or entity, any mortgage, charge or encumbrance of this Lease or the Premises or any part thereof, and any transaction or occurrence whatsoever which has changed or will change the identity of the party having lawful use or occupancy of any part of the Premises; and
- (tt) **“Transferee”** means any person or entity to whom a Transfer is or is to be made.

ARTICLE 2 - DEMISE AND TERM

2.1 Demise

In consideration of the rents, covenants and agreements hereinafter reserved and contained on the part of the Tenant to be paid, observed and performed, the Landlord demises and leases to the Tenant and the Tenant rents from the Landlord the Premises. Save and except for any Landlord’s Work set out in Schedule “D”, which shall be completed prior to the Commencement Date, the Tenant accepts the Premises on an “as is” basis.

2.2 Term

The Term shall commence on the Commencement Date, run for the period set out in Section 1.1(f) and end on the date set out in Section 1.1(f), unless terminated earlier pursuant to the provisions of this Lease. Provided that if the Commencement Date is not the first day of a month, the Term shall end on the last day of the month next following the month in which the Commencement Date occurs, after the period set out in Section 1.1(f).

2.3 Delayed Possession

If the Landlord is delayed in delivering possession of all or any portion of the Premises to the Tenant on or before the Commencement Date, then the date on which the Premises are to be

made available to the Tenant and the obligation of the Tenant to pay Rent and shall be postponed for a period equal to the duration of the delay.

2.4 Overholding

If, at the expiration of the initial Term or any subsequent renewal or extension thereof, the Tenant shall continue to occupy the Premises without further written agreement, there shall be no tacit renewal of this Lease, and the tenancy of the Tenant thereafter shall be from month to month only, and may be terminated by either party on one (1) month's notice. Rent shall be payable in advance on the first day of each month equal to the sum of one hundred and twenty five percent (125%) of the monthly instalment of Rent payable during the last year of the Term, determined in the same manner as if the Lease had been renewed, and all terms and conditions of this Lease shall, so far as applicable, apply to such monthly tenancy.

2.5 No Continuous Occupancy.

For clarity, the Tenant shall have no obligation to continuously occupy, operate in or use the Premises, so long as all payments required by the Tenant under this Lease are made as and when due.

ARTICLE 3 - RENT

3.1 Rent

The Tenant covenants and agrees to pay to the Landlord, as rent for the Premises, from and after the Commencement Date, the sum(s) set out in Section 1.1(g) of this Lease in equal monthly instalments in advance in the amounts set out in Section 1.1(g), on the first day of each and every month during the Term. The Rent payable hereunder by Tenant is a gross rental and, except for the Rent described above, Tenant shall have no obligation whatsoever to pay or reimburse Landlord or anyone else for any costs or expenses of owning or operating the Property including, without limitation, Realty Taxes, insurance, alterations, repairs or maintenance. Rent and other amounts payable hereunder shall be paid without any deduction, set off or abatement whatsoever, and the Tenant hereby waives the benefit of any extrajudicial statutory or other right in respect of abatement or set off in its favour at the time hereof or at any future time, save and except for any rights of deduction, set off or abatement following the intervention of a court.

3.2 Payment Method

The Landlord may at any time, and from time to time, require the Tenant to provide to the Landlord either: (a) a series of monthly postdated cheques, each cheque in the amount of the monthly instalment of Rent; or (b) authorization and documentation required to automatically debit the Tenant's bank account for such amounts.

3.3 Deposit

Any deposit in the Landlord's hands at the beginning of the Term shall be held by the Landlord without interest. The amount of any security deposit described in Section 1.1(i) shall be held by the Landlord as security for the due performance by the Tenant of its obligations under this

Lease and may be applied, in the Landlord's discretion, to remedy any default by the Tenant hereunder and, in the absence of such default, the deposit shall be applied to the Rent and Rental Taxes for the last month of the Term. If the Landlord draws moneys from the deposit for the purpose of remedying any continued default of the Tenant, the Tenant shall, at the request of the Landlord, pay forthwith to the Landlord the amount of money required to replace the moneys so drawn by the Landlord.

3.4 Partial Periods

If the Term commences on any day other than the first day of the month or ends on any day other than the last day of the month, Rent for the fractions of a month at the commencement and at the end of the Term shall be calculated on a *pro rata* basis and shall be payable on the first day of the partial month.

ARTICLE 4 – TAXES AND UTILITIES

4.1 Taxes

The Landlord shall pay all Realty Taxes levied or assessed against the Property as and when due.

4.2 Payment for Utilities

The Tenant shall pay promptly when due all charges, costs, accounts and any other sums payable by reason of the supply of the utilities and services to the Premises. The Landlord, at its sole cost and expense, shall be required to install separate meter(s), to measure consumption of any utilities and services. The Tenant shall contract with and pay the supplier directly.

4.3 Additional Utilities

The Tenant shall make arrangements, at its own cost and expense, directly with the utility or service supplier in respect of any utilities and services not supplied by the Landlord. The Tenant, at its own cost and expense, shall procure each and every permit, licence or other authorization required, and shall comply with the provisions of Article 9 of this Lease pertaining to any work required in respect of such additional utilities and services.

ARTICLE 5 - CONTROL AND OPERATION BY LANDLORD

5.1 Property Operation and Repair

The Landlord shall operate, maintain and repair the Property, including any well or water services serving the Premises and any other service facilities not within or exclusively serving the Premises, to the extent required to keep the Property, equipment and facilities in a state of good repair and maintenance in accordance with normal property management standards for a similar property in the vicinity.

Notwithstanding anything else contained in this Lease, it is acknowledged and agreed that the Landlord shall be responsible for the maintenance and repair of both of the (a) existing green

house panelling, as well as (b) the floor drains located on the Premises and that the cost of any such maintenance and repair obligation shall be at the sole cost of the Landlord.

5.2 Common Areas and Property

The Tenant shall have the right of non-exclusive use, in common with others entitled thereto, for their proper and intended purposes of those portions of the Common Areas intended for common use by tenants of the Property. At all times, the Tenant and the employees of the Tenant and persons lawfully requiring communication with the Tenant shall have access to the Property. The Common Areas shall at all times be subject to the exclusive management and control of the Landlord. In accordance with this Section, the Landlord covenants and agrees that the Landlord shall at no time limit, lease or license any access areas, roads or driveways such that would prevent the Tenant from having unfettered access at all times to the Property.

5.3 Rules and Regulations

The Tenant and its employees and all persons visiting or doing business with it on the Premises shall be bound by and shall observe the Rules and Regulations attached to this Lease as Schedule "C", and any further and other reasonable Rules and Regulations made hereafter by the Landlord of which notice in writing shall be given to the Tenant in advance, which are of general application to all tenants of the Property. All such Rules and Regulations shall be deemed to be incorporated into and form part of this Lease.

ARTICLE 6 - USE OF PREMISES

6.1 Use of the Premises

The Tenant acknowledges that the Premises will be used solely for the purposes set out in Section 1.1(h), and for no other purpose.

6.2 Observance of Law

(1) The Tenant shall, at its own expense, comply with all laws, by-laws, ordinances, regulations and directives of public authority having jurisdiction affecting the Premises or the use or occupation thereof including, without limitation, police, fire and health, and food regulations and requirements of the fire insurance underwriters.

(2) The Landlord represents, warrants and covenants to the Tenant as follows:

- (a) the Premises are in compliance with all laws, by-laws, orders, ordinances, rulings, regulations, certificates, approvals, consents and directives of any applicable federal, provincial or municipal government, governmental department, agency or regulatory authority or any court of competent jurisdiction relating to: (i) pollution or the protection of human health or the environment; (ii) dealing with filings, registrations, emissions, discharges, spills, releases or threatened releases of Hazardous Substances or materials containing Hazardous Substances; and/or (iii) regulating the import, storage, distribution, labelling, sale, use, handling, transport or disposal of a Hazardous Substance (collectively "**Environmental**

Laws”) and does not contain any hazardous waste, asbestos, PCBs or underground storage tanks or any other Hazardous Substances, other than in compliance with all Environmental Laws. “**Hazardous Substances**” means any contaminant, pollutant, dangerous substance, noxious substance, toxic substance, hazardous waste, flammable or explosive material, radioactive material, urea formaldehyde foam insulation, asbestos, polychlorinated biphenyl related waste, and any other substance or material now or thereafter declared, defined or deemed to be regulated or controlled in or pursuant to any Environmental Law;

- (b) there are no outstanding governmental orders, notices of violation, deficiencies notices or outstanding files with respect to Environmental Laws affecting the Premises;
- (c) the Premises are not located on land that is a former waste disposal site or landfill site;
- (d) the Landlord has delivered to the Tenant copies of all existing environmental reports, studies, tests and assessments relating to the Premises that are in the Landlord’s possession or control;
- (e) the Landlord will comply with all applicable Environmental Laws in respect of its ownership, operation and management of the Premises;
- (f) the Landlord has not given, nor does it have any obligation to give, nor has it received, any notice or claim or communication regarding any past, present or planned storage, disposal, presence, release or spill of any contaminant that, in the Landlord’s judgment, did or will affect the Premises; and
- (g) the Landlord will give notice to the Tenant of any spills or illegal discharges of a contaminant if, in the Landlord’s judgment, there is the possibility that the Tenant is or will be affected.

ARTICLE 7 - MAINTENANCE, REPAIRS AND ALTERATIONS OF PREMISES

7.1 Maintenance, Repair and Cleaning of Premises

The Tenant shall, at its own expense and cost, operate, maintain and keep in good and substantial repair, order and condition the Premises and all parts thereof (including, without limitation, all plumbing, electrical and other utility services serving the Premises), save and except repairs required to be made by the Landlord pursuant to Section 5.1. All repairs shall be in all respects equal in quality and workmanship to the original work and materials in the Premises and shall meet the requirements of all authorities having jurisdiction and the insurance underwriters.

7.2 Inspection and Repair on Notice

The Landlord, its employees, agents and contractors shall be entitled to enter upon the Premises at any time without notice for the purpose of making emergency repairs, and during Minimum Business Hours on reasonable prior written notice, for the purpose of inspecting and making

repairs, alterations or improvements to the Premises or to the Property, or for the purpose of having access to the under floor ducts, or to the access panels to mechanical shafts (which the Tenant agrees not to obstruct). The Landlord, its employees, agents and contractors may at any time, and from time to time, on reasonable prior written notice, enter upon the Premises to remove any article or remedy any condition which, in the opinion of the Landlord, would likely lead to the cancellation of any policy of insurance. The Landlord shall take reasonable precautions and attempt to schedule such work so as not to unreasonably interfere with the operation of the Tenant's business and to minimize interference with the Tenant's use and enjoyment of the Premises. The Tenant shall promptly effect all repairs necessitated by the Tenant's negligence or wilful misconduct or the negligence or wilful misconduct of the Tenant's agents, employees, contractors, invitees, employees or others for whom the Tenant is in law responsible.

7.3 Repair where Tenant at Fault

If the Property, including the Premises, the boilers, engines, controls, pipes and other apparatus used for the purpose of heating or air-conditioning the Property, the water and drainage pipes, the electric lighting, any other equipment or the roof or outside walls of the Property are put in a state of disrepair or are damaged or destroyed through the negligence, carelessness or misuse of the Tenant, its servants, agents, employees or anyone permitted by it to be in the Property, the expense of the necessary repairs, replacements or alterations shall be borne by the Tenant and paid to the Landlord forthwith on demand.

7.4 Alterations

The Tenant will not make or erect in or to the Premises any installations, alterations, additions or partitions without first submitting drawings and specifications to the Landlord and obtaining the Landlord's prior written approval, which the Landlord shall not unreasonably withhold. The Tenant must further obtain the Landlord's prior written approval to any change or changes in such drawings and specifications. Such work shall be performed by qualified contractors engaged by the Tenant.

7.5 Signs

The Tenant shall not paint, display, inscribe, place or affix any sign, picture, advertisement, notice, lettering or direction on any part of the outside of the Property or that is visible from the outside of the Property without the prior consent of the Landlord, not to be unreasonably withheld. The Landlord may prescribe a uniform pattern of identification signs for tenants.

7.6 Construction Liens

If any construction or other lien or order for the payment of money shall be filed against the Property by reason of or arising out of any labour or material furnished to the Tenant or to anyone claiming through the Tenant, the Tenant, within fifteen (15) days after receipt of notice of the filing thereof, shall cause the same to be discharged by bonding, deposit, payment, court order or otherwise. The Tenant shall defend all suits to enforce such liens, or orders, against the Tenant, at the Tenant's sole expense. The Tenant indemnifies the Landlord against any expense or damage incurred as a result of such liens or orders.

7.7 Removal of Improvements and Fixtures

(1) All Leasehold Improvements shall immediately on their placement become the Landlord's property, without compensation to the Tenant. Except as otherwise agreed by the Landlord in writing, no Leasehold Improvements or trade fixtures, personal property, furniture, unattached or free standing partitions and equipment shall be removed from the Premises by the Tenant, either during or on the expiry or earlier termination of the Term except that:

- (a) the Tenant may, during the Term, in the usual course of its business, remove its trade fixtures (including without limitation the items installed as the Tenant's Work in Schedule "D" hereto), personal property, furniture, unattached or free standing partitions and equipment, provided that the Tenant is not in default under this Lease, and at the end of the Term, the Tenant shall remove its trade fixtures, personal property, furniture, unattached or free standing partitions and equipment; and
- (b) the Tenant shall, at its sole cost, remove such of the Leasehold Improvements as the Landlord shall require to be removed, such removal to be completed on or before the end of the Term.

(2) The Tenant shall, at its own expense, repair any significant or substantial damage caused to the Property by the Leasehold Improvements or trade fixtures, personal property, furniture, unattached or free standing partitions and equipment or the removal thereof. In the event that the Tenant fails to remove its trade fixtures, personal property, furniture, unattached or free standing partitions and equipment prior to the expiry or earlier termination of the Term, such trade fixtures, personal property, furniture, unattached or free standing partitions and equipment 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. Notwithstanding anything in this Lease, the Landlord shall be under no obligation to repair or maintain the Tenant's installations.

7.8 Surrender of Premises

At the expiration or earlier termination of this Lease, the Tenant shall peaceably surrender and give up to the Landlord vacant possession of the Premises in the same condition and state of repair as the Tenant is required to maintain the Premises throughout the Term and in accordance with its obligations in Section 7.7.

ARTICLE 8 - INSURANCE AND INDEMNITY

8.1 Tenant's Insurance

(1) The Tenant shall, at its sole cost and expense, take out and maintain in full force and effect, at all times throughout the Term, the following insurance:

- (a) "All Risks" insurance on property of every description and kind owned by the Tenant, or for which the Tenant is legally liable, or which is installed by or on behalf of the Tenant, within the Premises or on the Property, including, without

limitation, stock-in-trade, furniture, equipment, partitions, trade fixtures and Leasehold Improvements, in an amount not less than the full replacement cost thereof from time to time;

- (b) Commercial general liability insurance, including property damage, bodily injury and personal injury liability, contractual liability, tenants' legal liability, non-owned automobile liability, and owners' and contractors' protective insurance coverage with respect to the Premises, which coverage shall include the business operations conducted by the Tenant and any other person on the Premises. Such policies shall be written on a comprehensive basis with coverage for any one occurrence or claim of not less than five million dollars (\$5,000,000) or such higher limits as the Landlord may reasonably require from time to time;
- (c) when applicable, broad form comprehensive boiler and machinery insurance on a blanket repair and replacement basis, with limits for each accident in an amount not less than the full replacement costs of the property, with respect to all boilers and machinery 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;
- (d) business interruption insurance in an amount sufficient to cover the Tenant's Rent for a period of not less than twelve (12) months.

8.2 Landlord's Insurance

The Landlord shall provide and maintain insurance on the whole of the Property against loss, damage or destruction caused by fire and extended perils under a standard extended form of fire insurance policy in such amounts and on such terms and conditions as would be carried by a prudent owner of a similar building, having regard to the size, age and location of the Property. The amount of insurance to be obtained shall be determined at the sole discretion of the Landlord, acting reasonably. The Landlord may maintain such other insurance in respect of the Property and its operation and management as the Landlord determines, acting reasonably.

8.3 Mutual Release

Each of the Landlord and the Tenant releases the other and waives all claims against the other and those for whom the other is in law responsible with respect to occurrences insured against or required to be insured against by the releasing party, whether any such claims arise as a result of the negligence or otherwise of the other or those for whom it is in law responsible, subject to the following:

- (a) such release and waiver shall be effective only to the extent of proceeds of insurance received by the releasing party or proceeds which would have been received if the releasing party had obtained all insurance required to be obtained by it under this Lease (whichever is greater) and, for this purpose, deductible amounts shall be deemed to be proceeds of insurance received; and

- (b) to the extent that both parties have insurance or are required to have insurance for any occurrence, the Tenant's insurance shall be primary.

ARTICLE 9 - ASSIGNMENT AND SUBLETTING

9.1 Transfer by the Tenant

The Tenant may effect any Transfer upon notice to the Landlord, but not without the Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. In the event of a Transfer, the Landlord may collect Rent or sums on account of Rent from the Transferee and apply the net amount collected to the Rent payable hereunder.

9.2 Assignment by Landlord

In the event of the sale or lease by the Landlord of its interest in the Property or any part or parts thereof, and in conjunction therewith the assignment by the Landlord of this Lease or any interest of the Landlord herein, the Landlord shall be relieved of any liability under this Lease in respect of matters arising from and after such assignment.

9.3 Status Certificate

The Tenant shall, on ten (10) days' notice from the Landlord, execute and deliver to the Landlord and/or as the Landlord may direct a statement as prepared by the Landlord in writing certifying the following: (a) that this Lease is unmodified and in full force and effect, or, if modified, stating the modifications and that the same is in full force and effect as modified; (b) the amount of the Rent then being paid; (c) the dates to which Rent, by instalments or otherwise, and; (d) whether or not there is any existing default on the part of the Landlord of which the Tenant has notice.

9.4 Subordination and Non-Disturbance

This Lease and the rights of the Tenant in this Lease are, and shall at all times be, subject and subordinate to any and all mortgages and other financial encumbrances in respect of the Lands and Property and to all advances made at any time upon the security thereof, and the Tenant, on request by and without cost to the Landlord, shall, within ten (10) days after such request, execute and deliver any and all instruments required by the Landlord or its lender to evidence such subordination. Upon request by the Tenant at the time of any request for confirmation of subordination, the Landlord shall make reasonable commercial efforts to obtain from any mortgagee or other secured lender an acknowledgement in writing addressed to the Tenant, whereby such lender acknowledges that, in the event of any such lender realizing upon the security, it will not disturb the Tenant and will permit the Tenant to remain in possession under this Lease in accordance with its terms, so long as the Tenant is not in default beyond applicable notice and cure periods hereunder.

ARTICLE 10 - QUIET ENJOYMENT

10.1 Quiet Enjoyment

The Tenant, on paying the Rent hereby reserved, and performing and observing the covenants and provisions herein required to be performed and observed on its part, shall peaceably enjoy the Premises for the Term.

ARTICLE 11 - DAMAGE AND DESTRUCTION

11.1 Damage or Destruction to Premises

If the Premises or any portion thereof are damaged or destroyed by fire or by other casualty, Rent shall abate in proportion to the area of that portion of the Premises which, in the opinion of the Tenant's architect or professional engineer, is thereby rendered unfit for the purposes of the Tenant until the Premises are repaired and rebuilt, and the Tenant shall repair and rebuild the Premises. The Tenant's obligation to repair and rebuild shall not include the obligation to repair and rebuild any chattel, fixture, leasehold improvement, installation, addition or partition in respect of which the Landlord is required to maintain insurance hereunder. Rent shall recommence to be payable one (1) day after the Tenant notifies the Landlord that the Tenant has reoccupied the Premises to operate the Tenant's business.

11.2 Rights to Termination

Notwithstanding Section 11.1:

- (a) if the Premises or any portion thereof are damaged or destroyed by any cause whatsoever and cannot, in the opinion of the Tenant's architect or professional engineer, be rebuilt within one hundred and twenty (120) days of the damage or destruction, the Tenant may, instead of rebuilding the Premises, terminate this Lease by giving to the Landlord within thirty (30) days after such damage or destruction notice of termination and thereupon rent and other payments hereunder shall be apportioned and paid to the date of such damage or destruction and the Tenant shall immediately deliver up vacant possession of the Premises to the Landlord; and
- (b) if the Property shall, at any time, be wholly or partially destroyed or damaged (whether or not the Premises have been affected) to the extent that twenty-five percent (25%) or more of the gross floor area of the Premises has become unfit for use, the Tenant may elect, within thirty (30) days from the date of such damage, to terminate this Lease on thirty (30) days' notice to the Landlord, in which event rent shall remain payable until the date of termination (unless it has abated under Section 11.1).

11.3 Certificate Conclusive

Any decisions regarding the extent to which the Premises or any portion of the Property has become unfit for use shall be made by an architect or professional engineer appointed by the

Tenant, whose decision shall be final and binding on the parties.

11.4 Insurance Proceeds

Notwithstanding Sections 11.1 and 11.2, in the event of damage or destruction occurring by reason of any cause in respect of which proceeds of insurance are substantially insufficient to pay for the costs of rebuilding the Property or the Premises, or are not payable to or received by the Tenant, or in the event that any mortgagee or other person entitled thereto shall not consent to the payment to the Tenant of the proceeds of any insurance policy for such purpose, or in the event that the Tenant is not able to obtain all necessary governmental approvals and permits to rebuild the Property or the Premises, the Tenant may elect, on written notice to the Landlord, within thirty (30) days of such damage or destruction, to terminate this Lease, and the Tenant shall immediately deliver up vacant possession of the Premises to the Landlord.

ARTICLE 12 - DEFAULT

12.1 Default and Right to Re-enter

Any of the following constitutes an Event of Default under this Lease:

- (a) any Rent due is not paid when due and such failure continues for ten (10) days after notice in writing from the Landlord to the Tenant;
- (b) the Tenant has breached any of its obligations in this Lease and, if such breach is capable of being remedied and is not otherwise listed in this Section 12.1, after notice in writing from the Landlord to the Tenant:
 - (i) the Tenant fails to remedy such breach within ten (10) days (or such shorter period as may be provided in this Lease); or
 - (ii) if such breach cannot reasonably be remedied within ten (10) days (or such shorter period), the Tenant fails to commence to remedy such breach within ten (10) days of such breach, or thereafter fails to proceed diligently to remedy such breach;
- (c) the Tenant becomes bankrupt or insolvent or takes the benefit of any statute for bankrupt or insolvent debtors or makes any proposal, an assignment or arrangement with its creditors, or any steps are taken or proceedings commenced by any person for the dissolution, winding-up or other termination of the Tenant's existence or the liquidation of its assets;
- (d) a trustee, receiver, receiver/manager or a person acting in a similar capacity is appointed with respect to the business or assets of the Tenant;
- (e) this Lease or any of the Tenant's assets are taken under a writ of execution and such writ is not stayed or vacated within fifteen (15) days after the date of such taking; or

- (f) the Tenant makes an assignment or sublease, other than in compliance with the provisions of this Lease.

12.2 Default and Remedies

If and whenever an Event of Default occurs, then, without prejudice to any other rights which it has pursuant to this Lease or at law, the Landlord shall have the following right to terminate this Lease by written notice to the Tenant or to re-enter the Premises and repossess them and, in either case, enjoy them as of its former estate, and to remove all persons and property from the Premises and store such property at the expense and risk of the Tenant or sell or dispose of such property in such manner as the Landlord sees fit with written notice to the Tenant.

12.3 Distress

Notwithstanding any provision of this Lease or any provision of any applicable legislation, all of the goods and chattels of the Tenant on the Premises at any time during the Term shall be exempt from levy by distress for Rent in arrears, subject to applicable laws.

12.4 Costs

The Tenant shall pay to the Landlord all damages and reasonable costs and expenses incurred by the Landlord in enforcing the terms of this Lease, or with respect to any matter or thing which is the obligation of the Tenant under this Lease, or in respect of which the Tenant has agreed to insure or to indemnify the Landlord.

The Landlord shall pay to the Tenant all damages and reasonable costs and expenses incurred by the Tenant in enforcing the terms of this Lease, or with respect to any matter or thing which is the obligation of the Landlord under this Lease, or in respect of which the Landlord has agreed to insure or to indemnify the Tenant.

12.5 Remedies Cumulative

Notwithstanding any other provision of this Lease, 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, by statute or common law, all of which rights and remedies are intended to be cumulative and not alternative. The express provisions contained in this Lease as to certain rights and remedies are not to be interpreted as excluding any other or additional rights and remedies available to the Landlord by statute or common law.

ARTICLE 13 - GENERAL

13.1 Force Majeure

Notwithstanding any other provision contained herein, in the event that either the Landlord or the Tenant should be delayed, hindered or prevented from the performance of any act required hereunder by reason of any unavoidable delay, including strikes, lockouts, pandemic, including without limitation any Health Emergency, unavailability of materials, inclement weather, acts of God or any other cause beyond its reasonable care and control, but not including insolvency or

lack of funds, then performance of such act shall be postponed for a period of time equivalent to the time lost by reason of such delay. The provisions of this Section 15.1 shall not under any circumstances operate to excuse the Tenant from prompt payment of Rent and/or any other charges payable under this Lease.

13.2 Notices

Any notice, delivery, payment or tender of money or document(s) to the parties hereunder may be delivered personally or sent by prepaid registered or certified mail or prepaid courier to the address for such party as set out in Section 1.1(a) or (b), as applicable, and any such notice, delivery or payment so delivered or sent shall be deemed to have been given or made and received on delivery of the same or on the third business day following the mailing of same, as the case may be. Each party may, by notice in writing to the others from time to time, designate an alternative address in Canada to which notices given more than ten (10) days thereafter shall be addressed.

13.3 Registration

The Tenant shall not register this Lease or any Transfer against the Property. The Tenant may register a notice, short form or caveat of this Lease provided that: (a) a copy of the Lease is not attached; and (b) no financial terms are disclosed. Upon the expiration or earlier termination of the Term, the Tenant shall, within a reasonable amount of time, discharge or otherwise vacate any such notice or caveat.

13.4 Number, Gender, Effect of Headings

Words importing the singular number only shall include the plural and *vice versa*, words importing the masculine gender shall include the feminine and neuter genders, and words importing persons shall include firms and corporations and *vice versa*. The division of this Lease into Articles and Sections and the insertion of headings are for convenience of reference only, and shall not affect the construction or interpretation of this Lease.

13.5 Severability, Subdivision Control

If any Article or Section or part or parts of an Article or Section in this Lease is or is held to be illegal or unenforceable, it or they shall be considered separate and severable from the Lease and the remaining provisions of this Lease shall remain in full force and effect and shall be binding on the Landlord and the Tenant as though such Article or Section or part or parts thereof had never been included in this Lease. It is an express condition of this Lease that the subdivision control provisions of the applicable provincial legislation be complied with, if necessary. If such compliance is necessary, the Tenant covenants and agrees to diligently proceed, at its own expense, to obtain the required consent and the Landlord agrees to cooperate with the Tenant in bringing such application.

13.6 Entire Agreement

There are no covenants, representations, warranties, agreements or other conditions expressed or implied, collateral or otherwise, forming part of or in any way affecting or relating to this Lease,

save as expressly set out or incorporated by reference herein and this Lease constitutes the entire agreement duly executed by the parties, and no amendment, variation or change to this Lease shall be binding unless the same shall be in writing and signed by the parties.

13.7 Successors and Assigns

The rights and liabilities of the parties shall enure to the benefit of their respective heirs, executors, administrators, successors and assigns, subject to any requirement for consent by the Landlord hereunder.

13.8 Governing Law

This Lease shall be governed by the laws applicable in the Province of British Columbia.

13.9 Landlord Representations

The Landlord represents, warrants and covenants to the Tenant as follows:

- (a) That the Landlord is the sole registered owner of the Property and has all necessary power and authority to grant the lease of the Premises for the Term, to the Tenant as contemplated in this Lease; and
- (b) That, except as explicitly provided for in this Lease, the Landlord has no right or ability to cancel, rescind, or terminate the Lease.

13.10 Landlord – No Conflict

The Landlord and the Tenant acknowledge and confirm that the Landlord is also the Chief Executive Officer of the Tenant and involved in the day to day operations of the Tenant and its business. Notwithstanding the foregoing, the parties acknowledge and agree that the Landlord, in his capacity as Chief Executive Officer of the Tenant, shall not act, or make any business decisions or refrain from doing any act or making any decision, on behalf of the Tenant that would cause or could reasonably be anticipated to cause any violation, breach or default of the Tenant under the terms of this Lease.

[signature page follows]

IN WITNESS WHEREOF the parties have duly executed this Lease.

LANDLORD:

[Redacted – Witness Name and Signature] (signed) "Nicholas Brusatore"
Witness **NICHOLAS GORDON BRUSATORE**

TENANT:

AFFINOR GROWERS INC.

Per: (signed) "Rick Easthom" c/s
Name: Rick Easthom
Title: Director/Chairman

Per: (signed) "Alan Boyco"
Name: Alan Boyco
Title: Director

I/We have the authority to bind the Corporation.

Schedule "A"

PLAN OF PREMISES

Schedule "B"

LEGAL DESCRIPTION

Parcel Identifier:

024-930-792

Legal Description:

LOT 1 DISTRICT LOT 44 GROUP 2 NEW WESTMINSTER DISTRICT PLAN LMP48508

Schedule "C"

RULES AND REGULATIONS

1. The Tenant shall not place or cause to be placed any additional locks or security devices on any doors of the Premises without the approval of the Landlord. In addition, the placing of any additional locks or security devices on any doors of the Premises shall be subject to any conditions imposed by the Landlord.
2. No one shall use the Premises for sleeping apartments or residential purposes, or for the storage of personal effects or articles other than those required for business purposes.
3. Canvassing, soliciting and peddling in the Property are prohibited.
4. The Tenant shall not misuse or damage the Premises or other parts of the Property or any of the improvements or facilities therein, or unreasonably deface or mark any walls or other parts of the Premises or other parts of the Property.

Schedule "D"

LANDLORD'S AND TENANT'S WORK

1. LANDLORD'S WORK

The Landlord will provide and carry out, in accordance with the provisions of the Lease, including, without limitation, this Schedule, at the Tenant's expense, all equipment and work other than Tenant's Work required to be provided in order to render the Premises complete and suitable to open for business (the "**Landlord's Work**") including, but not limited to the following:

- Connecting all utilities including, power to building and distribution panels to the Premises, including the requirement to provide via separate metering.
- Connecting water, including without limitation hot water, to greenhouse area and distribution water tank(s).
- Installation of a storage cooler.
- All concrete work around the greenhouse and drive-way to the compost hut and floor for compost piles as designed.
- Installation of necessary or required ventilation fans.
- Installation or replacement of lighting, including without limitation any required high upper grow lights.
- Installation of hand wash stations in the Premises.
- Gas heaters and controls.
- Any repairs or refurbishing of outer panels, germination room walls.

The Tenant's consent (not to be unreasonably withheld, conditioned or delayed), shall be required prior to the commencement of the Landlord's Work. The Landlord shall provide, in such detail as the Tenant may reasonably request, all material documentation relating to the Landlord's Work, including without limitation, any proposed plans and drawings, proposed agreements with any contractors or subcontractors and estimated costs to complete the Landlord's Work. Subject to receiving the Tenant's consent as contemplated herein, the Landlord shall commence the Landlord's Work in accordance with the terms of this Lease. Upon completion of the Landlord's Work, the Landlord shall provide the Tenant receipted invoices verifying the actual cost of completing the Landlord's Work in the Premises.

It is acknowledged and agreed that in consideration for the Tenant being responsible for all the costs associated with the Landlord's Work as contemplated herein, the cost of the Landlord's Work shall be included in total amount subject recoverable by the Tenant and to the Free Rent Period (as hereinafter defined) subject to the terms and conditions of this Schedule "D" and the Lease, generally.

2. TENANT'S WORK

The Tenant will provide and carry out, in accordance with the provisions of the Lease, including, without limitation, this Schedule, at its expense, all equipment and work other than Landlord's

Work required to be provided in order to render the Premises complete and suitable to open for business (the “**Tenant’s Work**”) including, but not limited to the following:

- Installation of all required Tenant equipment, towers, conveyors,.
- Installation of chiller(s).
- Installation of water pumps and distribution lines to roller lines.
- Installation of a security alarm system.
- Installation of product handling equipment, including without limitation forklift, man scissor lift.
- Installation of cooler racking, germination room racking.

3. TENANT’S PLANS AND SPECIFICATIONS

The design of the Premises shall be carried out by a qualified professional designer and engineers. The Tenant's plans and specifications (the “**Tenant’s Plans**”), shall be prepared with strict adherence to this Schedule. The Tenant shall provide the Tenant’s Plans to Landlord prior to the commencement of any of the Tenant’s Work for review and approval, with such approval by the Landlord not to be unreasonably withheld, conditioned or delayed. The Tenant’s Plans shall include the particulars as set out below, with specifications and such other information and details as may be necessary for the complete identification and approval of all work to be carried out by Tenant to proceed. Such plans shall include:

- Floor Plan and Interior Finish Schedule;
- Interior Wall Elevations;
- Details and Sections;
- Signage Details and Shop Drawings;
- Plumbing;
- Sprinklers;
- Heating, Ventilating and Air-Conditioning Systems;
- Electrical Requirements, including Connected Loads and single line diagrams;
- Details of any special features or installations of any special facilities or installations forming part of Tenant’s Work;
- Professional engineers Stamp, registered in the Province in which the work is to be performed in;
- An estimate of the anticipated timeframe to complete all of the Tenant’s Work in the Premises; and
- A total cost estimate for the Tenant’s Work, broken out in such detail as the Landlord may reasonably require.

4. TENANT’S BUILD-OUT

Provided the Landlord has approved on the Tenant’s Plan as contemplated in Section 3 above, the Tenant shall be entitled to commence the Tenant’s Work at the Premises, subject to the following terms and conditions:

- (a) For so long as the Tenant is completing the Tenant's Work, the Tenant shall be required to provide monthly progress reporting to the Landlord (the "**Tenant's Progress Reports**"), on the status of the work, with such monthly reporting to include, without limitation, the following, in such detail as the Landlord may reasonably require:
- a. The current status and progress of all Tenant's Work, including without limitation, any actual or reasonably anticipated material delay or deviation from the estimated timeline for completion of the Tenant's Work provided in the Tenant's Plans; and
 - b. The current and actual costs of all Tenant's Work completed to-date, including without limitation, any actual or reasonably anticipated material cost overruns or savings, or material deviation from the total cost estimate for the Tenant's Work provided in the Tenant's Plans.
- (b) In the event of any dispute as to the accuracy or content of any of the Tenant's Progress Reports, the Landlord and Tenant shall make reasonable efforts to reach agreement as to the discrepancy or dispute within seven (7) days of the delivery of the applicable disputed Tenant's Progress Report. In the event no resolution can be reached between the Tenant and the Landlord in the timeframe stipulated in this section, such dispute shall be determined via arbitrator by three arbitrators, one to be chosen by each of the Landlord and the Tenant and the third to be chosen by the two arbitrators nominated by Landlord and Tenant pursuant to the provisions of the British Columbia Arbitration Act, and any amendments thereto, or such like statute in effect from time to time. The decision of such arbitrators shall be final and binding upon the parties and the cost of such arbitration shall be borne equally by the parties, and except as otherwise provided for herein, the provisions of the Arbitration Act shall apply.

5. COMPLETION OF TENANT'S WORK

Provided that the Tenant has substantially completed all of the Tenant's Work sufficiently to permit opening of the Premises and the commencement of the Tenant's business in accordance with the requirements of this Lease and the Tenant's Plans, the Tenant shall deliver to the Landlord the following:

- (a) a statutory declaration of an officer of the Tenant that:
- a. all general contractors, sub-contractors, suppliers and other persons having provided any work or materials to the Property in connection with the Tenant's Work have been fully paid by the Tenant in connection with their work or supply;
 - b. all holdbacks by the Tenant mandated under the Builders Lien Act (British Columbia) (the "**Act**") have been lawfully released to any person properly entitled thereto;

- c. no person could lawfully claim any builders' lien or construction lien under the Act in the Lands on account of, or related to, completion of the Tenant's Work; and
- d. any applicable statutory periods provided for under the Act for registration of builders' liens have expired, without any registered liens or notices of lien being communicated to the Tenant;
- e. a copy of the Certificate of Completion, as defined under the Act, together with evidence of posting of a copy of such certificate in accordance with the Act;
- f. a certified certificate of title for the Property evidencing that as of the date of the statutory declaration, no builders' liens have been registered against the Property in connection with the Tenant's Work;
- g. the delivery to the Landlord of proof of payment of worker's compensation assessments for all the Tenant's contractors and subcontractors; and
- h. receipted invoices verifying the actual cost of completing the Tenant's Work in the Premises.

(collectively, the “**Required Deliverables**”).

- (b) In the event of any dispute as to the accuracy or content of any of the Required Deliverables, the Landlord and Tenant shall make reasonable efforts to reach agreement as to the discrepancy or dispute within (7) days of the delivery of the Required Deliverables. In the event no resolution can be reached between the Tenant and the Landlord in the timeframe stipulated in this section, such dispute shall be determined via arbitrator by three arbitrators, one to be chosen by each of the Landlord and the Tenant and the third to be chosen by the two arbitrators nominated by Landlord and Tenant pursuant to the provisions of the British Columbia Arbitration Act, and any amendments thereto, or such like statute in effect from time to time. The decision of such arbitrators shall be final and binding upon the parties and the cost of such arbitration shall be borne equally by the parties, and except as otherwise provided for herein, the provisions of the Arbitration Act shall apply.

6. FREE RENT ARRANGEMENT

- (a) Provided that the Tenant has completed the Tenant's Work in accordance with the requirements of this Lease, including without limitation, providing the Tenant's Plans, the Tenant's Progress Reports and the Required Deliverables required pursuant to this Schedule “D”, and there is no active, outstanding or unresolved dispute with respect thereto, THEN in consideration of the Tenant performing the Tenant's Work at its sole cost and expense, and paying for the Landlord's Work at the Tenant's sole cost, the Landlord acknowledges and agrees that the Rent payable under the Lease shall not be payable by the Tenant until such time as the Tenant has recovered the entire cost of the Tenant's Work and Landlord's Work from the revenues of the sale of products grown and

prepared at the Premises pursuant to the Tenant's permitted use set out in Section 1.1(h) (the "**Free Rent Period**"). For clarity, it is not intended that the Free Rent Period is a deferral of Rent payable by the Tenant but a free rent period until such time as the Tenant recovers its costs for the Tenant's Work and Landlord's Work as contemplated herein.

(b) Provided however, that at all times the Free Rent Period shall be subject to the following terms and conditions:

- a. For so long as the Tenant is claiming the Free Rent Period pursuant to the terms of this Lease, the Tenant shall be required to provide monthly progress reporting to the Landlord (the "**Free Rent Reports**"), on the status of the Tenant's cost recovery with respect to the expenses incurred in completing the Tenant's Work and Landlord's Work, with such monthly reporting to include, without limitation, the following, in such detail as the Landlord may reasonably require:
 - i. The current status of the cost recovery for the Tenant's Work and Landlord's Work based on a sufficiently detailed breakdown of the Tenant's monthly revenues received as applied against the final, total costs of the Tenant's Work and Landlord's Work, including without limitation, an projected timeline for the repayment of the costs of the Tenant's Work and Landlord's Work based on the current and projected revenue received by the Tenant for the sale of its products.

In the event the Tenant fails to comply with the requirements of the Free Rent Period contemplated herein, Rent shall immediately be payable to the Landlord under the terms and conditions for the Lease for the remainder of the balance of the Term. In the event that the foregoing has occurred and provided that the Tenant has not recovered the costs, or any portion of the costs, associated with the Landlord's Work contemplated under this Schedule "D", then notwithstanding anything else contained herein, the Landlord shall immediately pay to the Tenant the outstanding balance of the Landlord's Work (with such amount to be determined as between the Landlord and the Tenant acting reasonably) that the Tenant has not recovered at the time that Rent becomes payable in accordance with this section. Notwithstanding the foregoing, any dispute with respect to the Free Rent Reports as contemplated herein shall not be construed as the Tenant failing to comply with these requirements and no Rent shall be payable by the Tenant while such dispute is actively being resolved in accordance with the terms of Section 6(c) of this Schedule "D".

(c) In the event of any dispute as to the accuracy or content of any of the Free Rent Reports, the Landlord and Tenant shall make reasonable efforts to reach agreement as to the discrepancy or dispute within (7) days of the delivery of the applicable disputed Free Rent Report. In the event no resolution can be reached between the Tenant and the Landlord in the timeframe stipulated in this section, such dispute shall be determined via arbitrator by three arbitrators, one to be chosen by each of the Landlord and the Tenant and the third to be chosen by the two arbitrators nominated by Landlord and Tenant pursuant to the provisions of the British Columbia Arbitration Act, and any amendments

thereto, or such like statute in effect from time to time. The decision of such arbitrators shall be final and binding upon the parties and the cost of such arbitration shall be borne equally by the parties, and except as otherwise provided for herein, the provisions of the Arbitration Act shall apply.

- (d) At such time during the Term, in accordance with this section, when the Tenant has recovered the final, total costs of the Tenant's Work and Landlord's Work, Rent, at the rate contemplated in Section 1.1(g) shall immediately be payable to the Landlord for the remainder of the balance of the Term subject to the terms and conditions of the Lease.

Schedule "E"

EXTENSION RIGHTS AND ROFR

Extension Rights

1. Provided the Tenant is not in default of its obligations under the Lease beyond the applicable cure period, the Tenant shall have one (1) additional option to extend the Term of the Lease as it relates to all of the Premises (the "**Option**") as follows:
 - (a) One (1) option to extend for five (5) years at a Rent determined in accordance with Sections 2, 3 and 4 below in this Schedule "E".
2. Otherwise the Option shall be on the same terms and conditions save and except as otherwise specifically provided herein and:
 - (a) the Tenant will accept the Premises in an "as is" condition;
 - (b) the Landlord and the Tenant have no responsibility or liability for making any renovations, alterations or improvements in or to the Premises;
 - (c) all further renovations, alterations or improvements in or to the Premises are the sole responsibility of the Tenant and shall be undertaken and completed at the Tenant's expense and strictly in accordance with the provisions of the Lease; and
 - (d) there shall be no further option or right to extend after the Option.
3. The Option must be exercised not less than six (6) months prior to the expiry of the Term.
4. The rent shall be determined by the parties at the time the Option is exercised by the Tenant and shall be determined based on the fair market rent. "Fair Market Rent" means the fair market rent rate for Rent per square foot per annum for premises similar to and in a comparable location to the Premises, for a five (5) year term. The Landlord and Tenant shall make reasonable efforts to reach written agreement as to the annual Rent for the extension period not less than three (3) months prior to the commencement of the extension period, and failing such written agreement, such Rent shall be fixed by three arbitrators based on Fair Market Rent, one to be chosen by each of the Landlord and the Tenant and the third to be chosen by the two arbitrators nominated by Landlord and Tenant pursuant to the provisions of the British Columbia Arbitration Act, and any amendments thereto, or such like statute in effect from time to time. The decision of such arbitrators shall be final and binding upon the parties and the cost of such arbitration shall be borne equally by the parties, and except as otherwise provided for herein, the provisions of the Arbitration Act shall apply. In the event the extension period has commenced prior to determination of Rent, then Tenant shall pay 110% of the immediately prior applicable Rent pursuant to the terms of the Lease, and such Rent shall be retroactively adjusted for the extension period upon determination of the applicable Rent.

Right of First Refusal to Purchase the Property

1. For and during the entire Term of this Lease, including any Option to renew thereof, and provided the Tenant is not in a default under the Lease and such default has not been cured, the Landlord shall not permit any conveyance, sale or transfer of the Landlord's interest in the Property to a bona fide third party (collectively, the "**Offer**"), to occur until the Landlord has first offered the Tenant the right to acquire the Landlord's interest in the Property on the same terms and conditions as set out in the Offer (the "**ROFR**"). On delivery of a Offer to the Landlord, the Landlord shall within three (3) Business Days deliver to the Tenant at its address for notice set out in this Lease, a complete and true copy of the Offer.
2. Upon receipt of the Offer, the Tenant shall have ten (10) Business Days to advise the Landlord in writing whether it elects to acquire the Property on the same terms and conditions as set out in the Offer. If the Tenant does not advise the Landlord in writing within the required time that it elects to acquire the Property, the Tenant shall be deemed to have rejected the Offer.
3. If the Tenant notifies the Landlord that it does not elect to acquire the Property or is deemed to have rejected the Offer, the Landlord may then proceed with the disposition of the Property on the terms as contained in the Offer.
4. If the Landlord proceeds with the disposition of the Property on the same terms and conditions as contained in the Offer, but the Offer is not completed for whatever reason, the rights of the Tenant under this ROFR shall continue for any subsequent Offer the Landlord may receive.
5. If the Tenant does not elect to acquire the Property on the terms and conditions contained in the Offer or is deemed to have rejected such offer and the Landlord completes the disposition of the Property, then the Tenant has no further rights under this ROFR with respect to any disposition of the Property and all rights of the Tenant under this ROFR shall terminate.
6. If the Tenant advises the Landlord that it elects to acquire the Property then the transaction contemplated therein shall close and be completed subject to and in accordance with the terms and conditions of the Offer, including a right for the Tenant to extend the closing day for a period up to thirty (30) days.