

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

June 13, 2019

Date of Report (Date of earliest event reported)

BODY AND MIND INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation)

000-55940

(Commission File Number)

98-1319227

(IRS Employer Identification No.)

750 – 1095 West Pender Street
Vancouver, British Columbia, Canada

(Address of principal executive offices)

V6E 2M6

(Zip Code)

(604) 376-3567

Registrant's telephone number, including area code

Not applicable.

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (Section 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (Section 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

SECTION 1 – REGISTRANT’S BUSINESS AND OPERATIONS

Item 1.01 Entry into a Material Definitive Agreement

Original Settlement and Release Agreement

On June 19, 2019, Body and Mind Inc. (the “**Company**”), its indirect wholly-owned subsidiary, NMG Long Beach, LLC (“**NMG LB**”), and the Company’s 60% owned subsidiary, NMG San Diego, LLC (“**NMG SD**”), entered into a settlement agreement (the “**Settlement Agreement**”) with Green Light District Holdings, Inc. (“**GLDH**”), The Airport Collective, Inc. (“**Airport**”), David Barakett (“**Barakett**”), and SGSD, LLC (“**SGSD**”)

Pursuant to the Settlement Agreement, the Company, GLDH, and Barakett agreed to restructure a binding interim agreement entered into by the Company, GLDH, and Barakett on November 28, 2018 (the “**Prior Agreement**”) and enter into a mutual release of any and all claims related to the Prior Agreement, subject to the terms and conditions of the Settlement Agreement. As part of the Settlement Agreement, the parties have agreed to contemporaneously enter into/deliver the following documents:

- i. The Company and GLDH, Airport and Barakett shall enter into an amended and restated convertible note and guarantee security agreement (the “**Loan Documents**”) attached as Exhibit A to the Settlement Agreement;
- ii. Airport and NMG LB shall enter into the Asset Purchase Agreement (the “**Asset Purchase Agreement**”) attached as Exhibit B to the Settlement Agreement;
- iii. SGSD shall deliver the executed Assignment and First Amendment to Commercial Lease Agreement (the “**SD Lease Assignment**”) attached as Exhibit C to the Settlement Agreement;
- iv. SGSD shall deliver the executed operating agreement (the “**NMG Operating Agreement**”) for the Company’s 60% owned subsidiary, NMG SD attached as Exhibit D to the Settlement Agreement; and
- v. The Company and GLDH, Airport and Barakett shall enter into the Litigation Loan Agreement (the “**Litigation Loan Agreement**”) attached as Exhibit E to the Settlement Agreement.

The Loan Documents, the Asset Purchase Agreement, the SD Lease Assignment, the NMG Operating Agreement and the Litigation Loan Agreement are collectively referred to as, the “**Transaction Documents**”).

Terms of Settlement

SGSD was the commercial tenant for a certain real property located at 7625 Carroll Road, San Diego, California 92121 (the “**SD Location**”). The SD Location has received its commercial cannabis medical retail conditional use permit. In connection with the settlement, SGSD has agreed to assign its lease for the SD Location to NMG SD.

As consideration for the settlement and in connection with the assignment of a commercial lease for the SD Location, the parties agreed as follows:

- i. the Company shall pay US\$500,000 to be paid in shares of common stock in the capital of the Company (“**Common Shares**”) at the maximum discount allowed by the Canadian Stock Exchange (the “**Payment 1 Shares**”) to the certain members of SGSD as set forth in the Settlement Agreement;
- ii. the Company shall issue 1,340,502 Common Shares to Barakett or his designee (the “**Payment 2 Shares**”), which shall only be issued following NMG SD receiving all licenses, permits, and authorizations required for NMG SD to conduct medical commercial cannabis retail operations at the SD Location;
- iii. the Company shall issue 1,340,502 Common Shares to Barakett or his designee (the “**Payment 3 Shares**”), which shall only be issued following NMG SD receiving all licenses, permits, and authorizations required for NMG SD to conduct adult-use commercial cannabis retail operations at the SD Location; and
- iv. the Company shall pay certain legal and consulting expenses incurred by GLDH, Airport and Barakett in an aggregate amount of US\$80,500.

SGSD agrees to release the Company, NMG LB and NMG SD and their successors, related entities, representatives, assigns, agents, shareholders, members, directors, managers, officers, employees and attorneys (the “**Representatives**”) from any and all claims upon the issuance of the Payment 1 Shares.

GLDH, Airport, and Barakett agree to release the Company and the shareholders and their respective Representatives from any and all claims related to the Prior Agreement upon closing of the Asset Purchase Agreement between Airport and NMG LB entered into contemporaneously with the Settlement Agreement. In the Asset Purchase Agreement, NMG LB has agreed to purchase all of the assets of GLDH and Airport utilized in the medical and adult-use commercial cannabis retail business at 3411 E. Anaheim St., Long Beach, CA 90804 (the “**LB Location**”).

Except as expressly provided in the Settlement Agreement, the Company agrees to release GLDH, Airport and Barakett and their respective Representatives from any and all claims related to the Prior Agreement upon closing of the Asset Purchase Agreement.

As discussed below, the closing of the Asset Purchase Agreement will not take place unless and until: (a) NMG LB receives the required local and state licenses to operate medical and adult-use commercial cannabis retail business at the LB Location; and (b) Airport delivers all purchased assets free and clear of all liens and encumbrances associated with the existing cannabis retail business at the LB Location.

The foregoing description of the Settlement Agreement does not purport to be complete and is qualified in its entirety by the Settlement Agreement which is filed as Exhibit 10.1 hereto and is incorporated by reference herein.

Amended and Restated Settlement and Release Agreement

As mentioned above, on June 19, 2019, the Company, NMG LB and NMG SD, entered into the Settlement Agreement with GLDH, Airport, Barakett, and SGSD (collectively, the "**Parties**").

Pursuant to the original Settlement Agreement, SGSD was required to deliver certain executed Transaction Documents contemporaneously with the execution of the original Settlement Agreement. While the original Settlement Agreement was signed by the Parties, all of the Transaction Documents were not delivered contemporaneously with the execution of the original Settlement Agreement.

On June 28, 2019, the Parties entered into certain amended and restated settlement and release agreement (the "**Amended Settlement Agreement**") that would supersede and replace the original Settlement Agreement.

Terms of Amended Settlement

SGSD was the commercial tenant for the SD Location. The SD Location has received its medical commercial cannabis retail conditional use permit. In connection with the settlement, SGSD has agreed to assign its lease for the SD Location to NMG SD.

As consideration for the Amended Settlement Agreement and in connection with the assignment of a commercial lease for the SD Location, the Parties agreed as follows:

- i. the Company shall pay US\$500,000 to be paid in shares of common stock in the capital of the Company ("**Common Shares**") at the maximum discount allowed by the Canadian Stock Exchange (the "**Payment 1 Shares**") to the certain members of SGSD as set forth in the Amended Settlement Agreement;
- ii. subject to the share payment reduction set forth in Section 3(d) of the Amended Settlement Agreement, the Company shall issue US\$750,000 of Common Shares at a price of CAD\$0.7439 per share and a CAD/USD exchange rate of 1.3296 as agreed by the Parties (the "**Share Value Calculation**") for a total possible issuance of 1,340,502 Common Shares to Barakett or his designee (the "**Payment 2 Shares**"), which shall only be issued following NMG SD receiving all licenses, permits, and authorizations required for NMG SD to conduct medical commercial cannabis retail operations at the SD Location (the "**SD Medical Licenses**");

- iii. subject to the share payment reductions set forth in Section 3(d) of the Amended Settlement Agreement, the Company shall issue US\$750,000 of Common Shares at the Share Value Calculation for a total possible issuance of 1,340,502 Common Shares to Barakett or his designee (the "**Payment 3 Shares**"), which shall only be issued following NMG SD receiving all licenses, permits, and authorizations required for NMG SD to conduct adult-use commercial cannabis retail operations at the SD Location (the "**SD Adult-use Licenses**"); and
- iv. the Company shall pay certain legal and consulting expenses incurred by GLDH, Airport and Barakett in an aggregate amount of US\$90,500.

NMG SD is owned sixty percent (60%) by the Company's subsidiary, DEP Nevada, Inc. and forty percent (40%) by SJJR, LLC ("**SJJR**"). Barakett has agreed to cover SJJR's portion of all start-up costs (the "**Start-up Costs**") associated with NMG SD establishing commercial cannabis operations at the SD Location, inclusive of: (i) the costs associated with becoming a tenant at the SD Location, including but not limited to, the costs set forth in the SD Lease Assignment; and (ii) all construction costs associated with building out the SD Location for NMG SD's operations (the "**Barakett Allocation**").

Accordingly, pursuant to the Amended Settlement Agreement, the Payment 2 Shares and Payment 3 Shares are subject to a possible reduction equal to forty percent (40%) of Start-up Costs associated with NMG SD establishing commercial cannabis retail operations. Prior to any payment of the Payment 2 Shares or the Payment 3 Shares, NMG SD shall provide Barakett with written documentation detailing the Start-up Costs and Barakett shall have seven (7) business days from: (a) the date NMG SD received the SD Medical Licenses; or (b) the date NMG SD receives the SD Adult-use Licenses, whichever is earlier (the "**Allocation Payment Deadline**") to pay the Company the Barakett Allocation. In the event Barakett fails to pay any portion of the Barakett Allocation amount prior to the Allocation Payment Deadline, the Payment 2 Shares and/or the Payment 3 Shares, as applicable, shall be reduced based on any unpaid portion of the Barakett Allocation. The Company shall have the ability to offset the Payment 2 Shares and/or the Payment 3 Shares at its sole and exclusive discretion. For the purposes of this offsetting only, the Company shall utilize a share value calculation equal to the Canadian Securities Exchange listed 5-day VWAP of the Common Shares, as applicable, on the trading day immediately prior to the Allocation Payment Deadline. In no event shall such calculation be lower than CAD\$0.74 per share or higher than CAD\$1.07 per share and a CAD/USD exchange rate of 1.3296 will apply (the "**Offsetting Calculation**"). The reduction will not be applicable in the event SJJR agrees to pay its portion of the Start-up Costs.

In the event NMG SD is unable, through no fault of the GLDH, Airport or Barakett, to receive its medical commercial cannabis retail license or its adult-use commercial cannabis retail license at the SD Location in accordance with the terms and conditions of this Amended Settlement Agreement, NMG SD and the Company shall utilize best efforts to negotiate in good faith an amendment to this Amended Settlement Agreement satisfactory to all Parties.

SGSD agrees to release the Company, NMG LB and NMG SD and their successors, related entities, representatives, assigns, agents, shareholders, members, directors, managers, officers, employees and attorneys (the "**Representatives**") from any and all claims upon the issuance of the Payment 1 Shares.

GLDH, Airport, and Barakett agree to release the Company and the shareholders and their respective Representatives from any and all claims related to the Prior Agreement upon closing of the Asset Purchase Agreement between Airport and NMG LB entered into contemporaneously with the Settlement Agreement. In the Asset Purchase Agreement, NMG LB has agreed to purchase all of the assets of GLDH and Airport utilized in the medical and adult-use commercial cannabis retail business at the LB Location.

Except as expressly provided in the Amended Settlement Agreement, the Company agrees to release GLDH, Airport and Barakett and their respective Representatives from any and all claims related to the Prior Agreement upon closing of the Asset Purchase Agreement.

The foregoing description of the Amended Settlement Agreement does not purport to be complete and is qualified in its entirety by the Amended Settlement Agreement which is filed as Exhibit 10.2 hereto and is incorporated by reference herein.

Amended and Restated Convertible Note and General Security Agreement

On June 19, 2019, the Company and GLDH entered into a loan agreement and convertible promissory note (the "**Loan Agreement**"), which supersedes and replaces the Prior Agreement between such parties dated November 28, 2018.

In the Prior Agreement, the Company made an investment into GLDH by way of a US\$5,200,000 senior secured convertible note (the "**Prior Note**") bearing interest at a rate of 20% per annum which the principal amount and all other monies owed thereunder to be repaid to the Company on or before November 28, 2020.

The Loan Agreement cancels, supersedes and replaces the Prior Agreement and the Prior Note. Pursuant to the Loan Agreement, the Company is making the same investment as the Prior Note via a US\$5,200,000 senior secured convertible note bearing interest at a rate of 20% per annum, compounded annually (the "**Note**"), which the principal amount and all other monies owed thereunder is to be repaid to the Company on June 19, 2022, unless: (a) the Note is converted by the Company in accordance with the Loan Agreement; or (b) the Note is forgiven in accordance with the closing of the Asset Purchase Agreement between Airport and NMG LB entered into contemporaneously with the Loan Agreement.

Pursuant to the Asset Purchase Agreement, NMG LB agrees to purchase all of the assets of GLDH and Airport utilized in the medical and adult-use commercial cannabis retail business at the LB Location. The closing of the Asset Purchase Agreement will not take place unless and until: (a) NMG LB receives the required local and state licenses to operate medical and adult-use commercial cannabis retail business at the LB Location; and (b) Airport delivers all purchased assets free and clear of all liens and encumbrances associated with the existing cannabis retail business at the LB Location.

The loan obligations of GLDH (the "**Loan**") under the Loan Agreement is guaranteed by GLDH and Airport. The Loan is secured by all of GLDH and Airport's personal property, including but not limited to equipment, inventory, accounts receivable, cash or cash equivalents, and rights under contracts.

The foregoing description of the Loan Agreement does not purport to be complete and is qualified in its entirety by the Loan Agreement which is filed as Exhibit 10.3 hereto and is incorporated by reference herein.

Asset Purchase Agreement

On June 19, 2019, the Company's wholly-owned subsidiary, NMG LB, GLDH and Airport (hereinafter, GLDH and Airport shall be collectively referred to as, the "Seller") entered into the Asset Purchase Agreement, whereby NMG LB agreed to purchase all GLDH's and Airport's assets (the "Purchased Assets") utilized in connection with the retail cannabis business (the "Business") located at 3411 E. Anaheim St., Long Beach, CA 90804 (the "Premises") as set out in the Asset Purchase Agreement.

Pursuant to the Asset Purchase Agreement, NMG LB shall assume and agree to pay, perform and discharge the Assumed Liabilities, which shall mean: (a) all liabilities in respect of the Assigned Contracts; and (b) the Enumerated Liabilities, all of which are defined in the Asset Purchase Agreement. Notwithstanding any provision in the Asset Purchase Agreement to the contrary, NMG LB shall not assume and shall not be responsible to pay, perform, or discharge any Excluded Liability (as defined in the Asset Purchase Agreement). At the time of execution of the Asset Purchase Agreement, the Seller has identified certain known liabilities on a disclosure schedule (the "Known Liabilities"). The Known Liabilities are considered Excluded Liabilities under the Asset Purchase Agreement.

Also, pursuant to the Asset Purchase Agreement, the parties shall enter into the Management Assignment and Assumption Agreement, whereby NMG LB shall assume all management and control of the Business on either: (a) July 15, 2019; or (b) an earlier or later date to be mutually agreed upon by the parties in writing (the "Transition Date").

Consideration for the Purchased Assets

The aggregate value of the Purchased Assets shall be US\$6,700,000.00 (the "Purchase Price"), which shall be paid to the Seller, subject to the terms and conditions of the Asset Purchase Agreement.

As mentioned above, Company concurrently entered into a loan with GLDH guaranteed by Airport (the "Loan") in the amount of US\$5,200,000.00 (the "Loan Amount"). As part payment of the Purchase Price for the Purchased Assets, the Loan Amount shall be applied to the Purchase Price on the date of closing and the Company will release Airport from its obligations as a guarantor of the Loan.

In addition to the Loan, as part of the Asset Purchase Agreement, the Company and GLDH also entered into a contemporaneous loan agreement (as further described below) (the "Contemporaneous Loan") in the amount of US\$726,720.00 (the "Contemporaneous Loan Amount") to fund certain business improvements and expansion needs of GLDH's business operations. The Company and NMG LB shall provide forgiveness for all amounts owing under the Contemporaneous Loan on the date of closing of the Asset Purchase Agreement, however, such shall not form part of the Purchase Price, but be additional consideration for the Purchased Assets.

Further to the loan cancellation described herein, the remaining portion of the Purchase Price shall be paid by the Company issuing US\$1,500,000 of Common Shares (the “**Share Payment**”) at a price of CAD\$0.7439 per share and a CAD/USD exchange rate of 1.3296 (the “**Share Value Calculation**”) for a total issuance of 2,681,006 Common Shares, subject to the Share Payment Reduction as set out in Section 2.04(c) of the Asset Purchase Agreement (the “**Share Payment Reduction**”) and as discussed in the paragraph below. Within two (2) business days following the Transition Date, the NMG LB shall cause the Company to initiate the process to issue the Share Payment, which shall be withheld, in its entirety, by NMG LB or third-party escrow agent at NMG LB’s sole discretion until closing (the “**Withheld Shares**”). The Withheld Shares shall be subject to the Share Payment Reduction, and in no event shall NMG LB be granted any rights with respect to the Withheld Shares prior to the closing of the Asset Purchase Agreement.

On the Transition Date, the parties shall evaluate the value of the Business’s total liabilities by calculating the value of the current sum of all Known Liabilities and other outstanding liabilities, not including the Assumed Liabilities, offset by: (a) the Business’s available cash; plus (b) the value of the Business’s inventory; plus (c) US\$50,000 to determine the outstanding liabilities as of the Transition Date; (the “**Pre-Closing Liabilities**”). The Share Payment shall be reduced by the amount of the Pre-Closing Liabilities as determined by the parties. For the purposes of example, if the parties determine that on the Transition Date, the Pre-Closing Liabilities equal US\$500,000, the Share Payment shall be reduced such that the total Share Payment (including the Withheld Shares) shall be US\$1,000,000 of the Company’s Common Shares at the Share Value Calculation for a total of 1,787,337 Common Shares. In the event the Pre-Closing Liabilities exceed US\$1,500,000, the Company shall have no obligation to make the Share Payment and upon closing, NMG LB and the Company shall reduce its forgiveness of the Loan Agreement by the amount of the Pre-Closing Liabilities in excess of US\$1,500,000. In addition, in the event the Litigation Loan (as discussed below) has not been paid in full prior to closing of the Asset Purchase Agreement, NMG LB and the Company reserve the right to withhold the number of shares equal of the value of the outstanding principal and interest of the Litigation Loan until such amounts have been paid in full.

The closing of the Asset Purchase Agreement will not take place until NMG LB has acquired local and state commercial cannabis licenses to conduct medical and adult-use commercial cannabis retail operations at the Premises. NMG LB will only purchase the Purchased Assets in accordance with applicable commercial cannabis laws and regulations.

In connection with the Asset Purchase Agreement, the parties entered into various other contracts contemporaneously to accomplish the intent of the parties.

The foregoing description of the Asset Purchase Agreement does not purport to be complete and is qualified in its entirety by the Asset Purchase Agreement which is filed as Exhibit 2.1 hereto and is incorporated by reference herein.

Trademark and Technology License and Services Agreement

In connection with the Asset Purchase Agreement, on June 19, 2019, the Company (together with its affiliates and subsidiaries collectively being, the “**Licensee**”) and Green Light District Management, LLC, a Delaware limited liability company, GLDH (GLDM and GLDH collectively referred to in this paragraph as “**Licensor**”) and Airport entered into a Trademark and Technology License and Services Agreement (the “**License Agreement**”) whereby Licensor and Airport, as applicable, have granted the Licensee a non-exclusive perpetual license to utilize certain operational intellectual property consisting of customer data, sales data, customer outreach strategies standard operating procedures, and other proprietary operational intellectual property (the “**Operational IP License**”). In addition, the Licensor and Airport, as applicable, have granted the Licensee a non-exclusive term license to utilize the Trademarks, Rights and ShowGrow IP (the “**Branding IP**”) for a minimum of two (2) years from the effective date of the License Agreement for the LB Location and two (2) years following the opening of the SD Location for business to the public.

As consideration for the licenses, the Company has agreed to utilize the Branding IP until June 19, 2021 at the LB Location and at the SD Location for a period of 2 years from operations commencing at such location. In addition, the Company has agreed to pay Licensor 3% of gross receipts from sales at the LB Location. Furthermore, Licensee agrees that throughout the term of the License Agreement, all products and merchandise bearing the “ShowGrow” brand shall be purchased exclusively from Licensor.

Licensor has agreed that it shall not utilize, or allow and/or cause any third-party to utilize the Branding IP within a five (5) mile radius of the LB Location.

In addition to the licenses being granted to the Licensee, GLDH shall provide certain services throughout the term of the License Agreement as set forth in Section 5.1 of the License Agreement.

The foregoing description of the License Agreement does not purport to be complete and is qualified in its entirety by the License Agreement which is filed as Exhibit 10.4 hereto and is incorporated by reference herein.

Management Assignment and Assumption Agreement

On June 19, 2019, the Company’s subsidiary, NMG LB (the “**Assignee**”), GLDH (the “**Assignor**”) and Airport (the “**Remaining Party**”) entered into a Management Assignment and Assumption Agreement (the “**Management Assignment and Assumption Agreement**”). Prior to the execution of the Management Assignment and Assumption Agreement, the commercial cannabis retail business (the “**Business**”) of the Remaining Party at the LB Location was managed by SJK Services, LLC, a California limited liability company (“**SJK**”) pursuant to a management agreement wherein SJK assumed all rights and responsibilities with respect to the Business at the LB Location. The management agreement gave SJK full rights and responsibilities with respect to all financial aspects of the Business.

GLDH was irrevocably assigned all rights and obligations under the original management agreement pursuant to a certain Interim Management Agreement between GLDH and SJK executed on January 23, 2019.

In connection with the Asset Purchase Agreement, GLDH has agreed to assign its management authority and responsibilities with respect to the Business to NMG LB. The Management Assignment and Assumption Agreement will allow NMG LB to manage the Business and recognize the profits from the Business until NMG LB receives its own commercial cannabis licenses and purchases the Purchased Assets in accordance with the terms and conditions of the Asset Purchase Agreement.

The foregoing description of the Management Assignment and Assumption Agreement does not purport to be complete and is qualified in its entirety by the Management Assignment and Assumption Agreement which is filed as Exhibit 10.5 hereto and is incorporated by reference herein.

Barakett Consulting Agreement

In connection with the Asset Purchase Agreement, NMG LB and Barakett entered into a consulting agreement, dated June 19, 2019 (the “**Consulting Agreement**”), whereby NMG LB has agreed to engage Barakett to provide certain consulting and advisory services in connection with running the business at the LB Location and the SD Location.

The Consulting Agreement is for a term of five (5) months and NMG LB has agreed to pay Barakett a total of US\$200,000 in consideration for his services to be provided with US\$50,000 to be paid upon execution of the Consulting Agreement and US\$30,000 shall be payable on each of the one month, two month, three month, four month and five month anniversaries of the initial payment. In addition, NMG LB agrees to reimburse Barakett upon presentation of invoices for reasonable expenses which may be pre-authorized by NMG LB from time to time.

The foregoing description of the Consulting Agreement does not purport to be complete and is qualified in its entirety by the Consulting Agreement which is filed as Exhibit 10.6 hereto and is incorporated by reference herein.

Contemporaneous Loan

In connection with the Asset Purchase Agreement, the Company and GLDH entered a loan agreement, dated June 19, 2019 (the “**Contemporaneous Loan Agreement**”), that included the issuance of a promissory note in the amount of up to US\$726,720, the execution of a security agreement and a financing statement in form appropriate for filing in the appropriate jurisdiction (the “**Contemporaneous Loan**”) in favor of the Company bearing interest at a rate of 15% per annum, compounded quarterly, which shall be due and payable on the maturity date, which is within three (3) business days following the closing of the Asset Purchase Agreement.

The Contemporaneous Loan is secured by a security agreement between the Company, GLDH and Airport (as guarantor) whereby all of GLDH's and Airport's personal property, including but not limited to equipment, inventory, accounts receivable, cash or cash equivalents, and rights under contracts are granted as collateral security for the payment of the Contemporaneous Loan.

The foregoing description of the Contemporaneous Loan Agreement does not purport to be complete and is qualified in its entirety by the Contemporaneous Loan Agreement which is filed as Exhibit 10.7 hereto and is incorporated by reference herein.

Assignment and First Amendment to Commercial Lease

On June 13, 2019, the Company's 60% owned subsidiary, NMG SD, Green Road, LLC, a California limited liability company (the "**Landlord**"), Barakett (the "**Guarantor**"), and SGSD entered into an assignment and first amendments to commercial lease agreement (the "**Assignment and First Amendment**") whereby NMG SD has agreed to assume all rights, title, and interest as the commercial tenant in the commercial lease agreement (the "**Original Lease**") for certain real property located as 7625 Carroll Road, San Diego, California 92121 (the "**Premises**"). The Premises has been licensed for medical commercial cannabis activity from the City of San Diego.

Original Lease

The original lease for the Premises was entered into between the Landlord and SGSD on December 1, 2018. The term of the Original Lease was sixty (60) months with two (2) additional five (5) year options. The Original Lease requires Landlord's written consent for SGSD's assignment of the Original Lease to NMG SD. Rent under the Original Lease is Twelve Thousand Dollars US\$12,000 per month until operations begin at the Premises. Following the commencement of operations, the rent shall be as follows:

- i. Months 1-12 rent shall be US\$15,000;
- ii. Months 13-24 rent shall be US\$15,450;
- iii. Months 25-36 rent shall be US\$15,913.50;
- iv. Months 37-48 rent shall be US\$16,390;
- v. Month 49 onward rent shall be US\$16,882.63.

The Original Lease contained a sale bonus clause to be triggered in the event of a sale or assignment of the Original Lease requiring the tenant to pay the Landlord the greater of: (a) US\$2,000,000; or (b) 10% of the purchase price for the sale of the entire business or, if the sale is for only a portion of the business, 10% of the per share/unit price.

Consideration to SGSD

In consideration for SGSD assigning the Original Lease to NMG SD, NMG SD is assuming all responsibility for obligations under the Lease, as amended by the Assignment and First Amendment, and NMG SD shall cause the Company to issue the Payment 1 Shares, Payment 2 Shares and Payment 3 Shares in accordance with the Amended and Restated Settlement and Release Agreement among the Company, NMG LB, NMG SD, the Guarantor, GLDH, Airport and SGSD, which is discussed above.

In addition, NMG SD shall cause the Company to assume the role of guarantor of the Original Lease pursuant to the guaranty of lease (the “**Guaranty**”) which forms part of the Original Lease, whereby the Company agrees to perform all of the duties, obligations, covenants, conditions, and restrictions included in the Original Lease and the property agreements that are guaranteed by the guarantor under the Guaranty.

Consideration for Landlord

In consideration for the Landlord agreeing to consent to the assignment of the Original Lease, NMG SD shall cause the Company to provide the following consideration to the Landlord:

- i. US\$700,000 in Common Shares of the Company calculated upon execution of the Assignment and First Amendment at the maximum discount allowed by the Canadian Stock Exchange to be issued to the Landlord immediately following execution of the Assignment and First Amendment;
- ii. US\$783,765.26 in cash to be paid to the Landlord via bank draft within five (5) business days of execution of the Assignment and First Amendment; and
- iii. US\$750,000 in cash, plus interest at the rate of five percent (5%) simple per annum accruing from the effective date to be paid no later than five (5) business days of the Landlord’s receipt from the City of San Diego of a Conditional Use Permit allowing adult-use commercial cannabis storefront retail operations at the Premises.

Amendment to Original Lease

The parties to the Assignment and First Amendment agreed to amend the Original Lease to permit NMG SD to have three (3) five (5) year renewal options as opposed to two (2) renewal options. In addition, the parties agreed to reduce the amount of the sale bonus provision in the Original Lease to US\$1,000,000 from US\$2,000,000, which shall only be payable in connection with the first two assignments triggering this obligation, and thereafter, assignments will not require payment of a sale bonus. Furthermore, the parties also amended certain provisions of the Original Lease to ensure that any change in members representing less than fifty percent (50%) of the existing membership interests of NMG SD shall be an excluded transaction and not trigger the sale bonus or be deemed an assignment requiring consent of the Landlord.

The foregoing description of the Assignment and First Amendment does not purport to be complete and is qualified in its entirety by the Assignment and First Amendment which is filed as Exhibit 10.8 hereto and is incorporated by reference herein.

Litigation Loan

On June 19, 2019, GLDH and the Company entered into a litigation loan and security agreement (the “**Litigation Loan**”) whereby GLDH obtained a secured loan from the Company in the amount of US\$200,000 (the “**Litigation Loan Amount**”) to fund certain litigation expenses of GLDH. The Litigation Loan shall accrue interest from the effective date until repaid in full at a rate of twelve percent (12%) per annum, compounded quarterly. The Litigation Loan Amount is to be paid directly to GLDH’s attorney’s client-trust account and is to be utilized solely in connection with litigating “Green Light District Holdings, Inc. v. GBS Nevada Partners, LLC, Case No. A-19-788150-B” pending in the Eighth Judicial District Court, Clark County, Nevada (the “**Case**”).

The principal amount of the Litigation Loan and all interest accrued thereon will be due on the earlier of: (a) within thirty (30) calendar days of the date in which the Case is settled; or (b) on the 36 month anniversary of the effective date of the Litigation Loan.

The Litigation Loan is secured by a security agreement between the Company, GLDH and Airport (as guarantor) whereby all of GLDH’s and Airport’s personal property, including but not limited to, equipment, inventory, accounts receivable, cash or cash equivalents, and rights under contracts are granted as collateral security for the payment of the Litigation Loan.

The foregoing description of the Litigation Loan does not purport to be complete and is qualified in its entirety by the Litigation Loan which is filed as Exhibit 10.9 hereto and is incorporated by reference herein.

SECTION 3 – SECURITIES AND TRADING MARKETS

Item 3.02 Unregistered Sales of Equity Securities

In connection with the obligation of the Company to issue the Payment 1 Shares to certain members of SGSD, the Payment 2 Shares to Barakett or his designee and the Payment 3 Shares to Barakett or his designee pursuant to the Settlement Agreement, which was superseded and replaced by the Amended Settlement Agreement as described in Item 1.01 of this Current Report on Form 8-K, the Company will be relying upon the exemption from registration under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”) provided by Rule 506(b) of Regulation D and/or Section 4(a)(2) of the U.S. Securities Act with respect to such issuances.

In connection with the obligation of the Company to issue the Share Payment to GLDH and Airport pursuant to the Asset Purchase Agreement, which will be withheld by NMG LB or third-party escrow agent until closing as described in Item 1.01 of this Current Report on Form 8-K, the Company will be relying upon the exemption from registration under the U.S. Securities Act provided by Rule 506(b) of Regulation D and/or Section 4(a)(2) of the U.S. Securities Act with respect to such issuance.

In connection with the obligation of the Company to issue the US\$700,000 in shares of common stock of the Company calculated upon execution of the Assignment and First Amendment at the maximum allowable discount allowed by the Canadian Securities Exchange to Green Road, LLC pursuant to the Assignment and First Amendment as described in Item 1.01 of this Current Report on Form 8-K, the Company will be relying upon the exemption from registration under the U.S. Securities Act provided by Rule 506(b) of Regulation D and/or Section 4(a)(2) of the U.S. Securities Act with respect to such issuance.

The information set forth under Item 1.01 of this Current Report on Form 8-K with respect to the Settlement Agreement as superseded and replaced by the Amended Settlement Agreement, the Asset Purchase Agreement and the Assignment and First Amendment is incorporated by reference into this Item 3.02.

SECTION 9 – FINANCIAL STATEMENTS AND EXHIBITS

Item 9.01 Financial Statements and Exhibits

(a) Financial Statements of Business Acquired

Not applicable.

(b) Pro forma Financial Information

Not applicable.

(c) Shell Company Transaction

Not applicable.

(d) Exhibits

<u>Exhibit</u>	<u>Description</u>
<u>2.1*</u>	<u>Asset Purchase Agreement between NMG Long Beach, LLC, The Airport Collective, Inc. and Green Light District Holdings, Inc., dated June 19, 2019</u>
<u>10.1</u>	<u>Settlement and Release Agreement between Body and Mind Inc., NMG Long Beach, LLC, NMG San Diego, LLC, Green Light District Holdings, Inc., The Airport Collective, Inc., David Barakett and SGSD, LLC, dated June 19, 2019</u>
<u>10.2</u>	<u>Amended and Restated Settlement and Release Agreement between Body and Mind Inc., NMG Long Beach, LLC, NMG San Diego, LLC, Green Light District Holdings, Inc., The Airport Collective, Inc., David Barakett and SGSD, LLC, dated June 28, 2019</u>
<u>10.3</u>	<u>Loan Agreement between Green Light District Holdings, Inc. and Body and Mind Inc., dated June 19, 2019</u>
<u>10.4</u>	<u>Trademark and Technology License and Services Agreement between Green Light District Management, LLC, Green Light District Holdings, Inc., The Airport Collective, Inc. and Body and Mind Inc., dated June 19, 2019</u>
<u>10.5</u>	<u>Management Assignment and Assumption Agreement between Green Light District Holdings, Inc., NMG Long Beach, LLC and The Airport Collective, Inc., dated June 19, 2019</u>
<u>10.6</u>	<u>Barakett Consulting Agreement between NMG Long Beach, LLC and David Barakett, dated June 19, 2019</u>
<u>10.7</u>	<u>Contemporaneous Loan Agreement between Green Light District Holdings, Inc. and Body and Mind Inc., dated June 19, 2019</u>
<u>10.8</u>	<u>Assignment and First Amendment to Commercial Lease between Green Road, LLC, David Barakett, SGSD, LLC and NMG San Diego, LLC, dated June 13, 2019</u>
<u>10.9</u>	<u>Litigation Loan and Security Agreement between Green Light District Holdings, Inc. and Body and Mind Inc., dated June 19, 2019</u>

* Some of the schedules to the Asset Purchase Agreement have been omitted in accordance with Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule will be furnished supplementally to the SEC upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BODY AND MIND INC.

DATE: July 17, 2019

By: /s/ Darren Tindale

Darren Tindale
Chief Financial Officer

ASSET PURCHASE AGREEMENT

dated as of June 19, 2019

by and among

NMG LONG BEACH, LLC

and

THE AIRPORT COLLECTIVE, INC.

GREEN LIGHT DISTRICT HOLDINGS, INC.

ASSET PURCHASE AGREEMENT

This asset purchase agreement (the "**Agreement**"), is made and entered into effective as of June 19, 2019 by and between the Airport Collective, Inc., a California non-profit mutual benefit corporation ("**Airport**"), Green Light District Holdings, Inc., a Delaware corporation ("**GLDH**") and together with Airport, "**Seller**") and NMG Long Beach, LLC, a California limited liability company ("**Buyer**"). As used herein, Seller and Buyer shall collectively be referred to as the "**Parties**" and each as a "**Party**".

WHEREAS, in connection with the Master Settlement and Release Agreement (the "**Settlement Agreement**") and subject to the terms and conditions set forth herein, Seller wishes to sell and assign to Buyer the rights and obligations of Seller to the Purchased Assets and the Assumed Liabilities;

WHEREAS, subject to the terms and conditions set forth herein, Buyer wishes to purchase and assume from Seller, the rights and obligations of Seller to the Purchased Assets and the Assumed Liabilities;

WHEREAS, as a condition to the Buyer entering into this Agreement, Seller and Buyer shall execute the Transaction Documents contemporaneously herewith; and

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

ARTICLE I DEFINITIONS, ACKNOWLEDGEMENT

Section 1.01 Definitions. The undefined capitalized terms set forth in this Agreement shall have the meaning prescribed in Schedule I attached hereto and incorporated herein.

Section 1.02 Acknowledgement. Each Party acknowledges that it and its attorneys have been given an equal opportunity to negotiate the terms and conditions of this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting Party or any similar rule operating against the drafter of an agreement shall not be applicable to the construction or interpretation of this Agreement.

ARTICLE II
ARTICLE I PURCHASE AND SALE

Section 2.01 Purchase and Sale of the Purchased Assets. Subject to the terms and conditions set forth herein, on the Closing Date, Seller shall sell, convey, assign, transfer, and deliver to Buyer, and Buyer shall purchase from Seller, all of Seller's right, title, and interest in and to the Purchased Assets. As used herein, "**Purchased Assets**" mean all of Seller's right, title, and interest in and to all of the assets used by Seller (other than the Excluded Assets), which relate to, or are used or held for use in connection with, the Business, including, without limitation:

- (a) all Accounts Receivable;
- (b) all Inventory, to the extent permitted by Applicable Law;
- (c) all Assigned Contracts;
- (d) all Permits, to the extent permitted by Applicable Law;
- (e) all Tangible Personal Property;
- (f) all Repayment Rights;
- (g) all of Seller's rights under warranties, indemnities, and all similar rights against third-parties to the extent related to any Purchased Assets;
- (h) all insurance benefits, including rights and proceeds, arising from or relating to the Business or the Purchased Assets;
- (i) all Books and Records;
- (j) all goodwill and the going concern value of the Purchased Assets and the Business;
- (k) the POS System data (including all customer data, customer lists, and vendor contacts); and
- (l) all Enumerated Assets.

Notwithstanding any provision in this Agreement to the contrary, Buyer shall not purchase any of the Excluded Assets.

Section 2.02 Assumed Liabilities. Subject to the terms and conditions set forth herein, as of the Closing Date, Buyer shall assume and agree to pay, perform, and discharge the Assumed Liabilities. As used herein, "**Assumed Liabilities**" shall mean: (a) all Liabilities in respect of the Assigned Contracts; and (b) the Enumerated Liabilities. Notwithstanding any provision in this Agreement to the contrary, Buyer shall not assume and shall not be responsible to pay, perform, or discharge any Excluded Liability. At the time of execution of this Agreement, the Seller has identified certain known liabilities on the Disclosure Schedule (the "**Known Liabilities**"). The Known Liabilities are considered Excluded Liabilities under this Agreement.

Section 2.03 Assumption of Management. The Parties shall enter into the Management Assignment Agreement attached hereto as Schedule VIII and entered into contemporaneously herewith (the "**Management Assignment Agreement**"). The Buyer shall assume all management and control of the Business on either: (a) July 15, 2019; or (b) an earlier or later date to be mutually agreed upon by the Parties in writing (the "**Transition Date**").

Section 2.04 Purchase Price. The aggregate value of purchase price for the Purchased Assets shall be Six Million Seven Hundred Thousand Dollars (\$6,700,000.00) (the "**Purchase Price**") to be paid to Seller, subject to the terms and conditions of this Agreement, in the substance and form as follows:

(a) **Amended Note Forgiveness.** Buyer and the sole shareholder of Seller holding one hundred percent (100%) of the rights related to the Purchased Assets, Green Light District Holdings, Inc., a Delaware corporation (the "**GLDH**"), previously entered into a binding interim purchase agreement (the "**Prior Agreement**") and in connection therewith, GLDH issued Buyer senior secured convertible notes (the "**GLDH Notes**") to Buyer's parent entity, Body and Mind Inc., a Nevada corporation (**BaM**) in the aggregate amount of Five Million Two Hundred Thousand Dollars (\$5,200,000.00) (the "**Principal Amount**"). The GLDH Notes are secured with a General Security Agreement and UCC-1 Financing Statement in all U.S. states where GLDH has assets. The Parties have entered into the Loan Agreement, Guaranty, and Security Agreement attached to the Settlement Agreement as Exhibit A replacing the Prior Agreement (the "**Loan Documents**"). As part of the Loan Documents, Seller has agreed to become a Guarantor under the GLDH Notes, pledging the Purchased Assets as collateral as set forth in the Loan Documents. Subject to the terms and conditions of this Agreement, including but not limited to, Section 2.04(c)(i), the Principal Amount (as set forth in the Loan Documents) shall be applied to the Purchase Price at the Closing and all other amounts owing under the Loan Documents shall be forgiven and Seller shall be released from liability in connection with the Loan Documents.

(b) **Share Payment.** The remaining portion of the Purchase Price shall be paid with One Million Five Hundred Thousand Dollars (\$1,500,000.00) of BaM's common shares at a price of \$0.7439 CAD per share and an exchange rate of 1.3296 (the "**Share Value Calculation**") for a total possible payment of Two Million Six Hundred and Eighty One Thousand Six (2,681,006) shares, subject to the Share Payment Reductions set forth in Section 2.04(c) below (the "**Share Payment**"). The Share Payment shall be subject to the mandatory six (6) month exchange holding period. Within two (2) business days following the Transition Date, the Buyer shall initiate the process to issue the Share Payment, which shall be withheld, in its entirety, by Buyer or third-party escrow agent at Buyer's sole discretion until Closing. The Withheld Shares shall subject to Section 2.04(c), and in no event shall Buyer be granted any rights with respect to the Withheld Shares prior to the Closing.

(c) **Share Payment Reductions.**

(i) **Liabilities Deduction.** Notwithstanding any provision in this Agreement to the contrary, on the Transition Date, the Parties shall evaluate the value of the Business's total liabilities by calculating the value of the current sum of all Known Liabilities and other outstanding liabilities, not including the Assumed Liabilities, offset by: (a) the Business's available cash; plus (b) the value of the Business's inventory; plus (c) Fifty Thousand Dollars (\$50,000.00) to determine the outstanding liabilities as of the Transition Date; (the "**Pre-Closing Liabilities**"). The Share Payment shall be reduced by the amount of the Pre-Closing Liabilities as determined by the Parties. For the purposes of example, if the Parties determine that on the Transition Date, the Pre-Closing Liabilities equal Five Hundred Thousand Dollars (\$500,000.00), the Share Payment shall be reduced such that the total Share Payment (including the Withheld Shares) shall be One Million Dollars (\$1,000,000.00) of BaM's common shares at the Share Value Calculation for a total of One Million Seven Hundred and Eighty Seven Thousand Three Hundred Thirty Seven (1,787,337) shares. In the event the Pre-Closing Liabilities exceed One Million Five Hundred Thousand Dollars (\$1,500,000.00), Buyer shall have no obligation to make the Share Payment set forth herein and upon Closing, the Buyer shall reduce its forgiveness of the Loan Documents by the amount of the Pre-Closing Liabilities in excess of One Million Five Hundred Thousand Dollars (\$1,500,000.00). For the purposes of example, if the Pre-Closing Liabilities equal One Million Six Hundred Thousand Dollars (\$1,600,000.00), all but One Hundred Thousand Dollars (\$100,000.00) of the outstanding amount under the Loan Documents shall be forgiven upon Closing in accordance with Section 2.04(a). The remaining One Hundred Thousand Dollars (\$100,000.00) outstanding under the Loan Documents shall accrue interest and be subject to the terms and conditions of the Loan Documents.

(ii) Litigation Loan Deduction. Notwithstanding any provision in this Agreement to the contrary, in the event the Litigation Loan has not been paid in full prior to Closing, Buyer reserves the right to withhold the number of shares equal of the value of the outstanding principal and interest of the Litigation Loan until such amounts have been paid in full.

(d) Contemporaneous Loan Forgiveness. The Parties shall enter into the loan agreement attached to the Settlement Agreement as Schedule X (the “**Contemporaneous Loan**”). The Contemporaneous Loan shall be secured by the Guarantee Agreement wherein Seller shall guarantee re-payment of the Contemporaneous Loan (the “**Contemporaneous Guarantee**”). As part of the purchase price, Buyer shall provide forgiveness for all amounts owing under the Contemporaneous Loan at the Closing. In the event that the Closing does not occur, all amounts shall become due and payable in accordance with the terms and conditions of the Contemporaneous Loan.

(e) Assumption of Assumed Liabilities. On the Closing Date, Buyer shall assume the Assumed Liabilities.

(d) Transfer Taxes. Any and all transfer, documentary, sales, use, stamp, registration and such other Taxes and fees due in connection with the transaction contemplated by this Agreement shall be the responsibility of the Buyer.

Section 2.05 Allocation of Purchase Price. The Purchase Price and the Assumed Liabilities shall be allocated among the Purchased Assets for all purposes (including Tax and financial accounting) as shown on the Allocation Schedule. The Allocation Schedule shall be prepared in accordance with Section 1060 of the Internal Revenue Code of 1986, as amended. Buyer and Seller shall file all Tax Returns in a manner consistent with the Allocation Schedule.

Section 2.06 Third Party Consents. To the extent that Seller’s rights under any Purchased Asset may not be assigned to Buyer without the consent of another Person which has not been obtained, this Agreement shall not constitute an agreement to assign the same if an attempted assignment would constitute a breach thereof or be unlawful, and Seller, at its expense, shall use its reasonable best efforts to obtain any such required consent(s) as promptly as possible. If any such consent shall not be obtained or if any attempted assignment would be ineffective or would impair Buyer’s rights under the Purchased Asset in question so that Buyer would not in effect acquire the benefit of all such rights, Seller, to the maximum extent permitted by Applicable Law and the Purchased Asset, shall act after the Closing as Buyer’s agent in order to obtain for it the benefits thereunder and shall cooperate, to the maximum extent permitted by Law and the Purchased Asset, with Buyer in any other reasonable arrangement designed to provide such benefits to Buyer.

Section 2.07 Transaction Documents. Upon the Effective Date, the Parties shall execute all of the Transaction Documents.

ARTICLE III
ARTICLE II CLOSING

Section 3.01 Deliverables upon Execution. As a condition to Closing, upon execution of this Agreement, the Parties shall deliver executed versions of the Transaction Documents. Moreover, no Party shall be found to be in breach of the Transaction Documents from (or prior to) the Effective Date until the Closing Date.

Section 3.02 Pre-Approvals. As soon as practicable following the execution of this Agreement, The Parties shall seek to obtain approval from the City that: (i) the City will issue a new local commercial cannabis retail license (a "**Local License**") for the real property located at 3411 E. Anaheim St. Long Beach, California 90802 (the "**Licensed Premises**") to Buyer; and (ii) The City will allow Seller's existing Local License at the Licensed Premises to remain active while Buyer's new Local License application is processing at the local and state level. In addition, the Parties shall seek to obtain approval from the BCC that: (iii) the BCC will allow Seller's state commercial cannabis retail license (a "**State License**") at the Premises to remain active while Buyer's new State License application is being processed at the state level (collectively, the "**Pre-Approvals**"). Upon such time that Buyer is able to confirm in writing that both the City and the BCC granted the Pre-Approvals (the "**Regulatory Pre-Approval**") shall be deemed to have been received. The Sellers agree to use commercially reasonable efforts in seeking Regulatory Pre-Approval, including without limitation, contacting and promptly replying to correspondence and requests for information from the BCC analyst that is currently managing Seller's state Permit and the contact person at the City who is authorized to assist commercial cannabis applicants.

Section 3.03 Closing Date. Upon the Closing Date, subject to the terms and conditions contained herein, Seller shall transfer to Buyer the Purchased Assets and Buyer shall transfer to Seller the Purchase Price (the "**Closing Transfer**"). The closing of the purchase and sale of the Purchased Assets (the "**Closing**") shall take place on such date that is two (2) business days after the last of the conditions to the Closing set forth in this Article III have been satisfied or waived by electronic exchange of duly executed documents (the actual date, "**Closing Date**").

Section 3.04 Conditions to Closing Obligations of the Parties. The respective obligations of the Sellers and Buyer as to the Closing Transfer shall be subject to the terms and conditions of this Agreement. The Closing Transfer shall be subject to the satisfaction on or prior to the Closing Date of each of the following conditions, any one or more of which may be waived (if permitted by Applicable Law) in writing by both Parties:

(a) Closing Regulatory Approval. The Parties shall have received City Approval to the Closing and BCC Approval to the Closing (collectively, "**Closing Regulatory Approval**"). In connection therewith, upon (or prior to) the Effective Date until the earlier of the termination of this Agreement in accordance with Article XI or the Closing Date, the Parties shall use good faith efforts to seek regulatory approval to then Closing Transfer, as set forth in this Section 3.1(a):

(i) City Approval. In order to purchase the Purchased Assets, the Parties acknowledge that Buyer is required to obtain a Local License for the Licensed Premises. In addition to a Local License, Buyer may be required to obtain additional permits and consents from the City in connection with acquiring the Purchased Assets and establishing operations at the Licensed Premises. Upon receipt of the Local License and upon such time that the Parties are able to confirm in a writing from the City that NMG is permitted to acquire the Purchased Assets and assume operations at the Licensed Premises, "**City Approval to the Closing**" shall be deemed to have been received. Upon execution of this Agreement, the Parties shall cooperate in filing a new Local License application for the Licensed Premises with Buyer as the applicant. Buyer shall be responsible for costs associated with the Local License application.

(ii) BCC Approval. In order to purchase the Purchased Assets, the Parties acknowledge that Buyer is required to obtain a State License from the BCC. Prior to the execution of this Agreement, Buyer has filed a State License application for the Licensed Premises with the BCC. In addition to acquiring a State License, Buyer may be required to obtain additional permits and consents from the BCC in connection with acquiring the Purchased Assets and establishing operations at the Licensed Premises. Upon receipt of the State License and upon such time that the Parties are able to confirm in a writing from the BCC that Buyer is permitted to acquire the Purchased Assets and assume operations at the Licensed Premises, "**BCC Approval to the Closing**" shall be deemed to have been received. Buyer shall be responsible for costs associated with the State License Application.

(I) Cooperation of Parties. In an effort to timely obtain the Closing Regulatory Approval, the Parties shall cooperate as follows:

(A) Upon mutual agreement of the Parties, the Buyer shall take the lead in communicating with the City regarding the Closing. Seller and Mr. Barakett shall cooperate in communicating with the City.

(B) Upon mutual agreement of the Parties, the Buyer shall take the lead in communicating with the BCC regarding the Closing. Seller and the Mr. Barakett shall cooperate in communicating with the BCC.

(C) Buyer shall directly and timely upload all disclosure information required about Buyer and its Affiliates as required by the BCC regarding the BCC Approval to the Closing.

(D) Each Party shall provide to the other Parties a copy of all communications received from the BCC or the City regarding the status of any Local License or State License at the Licensed Premises and/or regarding the approval/notification process described herein within forty eight (48) hours of such Party's receipt;

(E) Each Party shall refrain from responding to any inquiry from, making any statement to, or filing any forms or documents with the BCC or the City relating to, or affecting, any Cannabis Permit, regarding the status of any Local License or State License at the Licensed Premises, and/or the regarding approval/notification process described herein, without first reasonably consulting with the other Parties; and

(F) All Parties shall cooperate to file with the BCC and the City such documents and forms and to provide such information as is reasonably requested to manage the consent process, provide requested information or otherwise maintain the Local License or State License at the Licensed Premises in good standing and to obtain Closing Regulatory Approval.

(b) No Injunctions or Other Legal Restraints. No injunction or other legal restraint or prohibition enacted, entered, promulgated, enforced or issued by any Governmental Authority preventing the consummation of the Closing shall have been issued and continue to be in effect.

(c) Absence of Proceedings. There shall not be pending or threatened any action or proceeding challenging or seeking to restrain or prohibit the consummation of the Closing.

Section 3.05 Conditions to Closing Obligations of the Sellers. The obligation of the Sellers to consummate the Closing Transfer and the other Closing obligations contemplated by this Agreement is subject to the satisfaction on or prior to the Closing Date of each of the following conditions, any one or more of which may be waived (if permitted by Applicable Law) in writing by the Sellers (in their sole discretion):

(a) Buyer shall have performed, in all material respects, all covenants and agreements that are required under this Agreement, the Transaction Documents and any documents or agreements contemplated hereby, to be performed by Buyer prior to the Closing; and

(b) The representations and warranties of Buyer set forth in this Agreement shall be true and correct in all respects (if not qualified by materiality) or in all material respects (if qualified by materiality) on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects).

Section 3.06 Conditions to Closing Obligations of Buyer. The obligation of Buyer to deliver the Purchase Price and all other Closing obligations contemplated by this Agreement is subject to the satisfaction on or prior to the Closing Date of each of the following conditions, any one or more of which may be waived (if permitted by Applicable Law) in writing by Buyer (in its sole discretion):

(a) The Seller shall have performed, in all material respects, all covenants and agreements that are required under this Agreement, Transaction Documents, and any documents or agreements contemplated hereby, to be performed by the Seller prior to the Closing;

(b) The representations and warranties of the Sellers set forth in this Agreement shall be true and correct in all respects (if not qualified by materiality) or in all material respects (if qualified by materiality) on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects);

(c) There Seller shall have maintained its State License and Local License for the Licensed Premises up until the time that NMG receives its State License and Local License for the Licensed Premises;

(d) The Seller shall deliver the Lease Assignment attached hereto as Schedule VII fully executed by all parties thereto;

(e) The Seller shall deliver a true and correct copy of a certificate of Mr. Barakett certifying that, attached thereto, are true and complete copies of all resolutions adopted by the unanimous consent of the Members of Seller and the Directors of Seller authorizing the execution, delivery and performance of this Agreement and the other Transaction Documents related to the Purchased Assets and the consummation of the transactions contemplated hereby and thereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby; and

(f) The executed Transaction Documents and the deliverables set forth in Section 3.07 shall have been delivered by the Seller and true and complete copies thereof shall have been delivered to Buyer.

Section 3.07 Closing Deliveries by the Seller. At or prior to the Closing, the Sellers, or the Company, where applicable, shall deliver or cause to be delivered to Buyer the following:

(a) the Purchased Assets free and clear of all liens and Encumbrances;

(b) a certificate signed by the Seller, dated as the Closing Date, certifying that the conditions specified in Section 3.06 have been fulfilled;

(c) the resignation of David Barakett (“**Mr. Barakett**”) from his position of Manager of Buyer and Mr. Barakett shall provide any other documentation reasonably required by Buyer to be submitted to the City or the BCC in connection with memorializing this resignation;

(d) such other documents or instruments as Buyer reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement; and

(e) Seller shall physically quit and surrender possession of the Licensed Premises in good order and condition, removing all debris, rubbish, and personal property from the Licensed Premises (other than the Purchased Assets).

Section 3.08 Closing Deliveries by Buyer. At or prior to the Closing, Buyer shall deliver or cause to be delivered to the Seller the following:

(a) a certificate signed by Buyer, dated the Closing Date, certifying that the conditions specified in Section 3.05 have been fulfilled;

(b) customary instruments acknowledging the satisfaction and cancellation of the Loan Documents and Contemporaneous Loan; and

(c) a certificate signed by Buyer, dated the Closing Date, certifying that the Members have approved the purchase of the Purchased Assets and containing the name and signature of a Manager of the Buyer.

Section 3.09 Regulatory Rejection. In the event Buyer is unable, through no fault of the Seller, to acquire the required Local License and State License to purchase the Purchased Assets in accordance with the terms and conditions of this Agreement and begin operations at the Licensed Premises, Buyer shall utilize best efforts to designate an affiliated third-party entity to apply for the required licenses and purchase the Purchased Assets in accordance with this Agreement and Applicable Laws. In the event Buyer and Buyer's designated third-party entity are both rejected from receiving the required licenses, the Parties agree to utilize best efforts to negotiate in good faith an amendment to this Agreement to permit the Closing in a manner satisfactory to all Parties.

ARTICLE IV

ARTICLE III REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer that the statements contained in this Article IV are true and correct as of the date hereof.

Section 4.01 Organization and Authority of Seller. Seller is a duly organized non-profit mutual benefit corporation, validly existing, and in good standing under the laws of the State of California. Seller has full legal power and authority to enter into this Agreement and the Transaction Documents and to carry out its obligations and to consummate the transactions contemplated herein. This Agreement and the Transaction Documents constitute legal, valid, and binding obligations of Seller enforceable against Seller in accordance with their respective terms.

Section 4.02 No Conflicts or Consents. The execution, delivery, and performance by Seller of this Agreement and the Transaction Documents, and the consummation of the transactions contemplated herein, do not and will not: (a) violate or conflict with any provision of any Applicable Law applicable to Seller, the Business, or the Purchased Assets; (b) require the consent, notice, declaration, or filing with or other action by any Person or require any Permit, or order of any Governmental Authority; (c) violate or conflict with, result in the acceleration of, or create in any party the right to accelerate, terminate, modify, or cancel any Contract to which Seller is a party or by which Seller or the Business is bound or to which any of the Purchased Assets are subject (including any Assigned Contract); or (d) result in the creation or imposition of any Encumbrance on the Purchased Assets.

Section 4.03 Undisclosed Liabilities. With the exception of the Assumed Liabilities and the Known Liabilities Seller has no other Liabilities with respect to the Business, except those which have been incurred in the ordinary course of business consistent with past practice and which are not, individually or in the aggregate, exceeding an amount of Twenty-Five Thousand Dollars (\$25,000.00). In no way shall Seller be excused from indemnity obligations for any liabilities less than Twenty Five Thousand Dollars (\$25,000.00).

Section 4.04 Absence of Certain Changes, Events, and Conditions. Other than in the ordinary course of business consistent with past practice, there has not been any change, event, condition, or development that is, or could reasonably be expected to be, individually or in the aggregate, materially adverse to: (a) the business, results of operations, condition (financial or otherwise), or assets of the Business; or (b) the value of the Purchased Assets. Seller agrees to use all commercially reasonable efforts to conduct business in good faith and timely pay all bills as they become due until the Transition Date

Section 4.05 Assigned Contracts. Each Assigned Contract is valid and binding on Seller in accordance with its terms and is in full force and effect. Neither Seller nor, to Seller's knowledge, any other party thereto is: (a) in breach of or default pursuant to any Assigned Contract; (b) had been alleged to be in breach of or default pursuant to an Assigned Contract; or (c) has provided or received any notice of any intention to terminate any Assigned Contract. No event or circumstance has occurred that would constitute an event of default under any Assigned Contract or result in a termination thereof. Complete and correct copies of each Assigned Contract (including all modifications, amendments, and supplements thereto and waivers thereunder) have been made available to Buyer. There are no disputes pending or threatened under any Assigned Contract.

Section 4.06 Title to Purchased Assets. Seller has good and valid title to all of the Purchased Assets, free and clear of Encumbrances.

Section 4.07 Condition and Sufficiency of Assets. Each item of Tangible Personal Property is structurally sound, is in good operating condition and repair, and is adequate for the uses to which it is being put, and no item of Tangible Personal Property is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in nature or cost. The Purchased Assets are sufficient for the continued conduct of the Business after the Closing in substantially the same manner as conducted prior to the Closing and constitute all of the rights, property, and assets necessary to conduct the Business as currently conducted. None of the Excluded Assets are material to the Business.

Section 4.08 Inventory. All Inventory consists of a quality and quantity usable and salable in the ordinary course of business consistent with past practice, except for obsolete, damaged, defective, or slow-moving items that have been written off or written down to fair market value or for which adequate reserves have been established.

Section 4.09 Accounts Receivable. The Accounts Receivable: (a) have arisen from bona fide transactions entered into by Seller involving the sale of goods or the rendering of services in the ordinary course of business consistent with past practice; and (b) constitute only valid, undisputed claims of Seller not subject to claims of set-off or other defenses or counterclaims other than normal cash discounts accrued in the ordinary course of business consistent with past practice.

Section 4.10 Legal Proceedings; Order of Governmental Authorities. There are no Actions pending or, to Seller's knowledge, threatened against or by Seller: (a) relating to or affecting the Business, the Purchased Assets, or the Assumed Liabilities; or (b) that challenge or seek to prevent, enjoin, or otherwise delay the transactions contemplated by the Transaction Documents. No event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action. Seller is in compliance with all orders of all Governmental Authorities against, relating to, or affecting the Business or the Purchased Assets.

Section 4.11 Compliance with Laws. Seller is in compliance with all Applicable Law applicable to the conduct of the Business as currently conducted or the ownership and use of the Purchased Assets.

Section 4.12 Taxes. All Taxes due and owing by Seller have been, or will be, timely paid. No extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes of Seller. All Tax Returns (with respect to the Business) required to be filed by Seller for any tax periods prior to Closing have been, or will be, timely filed. Such Tax Returns are, or will be, true, complete, and correct in all respects.

Section 4.13 Brokers. No broker, finder, or investment banker is entitled to any brokerage, finder's, or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of Seller.

Section 4.14 Full Disclosure. No representation or warranty by Seller in this Agreement and no statement contained in the Disclosure Schedule to this Agreement or any certificate or other document furnished or to be furnished to Buyer pursuant to this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not misleading.

ARTICLE V
ARTICLE IV REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller that the statements contained in this Article V are true and correct as of the date hereof.

Section 5.01 Organization and Authority of Buyer. Buyer is a duly organized corporation, validly existing, and in good standing under the laws of Canada. Buyer has full legal power and authority to enter into this Agreement and the Transaction Documents, to carry out its obligations, and to consummate the transactions contemplated herein. This Agreement and the Transaction Documents constitute legal, valid, and binding obligations of Buyer enforceable against Buyer in accordance with their respective terms.

Section 5.02 No Conflicts; Consents. The execution, delivery, and performance by Buyer of this Agreement and the Transaction Documents, and the consummation of the transactions contemplated herein, do not and will not: (a) violate or conflict with any provision of any Applicable Law; or (b) require the consent, notice, declaration, or filing with or other action by any Person or require any Permit, or order of any Governmental Authority.

Section 5.03 Brokers. No broker, finder, or investment banker is entitled to any brokerage, finder's, or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of Buyer.

Section 5.04 Legal Proceedings. There are no Actions pending or, to Buyer's knowledge, threatened against or by Buyer that challenge or seek to prevent, enjoin, or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action.

ARTICLE VI
ARTICLE V COVENANTS

Section 6.01 Confidentiality. From and after the Closing, Seller shall, and shall cause its Representatives to hold, in confidence any and all information, whether written or oral, concerning the Business, except to the extent that Seller can show that such information: (a) is generally available to and known by the public through no fault of Seller or its Representatives; or (b) is lawfully acquired by Seller or its Representatives from and after the Closing from sources which are not prohibited from disclosing such information by a legal, contractual, or fiduciary obligation. If Seller or its Representatives are compelled to disclose any information by order of Governmental Authority or Applicable Law, Seller shall promptly notify Buyer in writing and shall disclose only that portion of such information which is legally required to be disclosed, *provided that* Seller shall use reasonable best efforts to obtain as promptly as possible an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information.

Section 6.02 Bulk Sales Laws. The parties hereby waive compliance with the provisions of Division 6 of the California Uniform Commercial Code relating to bulk sales and the provisions of any other bulk sales, bulk transfer, or similar Laws of any jurisdiction that may otherwise be applicable with respect to the sale of any or all of the Purchased Assets to Buyer. Any Liabilities arising out of the failure of Seller to comply with the requirements and provisions of any bulk sales, bulk transfer, or similar Laws of any jurisdiction which would not otherwise constitute Assumed Liabilities shall be treated as Excluded Liabilities.

Section 6.03 Receivables. From and after the Closing, if Seller or any of its Affiliates receives or collects any funds relating to any Accounts Receivable or any other Purchased Asset, Seller or its Affiliate shall remit such funds to Buyer within five (5) business days after its receipt thereof. From and after the Closing, if Buyer or its Affiliate receives or collects any funds relating to any Excluded Asset, Buyer or its Affiliate shall remit any such funds to Seller within five (5) business days after its receipt thereof.

Section 6.04 Transfer Taxes. All sales, use, registration, and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement and the Transaction Documents, if any, shall be borne and paid by Buyer when due. Seller shall, at its own expense, timely file any Tax Return or other document with respect to Taxes or fees (and Buyer shall cooperate with respect thereto as necessary).

Section 6.05 Further Assurances. Following the Closing, each of the parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances, and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement and the other Transaction Documents.

ARTICLE VII ARTICLE VI INDEMNIFICATION

Section 7.01 Survival. All representations, warranties, covenants, and agreements contained herein and all related rights to indemnification shall survive the Closing.

Section 7.02 Indemnification by Seller. Subject to the other terms and conditions of this Article VII, Seller shall indemnify and defend Buyer (and/or Buyer's Representatives) against, and shall hold each of them harmless from and against, any and all Losses, incurred or sustained by, or imposed upon, the Buyer (and/or Buyer's Representatives) based upon, arising out of, or with respect to:

(a) any inaccuracy in or breach of any of the representations or warranties of Seller contained in this Agreement, any Transaction Document, or any schedule, certificate, or exhibit related thereto, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date);

(b) any breach or non-fulfillment of any covenant, agreement, or obligation to be performed by Seller pursuant to this Agreement, any Transaction Document, or any schedule, certificate, or exhibit related thereto;

(c) any Third-Party Claim based upon, resulting from, or arising out of the Business, operations, properties, assets, or obligations of Seller or any of its Affiliates (other than the Purchased Assets or Assumed Liabilities) conducted, existing, or arising on or prior to the Closing Date.

Section 7.03 Indemnification by Buyer. Subject to the other terms and conditions of this Article VII, Buyer shall indemnify and defend each of Seller (and/or Seller's Representatives) against, and shall hold each of them harmless from and against any and all Losses incurred or sustained by, or imposed upon, the Seller (and/or Seller's Representatives) based upon, arising out of, or with respect to:

(a) any inaccuracy in or breach of any of the representations or warranties of Buyer contained in this Agreement, the Transaction Documents or any schedule, certificate, or exhibit related thereto as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date); or

(b) any breach or non-fulfillment of any covenant, agreement, or obligation to be performed by Buyer pursuant to this Agreement or any schedule, certificate, or exhibit related thereto.

Section 7.04 Indemnification Procedures. Whenever any claim shall arise for indemnification hereunder, the Indemnified Party shall promptly provide written notice of such claim to the Indemnifying Party. In connection with any claim giving rise to indemnity hereunder resulting from or arising out of any Action by a Person who is not a party to this Agreement, the Indemnifying Party, at its sole cost and expense and upon written notice to the Indemnified Party, may assume the defense of any such Action with counsel reasonably satisfactory to the Indemnified Party. The Indemnified Party shall be entitled to participate in the defense of any such Action, with its counsel and at its own cost and expense. If the Indemnifying Party does not assume the defense of any such Action, the Indemnified Party may, but shall not be obligated to, defend against such Action in such manner as it may deem appropriate, including settling such Action, after giving notice of it to the Indemnifying Party, on such terms as the Indemnified Party may deem appropriate and no action taken by the Indemnified Party in accordance with such defense and settlement shall relieve the Indemnifying Party of its indemnification obligations herein provided with respect to any damages resulting therefrom. The Indemnifying Party shall not settle any Action without the Indemnified Party's prior written consent (which consent shall not be unreasonably withheld or delayed).

Section 7.05 Cumulative Remedies. The rights and remedies provided in this Article VII are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise.

ARTICLE VIII ARTICLE VII MISCELLANEOUS

Section 8.01 Notice. Any notice required to be given pursuant to this Agreement shall be in writing and delivered personally to the other designated Party or mailed by certified or registered mail, return receipt requested or delivered by a recognized national overnight courier service, except e-mail may be used for day-to-day operations and contacts but not for 'notice' or other communications required under this Agreement or by law.

Section 8.02 Waiver. No waiver by any Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Party so waiving. Except as otherwise set forth in this Agreement, no failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 8.03 Severability. In the event that any term, clause, or provision hereof is held invalid or unenforceable by a court of competent jurisdiction, such invalidity shall not affect the validity or operation of any other term, clause or provision and such invalid term, clause or provision shall be deemed to be severed from the Agreement.

Section 8.04 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder, without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. Any purported assignment in violation of this Section shall be null and void. No assignment shall relieve the assigning party of any of its obligations hereunder.

Section 8.05 Entire Agreement. This Agreement and the Transaction Documents constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and those in the other Transaction Documents, the Disclosure Schedule (other than an exception expressly set forth as such in the Disclosure Schedules) and the other exhibits and schedules hereto, the statements in the body of this Agreement will control.

Section 8.06 Amendments. Any amendment to this Agreement must be in writing and signed by an authorized person of each Party.

Section 8.07 Surviving Rights. Any rights or obligations of the Parties in this Agreement which, by their nature, should survive termination or expiration of this Agreement will survive any such termination or expiration.

Section 8.08 Further Assurances. Each Party shall, upon the reasonable request of the other Party, promptly execute such documents and perform such acts as may be necessary to give full effect to the terms of this Agreement and the Transaction Documents.

Section 8.09 No Third-Party Beneficiaries. This Agreement is for the sole benefit of the Parties hereto and their respective Representatives and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever, under or by reason of this Agreement.

Section 8.10 Interpretation; Headings. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement

Section 8.11 Equitable Relief. Each Party acknowledges that a breach by the Party of this Agreement may cause the other Party irreparable damages, for which an award of damages would not be adequate compensation and agrees that, in the event of such breach or threatened breach, the other Party will be entitled to seek equitable relief, including a restraining order, injunctive relief, specific performance and any other relief that may be available from any court, in addition to any other remedy to which the other Party may be entitled at law or in equity. Such remedies shall not be deemed to be exclusive but shall be in addition to all other remedies available at law or in equity (which are cumulative and may be exercised singularly or concurrently), subject to any express exclusions or limitations in this Agreement to the contrary.

Section 8.12 Counterparts; Electronic Execution. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same Agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

Section 8.13 Force Majeure. Neither Party shall be responsible for delays or failure of performance under this Agreement to the extent resulting from causes that are beyond the reasonable control of such Party and which render the continued performance of this Agreement impossible, impractical or illegal, including, but not limited to, fire, flood, explosion, tornado, epidemic, earthquake, snowstorm, ice storm or other act of God, embargo, explosion, malfunction, riots, civil disputes, acts or threatened acts of terrorism or war, failure of the internet or government controls or regulations, lack of availability of source material meeting the qualifications and standards in this Agreement at commercially reasonable prices, and problems or defects in relation to the Internet and/or any telecommunication systems. The existence of such causes of such delay or failure shall extend the period for performance to the extent necessary to enable complete performance in the exercise of reasonable diligence after the causes of delay or failure have been removed.

Section 8.14 Jurisdiction and Disputes.

(a) This Agreement shall be governed and construed in accordance with the internal laws of the State of California without giving effect to any choice or conflict of law provision or rule (whether of the State of California or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of California.

(b) In the event of any claim arising out of or relating to any performance required under this Agreement, or the interpretation, validity or enforceability hereof (each, a “**Claim**”), the Parties shall use their best efforts to settle the Claim. To this effect, they shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable resolution satisfactory to the Parties. If the Claim cannot be settled through negotiation within a period of seven (7) days, the Parties agree to attempt in good faith to settle the Claim through mediation, administered by a mediator mutually agreeable to the Parties, before resorting to arbitration. If they do not reach such resolution, or an agreed upon mediator cannot be identified within a period thirty (30) days then upon notice by either Party to the other they shall commence arbitration as set forth below.

(c) The Parties agree to submit any and all Actions, or any dispute related in any way to this Agreement and the services rendered hereunder, to binding arbitration before JAMS. The arbitration shall be held in accordance with the JAMS then-current Streamlined Arbitration Rules & Procedures (and no other JAMS rules), which currently are available at: <http://www.jamsadr.com/rules-streamlined-arbitration>. The arbitrator shall be either a retired judge, or an attorney who is experienced in commercial contracts and licensed to practice law in California, selected pursuant to the JAMS rules. The Parties expressly agree that any arbitration shall be conducted in the Los Angeles County, California. Each party understands and agrees that by signing this Agreement, such party is waiving the right to a jury. The arbitrator shall apply California substantive law in the adjudication of all Actions. Notwithstanding the foregoing, either party may apply to the Superior Courts located in Los Angeles County, California for a provisional remedy, including but not limited to a temporary restraining order or a preliminary injunction. The application for or enforcement of any provisional remedy by a party shall not operate as a waiver of the Agreement to submit a dispute to binding arbitration pursuant to this provision. In no event shall an Action be adjudicated in Federal District Court. In the event that either party commences an Action in Federal District Court or moves to remove such action to Federal District Court, the Parties hereby mutually agree to stipulate to a dismissal of such Federal Action with prejudice. After a demand for arbitration has been filed and served, the Parties may engage in reasonable discovery in the form of requests for documents, interrogatories, requests for admission, and depositions. The arbitrator shall resolve any disputes concerning discovery. The arbitrator shall award costs and reasonable attorneys’ fees to the prevailing party, as determined by the arbitrator, to the extent permitted by California law. The arbitrator’s decision shall be final and binding upon the Parties. The arbitrator’s decision shall include the arbitrator’s findings of fact and conclusions of law and shall be issued in writing within thirty (30) days of the commencement of the arbitration proceedings. The prevailing party may submit the arbitrator’s decision to Superior Courts located in Los Angeles County for an entry of judgment thereon.

[signature page follows]

IN WITNESS WHEREOF, the Parties hereto, intending to be legally bound hereby, have duly executed this Agreement as of the date set forth below.

THE AIRPORT COLLECTIVE, INC.
("Seller")

NMG LONG BEACH, LLC
("Buyer")

By: /s/ David Barakett

By: /s/ Stephen 'Trip' Hoffman

Name: David Barakett

Name: Trip Hoffman

Title: Authorized Signatory

Title: Authorized Signatory

Dated: June 20, 2019

Dated: June 20, 2019

SCHEDULE I

DEFINITIONS

“**Affiliate**” of a Person shall mean any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term “**control**” (including the terms “**controlled by**” and “**under common control with**”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise.

“**Accounts Receivable**” shall mean all accounts receivable held by Seller.

“**Action**” shall mean any claim, action, causes of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena, or investigation of any nature, whether at law or in equity.

“**Allocation Schedule**” shall mean the allocation schedule attached hereto as Schedule III.

“**Applicable Law**” shall mean any and all applicable local, state and federal laws, rules and regulations. Notwithstanding anything to the contrary contained herein, the Parties acknowledge that, at the time of the execution of this Agreement, the terms of this Agreement may not comply with the CSA. The Parties acknowledge that a violation of the CSA shall not be deemed to violate Applicable Law as used herein.

“**Assigned Contracts**” shall mean the Contracts described in the Disclosure Schedule.

“**Assignment and Assumption Agreement**” shall mean the assignment and assumption agreement attached hereto as Schedule IV, duly executed by Seller, effecting the assignment to and assumption by Buyer of the Purchased Assets and the Assumed Liabilities.

“**Assumed Liabilities**” shall have the meaning set forth in Section 2.02.

“**BAM**” shall have the meaning set forth in Section 2.04(a).

“**BCC**” shall mean the California Bureau of Cannabis Control.

“**BCC Approval to Closing**” shall have the meaning set forth in Section 3.04(a)(ii).

“**Bill of Sale**” shall mean the bill of sale attached hereto as Schedule V, duly executed by Seller, transferring the Tangible Personal Property included in the Purchased Assets to Buyer.

“**Books and Records**” shall mean originals or, where not available, copies, of all books and records, including books of account, ledgers, and general, financial, and accounting records, machinery and equipment maintenance files, customer lists, customer purchasing histories, price lists, distribution lists, supplier lists, production data, quality control records and procedures, customer complaints and inquiry files, research and development files, records, and data (including all correspondence with Governmental Authority), sales material and records, strategic plans and marketing, and promotional surveys, material, and research.

“**Business**” shall mean Seller’s commercial cannabis retail business at the Licensed Premises, including without limitation, cannabis retail, and delivery. For the purpose of clarity, the term “Business” shall not include other commercial cannabis businesses operated by Seller.

“**Buyer**” shall have the meaning set forth in the recitals of this Agreement.

“**Cannabis Inventory**” shall mean any Inventory of raw cannabis, cannabis products, cannabis goods, or cannabis byproducts of any kind.

“**Cannabis Permit**” shall mean any permit for any commercial cannabis activity issued by any local or state agency.

“**City**” shall mean the City of Long Beach.

“**City Approval to Closing**” shall have the meaning set forth in Section 3.04(a)(i).

“**Closing**” shall mean the consummation of the transactions contemplated by this Agreement.

“**Closing Date**” shall mean a date determined by Buyer, but in no event later than eighteen (18) months following the Effective Date, when the transactions contemplated by this Agreement shall be consummated.

“**Contracts**” shall mean all contracts, leases, instruments, notes, commitments, undertakings, indentures, joint ventures, and all other agreements, commitments, and legally binding arrangements, whether written or oral.

“**CSA**” shall mean 21 U.S.C. § 811, et seq., short titled the Controlled Substance Act and all applicable regulations promulgated thereunder.

“**Disclosure Schedule**” shall mean the disclosure schedule attached hereto as Schedule II.

“**Encumbrance**” shall mean a charge, claim, pledge, equitable interest, lien, security interest, restriction of any kind, or other encumbrance.

“**Enumerated Assets**” shall mean the assets of Seller or any of its Affiliates set forth in the Disclosure Schedule.

“**Enumerated Liabilities**” shall mean the Liabilities of Seller or any of its Affiliates set forth in the Disclosure Schedule.

“**Excluded Assets**” shall mean the assets, properties, and rights of Seller specifically identified in the Disclosure Schedule as “Excluded Assets”, which Excluded Assets shall not be part of the Purchased Assets hereunder.

“**Excluded Liabilities**” shall mean any Liabilities of Seller or any of its Affiliates of any kind or nature whatsoever other than the Assumed Liabilities.

“**Governmental Authority**” shall mean any federal, state, local, or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any arbitrator, court, or tribunal of competent jurisdiction.

“**Indemnified Party**” shall mean the Party entitled to indemnification pursuant to Article VII of this Agreement.

“**Indemnifying Party**” shall mean the Party from whom indemnification is sought pursuant to Article VII of this Agreement.

“**Inventory**” shall mean all inventory, finished goods, raw materials, work in progress, packaging, supplies, parts, and other inventories. Notwithstanding anything to the contrary, Inventory shall include Cannabis Inventory only as permitted in accordance with Applicable Law.

“**Liabilities**” shall mean liabilities, obligations, or commitments of any nature whatsoever, whether asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured, or otherwise.

“**Licensed Premises**” shall have the meaning set forth in Section 3.02.

“**Litigation Loan**” shall mean the loan documentation executed contemporaneous herewith attached to the Settlement Agreement as Exhibit E.

“**Loan Documents**” shall have the meaning set forth in Section 2.04(a).

“**Local License**” shall have the meaning set forth in Section 3.02.

“**Losses**” shall mean losses, damages, liabilities, deficiencies, Actions, judgments, interest, awards, penalties, fines, costs, or expenses of whatever kind, including reasonable attorneys’ fees.

“**Mr. Barakett**” shall have the meaning set forth in Section 3.07(c).

“**Party**” and “**Parties**” shall have the meanings set forth in the recitals of this Agreement.

“**Permits**” shall mean all permits, licenses and authorizations, to the extent transferable.

“**Person**” shall mean an individual, corporation, partnership, joint venture, limited liability company, governmental authority, unincorporated organization, trust, association or other entity.

“**Pre-Approvals**” shall have the meaning set forth in Section 3.02.

“**Pre-Closing Liabilities**” shall have the meaning set forth in Section 2.03(c)(i)

“**Principal Amount**” shall have the meaning set forth in Section 2.04(a).

“**Prior Agreement**” shall have the meaning set forth in Section 2.04(a).

“**Purchased Assets**” shall have the meaning set forth in Section 2.01.

“**Purchase Price**” shall mean the purchase price set forth in Section 2.04 of this Agreement and in the Disclosure Schedule.

“**Repayment Rights**” shall mean all prepaid expenses, credits, advance payments, claims, security, refunds, rights of recovery, rights of set-off, rights of recoupment, deposits, charges, sums, and fees (including any such item relating to the payment of Taxes).

“**Representatives**” shall mean a Party’s and such Party’s Affiliates’ shareholders, members, managers, officers, directors, employees, consultants, representatives, agents and legal advisors.

“**Regulatory Pre-Approval**” shall have the meaning set forth in Section 3.02.

“**Revenue**” shall mean the income of the Seller from the Seller’s normal business activities.

“**Seller**” shall have the meaning set forth in the recitals of this Agreement.

“**Share Value Calculation**” shall have the meaning set forth in Section 2.04(b).

“**State License**” shall have the meaning set forth in Section 3.02.

“**Tangible Personal Property**” shall mean all furniture, fixtures, equipment, machinery, tools, vehicles, office equipment, supplies, computers, telephones, and other tangible personal property.

“**Taxes**” shall mean all federal, state, local, foreign, and other income, gross receipts, sales, use, production, ad valorem, transfer, documentary, franchise, registration, profits, license, withholding, payroll, employment, unemployment, excise, severance, stamp, occupation, premium, property (real or personal), customs, duties, or other taxes, fees, assessments, or charges of any kind whatsoever, together with any interest, additions, or penalties with respect thereto.

“**Tax Returns**” shall mean all returns, declarations, reports, information returns and statements, and other documents relating to Taxes (including amended returns and claims for refund).

“**Third-Party Claim**” shall mean notice of the assertion or commencement of any Action made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a Representative thereof.

“**Transaction Documents**” shall mean the Master Settlement and Release Agreement, the Loan Documents (Exhibit A to the Master Settlement and Release Agreement), the Litigation Loan (Exhibit E to the Master Settlement and Release Agreement), this Agreement, the Disclosure Schedule (attached to this Agreement as Schedule II); the Allocation Schedule attached to this Agreement as Schedule III); the Assignment and Assumption Agreement attached to this Agreement as Schedule IV); the Bill of Sale (attached to this Agreement as Schedule V); the License Agreement (attached to this Agreement as Schedule VI); the Lease Assignment Agreement (attached to this Agreement as Schedule VII); the Management Assignment and Assumption Agreement (attached to this Agreement as Schedule VIII); the Barakett Consulting Agreement (attached to this Agreement as Schedule IX); the Contemporaneous Loan (attached to this Agreement as Schedule X) and all other exhibits, schedules and documents referenced in this Agreement.

“**Transition Date**” shall have the meaning set forth in Section 2.03.

“**Withheld Shares**” shall have the meaning set forth in Section 2.04(b).

SETTLEMENT AND RELEASE AGREEMENT

This settlement and release agreement (this “**Agreement**”) is made and entered into as of June 19, 2019, by and between Body and Mind Inc., a Nevada corporation (“**BaM**”), BaM’s subsidiaries, NMG Long Beach, LLC, a California limited liability company (“**NMG LB**”) and NMG San Diego, LLC, a California limited liability company (“**NMG SD**”) on one hand, and Green Light District Holdings, Inc., a Delaware corporation (“**GLDH**”), The Airport Collective Inc., a California non-profit mutual benefit corporation (“**Airport**”), David Barakett, an individual (“**Mr. Barakett**”) (GLDH, Airport, and Mr., Barakett shall collectively be referred to as, the “**Barakett Parties**”) and SGSD, LLC, a Nevada limited liability company (“**SGSD**”) on the other hand. Collectively, the aforementioned Parties shall be referred to herein as the “**Parties**” or individually as a “**Party**.”

WHEREAS, BaM, GLDH and Mr. Barakett previously entered into a Binding Interim Agreement dated November 28, 2018 (as amended from time to time, collectively with the documents and agreements referenced therein, or delivered in connection therewith, the “**Existing Agreement**”);

WHEREAS, BaM, GLDH and Mr. Barakett desire to restructure the Existing Agreement and enter into a mutual release of any and all claims related to the Existing Agreement;

WHEREAS, as part of this Agreement, the Parties desire to enter into various other Agreements contemporaneous herewith as set forth herein, which shall replace and supersede the Existing Agreement;

NOW THEREFORE, in consideration of the mutual promises and covenants hereinafter set forth, it is hereby agreed as follows:

1. **Transaction Documents.** As part of this Agreement, the Parties (as applicable) have agreed to contemporaneously enter into/deliver the following documents in accordance with the terms and conditions set forth herein (hereinafter, the “**Transaction Documents**”):

a. **Amended and Restated Convertible Note and General Security Agreement.** BaM and the Barakett Parties shall enter into the loan documents attached hereto as **Exhibit A** (the “**Loan Documents**”);

b. **Airport Collective Asset Purchase Agreement.** Airport and NMG LB shall enter into the Asset Purchase Agreement (and all accompanying Schedules thereto) attached hereto as **Exhibit B** (the “**Asset Purchase Agreement**”);

c. **San Diego Lease Assignment Agreement.** SGSD shall deliver the executed First Amendment and Assignment Agreement attached hereto as **Exhibit C** (the “**SD Lease Assignment**”);

d. San Diego Operating Agreement. SGSD shall deliver the executed operating agreement for BaM's subsidiary, NMG San Diego, LLC attached hereto as Exhibit D (the "NMG Operating Agreement"); and

e. Litigation Loan. BaM and the Barakett Parties shall enter into the Litigation Loan Agreement attached hereto as Exhibit E (the "Litigation Loan Agreement").

2. Consideration. As consideration for the SD Lease Assignment set forth in 1(c) of this Agreement, BaM shall issue up to three (3) payments of shares as follows:

a. Payment 1. The first payment shall be Five Hundred Thousand Dollars (\$500,000.00) of vested BaM shares calculated upon execution of this Agreement at the maximum discount allowed by the Canadian Stock Exchange (the "**Payment 1 Shares**"). Within three (3) days following the execution of this Agreement, the Payment 1 Shares shall be issued to SGSD and shall be provided to the following SGSD Members: (i) Sean Orlando as to Fifty Eight Thousand Eight Hundred Twenty Five Dollars (\$58,825.00) of the Payment 1 Shares; and (ii) Milad Arab as to Four Hundred and Forty One Thousand One Hundred Seventy Six Thousand Dollars (\$441,176.00) of the Payment 1 Shares, both subject to the mandatory six (6) month exchange holding period.

b. Payment 2. The second payment of shares shall be to Mr. Barakett or his designee and shall be contingent on NMG SD receiving its medical commercial cannabis retail license at 7625 Carroll Road, San Diego, California 92121 (the "**SD Location**"). One Million Three Hundred and Forty Thousand Five Hundred and Two (1,340,502) shares of BaM (the "**Payment 2 Shares**") shares shall be disbursed to Mr. Barakett or his designee only following NMG SD receiving all licenses, permits, and authorizations required for NMG SD to conduct medical commercial cannabis retail operations at the SD Location, subject to the mandatory six (6) month exchange holding period.

c. Payment 3. The third payment of shares shall be to Mr. Barakett or his designee and shall be contingent on NMG SD receiving its adult-use commercial cannabis retail license at the SD Location. One Million Three Hundred and Forty Thousand Five Hundred and Two (1,340,502) shares of BaM (the "**Payment 3 Shares**") shares shall be disbursed to Mr. Barakett or his designee only following NMG SD receiving all licenses, permits, and authorizations required for NMG SD to conduct adult-use commercial cannabis retail operations at the SD Location, subject to the mandatory six (6) month exchange holding period.

d. Failure to Obtain Retail Licenses. In the event NMG SD is unable, through no fault of the Barakett Parties, to receive its medical commercial cannabis retail license or its adult-use commercial cannabis retail license at the SD Location in accordance with the terms and conditions of this Agreement, NMG SD and BaM shall utilize best efforts to negotiate in good faith an amendment to this Agreement satisfactory to all Parties.

3. Payment for Legal Expenses. Within ten (10) days following the execution of this Agreement, BaM shall pay the legal and consulting expenses incurred by the Barakett Parties for the benefit of BaM and otherwise in facilitating this Agreement and the transactions contemplated hereby in an amount of \$80,500, which represents the legal fees, consulting fees, and costs incurred since November 28, 2018 and unrelated to the litigation expenses to be covered by the Litigation Loan Agreement. If requested by BaM, the Barakett Parties shall cause counsel and consultants for the Barakett Parties to provide itemized invoices detailing the work performed and costs incurred for the benefit of BaM.

4. Final Agreement. This Agreement and the Transaction Documents represent the entire agreement between the Parties. This Agreement and the Transaction Documents shall supersede and replace the Existing Agreements and any other Agreement between the Parties, verbal or otherwise.

5. Releases.

a. Barakett Parties' Release. Upon Closing of the Asset Purchase Agreement, the Barakett Parties and their, successors, related entities, representatives, assigns, agents, shareholders, members, directors, managers, officers employees, and attorneys ("**Representatives**"), and each of them, hereby releases and forever discharges BaM and the Shareholders and their respective Representatives, and each of them, of and from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action ("**Claims**"), in any way related to the Existing Agreement, known and unknown, which they or any person claiming or purporting to claim through him now owns or holds, or has at any time heretofore owned or held, or may at any time own or hold, by reason of any matter, cause or thing whatsoever, occurred, done, omitted or suffered to be done prior to the date hereof.

b. BaM's Release. Except as expressly provided to the contrary herein, upon Closing of the Asset Purchase Agreement, BaM and its Representatives, and each of them, hereby release and forever discharge the Barakett Parties and their respective Representatives, and each of them, of and from any and all Claims related to the Existing Agreement, known and unknown, which they or any person claiming or purporting to claim through them now owns or holds, or has at any time heretofore owned or held, or may at any time own or hold, by reason of any matter, cause or thing whatsoever, occurred, done, omitted or suffered to be done prior to the date hereof.

c. SGSD's Release. Upon Payment of the Payment 1 Shares to SGSD, SGSD and its Representatives and each of them, hereby releases and forever discharges NMG LB, NMG SD, BaM and the Shareholders and their respective Representatives, and each of them, of and from any and all Claims, in any way related to the SD Lease Assignment, known and unknown, which they or any person claiming or purporting to claim through him now owns or holds, or has at any time heretofore owned or held, or may at any time own or hold, by reason of any matter, cause or thing whatsoever, occurred, done, omitted or suffered to be done prior to the date hereof.

6. Full and Final Accord. The Parties hereto intend this Agreement to be effective as a full and final accord and satisfaction and release of each and every matter hereinabove referred to. The Parties hereby acknowledge that they are familiar with Section 1542 of the Civil Code of the State of California which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release which, if known by him or her, must have materially affected his or her settlement with the debtor.”

Each Party to this Agreement waives and relinquishes any right and benefit which they have or may have under Section 1542 to the full extent that they may lawfully waive all such rights and benefits pertaining to the subject matter hereof.

7. Indemnification. Each Party agrees to indemnify and hold harmless the other Parties, and any of their Representatives, against any Claim related to the Existing Agreement (including the payment of attorneys’ fees and costs incurred, whether or not litigation to be commenced) by any person or entity that is not a party to this Agreement, which is inconsistent with this Agreement. In addition to and in no way limiting the indemnification provisions set forth in the Asset Purchase Agreement, the Parties agree that in the event the Business (as defined in the Asset Purchase Agreement) has additional liabilities not disclosed on the Transition Date (as defined in the Asset Purchase Agreement), for which BAM or its affiliates and subsidiaries are required to pay, BAM or its affiliates and subsidiaries shall have the sole option to offset any consideration owed to the Barakett Parties pursuant to the Transaction Documents by the amount of such liabilities.

8. No Litigation. Each Party agree to forever refrain and forbear from commencing, instituting or prosecuting any lawsuits, actions or other proceedings based on, arising out of or in connection with any Claim being released hereunder; and to cause to be dismissed, with prejudice, any lawsuits, actions or other proceedings that are subject to release and discharge by virtue of this Agreement.

9. Jurisdiction and Disputes. This Agreement shall be governed and construed in accordance with the internal laws of the State of California without giving effect to any choice or conflict of law provision or rule (whether of the State of California or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of California.

a. In the event of any claim arising out of or relating to any performance required under this Agreement, or the interpretation, validity or enforceability hereof (each, a “**Claim**”), the Parties shall use their best efforts to settle the Claim. To this effect, they shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable resolution satisfactory to the Parties. If the Claim cannot be settled through negotiation within a period of seven (7) days, the Parties agree to attempt in good faith to settle the Claim through mediation, administered by a mediator mutually agreeable to the Parties, before resorting to arbitration. If they do not reach such resolution, or an agreed upon mediator cannot be identified within a period of thirty (30) days, then upon notice by either Party to the other they shall commence arbitration as set forth below.

b. The Parties agree to submit any and all Claims, or any dispute related in any way to this Agreement and the services rendered hereunder, to binding arbitration before JAMS. The arbitration shall be held in accordance with the JAMS then-current Streamlined Arbitration Rules & Procedures (and no other JAMS rules), which currently are available at: <http://www.jamsadr.com/rules-streamlined-arbitration>. The arbitrator shall be either a retired judge, or an attorney who is experienced in commercial contracts and licensed to practice law in California, selected pursuant to the JAMS rules. The Parties expressly agree that any arbitration shall be conducted in Each Party understands and agrees that by signing this Agreement, such Party is waiving the right to a jury. The arbitrator shall apply California substantive law in the adjudication of all Claims. Notwithstanding the foregoing, either Party may apply to the Superior Courts located in Los Angeles County, California for a provisional remedy, including but not limited to a temporary restraining order or a preliminary injunction. The application for or enforcement of any provisional remedy by a Party shall not operate as a waiver of the agreement to submit a dispute to binding arbitration pursuant to this provision. In no event shall a Claim be adjudicated in Federal District Court. In the event that either Party commences a Claim in Federal District Court or moves to remove such action to Federal District Court, the Parties hereby mutually agree to stipulate to a dismissal of such Federal Claim with prejudice. After a demand for arbitration has been filed and served, the Parties may engage in reasonable discovery in the form of requests for documents, interrogatories, requests for admission, and depositions. The arbitrator shall resolve any disputes concerning discovery. The arbitrator shall award costs and reasonable attorneys' fees to the prevailing Party, as determined by the arbitrator, to the extent permitted by California law. The arbitrator's decision shall be final and binding upon the Parties. The arbitrator's decision shall include the arbitrator's findings of fact and conclusions of law and shall be issued in writing within thirty (30) days of the commencement of the arbitration proceedings. The prevailing Party may submit the arbitrator's decision to Superior Courts located in Los Angeles County for an entry of judgment thereon.

10. Miscellaneous.

a. This Agreement is intended by the Parties as the final expression of their Agreement and understanding with respect to the subject matter hereof, and as a complete and exclusive statement of the provisions thereof. This Agreement supersedes any and all prior or contemporaneous agreements and understandings.

b. The Parties hereto shall execute any further documents reasonably necessary to effectuate the terms of this Agreement.

c. Each Party hereto acknowledges and agrees that no Party hereto, nor any Representative for such Party, has made any promise, representation or warranty, express, implied or statutory, not contained herein concerning the subject matter hereof to induce the other to execute this agreement.

d. Each Party has read and understands this Agreement and mutually warrants and represents that each has been given the opportunity to be represented by independent counsel of his/her own choice in the negotiation and execution of this Agreement, that each Party hereto is fully informed as to each and every matter contained herein and that this agreement is executed voluntarily and without duress or undue influence on the part or on behalf of any Party hereto.

[signature page to follow]

IN WITNESS WHEREOF, the Parties have executed this agreement as of the day and year first above written.

Body and Mind Inc.
("BaM")

By: /s/ Lenoard Clough

Name: Leonard Clough

Title: Authorized Signatory

Dated: June 20, 2019

The Airport Collective Inc.
("Airport")

By: /s/ David Barakett

Name: David Barakett

Title: Authorized Signatory

Dated: June 20, 2019

Green Light District Holdings, Inc. ("GLDH")

By: /s/ David Barakett

Name: David Barakett

Title: Authorized Signatory

Dated: June 20, 2019

SGSD, LLC
("SGSD")

By: /s/ David Barakett

Name: David Barakett

Title: Authorized Signatory

Dated: June 20, 2019

David Barakett
("Barakett")

/s/ David Barakett
Name: David Barakett

Dated: June 20, 2019

EXHIBIT A
LOAN DOCUMENTS

EXHIBIT B
ASSET PURCHASE AGREEMENT

EXHIBIT C
SD LEASE ASSIGNMENT

EXHIBIT D
NMG SD OPERATING AGREEMENT

EXHIBIT E
LITIGATION LOAN AGREEMENT

AMENDED AND RESTATED
SETTLEMENT AND RELEASE AGREEMENT

This amended and restated settlement and release agreement (this “**Agreement**”) is made and entered into as of June 28, 2019, by and between Body and Mind Inc., a Nevada corporation (“**BaM**”), BaM’s subsidiaries, NMG Long Beach, LLC, a California limited liability company (“**NMG LB**”) and NMG San Diego, LLC, a California limited liability company (“**NMG SD**”) on one hand, and Green Light District Holdings, Inc., a Delaware corporation (“**GLDH**”), The Airport Collective Inc., a California non-profit mutual benefit corporation (“**Airport**”), David Barakett, an individual (“**Mr. Barakett**”) (GLDH, Airport, and Mr., Barakett shall collectively be referred to as, the “**Barakett Parties**”) and SGSD, LLC, a Nevada limited liability company (“**SGSD**”) on the other hand. Collectively, the aforementioned Parties shall be referred to herein as the “**Parties**” or individually as a “**Party**.”

WHEREAS, the Parties previously entered into a Settlement and Release Agreement on June 19, 2019 (the “**Original Settlement**”) wherein SGSD was required to deliver certain executed transaction documents contemporaneously upon execution of the Original Settlement (the “**Transaction Documents**”);

WHEREAS, while the Original Settlement was signed by all Parties, all of the Transaction Documents were not delivered contemporaneously with the execution of the Original Settlement;

WHEREAS, the Parties desire to enter into this Agreement which shall supersede and replace the Original Settlement.

WHEREAS, all of the Transaction Documents executed in connection with the Original Settlement shall remain effective in accordance with the terms and conditions therein and shall be re-delivered upon execution of this Agreement;

WHEREAS, any undelivered Transaction Documents shall be delivered upon the execution of this Agreement;

WHEREAS, BaM, GLDH and Mr. Barakett previously entered into a Binding Interim Agreement dated November 28, 2018 (as amended from time to time, collectively with the documents and agreements referenced therein, or delivered in connection therewith, the “**Existing Agreement**”);

WHEREAS, BaM, GLDH and Mr. Barakett desire to restructure the Existing Agreement and enter into a mutual release of any and all claims related to the Existing Agreement;

WHEREAS, as part of this Agreement, the Parties desire to enter into various other Agreements contemporaneous herewith as set forth herein, which shall replace and supersede the Existing Agreement; and

NOW THEREFORE, in consideration of the mutual promises and covenants hereinafter set forth, it is hereby agreed as follows:

1. Amending Original Settlement. This Agreement shall supersede and replace the Original Settlement agreement in its entirety. The Transaction Documents executed and delivered contemporaneously with the Original Settlement shall remain effective in accordance with the terms and conditions of such Transaction Documents.

2. Transaction Documents. As part of the Original Settlement, the Parties (as applicable) contemporaneously entered into/delivered some, but not all of the required Transaction Documents as follows:

a. Amended and Restated Convertible Note and General Security Agreement. In connection with the Original Settlement, BaM and the Barakett Parties have entered into the loan documents attached hereto as Exhibit A (the "**Loan Documents**") and such Loan Documents remain effective and shall be re-delivered upon execution of this Agreement;

b. Airport Collective Asset Purchase Agreement. In connection with the Original Settlement, Airport and NMG LB have entered into the Asset Purchase Agreement (and all accompanying Schedules thereto) attached hereto as Exhibit B (the "**Asset Purchase Agreement**") and such Asset Purchase Agreement remains effective and shall be re-delivered upon execution of this Agreement;

c. San Diego Lease Assignment Agreement. In connection with the Original Settlement, SGSD has delivered the executed First Amendment and Assignment Agreement attached hereto as Exhibit C (the "**SD Lease Assignment**") and shall re-deliver the executed SD Lease Assignment upon execution of this Agreement;

d. San Diego Operating Agreement. In connection with the Original Settlement, SGSD failed to deliver the executed operating agreement for BaM's subsidiary, NMG San Diego, LLC (the "**NMG Operating Agreement**"). In connection with this Agreement, SGSD has contemporaneously delivered a copy of the executed NMG Operating Agreement attached hereto as Exhibit D; and

e. Litigation Loan. In connection with the Original Settlement, BAM and the Barakett Parties have entered into the Litigation Loan Agreement attached hereto as Exhibit E (the "**Litigation Loan Agreement**") and such Litigation Loan Agreement remains effective and shall re-delivered upon execution of this Agreement.

3. Consideration. As consideration for the SD Lease Assignment set forth in 1(c) of this Agreement, BaM shall issue up to three (3) payments of shares as follows:

a. Payment 1. The first payment shall be Five Hundred Thousand Dollars (\$500,000.00) of vested BaM shares calculated upon execution of this Agreement at the maximum discount allowed by the Canadian Stock Exchange (the "**Payment 1 Shares**"). Within three (3) days following the execution of this Agreement, the Payment 1 Shares shall be issued to SGSD and shall be provided to the following SGSD Members: (i) Sean Orlando as to Fifty Eight Thousand Eight Hundred Twenty Five Dollars (\$58,825.00) of the Payment 1 Shares; and (ii) Milad Arab as to Four Hundred and Forty One Thousand One Hundred Seventy Six Thousand Dollars (\$441,176.00) of the Payment 1 Shares, both subject to the mandatory six (6) month exchange holding period.

b. **Payment 2.** The second payment of shares shall be to Mr. Barakett or his designee and shall be contingent on NMG SD receiving its medical commercial cannabis retail license at 7625 Carroll Road, San Diego, California 92121 (the “**SD Location**”). Subject to the Share Payment Reduction set forth in Section 2(d) of this Agreement, Seven Hundred and Fifty Thousand Dollars (\$750,000.00) of BaM common shares at a price of \$0.7439 CAD per share and an exchange rate of 1.3296 (the “**Exchange Rate**”) as agreed by the Parties (the “**Share Value Calculation**”) for a total possible payment of One Million Three Hundred and Forty Thousand Five Hundred Two (1,340,502) BaM shares (the “**Payment 2 Shares**”) shall be disbursed to Mr. Barakett or his designee only following NMG SD receiving all licenses, permits, and authorizations required for NMG SD to conduct medical commercial cannabis retail operations at the SD Location (the “**SD Medical Licenses**”). In addition to being subject to the reduction set forth in Section 3(d), the Payment 2 Shares shall be subject to the mandatory six (6) month exchange holding period.

c. **Payment 3.** The third payment of shares shall be to Mr. Barakett or his designee and shall be contingent on NMG SD receiving its adult-use commercial cannabis retail license at the SD Location. Subject to the Share Payment Reductions set forth in Section 2(d) of this Agreement, Seven Hundred and Fifty Thousand Dollars (\$750,000.00) of BaM common shares at the Share Value Calculation for a total possible payment of One Million Three Hundred and Forty Thousand Five Hundred Two (1,340,502) BaM shares (the “**Payment 3 Shares**”) shall be disbursed to Mr. Barakett or his designee only following NMG SD receiving all licenses, permits, and authorizations required for NMG SD to conduct adult-use commercial cannabis retail operations at the SD Location (the “**SD Adult-use Licenses**”). In addition to being subject to the Share Payment Reduction set forth in Section 3(d), the Payment 3 Shares shall be subject to the mandatory six (6) month exchange holding period.

d. **Share Payment Reductions.** Subject to Section 3(e) of this Agreement, Mr. Barakett has agreed to pay BaM forty percent (40%) of the “Start-up Costs” as defined herein (the “**Barakett Allocation**”). For the purposes of this Agreement, the “Start-up Costs” include all costs associated with NMG SD establishing commercial cannabis retail operations at the SD Location (the “**SD Premises**”) inclusive of: (i) the costs associated with becoming a tenant at the SD Premises, including but not limited to, the costs set forth in the SD Lease Assignment; and (ii) all construction costs associated with building out the SD Location for the Company’s operations (the “**Start-up Costs**”). Prior to any payment of the Payment 2 Shares or the Payment 3 Shares, NMG shall provide Mr. Barakett with written documentation detailing the Start-up Costs and Mr. Barakett shall have seven (7) business days from: (a) the date NMG SD receives the SD Medical Licenses; or (b) the date NMG SD receives the SD Adult-use Licenses, whichever is earlier (the “**Allocation Payment Deadline**”) to pay BaM the Barakett Allocation. Notwithstanding the foregoing, under no circumstances may the Allocation Payment Deadline occur prior to the earlier of: (y) the free trading of the NMG LB Share Payment associated with the Asset Purchase Agreement; or (z) the date that is six (6) months and ten (10) days from the Effective Date. Notwithstanding any provision in this Agreement or the Transaction Documents to the contrary, in the event Mr. Barakett fails to pay any portion of the Barakett Allocation amount prior to the Allocation Payment Deadline, the Payment 2 Shares and/or the Payment 3 Shares (as applicable) shall be reduced based on any unpaid portion of the Barakett Allocation. BaM shall have the ability to offset the Payment 2 Shares and/or the Payment 3 Shares at its sole and exclusive discretion. For the purpose of this offsetting only, BaM shall utilize a share value calculation equal to the CSE listed 5-day VWAP of the BaM shares, as applicable, on the trading day immediately prior to the Allocation Payment Deadline. In no event shall such calculation be lower than \$0.74 (CAD) per share and or higher than \$1.07 (CAD) per share (the “**Offsetting Calculation**”):

- i. **Example:** For the purpose of example, if the Start-up Costs equal Three Million Dollars (\$3,000,000.00) and NMG SD receives either its SD Medical Licenses (prior to receiving its SD Adult-use Licenses) on August 1, 2019, Mr. Barakett shall have until August 9, 2019 to pay BaM One Million Two Hundred Thousand Dollars (\$1,200,000.00 US) (i.e. the Barakett Allocation). If Mr. Barakett fails to pay the entire Barakett Allocation, and if the CSE listed 5-day VWAP of the BaM shares on August 8, 2019 is \$1.10 (CAD) per share, BaM shall reduce the Payment 2 Shares and Payment 3 Shares as follows:
- A. In accordance with this Agreement, the total possible Payment 2 Shares and Payment 3 equals two million six hundred eighty one thousand four (2,681,004) shares;
 - B. The two million six hundred eighty one thousand four (2,681,004) shares at a per share calculation of \$1.07 (CAD) equals Two Million Eight Hundred Sixty Eight Thousand Six Hundred Seventy Four Dollars and 28/100 (\$2,868,674.28 CAD);
 - C. The Two Million Eight Hundred Sixty Eight Thousand Six Hundred Seventy Four Dollars and 28/100 (\$2,868,674.28 CAD) is divided by the Exchange Rate, which equals Two Million One Hundred Fifty Seven Thousand Five Hundred Forty Six Dollars and 84/100 (\$2,157,546.84 US);
 - D. The Barakett Allocation of One Million Two Hundred Thousand Dollars (\$1,200,000.00) would be deducted from that Two Million One Hundred Fifty Seven Thousand Five Hundred Forty Six Dollars and 84/100 (\$2,157,546.84 US) resulting in the remaining amount of Nine Hundred Fifty Seven Thousand Five Hundred Forty Six Dollars and 84/100 (\$957,546.84 US);
 - E. That remaining amount of Nine Hundred Fifty Seven Thousand Five Hundred Forty Six Dollars and 84/100 (\$957,546.84 US) would be multiplied by the Exchange Rate equaling One Million Two Hundred Seventy Three Thousand One Hundred Fifty Four Dollars and 28/100 (\$1,273,154.28 CAD); and
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- F. That One Million Two Hundred Seventy Three Thousand One Hundred Fifty Four Dollars and 28/100 (\$1,273,154.28 CAD) would be divided by the per share calculation price of \$1.07 CAD for a total share payment to Mr. Barakett of one million one hundred eighty nine thousand eight hundred sixty three (1,189,863) shares resulting in zero (0) Payment 2 Shares and the Payment 3 Shares being reduced by one hundred fifty thousand six hundred thirty nine (150,639) shares. The reduced Payment 3 Shares only to be paid out in accordance with the terms and conditions of this Agreement.

c. Amended Operating Agreement Exception. In the event the Members of NMG SD enter into an amended and restated operating agreement that would result in the Barakett Allocation being paid by SJJR, LLC or its affiliates, subsidiaries or successors, prior to the Allocation Payment Deadline, then the holdback set forth in Section 3(d) of this Agreement shall not apply.

f. Failure to Obtain Retail Licenses. In the event NMG SD is unable, through no fault of the Barakett Parties, to receive its medical commercial cannabis retail license or its adult-use commercial cannabis retail license at the SD Location in accordance with the terms and conditions of this Agreement, NMG SD and BaM shall utilize best efforts to negotiate in good faith an amendment to this Agreement satisfactory to all Parties.

4. Payment for Legal Expenses. Within ten (10) days following the execution of this Agreement, BaM shall pay the legal and consulting expenses incurred by the Barakett Parties for the benefit of BaM and otherwise in facilitating this Agreement and the transactions contemplated hereby in an amount of \$90,500, which represents the legal fees (\$73,000), consulting fees (\$17,500), and costs incurred since November 28, 2018 and unrelated to the litigation expenses to be covered by the Litigation Loan Agreement. If requested by BaM, the Barakett Parties shall cause counsel and consultants for the Barakett Parties to provide itemized invoices detailing the work performed and costs incurred for the benefit of BaM.

5. Final Agreement. This Agreement and the Transaction Documents represent the entire agreement between the Parties. This Agreement and the Transaction Documents shall supersede and replace the Existing Agreements and any other Agreement between the Parties, verbal or otherwise.

6. Releases.

a. Barakett Parties' Release. Upon Closing of the Asset Purchase Agreement, the Barakett Parties and their successors, related entities, representatives, assigns, agents, shareholders, members, directors, managers, officers employees, and attorneys ("**Representatives**"), and each of them, hereby releases and forever discharges BaM and the Shareholders and their respective Representatives, and each of them, of and from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action ("**Claims**"), in any way related to the Existing Agreement, known and unknown, which they or any person claiming or purporting to claim through him now owns or holds, or has at any time heretofore owned or held, or may at any time own or hold, by reason of any matter, cause or thing whatsoever, occurred, done, omitted or suffered to be done prior to the date hereof.

b. BaM's Release. Except as expressly provided to the contrary herein, upon Closing of the Asset Purchase Agreement, BaM and its Representatives, and each of them, hereby release and forever discharge the Barakett Parties and their respective Representatives, and each of them, of and from any and all Claims related to the Existing Agreement, known and unknown, which they or any person claiming or purporting to claim through them now owns or holds, or has at any time heretofore owned or held, or may at any time own or hold, by reason of any matter, cause or thing whatsoever, occurred, done, omitted or suffered to be done prior to the date hereof.

c. SGSD's Release. Upon Payment of the Payment 1 Shares to SGSD, SGSD and its Representatives and each of them, hereby releases and forever discharges NMG LB, NMG SD, BaM and the Shareholders and their respective Representatives, and each of them, of and from any and all Claims, in any way related to the SD Lease Assignment, known and unknown, which they or any person claiming or purporting to claim through him now owns or holds, or has at any time heretofore owned or held, or may at any time own or hold, by reason of any matter, cause or thing whatsoever, occurred, done, omitted or suffered to be done prior to the date hereof.

7. Full and Final Accord. The Parties hereto intend this Agreement to be effective as a full and final accord and satisfaction and release of each and every matter hereinabove referred to. The Parties hereby acknowledge that they are familiar with Section 1542 of the Civil Code of the State of California which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release which, if known by him or her, must have materially affected his or her settlement with the debtor.”

Each Party to this Agreement waives and relinquishes any right and benefit which they have or may have under Section 1542 to the full extent that they may lawfully waive all such rights and benefits pertaining to the subject matter hereof.

8. Indemnification. Each Party agrees to indemnify and hold harmless the other Parties, and any of their Representatives, against any Claim related to the Existing Agreement (including the payment of attorneys' fees and costs incurred, whether or not litigation to be commenced) by any person or entity that is not a party to this Agreement, which is inconsistent with this Agreement. In addition to and in no way limiting the indemnification provisions set forth in the Asset Purchase Agreement, the Parties agree that in the event the Business (as defined in the Asset Purchase Agreement) has additional liabilities not disclosed on the Transition Date (as defined in the Asset Purchase Agreement), for which BAM or its affiliates and subsidiaries are required to pay, BAM or its affiliates and subsidiaries shall have the sole option to offset any consideration owed to the Barakett Parties pursuant to the Transaction Documents by the amount of such liabilities.

9. No Litigation. Each Party agree to forever refrain and forebear from commencing, instituting or prosecuting any lawsuits, actions or other proceedings based on, arising out of or in connection with any Claim being released hereunder; and to cause to be dismissed, with prejudice, any lawsuits, actions or other proceedings that are subject to release and discharge by virtue of this Agreement.

10. Jurisdiction and Disputes. This Agreement shall be governed and construed in accordance with the internal laws of the State of California without giving effect to any choice or conflict of law provision or rule (whether of the State of California or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of California.

a. In the event of any claim arising out of or relating to any performance required under this Agreement, or the interpretation, validity or enforceability hereof (each, a "**Claim**"), the Parties shall use their best efforts to settle the Claim. To this effect, they shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable resolution satisfactory to the Parties. If the Claim cannot be settled through negotiation within a period of seven (7) days, the Parties agree to attempt in good faith to settle the Claim through mediation, administered by a mediator mutually agreeable to the Parties, before resorting to arbitration. If they do not reach such resolution, or an agreed upon mediator cannot be identified within a period of thirty (30) days, then upon notice by either Party to the other they shall commence arbitration as set forth below.

b. The Parties agree to submit any and all Claims, or any dispute related in any way to this Agreement and the services rendered hereunder, to binding arbitration before JAMS. The arbitration shall be held in accordance with the JAMS then-current Streamlined Arbitration Rules & Procedures (and no other JAMS rules), which currently are available at: <http://www.jamsadr.com/rules-streamlined-arbitration>. The arbitrator shall be either a retired judge, or an attorney who is experienced in commercial contracts and licensed to practice law in California, selected pursuant to the JAMS rules. The Parties expressly agree that any arbitration shall be conducted in Each Party understands and agrees that by signing this Agreement, such Party is waiving the right to a jury. The arbitrator shall apply California substantive law in the adjudication of all Claims. Notwithstanding the foregoing, either Party may apply to the Superior Courts located in Los Angeles County, California for a provisional remedy, including but not limited to a temporary restraining order or a preliminary injunction. The application for or enforcement of any provisional remedy by a Party shall not operate as a waiver of the agreement to submit a dispute to binding arbitration pursuant to this provision. In no event shall a Claim be adjudicated in Federal District Court. In the event that either Party commences a Claim in Federal District Court or moves to remove such action to Federal District Court, the Parties hereby mutually agree to stipulate to a dismissal of such Federal Claim with prejudice. After a demand for arbitration has been filed and served, the Parties may engage in reasonable discovery in the form of requests for documents, interrogatories, requests for admission, and depositions. The arbitrator shall resolve any disputes concerning discovery. The arbitrator shall award costs and reasonable attorneys' fees to the prevailing Party, as determined by the arbitrator, to the extent permitted by California law. The arbitrator's decision shall be final and binding upon the Parties. The arbitrator's decision shall include the arbitrator's findings of fact and conclusions of law and shall be issued in writing within thirty (30) days of the commencement of the arbitration proceedings. The prevailing Party may submit the arbitrator's decision to Superior Courts located in Los Angeles County for an entry of judgment thereon.

11. Miscellaneous.

a. This Agreement is intended by the Parties as the final expression of their Agreement and understanding with respect to the subject matter hereof, and as a complete and exclusive statement of the provisions thereof. This Agreement supersedes any and all prior or contemporaneous agreements and understandings.

b. The Parties hereto shall execute any further documents reasonably necessary to effectuate the terms of this Agreement.

c. Each Party hereto acknowledges and agrees that no Party hereto, nor any Representative for such Party, has made any promise, representation or warranty, express, implied or statutory, not contained herein concerning the subject matter hereof to induce the other to execute this agreement.

d. Each Party has read and understands this Agreement and mutually warrants and represents that each has been given the opportunity to be represented by independent counsel of his/her own choice in the negotiation and execution of this Agreement, that each Party hereto is fully informed as to each and every matter contained herein and that this agreement is executed voluntarily and without duress or undue influence on the part or on behalf of any Party hereto.

[signature page to follow]

IN WITNESS WHEREOF, the Parties have executed this agreement as of the day and year first above written.

Body and Mind Inc.
("BaM")

By: /s/ Leonard Clough

Name: Leonard Clough

Title: Authorized Signatory

Dated: June 28, 2019

The Airport Collective Inc.
("Airport")

By: /s/ David Barakett

Name: David Barakett

Title: Authorized Signatory

Dated: June 28, 2019

Green Light District Holdings, Inc.
("GLDH")

By: /s/ David Barakett

Name: David Barakett

Title: Authorized Signatory

Dated: June 28, 2019

SGSD, LLC
("SGSD")

By: /s/ David Barakett

Name: David Barakett

Title: Authorized Signatory

Dated: June 28, 2019

David Barakett
("Barakett")

/s/ David Barakett

Name: David Barakett

Dated: June 28, 2019

EXHIBIT A
LOAN DOCUMENTS

EXHIBIT B
ASSET PURCHASE AGREEMENT

EXHIBIT C
SD LEASE ASSIGNMENT

EXHIBIT D
NMG SD OPERATING AGREEMENT

EXHIBIT E
LITIGATION LOAN AGREEMENT

LOAN AGREEMENT

This amended loan agreement (this "Agreement") is made and entered into as of June 19, 2019 (the "Effective Date"), by and between Green Light District Holdings, Inc., a Delaware Corporation (the "GLDH") and Body and Mind Inc., a Nevada corporation (the "Lender") (collectively, the "Parties").

WHEREAS, the Parties previously entered into certain binding interim agreement dated November 28, 2018 (the "Prior Agreement" attached hereto as Exhibit D), wherein GLDH issued certain senior secured convertible notes to the Lender in the amount of Five Million Two Hundred Thousand Dollars (\$5,200,000.00) for an aggregate purchase price of Five Million Two Hundred Thousand Dollars (\$5,200,000.00) (the "Convertible Note Amount");

WHEREAS, the Prior Agreement was secured by a security agreement dated November 28, 2018 (the "Prior Security Agreement" attached hereto as Exhibit E);

WHEREAS, in the connection with the Master Settlement and Release Agreement entered into contemporaneously herewith (the "Settlement Agreement"), the Parties desire to enter into Loan Documents (as defined herein) setting forth the Parties' rights and responsibilities with respect to the Convertible Note Amount and superseding and replacing the Prior Agreement and the Prior Security Agreement;

WHEREAS, as part of the Settlement Agreement, Lender requires the execution of the Loan Documents (as defined below) in order to secure GLDH's obligations with respect to the repayment of the Convertible Note Amount (as defined herein); and

NOW, THEREFORE, in consideration of the mutual agreements contained herein and for other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the Parties hereto agree as follows:

1. Loan.

(a) Convertible Note. On November 28, 2018, Lender provided GLDH with one hundred percent (100%) of the Convertible Note Amount, as evidenced by a senior secured convertible promissory note, a copy of which is attached hereto as Exhibit A (the "Convertible Note"), duly executed by GLDH and dated as of the date hereof. The terms and conditions set forth in the Loan Documents shall supersede and replace the Prior Agreement and Prior Security Agreement memorializing the Parties' agreement as to the rights and responsibilities with respect to the Convertible Note Amount. The Convertible Note Amount is not revolving in nature and may not be repaid and reborrowed. Interest on the outstanding Convertible Note from time to time shall accrue from the date hereof until repaid in full at an annual rate equal to twenty percent (20%), compounded annually. Interest on the Convertible Note Amount shall be computed on the basis of a three hundred and sixty-five (365) day year and the actual number of days elapsed in the period during which such interest accrues. Interest on the Convertible Note shall be due and payable on the Maturity Date as set forth in Section 2.

Loan Agreement

(b) Loan Documents. The following instruments, together with this Agreement and the Convertible Note, shall collectively be referred to as the "Loan Documents". The Loan Documents are hereby incorporated by reference.

(i) The performance of GLDH of their obligations under this Agreement and the Convertible Note shall be guaranteed by GLDH and Airport Collective Inc., a California non-profit mutual benefit corporation ("Airport") (GLDH and Airport shall collectively be referred to as, the "Guarantors"), pursuant to that certain guaranty agreement by and between the Guarantors and Lender dated as of the date hereof and in the form attached hereto as Exhibit B (the "Guaranty").

(ii) The performance of GLDH of their obligations under this Agreement and the Convertible Note shall be secured by a certain security agreement by and between GLDH, Airport and the Lender, whereby GLDH and Airport shall grant to Lender, a security interest in certain collateral, dated as of the date hereof and in the form attached hereto as Exhibit C (the "Security Agreement").

2. Payment Terms.

(a) Payment at Maturity. Notwithstanding anything to the contrary contained herein, the principal amount of the Loan and all interest accrued thereon will be due and payable on the thirty-six (36) month anniversary of the Effective Date (the "Maturity Date"). In the event the Asset Purchase Agreement entered into between Lender and Airport contemporaneously herewith has not closed prior to the Maturity Date, the Maturity Date shall automatically be extended for an additional one (1) year period.

(b) Place of Payment. All payments to be made to the Lender shall be made in the lawful money of the United States in immediately available funds. Payments of principal and interest shall be delivered to the Lender at the address of Lender set forth in Section 10 hereof or to such other address as specified by the Lender to GLDH by prior written notice.

(c) Prepayment. GLDH shall not be permitted to pre-pay the amount owed in connection with these Loan Documents prior to the Maturity Date without first obtaining the prior written consent of Lender.

(d) Withholding Taxes. If any withholding taxes are or become payable in respect of principal, interest or any other amount payable by GLDH under this Agreement or the Convertible Note, (i) all such amounts payable by GLDH shall be increased by the amount of the withholding taxes, (ii) GLDH shall make such additions, (iii) GLDH shall pay the full amount required to be paid to the relevant taxing authority or other authority in accordance with applicable law, and (iv) GLDH and Lender shall cooperate and use commercially reasonable efforts to obtain a refund of any such withholding taxes, and all amounts received in connection therewith shall be paid to GLDH.

Loan Agreement

3. Events of Default.

(a) Definition. For purposes of this Agreement, an “Event of Default” shall be deemed to have occurred if:

(i) GLDH fails to pay the Loan Amount, plus all accrued interest thereon, to the Lender on or prior to the Maturity Date;

(ii) GLDH fails to perform or observe any covenant set forth in Section 4;

(iii) GLDH shall (A) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or similar fiduciary of itself or of all or a substantial part of its property, (B) admit in writing its inability, or be generally unable, to pay its debts as they become due, (C) make a general assignment for the benefit of creditors, (D) commence a voluntary case under any state or federal bankruptcy or receivership laws (as now or hereafter in effect), (E) file a petition seeking to take advantage of any other law providing for the relief of debtors, (F) acquiesce to any petition filed against it in any involuntary case under such bankruptcy laws, or (G) take any action for the purpose of effecting any of the foregoing;

(iv) any lien created hereunder or provided for under any Loan Document for any reason ceases to be or is not a valid and perfected lien having a first priority interest; or

(v) termination or breach by GLDH or the Guarantors of any of the Loan Documents (other than this Agreement) or if GLDH, the Guarantors or any other party attempts to terminate, challenges the validity of, or its liability under, any Loan Document.

(b) Extension. GLDH hereby expressly agrees that this Agreement, or any payment hereunder, may be extended from time to time and that the Lender may accept security for this Agreement or release security for this Agreement, all without in any way affecting the liability of GLDH hereunder.

4. Covenants.

(a) Until the Maturity Date, and thereafter until payment in full of the Convertible Note Amount and all accrued interest thereon, GLDH agrees that they shall, unless Lender shall otherwise consent in writing:

(i) take any action as reasonably requested by Lender to carry out the intent of the Loan Documents, within a reasonable amount of time.

(ii) assist Lender in perfecting and protecting its security interests and liens under the Loan Documents and reimburse Lender for related costs it reasonably incurs to protect its security interests and liens;

(iii) promptly upon knowledge thereof, provide Lender notice of any material loss of, or damage to, any of the Collateral under the Loan Documents, or of any material adverse change in any of the Collateral.

Loan Agreement

(b) Until the Maturity Date, and thereafter until payment in full of the Convertible Note, GLDH agrees that it shall not, unless Lender shall otherwise consent in writing:

(i) create, incur, assume or in any manner become liable in respect of (including, without limitation, through assumption, endorsement or guaranty), or suffer to exist any indebtedness other than the Loan;

(ii) create, incur or suffer to exist any lien on any of its assets, rights, revenues or property, real, personal or mixed, tangible or intangible, whether now owned or hereafter acquired, other than liens in connection with the Loan.

5. Rights and Remedies.

(a) Upon the occurrence of an Event of Default for a period of time in excess of sixty (60) days (the "Cure Period"), the Lender may, in addition to any other rights or remedies provided for hereunder or by applicable law, do any one or more of the following:

(i) declare all or any portion of the principal of, and any and all accrued and unpaid interest on, the Loan to be immediately due and payable, whereupon the same shall become and be immediately due and payable and GLDH shall be obligated to repay all of such obligations in full, without presentment, demand, protest or further notice or other requirements of any kind, all of which are hereby expressly waived by GLDH;

(ii) terminate this Agreement or any of the other Loan Documents as to any future liability or obligation of the Lender; and

(iii) exercise all other rights and remedies available to Lender under the Loan Documents or under applicable law, or in equity.

(b) The rights and remedies of the Lender under this Agreement and the other Loan Documents shall be cumulative. The Lender shall have all other rights and remedies as provided under applicable law or in equity. No exercise by the Lender of one right or remedy shall be deemed an election, and no waiver by the Lender of any Event of Default shall be deemed a continuing waiver. No delay by the Lender in enforcing any rights hereunder shall constitute a waiver, election or acquiescence by it in the absence of a written waiver signed by the Lender.

6. Amendment and Waiver. Except as otherwise expressly provided herein, the provisions of this Agreement may be amended only with the prior written consent of the Lender and GLDH.

7. No Assignment or Transfer. Neither party may sell, assign, transfer, pledge, hypothecate, mortgage or otherwise encumber this Agreement or any of its rights or obligations hereunder or herein without the prior written consent of the other party, which shall not be unreasonably withheld. This agreement is binding on GLDH' and Lender's successors and assignees.

Loan Agreement

8. Fees and Expenses. Each party shall pay any and all fees, costs and expenses, including attorneys' fees, incurred by the party in connection with this Agreement and the Convertible Note and the negotiation, execution and performance hereof; provided that GLDH shall bear and pay all fees, costs and expenses, including attorneys' fees, incurred by Lender in (i) the collection of any amounts owed under this Agreement or any other Loan Document, or (iii) the enforcement of this Agreement or any other Loan Document.

9. Notices. All notices, requests and other communications made or given in connection with this Loan Agreement or any other Loan Document shall be in writing and, unless receipt is stated herein to be required, shall be deemed to have been validly given if delivered personally to the party that is to be addressed, or by reputable overnight carrier, or registered or certified mail, return receipt requested, or by e-mail or telecopy with the original forwarded by first-class mail, in all cases, with charges prepaid.

10. Governing Law.

(a) All questions concerning the construction, validity and interpretation of this agreement will be governed by and construed in accordance with the domestic laws of the state of California, without giving effect to any choice of law or conflict of law provision or rule (whether of the state of California or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the state of California.

(b) Each party irrevocably waives all rights to a trial by jury in any suit, action, or other proceeding instituted by or against such party in respect of its obligations hereunder or the transactions contemplated hereby.

(c) It is the intention of the parties to conform strictly to all applicable usury laws now or hereafter in force, and any interest payable under this agreement shall be subject to reduction to the amount not in excess of the maximum legal amount allowed under the applicable usury laws as now or hereafter construed by the courts having jurisdiction over such matters. The aggregate of all interest (whether designated as interest, service charges, points, or otherwise) contracted for, chargeable, or receivable under this agreement shall under no circumstances exceed the maximum legal rate upon the unpaid principal balance of this agreement remaining unpaid from time to time. If such interest does exceed the maximum legal rate, it shall be deemed a mistake and such excess shall be canceled automatically and, if theretofore paid, rebated to the borrower or credited to the principal amount of this agreement, or if this agreement has been repaid, then such excess shall be rebated to GLDH.

(d) Each party hereto hereby irrevocably and exclusively submits itself to the jurisdiction of the state courts of the state of California located in the County of Los Angeles, for the purposes of any suit, action or other proceeding arising out of or based upon this agreement, the subject matter hereof or any other loan document. In no event shall a claim be adjudicated in Federal District Court. In the event that either party commences a claim in Federal District Court or moves to remove such action to Federal District Court, the parties hereby mutually agree to stipulate to a dismissal of such federal claim with prejudice. Each party, to the extent permitted by applicable law, hereby waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this agreement or the subject matter hereof or any other loan document may not be enforced in or by such court. Each party agrees that its submission to jurisdiction is made for the express benefit of the other party. Final judgment against a party in any such action, suit or proceeding shall be conclusive, and may be enforced in any other jurisdiction (a) by suit, action or proceeding on the judgment, a certified or true copy of which shall be conclusive evidence of the fact and of the amount of indebtedness or liability of the obligor therein described or (b) in any other manner provided by or pursuant to the laws of such other jurisdiction.

Loan Agreement

11. Indemnification. GLDH agree to indemnify, defend and hold the Lender harmless against: (a) all obligations, demands, claims, and liabilities (collectively, "Claims") claimed or asserted by any other party in connection with the making of the Loan or the repayment or collection thereof; and (b) all losses or expenses in any way suffered, incurred, or paid by the Lender as a result of, following from or arising from the making of the Loan or the repayment or collection thereof (including reasonable attorneys' fees and expenses), except for Claims and/or losses directly caused by the Lender's gross negligence or willful misconduct as determined in a final, non-appealable judgment of a court of competent jurisdiction.

12. Waiver of Presentment, Demand and Dishonor. GLDH hereby waive presentment for payment, protest, demand, notice of protest, notice of nonpayment and diligence with respect to this Agreement, and waive and renounce all rights to the benefits of any statute of limitations or any moratorium, appraisalment, exemption, or homestead now provided or that hereafter may be provided by any federal or applicable state statute, including but not limited to exemptions provided by or allowed under the United States Bankruptcy Code, both as to itself and as to all of its property, whether real or personal, against the enforcement and collection of the amounts owned under this agreement and any and all extensions, renewals, and modifications hereof.

13. Business Days. If any payment is due, or any time period for giving notice or taking action expires, on a day which is a Saturday, Sunday, or legal holiday in the state of California, the payment shall be due and payable on, and the time period shall automatically be extended to, the next business day immediately following such Saturday, Sunday, or legal holiday, and interest shall continue to accrue at the required rate hereunder until any such payment is made.

14. Binding Effect. This Agreement and all rights and powers granted hereby will bind and inure to the benefit of the parties hereto and their respective permitted successors and permitted assigns.

15. Severability. The provisions of this Agreement and the promissory note are deemed to be severable, and the invalidity or unenforceability of any provision shall not affect or impair the remaining provisions which shall continue in full force and effect.

16. Integration. This Agreement, the Convertible Note, the Guaranty and any exhibits and schedules attached hereto or thereto (the "Loan Documents") contain the entire instrument governing the parties with respect to the subject matter hereof and supersedes all prior instruments or understandings, written or oral, in respect thereof.

17. Counterparts. This Agreement may be executed in any number of counterparts (including by facsimile transaction), all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Agreement by signing any such counterpart.

Loan Agreement

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the date first above written.

Green Light District Holdings, Inc.
("GLDH")

Body and Mind Inc.
("Lender")

By: /s/ David Barakett

By: /s/ Leonard Clough

Name: David Barakett

Name: Leonard Clough

Its: Authorized Signatory

Its: Authorized Signatory

Loan Agreement

EXHIBIT A

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), NOR UNDER ANY STATE SECURITIES LAW AND MAY NOT BE PLEDGED, SOLD, ASSIGNED OR TRANSFERRED UNLESS (I) A REGISTRATION STATEMENT WITH RESPECT THERETO IS EFFECTIVE UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAW REQUIREMENTS HAVE BEEN MET OR (II) EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT AND THE REGISTRATION OR QUALIFICATION REQUIREMENTS OF APPLICABLE STATE SECURITIES LAWS ARE AVAILABLE.

SENIOR SECURED CONVERTIBLE PROMISSORY NOTE

\$5,200,000

June 19, 2019

Green Light District Holdings, Inc., a Delaware corporation (the “Company”), for value received, hereby promises to pay to Body and Mind, Inc., a Nevada corporation (“Holder”), the aggregate principal sum of Five Million Two Hundred Thousand Dollars (\$5,200,000.00). This Senior Secured Convertible Promissory Note (this “Note”) is secured by that certain Guaranty Agreement and Security Agreement executed contemporaneously herewith, by and among the Company, the Holders, and the Guarantor, Airport Collective Inc., a California non-profit mutual benefit corporation (“Guarantor”). Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Security Agreement.

1. Commitments. Subject to the terms and conditions set forth herein, Holder has made a loan to the Company in the amount of Five Million Two Hundred Thousand Dollars (\$5,200,000.00).

2. Payments; Maturity Date. If not converted in accordance with Section 4 of this Note, and notwithstanding anything to the contrary herein, the principal amount of and accrued interest under this Note, as set forth below, shall be due and payable on the Maturity Date as defined in the Loan Agreement (the “Maturity Date”). The Company shall not prepay, in whole or in part, any principal or accrued interest due under this Note without the prior written consent of the Holder.

3. Interest. The principal amount under this Note shall accrue interest at the rate of twenty percent (20%) per annum (the “Interest Rate”) on the principal amount hereunder, together with interest accrued thereon, compounding monthly, during the period beginning on the date of issuance of this Note and ending on the earlier of (i) the Maturity Date or (ii) the date on which this Note is converted pursuant to Section 4. The interest shall be payable in cash (unless converted) on the outstanding principal balance of this Note calculated on the basis of a 365-day year and the actual number of days elapsed at the rate equal to the Interest Rate. Anything herein to the contrary notwithstanding, if during any period for which interest is computed hereunder, the amount of interest computed on the basis provided for in this Note, together with all fees, charges and other payments which are treated as interest under applicable law, as provided for herein or in any other document executed in connection herewith, would exceed the amount of such interest computed on the basis of the Highest Lawful Rate, then the Company shall not be obligated to pay, and Holders shall not be entitled to charge, collect, receive, reserve or take, interest in excess of the Highest Lawful Rate, and during any such period the interest payable hereunder shall be computed on the basis of the Highest Lawful Rate. As used herein, “Highest Lawful Rate” shall mean the maximum non-usurious rate of interest, as in effect from time to time, which may be charged, contracted for, reserved, received or collected by the Holders in connection with this Note under applicable law.

Exhibit A: Note

4. Conversion Option. At Holder's sole and exclusive discretion, the Principal amount and all accrued interest hereunder shall be convertible into shares of the Company equal to or greater than 89.75% of the total issued and outstanding shares of the Company.

5. Representations and Warranties of the Company. In order to induce the Holders to enter into the Transaction Documents and provide loans to the Company under this Note, the Company has made representations and warranties to the Holders as set forth in the Security Agreement.

6. General Provisions.

6.1. Assignment. Neither this Note nor any rights hereunder may be assigned, conveyed or transferred, in whole or in part, by either party, except as provided for in the Security Agreement or with the prior written consent of the non-assigning party. The rights and obligations of the Company and the Holders shall be binding upon and benefit the successors, assigns, heirs, administrators, and transferees of the parties.

6.2. Waiver and Amendment. Any provision of this Note may be amended, waived, or modified only by the written consent of the Company and the Holders.

6.3. Treatment of Note. To the extent permitted by generally accepted accounting principles, the Company will treat, account, and report this Note as debt and not equity for accounting purposes and with respect to any returns filed with federal, state, or local tax authorities.

6.4. Governing Law. This Note shall be governed by and construed in accordance with the laws of the state of New York, excluding that body of law relating to conflict of laws.

6.5. Heading; References. All headings used herein are used for convenience only and shall not be used to construe or interpret this Note. Except where otherwise indicated, all references herein to Sections refer to Sections hereof.

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Exhibit A: Note

[SIGNATURE PAGE TO SENIOR SECURED CONVERTIBLE PROMISSORY NOTE]

IN WITNESS WHEREOF, the Company has caused this Note to be issued this 19 day of June, 2019.

Green Light District Holdings, Inc.

By: /s/ David Barakett

Name: David Barakett

Title: Authorized Signatory

AGREED AND ACKNOWLEDGED BY EACH OF THE HOLDERS AND BODY AND MIND, INC.:

Body and Mind Inc.

By: /s/ Leonard Clough

Name: Leonard Clough

Title: Authorized Signatory

Exhibit A: Note

EXHIBIT B

GUARANTY AGREEMENT

This guaranty agreement (this "Guaranty") is made effective as of June 19, 2019 (the "Effective Date") by Green Light District Holdings, Inc., a Delaware Corporation (the "GLDH") and Airport Collective Inc., a California non-profit mutual benefit corporation ("Airport") (GLDH and Airport shall collectively be referred to as, the "Guarantors") in favor of Body and Mind Inc., a Nevada corporation (the "Lender").

WHEREAS, GLDH has entered into a loan agreement, dated as of the date hereof, with Lender (the "Agreement"; capitalized terms used herein without definition shall have the meanings ascribed thereto in the Agreement) pursuant to which Lender has made a loan to GLDH evidenced by a Convertible Note dated as of the date hereof in the principal amount of Five Million Two Hundred Thousand Dollars (\$5,200,000.00);

WHEREAS, it is a condition precedent to entering into the Settlement Agreement that Guarantors shall have executed and delivered this Guaranty; and

NOW, THEREFORE, in consideration of the premises and in order to induce Lender to enter into the Settlement Agreement, the Guarantors hereby agree as follows:

1. Definitions. As used in this Guaranty, capitalized terms not otherwise defined herein have the meanings provided for such terms in the Agreement.

(a) "Affiliate" means as to a specified Person, means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by or is under common control with, the Person specified.

(b) "Guaranteed Obligations" shall mean, collectively, the Loan Obligations, the obligations arising under the Note and all costs, fees and expenses related thereto, in each case whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter incurred, which may arise under, out of, or in connection with the Loan Documents.

(c) "Lien" means, with respect to any specified asset, any and all liens, claims, encumbrances, mortgages, options, pledges and security interests thereon.

(d) "Note" shall mean that certain Note, dated as of the date hereof, by GLDH in favor of Lender.

(e) "Person" shall mean any individual, corporation, partnership, limited liability company, association, joint-stock company, trust, unincorporated organization, joint venture, government or political subdivision or agency thereof, or any other entity.

(f) "Loan Documents" shall mean each of the Loan Documents set forth in the Agreement, including, without limitation this Guaranty.

Exhibit B: Guaranty Agreement

(g) "Loan Obligations" shall mean all obligations of GLDH to Lender under the Loan Documents.

(h) "Transfer" means to assign, sell, offer to sell, pledge, dispose of or any other like transfer, directly or indirectly.

2. Guaranty. The Guarantors hereby make the following unconditional and irrevocable guaranty to Lender, guarantying the due and punctual payment to Lender when due, whether by acceleration or otherwise, and performance of the Guaranteed Obligations. The Guarantors agree that its guaranty hereunder shall continue to be effective or be reinstated, as the case may be, if at any time all or part of any payment of any Guaranteed Obligation is rescinded or must otherwise be returned by the Lender or any other Person upon the insolvency, bankruptcy or reorganization of GLDH.

3. Unconditional Character of Guaranty.

(a) The obligations of the Guarantors under this Guaranty shall be absolute and unconditional, and shall be a guaranty of payment and not of collection, irrespective of the validity, regularity or enforceability of the Loan Documents or any provision thereof, the absence of any action to enforce the same, any waiver or consent with respect to or any amendment of any provision thereof (provided that any amendment of this Guaranty shall be in accordance with the terms hereof), the recovery of any judgment against any person or action to enforce the same, any failure or delay in the enforcement of the obligations of Lender under the Loan Documents, or any setoff, counterclaim, recoupment, limitation, defense or termination whether with or without notice to Guarantors. It is the express purpose and intent of the parties hereto that this Agreement and the Guarantors' obligations hereunder shall be absolute and unconditional under any and all circumstances and shall not be discharged except by payment as herein provided.

(b) Without limiting the generality of the foregoing, the obligations of the Guarantors under this Guaranty, and the rights of Lender to enforce the same by proceedings, whether by action at law, suit in equity or otherwise, shall not be in any way affected to the extent permitted by applicable law, by (i) any death, insolvency, bankruptcy, liquidation, reorganization, readjustment, composition, dissolution, winding up or other proceeding involving or affecting the Guarantors, (ii) the Transfer of all or substantially all of GLDH' assets to a third party, (iii) any action taken by Lender that is authorized by any provision of this Guaranty, or (iv) any other principle or provision of law, statutory or otherwise, which is or might be in conflict with the terms hereof.

4. Waivers and Acknowledgements.

(a) The Guarantors hereby unconditionally and irrevocably waive any right to revoke this Guaranty and acknowledges that this Guaranty is continuing in nature and applies to all presently existing and future Guaranteed Obligations.

Exhibit B: Guaranty Agreement

(b) The Guarantors hereby unconditionally and irrevocably waive promptness, diligence, notice of acceptance, presentment, demand for performance, notice of non-performance, default, acceleration, protest or dishonor and any other notice with respect to any of the Guaranteed Obligations and this Guaranty and any requirement that the Lender protect, secure, perfect or insure any lien or any property subject thereto.

(c) The Guarantors hereby unconditionally and irrevocably waive any defense based on any right of set-off or recoupment or counterclaim against or in respect of the Guaranteed Obligations.

5. Dissolution, Liquidation or Bankruptcy of GLDH. In the event of either of Guarantor's dissolution, insolvency or adjudication of bankruptcy or filing of a petition for relief under any present or future provision of the United States Bankruptcy Code, or the filing of such a petition against any Borrower, and in any such proceeding some or all of the Guaranteed Obligations are terminated or rejected, is modified or abrogated or are otherwise avoided for any reason, the Guarantors agree that such liability hereunder shall not thereby be affected or modified and such liability shall continue in full force and effect as if no such event, action or proceeding had occurred. This Guaranty shall continue to be effective or be reinstated, as the case may be, if any payment must be returned by Lender upon the dissolution, insolvency, bankruptcy or reorganization of GLDH, as though such payment had not been made.

6. Default. Any default under, or breach of, this Guaranty by either of the Guarantors shall be considered an "Event of Default" hereunder.

7. Assignment. This Guaranty may not be assigned by any party without the prior written consent of Lender, not to be unreasonably withheld.

8. Governing Law. The Parties expressly incorporate the provisions relating to governing law as set forth in paragraph 11 of the Agreement by this reference.

9. Notices. Any notice required by this guaranty or given in connection with it, shall be in writing and shall be given to the appropriate party by personal delivery or by certified mail, postage prepaid, or recognized overnight delivery services.

10. No Waiver. Lender shall not by any act, delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any default or Event of Default. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by law.

11. Release. Upon the final payment and discharge in full of all Guaranteed Obligations, Lender shall immediately deliver to the Guarantors, a written release of this Guaranty.

12. Counterparts. This Guaranty may be executed in one or more counterparts, and by different parties hereto on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Exhibit B: Guaranty Agreement

13. Headings. The headings and captions of the various subdivisions of this Guaranty are for convenience of reference only and shall in no way modify or affect the meaning or construction of any of the terms or provisions hereof.

14. Severability. In the event that any court of competent jurisdiction shall determine that any provision, or any portion thereof, contained in this Guaranty shall be unenforceable in any respect, then such provision shall be deemed limited to the extent that such court deems it enforceable, and as so limited shall remain in full force and effect. In the event that such court shall deem any such provision, or portion thereof, wholly unenforceable, the remaining provisions of this Guaranty shall nevertheless remain in full force and effect.

15. Construction. The parties have participated jointly in the negotiation and drafting of this Guaranty. In the event an ambiguity or question of intent or interpretation arises, this Guaranty shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Guaranty.

16. Miscellaneous. Should any provision of this Guaranty be determined by a court of competent jurisdiction to be unenforceable, all of the other provisions shall remain effective. This Guaranty, together with the Agreement, the Note, and each of the other Loan Documents, embodies the entire agreement among the parties hereto with respect to the matters set forth herein, and supersedes all prior agreements among the parties with respect to the matters set forth herein. No course of prior dealing among the parties, no usage of trade, and no parol or extrinsic evidence of any nature shall be used to supplement, modify or vary any of the terms hereof. There are no conditions to the full effectiveness of this Guaranty.

[signature page follows]

Exhibit B: Guaranty Agreement

IN WITNESS WHEREOF, the parties have executed and delivered this Guaranty on the date first above written.

Green Light District Holdings, Inc.
("GLDH")

Body and Mind Inc.
("Lender")

By: /s/ David Barakett
Name: David Barakett
Its: Authorized Signatory

By: /s/ Leonard Clough
Name: Leonard Clough
Its: Authorized Signatory

Airport Collective Inc.
("Airport")

By: /s/ David Barakett
Name: David Barakett
Its: Authorized Signatory

Exhibit B: Guaranty Agreement

EXHIBIT C

SECURITY AGREEMENT

This security agreement (this "Security Agreement") is made effective as of June 19, 2019 (the "Effective Date") by Green Light District Holdings, Inc., a Delaware Corporation ("GLDH") and Airport Collective Inc., a California non-profit mutual benefit corporation ("Airport") (GLDH and Airport shall collectively be referred to as, the "Guarantors") in favor of Body and Mind Inc., a Nevada corporation (the "Lender").

WHEREAS, GLDH has entered into a loan agreement, dated as of the date hereof, with Lender (the "Agreement"; capitalized terms used herein without definition shall have the meanings ascribed thereto in the Agreement) pursuant to which Lender has made a loan to GLDH evidenced by a Convertible Note dated as of the date hereof in the principal amount of Five Million Two Hundred Thousand Dollars (\$5,200,000.00);

WHEREAS, the Guarantors have unconditionally guaranteed the Obligations (as defined herein), pursuant to a certain guaranty agreement, dated as of the date hereof (the "Guaranty");

WHEREAS, Guarantors will receive substantial direct and indirect benefits from the execution, delivery and performance of the obligations under the Settlement Agreement, the Agreement and the other Loan Documents and each is, therefore, willing to enter into this Security Agreement;

WHEREAS, it is a condition precedent to the Settlement Agreement that Guarantors shall have executed and delivered this Security Agreement granting Lender a security interest in the Collateral (as defined herein) in order to secure the Loan Obligations; and

NOW, THEREFORE, in consideration of the promises and in order to induce Lender to enter into the Settlement Agreement, Grantors hereby agree as follows:

1. Grant of Security Interest. As collateral and security for payment in full by the Grantors of all amounts due under the Convertible Note, the Note and all Loan Documents, and all costs, fees and expenses related thereto, in each case whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter incurred, which may arise under, out of, or in connection with the Loan Documents (collectively, the "Obligations"), each Grantor hereby grant to Lender a security interest in and on all of such Grantor's right, title, and interest in and to all personal property of such Grantor, wherever located, whether now owned or hereafter acquired, including, without limitation, all of the following (the "Collateral"), as defined in the California Uniform Commercial Code (the "UCC"): (a) Accounts; (b) Certificated Securities; (c) Chattel Paper; (d) Commercial Business and Tort Claims; (e) Computer Hardware and Software and all rights with respect thereto, including, any and all licenses, options, warranties, service contracts, program services, test rights, maintenance rights, support rights, improvement rights, renewal rights and indemnifications, and any substitutions, replacements, additions or model conversions of any of the foregoing; (f) Contract Rights; (g) Deposit Accounts; (h) Documents; (i) Electronic Chattel Paper; (j) Equipment; (k) Financial Assets; (l) Fixtures; (m) General Intangibles, including Payment Intangibles and Software; (n) Goods (including all of its Equipment, Fixtures and Inventory), and all accessions, additions, attachments, improvements, substitutions and replacements thereto and therefor; (o) Instruments; (p) Patents, patent applications, trademarks, trademark applications, copyrights, copyright applications, and all other intellectual property; (q) Inventory; (r) Investment Property; (s) Money (of every jurisdiction whatsoever); (t) Letter-of-Credit Rights; (u) Payment Intangibles; (v) Security Entitlements; (w) Software; (x) Supporting Obligations; (y) Uncertificated Securities; and (z) to the extent not included in the foregoing, all other personal property of any kind or description; together with all books, records, writings, databases, information and other property relating to, used or useful in connection with, or evidencing, embodying, incorporating or referring to any of the foregoing; and all Proceeds, products, offspring, rents, issues, profits and returns of and from any of the foregoing.

Exhibit C: Security Agreement

For purposes of this Security Agreement, the parties intend that the terms used herein which are defined in the UCC have, at all times, the broadest and most inclusive meanings possible. Therefore, if the UCC, at any time, is amended or held by a court to define any term used herein more broadly or inclusively than the UCC in effect on the date hereof, then such term, as used herein, shall be given such broadened meaning. If the UCC, at any time, is amended or held by a court to define any term used herein more narrowly, or less inclusively, than the UCC in effect on the date hereof, such amendment or holding shall be disregarded in defining terms used herein.

Subject to any prior secured interest in the Collateral, the Collateral secures the prompt and complete payment when due of the outstanding principal and interest in accordance with the Loan Documents.

2. Representations and Warranties. Each Grantor represents and warrants to Lender as follows:

(a) The Grantor has full power and authority to execute, deliver, and perform this Security Agreement, which has been duly authorized by all necessary and proper corporate action.

(b) This Security Agreement has been duly executed and delivered, and constitutes the legal, valid, and binding obligation of the Grantor, enforceable in accordance with its terms.

(c) No effective security agreement, financing statement, equivalent security or Lien instrument, or continuation security agreement covering all or any part of the Collateral is on file or of record in any public office.

(d) The Grantor has good title to and is the lawful owner of the Collateral, free from all claims, liens, encumbrances, charges, or security interests whatsoever except as otherwise granted by this Security Agreement.

(e) All of the Equipment and Inventory: (i) were acquired in the Grantor's ordinary course of business; (ii) are in the Grantor's exclusive possession and control; (iii) are to be maintained and preserved by the Grantor in the same condition, repair, and working order as when new, ordinary wear and tear excepted; (iv) shall promptly be repaired, replaced, and otherwise improved by the Grantor promptly following any material loss or damage, provided that Lender shall be notified of such material loss or damage; (v) shall be located at the Grantor's principal place of business; (vi) in the event that the location of the Equipment or Inventory changes, the Grantor shall promptly provide notice to the Lender of such location change; (vii) shall be open to inspection by the Lender during normal business hours; (viii) shall not be sold, assigned, leased, mortgaged, transferred, or otherwise disposed of by the Grantor, except in the ordinary course of business; and (ix) shall not become a part of or to be affixed to any real property of any person.

Exhibit C: Security Agreement

(f) All of the Grantor's material Related Contracts are in full force and effect, and the Grantor and, to the Grantors' knowledge, the other contracting parties to each such Related Contract have performed in all material respects their respective obligations under each such Related Contract

(g) This Security Agreement creates a valid Lien and security interest in the Collateral, securing the payment of all amounts due under the Loan, and, upon the filing of the related financing statement(s) in accordance with this Security Agreement, the Lien will be perfected, enforceable in accordance with its terms.

(h) No authorization, approval, or other action by, and no notice to or filing with, any governmental or regulatory agency or authority is required: (i) for the grant by Grantor of the security interest granted hereby; (ii) for the execution, delivery, or performance of this Security Agreement by Grantor; or (iii) for the perfection of or the exercise by Lender of its rights and remedies hereunder.

3. Covenants. Each Grantor expressly covenants and agrees that, until the Obligations are irrevocably satisfied in full or otherwise discharged:

(a) The Grantor shall, at Grantor's sole expense, promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that Lender may reasonably request, in order to perfect and protect any security interest granted hereby or to enable Lender to exercise and enforce its rights and remedies hereunder with respect to any Collateral, including, without limitation, providing, executing, filing, and/or recording any notice, financing statement, statement, instrument, document, or agreement that the Lender considers necessary to create, preserve, continue, perfect, or validate any security interest granted hereunder or which the Lender considers necessary or desirable to exercise or enforce the Lender's rights hereunder with respect to such security interest

(b) The Lender is authorized to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of Grantor where permitted by law in a form as determined to be appropriate by Lender. A carbon, photographic, or other reproduction of this Security Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

Exhibit C: Security Agreement

(c) The Grantor shall keep the Collateral insured for the benefit of the Lender against fire, theft, and such other hazards, and in amounts and with such insurance underwriters, as are prudent and customary in Grantor's industry

(d) The Grantor shall defend the Collateral against all claims and demands of all persons (other than Lender) claiming an interest therein.

(e) The Grantor shall not sell, assign, convey, grant, create, or suffer to exist any lien, claim, security interest, or encumbrance upon the Collateral in favor of any person other than the Lender.

(f) The Grantor shall not otherwise transfer or dispose of any Collateral ("**Transfer**"), except for a Transfer, other than a security interest, made in the ordinary course of business for reasonably equivalent value.

4. Remedies. Upon the happening of a material breach of the Loan, the Lender shall have, in addition to all other rights and remedies provided in this Security Agreement or otherwise, all the rights and remedies of a Lender on default under the UCC, including without limitation the right to take possession of the Collateral, and for that purpose the Lender may, so far as Grantors can give authority therefor, enter upon any premises upon which Collateral may be situated and remove, take and carry away the same. The Lender may require Grantors to assemble the Collateral and make it available to the Lender at a place to be designated by the Lender which is reasonably convenient to the Lender. Without limiting the generality of the foregoing, the Lender may immediately, without demand or performance and without notice of intention to sell or of time or place of sale or of redemption or other notice or demand whatsoever to Grantors, all of which are hereby expressly waived, and without advertisement, sell the Collateral, or any part thereof, at public or private sale or otherwise, at any of Lender's offices or elsewhere, for cash, on credit, or for future delivery and upon such other terms as Lender may deem commercially reasonable, and after deducting from the proceeds of sale or other disposition of the Collateral all expenses (including all reasonable expenses for legal services), shall apply the residue of such proceeds toward the payment of the Obligations and other liabilities of Grantors, Grantors remaining liable for any deficiency remaining unpaid after such application. If notice of any sale or other disposition is required by law to be given, Grantors hereby agrees that a notice sent at least two (2) days before the time of any intended public sale or of the time after which any private sale or other disposition of the Collateral is to be made, shall be reasonable notice of such sale or other disposition. The Lender, in its discretion, may in its name or in the name of Grantors, demand, sue for, collect, and receive any money, receivables, or proceeds included in the Collateral and extend the time of payment or otherwise modify any of the terms of or release Grantors under any such Collateral, without thereby incurring responsibility to or discharging or otherwise affecting any liability of Grantors. Grantors shall pay to the Lender on demand any and all attorney's fees reasonably and necessarily incurred or paid by the Lender in protecting or enforcing the Obligations and the other rights of the Lender under this Security Agreement, including its right to take possession of and realize on Collateral.

Exhibit C: Security Agreement

5. Power of Attorney. The Grantors authorize the Lender and does hereby make, constitute, and appoint the Lender and agents of the Lender with full power of substitution, as Grantors' true and lawful attorney-in-fact with power, in its own name or in the name of Grantors, upon the occurrence and continuance of any material breach of the Loan, to endorse any notes, checks, drafts, money orders, or other instruments of payment (including, payments under or in respect of any policy of insurance) in respect of the Collateral that may come into possession of the Lender; to sign and endorse any documents relating to the Collateral; to pay or discharge taxes, liens, security interests, or other encumbrances at any time levied or placed on or threatened against the Collateral; to grant, collect, receipt for, compromise, settle, and sue for sums due in respect of the Collateral; and generally, to do at the Lender's option and at Grantors' expense, at any time, or from time to time all acts and things which the Lender deems necessary to protect, preserve, and realize upon the Collateral and the security interests therein in order to effect the intent of this Security Agreement, as fully and effectually as Grantors might or could do; and Grantors hereby ratifies all that said attorney shall do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable for as long as any of the obligations shall be outstanding. The Grantors agree that any reasonable fees, costs, and expense incurred by the Lender pursuant to the foregoing authorization shall become part of the Obligations and be secured by the Collateral.

6. Term of Security Agreement. The term of this Security Agreement shall commence on the date hereof and continue in full force and effect until all of the Obligations have been fully and indefeasibly paid and performed and such payment and performance has been acknowledged in writing by the Lender. At such time, this Security Agreement shall terminate, Lender shall release its security interests hereunder (and deliver and sign appropriate UCC termination statements), and the Collateral shall be reassigned to Grantors.

7. Indemnity and Expenses.

(a) Each Grantor agrees to indemnify Lender from and against any and all claims, losses, and liabilities arising out of or resulting from this Security Agreement (including, without limitation, enforcement of this Security Agreement), except claims, losses, or liabilities resulting from Lender's gross negligence or willful misconduct.

(b) Each Grantor will upon demand pay to Lender the amount of any and all expenses, including the reasonable fees and out of pocket disbursements of its counsel and of any experts and agents, which Lender may incur in connection with: (i) filing or recording fees incurred in connection with this Security Agreement; (ii) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any of the Collateral; (iii) the exercise or enforcement of any of the rights of Lender; or (iv) the failure by Grantors to perform or observe any of the provisions hereof. Lender shall not be liable to Grantors for damages as a result of delays, temporary withdrawals of the Equipment from service, or other causes other than those caused by Lender's gross negligence or willful misconduct.

Exhibit C: Security Agreement

8. Continuing Security Interest. This Security Agreement shall create a continuing security interest in the Collateral and shall: (a) remain in full force and effect until payment in full of all amounts due under the Loan; (b) be binding upon Grantors, and Grantors' successors and assigns; and (c) inure to the benefit of Lender and Lender's successors, transferees, and assigns. Upon the payment in full of all amounts due under the Loan, the security interest granted hereby shall terminate and all rights to the Collateral shall revert to Grantors. Upon any such termination, Lender shall, at Grantors' expense, execute and deliver to Grantors such UCC termination statements and such other documentation as Grantors shall reasonably request to affect the termination and release of the Liens on the Collateral.

9. Assignment. This Security Agreement may not be assigned by any party without the prior written consent of Lender, not to be unreasonably withheld.

10. Governing Law. The Parties expressly incorporate the provisions relating to governing law as set forth in paragraph 11 of the Agreement by this reference.

11. Notices. Any notice required by this guaranty or given in connection with it, shall be in writing and shall be given to the appropriate party by personal delivery or by certified mail, postage prepaid, or recognized overnight delivery.

12. No Waiver. Lender shall not by any act, delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any default. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by law.

13. Release. Upon the payment and discharge in full of all Obligations, Lender shall immediately deliver to each Grantor, a written release of this Security Agreement and such UCC termination statements and such other documentation as Grantors shall reasonably request to affect the termination and release of the Liens on the Collateral.

Exhibit C: Security Agreement

14. Counterparts. This Security Agreement may be executed in one or more counterparts, and by different parties hereto on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

15. Headings. The headings and captions of the various subdivisions of this Security Agreement are for convenience of reference only and shall in no way modify or affect the meaning or construction of any of the terms or provisions hereof.

16. Severability. In the event that any court of competent jurisdiction shall determine that any provision, or any portion thereof, contained in this Security Agreement shall be unenforceable in any respect, then such provision shall be deemed limited to the extent that such court deems it enforceable, and as so limited shall remain in full force and effect. In the event that such court shall deem any such provision, or portion thereof, wholly unenforceable, the remaining provisions of this Security Agreement shall nevertheless remain in full force and effect.

17. Construction. The parties have participated jointly in the negotiation and drafting of this Security Agreement. In the event an ambiguity or question of intent or interpretation arises, this Security Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Security Agreement.

18. Miscellaneous. Should any provision of this Security Agreement be determined by a court of competent jurisdiction to be unenforceable, all of the other provisions shall remain effective. This Security Agreement, together with the Agreement, the Note, and each of the other Loan Documents, embodies the entire agreement among the parties hereto with respect to the matters set forth herein, and supersedes all prior agreements among the parties with respect to the matters set forth herein. No course of prior dealing among the parties, no usage of trade, and no parol or extrinsic evidence of any nature shall be used to supplement, modify or vary any of the terms hereof. There are no conditions to the full effectiveness of this Security Agreement.

[signature page follows]

Exhibit C: Security Agreement

IN WITNESS WHEREOF, the parties have executed and delivered this Security Agreement on the date first above written.

“GUARANTORS”

Green Light District Holdings, Inc.
(“GLDH”)

By: /s/ David Barakett
Name: David Barakett
Its: Authorized Signatory

Body and Mind Inc.
(“Lender”)

By: /s/ Leonard Clough
Name: Leonard Clough
Its: Authorized Signatory

Airport Collective Inc.
(“Airport”)

By: /s/ David Barakett
Name: David Barakett
Its: Authorized Signatory

Exhibit C: Security Agreement

SCHEDULE I
UCC-1 FINANCING STATEMENT

[to be inserted]

EXHIBIT A
TO UCC-1 FINANCING STATEMENT

DEBTOR 1: GREEN LIGHT DISTRICT HOLDINGS, INC.

DEBTOR 2: THE AIRPORT COLLECTIVE, INC.

SECURED PARTY: BODY AND MIND INC.

THE FINANCING STATEMENT IS CONTINUED AND COVERS THE FOLLOWING TYPES OR ITEMS OF COLLATERAL:

All personal property of Debtor 1, and all the personal property of Debtor 2 utilized in connection with or related to the business conducted at 3411 E. Anaheim St. Long Beach, CA 90802 now owned or hereafter acquired or created, including, without limitation, all of the following (the "Collateral"):

- (a) Accounts;
 - (b) Certificated Securities;
 - (c) Chattel Paper;
 - (d) Commercial Business and Tort Claims;
 - (e) Computer Hardware and Software and all rights with respect thereto, including, any and all licenses, options, warranties, service contracts, program services, test rights, maintenance rights, support rights, improvement rights, renewal rights and indemnifications, and any substitutions, replacements, additions or model conversions of any of the foregoing;
 - (f) Contract Rights;
 - (g) Deposit Accounts;
 - (h) Documents;
 - (i) Electronic Chattel Paper;
 - (j) Equipment;
 - (k) Financial Assets;
 - (l) Fixtures;
 - (m) General Intangibles, including Payment Intangibles and Software;
-

(n) Goods (including all of its Equipment, Fixtures and Inventory), and all accessions, additions, attachments, improvements, substitutions and replacements thereto and therefor;

(o) Instruments;

(p) Patents, patent applications, trademarks, trademark applications, copyrights, copyright applications, and all other intellectual property;

(q) Inventory;

(r) Investment Property;

(s) Money (of every jurisdiction whatsoever);

(t) Letter-of-Credit Rights;

(u) Payment Intangibles;

(v) Security Entitlements;

(w) Software;

(x) Supporting Obligations;

(y) Uncertificated Securities; and

(z) to the extent not included in the foregoing, all other personal property of any kind or description; together with all books, records, writings, databases, information and other property relating to, used or useful in connection with, or evidencing, embodying, incorporating or referring to any of the foregoing; and all Proceeds, products, offspring, rents, issues, profits and returns of and from any of the foregoing.

All terms used and not defined herein shall have the meanings assigned to them in Division 9 (or, if not defined in Division 9, then in any other Division) of the California Uniform Commercial Code, as amended, supplemented, revised or replaced from time to time (the "UCC").

Notwithstanding the foregoing, the parties intend that the terms used herein which are defined in the UCC have, at all times, the broadest and most inclusive meanings possible. Therefore, if the UCC, at any time, is amended or held by a court to define any term used herein more broadly or inclusively than the UCC in effect on the date hereof, then such term, as used herein, shall be given such broadened meaning. If the UCC, at any time, is amended or held by a court to define any term used herein more narrowly, or less inclusively, than the UCC in effect on the date hereof, such amendment or holding shall be disregarded in defining terms used herein.

TRADEMARK AND TECHNOLOGY LICENSE AND SERVICES AGREEMENT

THIS TRADEMARK AND TECHNOLOGY LICENSE AND SERVICES AGREEMENT (this "Agreement") is entered into by and between **GREEN LIGHT DISTRICT MANAGEMENT, LLC**, a Delaware limited liability company ("Licensor"), **GREEN LIGHT DISTRICT HOLDINGS, INC.**, a Delaware corporation ("GLDH") and Airport Collective Inc., a California non-profit mutual benefit corporation ("Airport") and **BODY AND MIND INC.**, a Nevada corporation and its affiliates and subsidiaries ("Licensee") (Licensor, GLDH, Airport and Licensee may each hereinafter be referred to as a "Party" and collectively, as the "Parties"), and effective as of the 19th day of June, 2019 ("Effective Date").

WHEREAS:

- A. Licensor has the right to license the use of certain trademarks, service marks and trade names, logos, and related intellectual property, as set forth in Schedule "A" to this Agreement, including any and all applications and resulting registrations for said marks and the goodwill associated with the marks (collectively, the "Trademarks"), copyright associated with such Trademarks, and the goodwill attached thereto (collectively, the "Rights"), as well as all any and all proprietary technology, including but not limited to: the "ShowGrow" branded website (the "Site"); the "ShowGrow" mobile application (the "App"); the "ShowGrow" social media accounts and pages (the "Social Media Pages") (collectively, the "Technology"). Collectively, the Trademarks, Rights, and Technology are referred to herein as the "ShowGrow IP"
- B. GLDH is an affiliated entity of Licensor and through itself or its independent contractors and consultants, provides services related to the cannabis industry, including, without limitation, operation of the Technology, negotiation with vendors, new customer acquisition, development and deployment of "ShowGrow" human resource platform (the "HR Platform"), development of marketing programs, promotions, and related materials, in-store and online customer service ("Customer Service"), search engine optimization services ("SEO Services"), event planning, facility buildout and maintenance consultation, creation of online ordering systems, inventory management services, creation of data and information backed decision making processes, and other related ancillary services (all of the foregoing is collectively referred to in this Agreement as the "GLDH Services").
- C. Licensee is in the business of marketing, and selling cannabis-related products and cannabis extract related products (the "Business"), and desires to license the Intellectual Property from Licensor and GLDH as further described herein for use at Licensee's anticipated locations located at 3411 East Anaheim Street, Long Beach, California 90804 (the "LB Facility") and 7625 Carroll Road, San Diego, California 92121 (the "SD Facility") and together with the LB Facility, the "Facilities"); and
- D. Licensor and GLDH desire to collaborate with and support Licensee towards this end by licensing the ShowGrow IP and the Operational IP (as defined below) to Licensee to enable Licensee to continue the day-to-day operations of the Facilities, to operate "ShowGrow" branded Facilities in accordance with the Term License (as defined below), and provide the GLDH Services, all on the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the foregoing recitals and the mutual consideration and promises contained in this Agreement, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **GRANT OF LICENSE AND OTHER CONDITIONS**

- 1.1 **Operational IP License.** Effective as of the date of execution of this Agreement, Licensor, GLDH and Airport (as applicable), hereby grant to Licensee, and Licensee accepts, a non-exclusive, perpetual license to use the operational intellectual property set forth in Schedule C attached hereto (the “**Operational IP**”), subject to the terms and conditions in Section 1.3 of this Agreement (the “**Operational IP License**”).
- 1.2 **Term License.** Licensor, GLDH and Airport (as applicable) hereby grant to Licensee a non-exclusive term license to utilize the Trademarks, Rights and the ShowGrow IP (the “**Licensed IP**”) for the duration of the Term, subject to the terms and conditions of this Agreement (the “**Term License**”).
- 1.3 **License Limitations.** The Operational License and the Term License shall be solely for use in the cannabis and cannabis related industry operations, including for the operating retail dispensaries (including medical retail, adult use retail, and medical and adult-use retail), commercial cannabis and the branding of the Facilities using the “ShowGrow” name and related Licensed IP, provided that all operations of the Facilities comply with the instructions, standards and specifications approved by Licensor in its reasonable discretion, such approval not to be unreasonably withheld. Licensee will, in each case, not use the Trademarks outside of the Facilities without the specific written approval of Licensor, which may be withheld in the sole and unfettered discretion of Licensor. Licensee shall be required to utilize the “ShowGrow” brand for a minimum of two (2) years following the Effective Date of this Agreement for the LB Facility and two (2) years following the opening of the SD Facility for business to the public.
- 1.4 **Radius.** Licensor expressly acknowledges and agrees that, as of the Effective Date, Licensor shall not utilize, or allow and/or cause any third-party to utilize the Licensed Brand within a five (5) mile radius of the LB Facility (the “**Utilization**”). Such Utilization, shall be considered a material breach of this Agreement and Licensor shall promptly be entitled to injunctive relief and such relief shall in no way limit Licensor’s other legal remedies.
- 1.5 **ShowGrow Products.** Throughout the Term of this Agreement, all products and merchandise bearing the “ShowGrow” brand shall be purchased exclusively from Licensor.

2. **QUALITY CONTROL**

- 2.1 Licensor, GLDH have the right, at all reasonable times, subject to the limitations of applicable laws and regulations regarding entry onto a licensed Facility during normal business hours with twenty-four (24) hour notice, to inspect Licensee's business premises and Licensee shall supply Licensor and/or GLDH, upon request, with specimens showing use of the Licensed IP in association with the branding and operation of the Facilities and shall otherwise permit and assist Licensor and GLDH to observe Licensee's activities relating to the Licensed IP in order to ensure that Licensee is in compliance with the instructions, standards, and specifications for operation of the Facilities, including, without limitation, construction, facility designs, tenant improvements, and other real property matters ("Real Property Matters"), and is otherwise in compliance with this Agreement. Licensee will comply with all applicable laws and regulations, and obtain all appropriate government approvals pertaining to the operation of the Facilities. Notwithstanding the forgoing, Licensee shall maintain sole and exclusive discretion regarding the Real Property Matters. Licensor shall work with Licensee to ensure the decisions of Licensee regarding Real Property Matters conform with Licensor's standards.
- 2.2 During the Term, Licensee shall operate each Facility in a manner at least consistent with the minimum standards of Licensor and GLDH's historical operations, but in no event less than compliance with all standard operating procedures, employee manuals and handbooks, and other reasonable standards put in place by Licensor and GLDH from time to time.

3. **USE OF TRADEMARKS**

- 3.1 Licensee will use the Trademarks strictly in accordance with any reasonable guidelines for use provided by Licensor. Licensee will not use or otherwise exercise rights in the Trademarks in the Territories except as expressly permitted by and in accordance with this Agreement, or by written agreement of the Parties in the future.
- 3.2 Licensee will not use any other marks in combination with the Trademarks without the approval of Licensor, which approval will not be unreasonably withheld. Licensee will not use the Trademarks, or any words or marks likely to be confused therewith, in its trade or corporate name or as part of its trade or corporate name or in any domain name, without the approval of Licensor.
- 3.3 Prior to any new use of the Trademarks, Licensee will deliver samples or exemplars of all signage, literature, advertising, and other materials, including without limitation electronic materials, on which the Trademarks appear for approval by Licensor. If Licensor does not signify disapproval within five (5) business days of inspection of such samples, such sample shall be deemed approved by Licensor. If Licensor provides notice of disapproval of any sample or exemplar, such disapproval will be delivered with a notice detailing with reasonable particularity the reason(s) for disapproval, and a corrective action plan which if complied with will lead to subsequent approval by Licensor. Licensee specifically undertakes to revise, or cause to be revised, to the reasonable satisfaction of Licensor any such advertising and other materials which are not approved by Licensor.

4. OWNERSHIP OF TRADEMARKS

- 4.1 Licensee recognizes Licensor's right, ownership and title to the Trademarks, and it is understood that Licensee shall not claim adversely to Licensor any right, title or interest in and to the Trademarks, or copyrights, service marks or distinctive features of the signs, advertising, literature or other materials used in association with the Trademarks.
- 4.2 Licensee will cooperate with Licensor, at Licensor's expense, for the purposes of registering or otherwise protecting the Trademarks in registries designated by Licensor and protecting, preserving and enhancing the Trademarks and Licensor's interest in the Trademarks.
- 4.3 Licensee will not itself, and will not assist, permit, or encourage any other person or entity to adopt, claim, use, or apply to register, record, or file any trademark, trade name, copyright, domain name or design that is identical or confusingly similar to any of the Trademarks, that is derived from or based on the Trademarks, or that violates, misuses or infringes the Trademarks.
- 4.4 Licensee hereby absolutely and irrevocably assigns to Licensor all right, title and interest, if any, it may now have or may hereafter acquire in the Trademarks, and all related goodwill, other than the rights specifically granted to Licensee under this Agreement. The Parties confirm that the assignment set out in this section and any other assignments of the Trademarks made by Licensee in favor of Licensor are merely to confirm the intention of Licensor and Licensee at all material times. Licensee will promptly do such further acts, and execute and deliver to Licensor such further instruments, as Licensor, acting reasonably, determines are necessary to effect, register, record or perfect this assignment.

5. GLDH SERVICES

- 5.1 In addition to the license being granted to the Intellectual Property hereunder, GLDH shall provide the following services throughout the Term of this Agreement:
 - (a) provision of ShowGrow SOPs;
 - (b) new customer acquisition;
 - (c) ShowGrow brand identity consultation;
 - (d) Basic access to ShowGrow Human Resources platform;
 - (e) Basic access to ShowGrow Employee Training Platforms and Processes (i.e. employee handbooks, mentorship programs, etc.);
 - (f) Community feedback consultation and services;
 - (g) Basic access to ShowGrow marketing programs, promotions, and materials;
 - (h) Offsite experiential marketing;
 - (i) Social media account management;
 - (j) Menu option consultation;
 - (k) Access to ShowGrow App, including preordering, express/priority check-in, rewards programs, live budtender chat, product ratings and reviews, event based notifications, in-app advertising for vendors
 - (l) Advanced marketing and advertising services;

- (m) General facility management services or supervisory services;
- (n) Construction execution and project management services; and
- (o) Design and creation of marketing assets.

5.2 The foregoing services (collectively, the “GLDH Services”) are included services pursuant to this Agreement. In addition to the GLDH Services, Licensee may request certain additional services, including those set forth on Schedule “B”, which are extra services only to be provided upon request by Licensee and which shall be compensable at the rates established by GLDH pursuant to separate agreements between GLDH and Licensee (collectively, the “Optional Services”).

6. **WEBSITE AND APP**

6.1 Throughout the Term, GLDH shall provide Licensee with reasonable access to the Website and App for the limited purposes relating to the Facilities operated by Licensee. Licensee acknowledges and agrees that all final decisions on the contents and functionality of the Site and App shall be in GLDH’s sole discretion and Licensee shall not modify the Site or App without the prior written consent of GLDH, which consent may be withheld in GLDH’s sole discretion.

6.2 Throughout the Term, Licensor and GLDH grant a non-exclusive revocable license to Licensee to advertise the Site and App in Licensee’s Facilities and Licensee shall post any marketing materials, signs, and other materials provided by Licensor or GLDH for the purpose of advertising the Site and App.

7. **TERM**

7.1 The Technology License granted herein shall be a perpetual licensed subject to Section 1.3 of this Agreement.

7.2 This Agreement and the Term License granted hereunder will commence on the Effective Date, continue in full force and effect for a minimum of two (2) years following the Effective Date of this Agreement for the LB Facility and two (2) years following the opening of the SD Facility for business to the public, unless and until terminated in accordance with the provisions of Sections 7.3 or 7.4 hereof (the “Term”).

7.3 This Agreement and the Term License granted hereunder may be terminated by Licensor and/or GLDH:

- (a) by giving Licensee written notice of termination in the event Licensee becomes insolvent, commits an act of bankruptcy, or makes an assignment for the benefit of creditors, or if a receiver or receiver-manager is appointed for Licensee or for any of its assets, or if any proceeding in bankruptcy, receivership, winding up, or liquidation is initiated in respect of Licensee, or if Licensee ceases to carry on business;

- (b) by giving Licensee written notice of termination in the event Licensee fails to meet and maintain the standards set forth in Section 2 to Licensor's reasonable satisfaction;
- (c) by giving Licensee written notice of termination in the event Licensee violates any applicable state or local law or regulation relating to the operation of any Facilities branded as a "ShowGrow" facility; or
- (d) by giving Licensee written notice of termination in the event of the breach of any term or condition of this Agreement, which breach is not cured by Licensee within thirty (30) days after receiving notice of such breach.

Licensee will immediately notify Licensor in the event of the occurrence of an event referred to in Subsection 7.3(a) above.

7.4 This Agreement and the Term License may be terminated by Licensee:

- (a) by giving Licensor or GLDH, as applicable, written notice of termination in the event Licensor or GLDH become insolvent, commit an act of bankruptcy, or make an assignment for the benefit of creditors, or if a receiver or receiver-manager is appointed for Licensor or GLDH or for any of their assets, or if any proceeding in bankruptcy, receivership, winding up, or liquidation is initiated in respect of Licensor or GLDH, or if Licensor or GLDH cease to carry on business;
- (b) by giving Licensor and GLDH written notice of termination in the event of the material breach of any term or condition of this Agreement, which breach is not cured by Licensor or GLDH, as applicable, within thirty (30) days after receiving notice of such breach.

Licensor will immediately notify Licensee in the event of the occurrence of an event referred to in Subsection 7.4(a) above.

8. **EFFECT OF TERMINATION**

8.1 Upon expiration or termination of this Agreement for any reason:

- (i) Licensee will immediately discontinue use of the Trademarks and Rights (including the Site and App) and discontinue use in the Territories of corporate names, trading styles, business names and domain names containing the Licensed IP and any mark or name confusingly similar to the Trademarks; (ii) Licensee will immediately surrender to Licensor or destroy all materials in its possession or control bearing, using or referring to the Licensed IP; (iii) without limiting any other provision of this Agreement, all rights in the Licensed IP will remain the property of Licensor; and (iv) all rights granted to Licensee in the Technology License shall survive and continue indefinitely.

8.2 The provisions of Sections 4, 8, and 9 will survive expiration or termination of this Agreement.

9. **INDEMNIFICATION**

9.1 **Indemnification by Licensee.** Licensee hereby agrees to indemnify Licensor, GLDH, and their respective affiliates, and undertakes to defend Licensor and GLDH against and hold Licensor and GLDH harmless from any claims, suits, costs and expenses (including reasonable legal fees and expenses), liability, loss and damage arising out of: (a) any products liability claims; (b) operation of any Facilities branded as "ShowGrow" Facilities; (c) any breach of this Agreement by Licensee; (d) the breach of any of Licensee's representations, warranties, or covenants hereunder; (e) Licensee's negligence, gross negligence, or willful misconduct. Licensee agrees to notify Licensor and within three (3) business days after it receives notice of any claims which may give rise to indemnification obligations under this Section, and Licensee shall promptly assume Licensor's and GLDH's defense thereof, through counsel of Licensee's choosing. Licensor and GLDH shall also have the right to participate in the defense of any claim that includes Licensor or GLDH as a named party, using counsel of its choosing and at its expense. The settlement of any claim under this Section must be approved in writing and in advance by Licensor and GLDH.

9.2 **Indemnification by Licensor and GLDH.** Licensor, Airport and GLDH agree to indemnify Licensee, and its affiliates, and undertakes to defend Licensee, and its affiliates, against, and hold Licensee, and its affiliates, harmless from any claims, suits, costs and expenses (including reasonable legal fees and expenses), liability, loss and damage arising out of: (a) any breach of this Agreement by Licensor, Airport or GLDH; (b) the negligence, gross negligence, or willful misconduct of Licensor, Airport or GLDH; and (c) any claim that the Trademarks, Rights, and/or Technology constitute the infringement of the copyright, patent, trademark or service mark, or misappropriation of any trade secret, or any other intellectual, confidential, proprietary, personality, publication, attribution, endorsement right of any person or entity. Under no circumstances shall Licensor, Airport or GLDH be obligated to indemnify any third party to which Licensee delegates its obligations under this Agreement. Licensee shall not enter into any agreement with any third party to perform Licensee's obligations under this agreement until Licensee obtains the written agreement of that party to indemnify Licensor and GLDH to the same extent and on the same terms to which Licensee is obligated by this Agreement. Licensor and GLDH agree to notify Licensee within three (3) business days after it receives notice of any claims which may give rise to indemnification obligations under this Section, and Licensor and/or GLDH, as applicable, shall promptly assume Licensee's defense thereof, through counsel of Licensor's or GLDH's choosing, as applicable. Licensee shall also have the right to participate in the defense of any claim that includes Licensee as a named party, using counsel of its choosing and at its expense. The settlement of any claim under this Section must be approved in writing and in advance by Licensee.

10. **INFRINGEMENT**

10.1 During the Term, Licensee agrees that Licensee will promptly call to the attention of Licensor the use of a trademark by any third party which Licensee considers might be an infringement or passing off of any of the Trademarks or any other actions or uses which may reasonably be deemed to infringe upon any of the Intellectual Property. However, Licensor shall have the sole right to decide whether or not any action shall be brought against such third parties. In the event that Licensor decides action should be taken against such third parties, Licensor may take such action in its own name and Licensee agrees to cooperate fully with Licensor to whatever extent it is necessary to prosecute such action, all expenses being borne by Licensor and all damages which may be recovered being solely for the account of Licensor.

11. **ROYALTY AND PAYMENTS**

- 11.1 As consideration for the license and rights granted under this Agreement, Licensee covenants to pay to Licensor on a monthly basis for the first twelve (12) months of the Term only, three percent (3%) of the aggregate total Gross Revenue derived from the operation of the LB Facility ("Royalty"). There shall be no fees based on Gross Revenue derived from the SD Facility unless subsequently agreed to by the Parties in writing.

As used in this Agreement, "Gross Revenue" shall equal: (i) the full price billed by Licensee (prior to discounts or promotions) to its customers for sales of products at the LB Facility, subject only to the following deductions: (a) returns, refunds, credits, and allowances actually made or allowed for returns, or in lieu of returns, in the ordinary course of business, provided that such returns, refunds, credits and allowances are commercially reasonable and that Licensee provides documentation to Licensor for each such deduction, and (b) shipping costs, and sales or other taxes attributed to the sale of the products.

- 11.2 Licensee agrees to make each Royalty payment to Licensor in the manner and to the account(s) as may be directed by Licensor and GLDH from time to time acting reasonably, on or before the tenth (10th) day of each calendar month throughout the Term for the amounts owing for the immediately preceding calendar month and upon the termination of this Agreement for all earned but unpaid Royalties.
- 11.3 In the event of default by Licensee to pay any amount under this Agreement when due, Licensee shall pay interest on such balance at a rate of ten percent (10%) per annum until such balance has been paid.
- 11.4 Notwithstanding anything to the contrary in this Agreement, the Optional Services shall not be deemed included services under this Agreement and shall be compensable based on the rates and in the manner set forth in Schedule "C". Neither Licensor nor GLDH shall provide any Optional Services unless and until Licensee requests such Optional Services be provided, provided, however, that Licensor and GLDH may, from time to time, in their sole discretion, elect to provide certain Optional Services for no additional compensation, and provided further that such complementary Optional Services shall not affect Licensee's obligation to pay for similar Optional Services in the future.

12. **RECORDS AND AUDIT RIGHTS**

- 12.1 Licensee shall keep complete and accurate records of all information necessary to calculate the Royalty. These records shall be maintained in accordance with generally accepted accounting principles, and Licensee shall make these records available to Licensor and GLDH at such places where records are customarily kept by Licensee for inspection during normal business hours of Licensee. Licensee shall submit to Licensor with each Royalty payment a monthly Royalty report (each, a "Monthly Royalty Report"), specifying, at a minimum: (a) the time period covered by the Monthly Royalty Report; (b) the total number of products sold; (d) the total Gross Revenue of the LB Facility with a detailed breakdown of each product sold the relevant prices for each; and (e) the Royalty owed to Licensor for such calendar month.

- 12.2 Licensor and GLDH shall have the right, subject to the limitations of state law applicable to licensed entities, to have audited the records of Licensee, to establish compliance with this Agreement, by an independent firm of Certified Public Accountants or equivalents selected by Licensor upon giving Licensee reasonable notice of such audit. The audit shall take place during regular business hours of Licensee. Such an audit may be conducted (i) once per year, or once per quarter if Licensor has given reasonable notice of a breach of the provisions of this Agreement and the breach has not been cured, and (ii) on termination of this Agreement.
- 12.3 If any investigation by an auditor appointed by Licensor or GLDH results in a determination that Licensee has paid more than the amount required under this Agreement, such excess shall be immediately refunded or credited against future amounts payable, at the sole option of Licensor and GLDH. If the investigation results in a determination that Licensee has paid less than the amount required under this Agreement, resulting in a deficiency, then Licensee shall forthwith pay:
- (a) such deficiency; and
 - (b) the cost of the audit if:
 - (i) such deficiency is at least five percent (5%) of the amount that was actually owed, or
 - (ii) the investigation by the auditor results in a determination that the records of Licensee were inadequate to permit the determination of the amounts required to be paid under this Agreement.

13. **CONFIDENTIAL INFORMATION**

- 13.1 "Confidential Information" means information, in whatever form, that is not generally available to third parties or the public including, without limiting the generality of the foregoing, financial, commercial, scientific or technical information disclosed by one Party to the other Party including (without limitation): (i) proprietary products or services, related technology, ideas and algorithms, all research, data, specifications, plans, drawings, prototypes, models, tooling, documents, recordings, instructions, manuals, papers, know-how including, but not limited to know-how, inventions, techniques, processes, methods of doing business; (ii) trade secrets; (iii) a Party's technical, business or financial information and plans, business practices and strategies, business plans, contracts, purchase requirements, business plans, forecasts and market strategies, production processes, product specifications and formulas, methods, technical and product bulletins, data on equipment sold and serviced, surveys, and research and development programs; (iv) the terms of this Agreement; and (v) any item marked as confidential by the disclosing Party. Confidential Information does not include any information which is publicly available at the time of disclosure or subsequently becomes publicly available through no fault of the recipient Party, or is rightfully acquired by the recipient Party from a third party who is not in breach of an agreement to keep such information confidential

- 13.2 All Parties to this Agreement agree to keep Confidential Information provided to each other under this Agreement confidential and not to disclose it to any person or to use it for any purpose, except as may be necessary in the proper discharge of their obligations under this Agreement.
- 13.3 Confidential Information may only be disclosed as required to comply with binding orders of governmental entities or courts of law that have jurisdiction over it, provided that the receiving Party (i) gives the disclosing Party reasonable written notice to allow the disclosing Party to seek a protective order or other appropriate remedy, (ii) discloses only such information as is required by the governmental entity or the court of law, and (iii) uses commercially reasonable efforts, at the disclosing Party's cost and expense, to obtain confidential treatment for any of the disclosing Party's Confidential Information so disclosed.
- 13.4 Confidential Information may only be disclosed to those affiliates, employees and agents with a definable need to know it in connection with their work, and who are informed of its confidential nature.
- 13.5 The obligation not to disclose Confidential Information shall remain in perpetuity.
14. **INTENTIONALLY DELETED**
15. **INSURANCE**
- 15.1 During and throughout the Term of this Agreement, the Parties must maintain commercially reasonable insurance policies with a reputable insurance carrier in an amount and of the type consistent with similar businesses, naming the other Parties as additional insureds. Licensee shall provide copies of declarations pages of all such insurance policies to the requesting Party satisfying this Section 15.1 prior to branding of any Facility as a "ShowGrow" Facility, and Licensee or Licensor, GLDH or Airport shall notify the other Party (as applicable) within forty-eight (48) hours of any cancellation of, or change in, insurance coverage.
- 15.2 Product Liability Insurance. Without limiting the required policies under Section 15.1 above, during and throughout the Term of this Agreement, Licensee must maintain product liability insurance with respect to the all products it sells with a reputable insurance carrier in an amount consistent with similar businesses, naming Licensor and GLDH as additional insureds.

16. **GENERAL**

- 16.1 **Amendments**. No Party will claim any amendment, modification, or release from any provision hereof by mutual agreement, acknowledgement or acceptance, unless in writing signed by an authorized representative from each Party.
- 16.2 **Assignment**. This Agreement shall be binding upon and inure to the benefit of the respective Parties hereto, their heirs or legal representatives, successors and permitted assignees, but it is personal to Licensee which may not assign the whole or any part of it, except as specifically set forth herein, without Licensor's prior written consent.
- 16.3 **Entire Agreement**. This Agreement, including the Schedules, constitutes the entire agreement between the Parties in respect of the subject matter hereof and supersedes all previous representations, warranties, dealings, agreements, undertakings and expectations of the Parties whether provided verbally, in writing or in any other manner.
- 16.4 **Waiver**. No waiver of any provision of this Agreement is binding unless it is in writing and signed by the Party entitled to grant the waiver. No failure to exercise, and no delay in exercising, any right or remedy under this Agreement will be deemed to be a waiver of that right or remedy. No waiver of any default, breach or non-compliance of any provision of this Agreement will be deemed to be a waiver of any continuing or subsequent breach of that provision, whether of the same or any other nature
- 16.5 **Compliance with Laws**. The Parties hereto shall comply with all applicable laws, regulations, rules, orders, and other requirements, now or hereafter in effect, of any applicable governmental authority, in its performance of this Agreement, provided that the Parties acknowledge and agree that compliance with federal laws which prohibit the sale of cannabis and cannabis related products shall not be included under this Section 16.5.
- 16.6 **Currency**. All dollar amounts indicated herein are indicated in lawful currency of United States Dollars, and payments and amounts payable under this Agreement shall be in the lawful currency of United States Dollars.
- 16.7 **Jurisdiction and Disputes**. This Agreement shall be governed and construed in accordance with the internal laws of the State of California without giving effect to any choice or conflict of law provision or rule (whether of the State of California or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of California.
- 16.8 **Arbitration**. The Arbitration provision set forth in the Asset Purchase Agreement execute contemporaneously herewith is hereby incorporated by reference.
- 16.9 **Court Jurisdiction Preserved**. Notwithstanding the foregoing, Licensor may bring suit in any appropriate forum or court of competent jurisdiction to avoid irreparable harm or to preserve the status quo, or for any breach (or threatened breach) of infringement or misappropriation of its intellectual property rights, and the Parties hereby irrevocably submit and attorn to the original and exclusive jurisdiction of that court in respect of all of those matters.

16.10 Severability. If any provision of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired.

16.11 Notices. Any notice or other written communication required by this Agreement will be deemed given the next business day when delivered by email to the following addresses:

(a) Licensor:

Green Light District Management, LLC
[Address Line 1]
[Address Line 2]
Attention: David Barakett
Email: dave@showgrow.com

(b) GLDH:

[Address Line 1]
[Address Line 2]
Attention: David Barakett
Email: dave@showgrow.com

With a copy to:

Holley Driggs Walch Fine Puzey Stein & Thompson, Ltd.
400 South Fourth Street, Third Floor
Las Vegas, NV 89101
Attn: Cami Perkins
Email: cperkins@nevadafirm.com

(c) Licensee:

Body and Mind Inc.
[Address Line 1]
[Address Line 2]
Attention:

Email:

With a copy to:
Luke K. Stanton, a Professional Law Corporation
15260 Ventura Blvd. #1700
Sherman Oaks, CA 91403
Attn: Patrick Devine
Email: patrick@fronteralawgroup.com

- 16.12 Counterparts. This Agreement may be executed in two or more counterparts each of which will be deemed an original, all of which together constitute one and the same instrument.
- 16.13 Non-Solicitation. During the Term and for a period of two (2) years thereafter, no Party shall solicit, divert or hire, or attempt to solicit, divert or hire, any employee or agent of the other Parties without the prior written approval of such other Parties.
- 16.14 Negotiated Contract. This Agreement is the product of negotiation and shall not be construed as having been drafted by any particular Party.
- 16.15 Further Assurances. Subject to the conditions of this Agreement, the Parties hereto will, from time to time and at all times hereafter, at the request of the other Party(ies), do all such further acts and things, including executing and delivering all such further deeds, agreements, transfers, documents, assurances and instruments, as will be reasonably necessary in order to fully perform and carry out the terms and intent of this Agreement to document or evidence any of the transactions or events set out in this Agreement, and the Parties hereto will cooperate with each other in doing those acts and things.
- 16.16 Independent Legal Advice. Each Party acknowledges having been advised to obtain independent legal and professional advice prior to entering into this Agreement and by entering this Agreement that Party represents that it did obtain or had the opportunity to whatever independent legal and professional advice it considered appropriate and sufficient.
- 16.17 Time. Time is of the essence of this Agreement including in the performance of every obligation under this Agreement

[Signature Page to Follow]

IN WITNESS WHEREOF, the Parties hereto have caused their duly authorized representatives to execute this Agreement as of the Effective Date.

LICENSOR

Green Light District Management, LLC,
a Delaware limited liability company

By: Green Light District Holdings, Inc.,
a Delaware corporation
its Managing Member

By: /s/ David Barakett
Name: David Barakett
Title: President

Date: June 20, 2019

GLDH

Green Light District Holdings, Inc.,
a Delaware corporation

By: /s/ David Barakett
Name: David Barakett
Title: President

Date: June 20, 2019

LICENSEE

Body and Mind Inc.,
a Nevada corporation

By: /s/ Robert Hasman
Name: Robert Hasman
Title:

Date: June 20, 2019

SCHEDULE "A"

TRADEMARKS

Licensed Intellectual Property		
Serial No. (if applicable)	Title	Description
87058685	SHOWGROW	Business advice and information in the agricultural field; Business efficiency advice in the agricultural field; Systemization of information into computer databases; Advice in the running of establishments as franchises in the agricultural field; Business consulting services in the agricultural field; Services rendered by a franchisor, namely, assistance in the running agricultural enterprises; all the foregoing in the agricultural field.
87975172	SHOWGROW	Agricultural services, namely, soil sampling and crop observing for analysis purposes; Franchising services, namely, planning and design of information technology systems for business franchises; Computer services, namely, remote management of the information technology (IT) systems of others; Hosting an online community website featuring shared communications between community members interested in personal and small business computer information security; Planning, design and management of information technology systems; Professional consulting services and advice about agricultural chemistry. Agricultural services, namely, planting, growing, fertilizing, pruning and picking flowering plants for others; Agriculture and horticulture services, namely, plant selection and propagation of plants, plant material, and produce in connection with commercial rooftop soil farms; Pest control services for agriculture, horticulture and forestry.
87976709	SHOWGROW	Hats; shirts; shirts and short-sleeved shirts; sweatshirts; T-shirts; athletic shirts; graphic T-shirts; Henley shirts; hooded sweatshirts; hooded sweat shirts; knit shirts; long-sleeved shirts; open-necked shirts; polo shirts; short-sleeve shirts; short-sleeved shirts; short-sleeved or long-sleeved T-shirts; sleep shirts; sport shirts; sports shirts; sweat shirts; tee-shirts; wearable garments and clothing, namely, shirts; woven shirts. FIRST USE: 20151214. FIRST USE IN COMMERCE: 20151214. Bottled drinking water. FIRST USE: 20151214. FIRST USE IN COMMERCE: 20151214.

SCHEDULE "B"

OPTIONAL SERVICES

The following Optional Services may be requested from time to time by Licensee. These Optional Services will result in additional charges and fees as set forth pursuant to separate agreements.

- (a) Licensee due diligence related services;
- (b) Accounting review and audit services
- (c) Access to ShowGrow legal resources;
- (d) Access to ShowGrow internal Human Resources department (i.e. payroll, employee benefits, etc.);
- (e) Access to ShowGrow compliance team and resources;
- (f) Startup consultation for new facilities;
- (g) Ongoing training services (operations, sales, marketing, etc.);
- (h) Logistics services;
- (i) Security services;
- (j) Real estate services; and
- (k) New product development services.

SCHEDULE "C"

OPERATIONAL IP

The Operational IP License shall be perpetual and covers the following intellectual property of GLDH, Airport and Licensor that has been utilized in connection with the business being carried out at the LB Facility prior to the execution of this Agreement and the expiration or termination of the Term License:

1. Any customer data not transferred to Licensee in the Asset Purchase Agreement, including but not limited to customer relationships, prospective customer relationships, sales records, and any similar data or information;
 2. Any sales data, not transferred to Licensee in the Asset Purchase Agreement, including but not limited to customer and vendor data;
 3. Customer outreach programs and intake procedures;
 4. Exiting marketing, advertising and sales lists/databases;
 5. General operational data;
 6. Standard operating procedures;
 7. Policies, memorandum's and procedure manuals;
 8. Any POS System data not transferred in the Asset Purchase Agreement; and
 9. All technical information, knowhow, in whatever form, and all other materials, processes, and other confidential information used in connection with business operations.
-

**MANAGEMENT ASSIGNMENT AND
ASSUMPTION AGREEMENT**

This Assignment and Assumption Agreement (“**Agreement**”), dated as of June 19, 2019 (the “**Effective Date**”) is by and among Green Light District Holdings, Inc., a Delaware corporation (“**Assignor**”), NMG Long Beach, LLC, a California limited liability company (“**Assignee**”) and the Airport Collective Inc., a California non-profit mutual benefit corporation (the “**Remaining Party**”). Hereinafter, the Assignor, the Assignee and the Remaining Party are each individually referred to as a “**Party**” or together as, the “**Parties**”.

RECITALS

WHEREAS, the Remaining Party previously entered into a Management Agreement with SJK Services, LLC, a California limited liability company (“**SJK**”) on or around 2016 (the “**Original Management Agreement**”) granting SJK the exclusive right to manage the Remaining Party’s commercial cannabis retail facility located at 3411 E. Anaheim Street Long Beach, California 90804 (the “**Pollo Store**”);

WHEREAS, Assignor has been irrevocably assigned all rights and obligations in the Original Management Agreement pursuant to a certain Interim Management Agreement between Assignor and SJK executed on January 23, 2019 (the “**Assigned Agreement**”);

WHEREAS, the Assigned Agreement permits Assignor to designate a third-party to assume the management authority and responsibilities of the Pollo Store under the Assigned Agreement;

WHEREAS, the Assignor desires to assign to Assignee and delegate to Assignee all of its responsibilities and obligations pursuant to the Assigned Agreement;

WHEREAS, Assignee desires to accept such assignment and delegation of obligations under the Assigned Agreement in consideration for all rights under the Assigned Agreement; and

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

1. Definitions. Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned to such terms in the Assigned Agreement.

2. Assignment and Assumption.

a. **Assignment.** Assignor irrevocably sells, assigns, grants, conveys, and transfers to Assignee all of Assignor's rights, title, and interest in and to the Assigned Agreement.

b. Assumption. Assignee unconditionally accepts such assignment and assumes all of Assignor's duties, liabilities, and obligations under the Assigned Agreement, and agrees to pay, perform, and discharge, as and when due, all of the obligations of Assignor under the Assigned Agreement accruing on and after the Effective Date.

c. Substitution. The Parties intend that the Assignee be substituted for the Assignor. Remaining Party recognizes Assignee as Assignor's successor-in-interest in and to the Assigned Agreement. Assignee by this Agreement becomes entitled to all rights, title, and interest of Assignor in and to the Assigned Agreement in as much as Assignee is the substituted party to the Assigned Agreement as of and after the Effective Date. Remaining Party and Assignee shall be bound by the terms of the Assigned Agreement in every way as if Assignee is named in the novated Assigned Agreement in place of Assigning Party as a party thereto. Assignor represents and warrants that there is no payment or other liability of Assignor to Remaining Party which has accrued and remains outstanding as of the Effective Date.

d. Third-Party Obligations. Nothing set forth in this Agreement is intended to modify or alter the duties, obligations or responsibilities of any third-parties that are not signatories to this Agreement.

e. Bank Signatory. Upon execution of this Agreement, the Remaining Party shall name Assignee's representative, Stephen "Trip" Hoffman as the sole signatory on any and all bank accounts related to the Pollo Store.

3. Term. The term of this Agreement shall be for the term set forth in the Assigned Agreement.

4. Representations and Warranties.

a. Assignor Representations and Warranties. Assignor represents and warrants as follows:

- i. It is duly organized, validly existing, and in good standing under the laws of Delaware.
 - ii. It is qualified and licensed to do business and in good standing in every jurisdiction where such qualification and licensing is required for purposes of this Agreement.
 - iii. It has the full right, corporate power, and authority to enter into this Agreement and to perform its obligations hereunder.
 - iv. It has taken all necessary corporate action to authorize the execution of this Agreement by its representative whose signature is set forth at the end hereof.
-

v. When executed and delivered by it, this Agreement will constitute the legal, valid, and binding obligation of Assignor, enforceable against it in accordance with its terms and not subject to defenses.

vi. It is the sole legal and beneficial owner of all the rights under the Assigned Agreement on the Effective Date, free and clear of any lien, security interest, charge, or encumbrance.

vii. The Assigned Agreement has not been amended or modified as of the Effective Date.

viii. The Assigned Agreement is in full force and effect on the Effective Date. No event or condition has occurred that is, or with notice or passage of time would be, an event of default or termination under any of the Assigned Agreement. There are no material disputes pending or, to its knowledge, threatened related to any rights or obligations transferred by this Agreement.

ix. It has performed all of its obligations under the Assigned Agreement that are required to be performed on or before the Effective Date.

b. Remaining Party Representation and Warranties.

i. It is duly organized, validly existing, and in good standing under the laws of California.

ii. It has the full right, corporate power, and authority to enter into this Agreement and to perform its obligations hereunder.

iii. The Assigned Agreement has not been amended or modified as of the Effective Date.

iv. The Assigned Agreement is in full force and effect on the Effective Date. No event or condition has occurred that is, or with notice or passage of time would be, an event of default or termination under any of the Assigned Agreement. There are no material disputes pending or, to its knowledge, threatened related to any rights or obligations transferred by this Agreement.

4. Indemnification.

a. Indemnity of Assignee. Assignor hereby indemnifies and holds Assignee (along with its Representatives) harmless from any liability, cost or expense (including reasonable attorneys' fees) arising out of any claim asserted by a third party against Assignee which claim is based on a breach by Assignor of its obligations hereunder or pursuant to the Assigned Agreement and/or the gross negligence or intentionally wrongful acts or omissions of Assignor in the performance of its obligations and responsibilities under this Agreement or the Assigned Agreement. If Assignee seeks indemnification from Assignor, it shall give Assignor notice of such claim, and Assignee shall defend and settle such claim at its sole expense, provided that Assignee shall cooperate in such defense, and further provided that Assignee may elect to engage counsel to participate in such defense at its own expense.

b. Indemnity of Assignor. Assignee hereby indemnifies and holds Assignor (along with its officers, employees, agents, and managers) harmless from any liability, cost or expense (including reasonable attorneys' fees) arising out of any claim asserted by a third party against Assignor which claim is based on breach by Assignee of its obligation hereunder and/or the gross negligence or intentionally wrongful acts or omissions of Assignee in the performance of its obligations and responsibilities under this Agreement. If Assignor seeks indemnification from Assignee, it shall give Assignee notice of such claim, and Assignor shall defend and settle such claim at its sole expense, provided that Assignor shall cooperate in such defense, and further provided that Assignor may elect to engage counsel to participate in such defense at its own expense.

5. Confidential Information.

a. Confidential Information. Each Party acknowledges that, in connection with this Agreement, it will gain access to the other Party's Confidential Information. Each Party shall: (i) protect and safeguard the confidentiality of the other Party's Confidential Information with at least the same degree of care as such Party would protect its own Confidential Information, but in no event with less than a commercially reasonable degree of care; (ii) not use the other Party's Confidential Information, or permit it to be accessed or used, for any purpose other than to exercise its rights or perform its obligations under this Agreement; and (c) not disclose any such Confidential Information to any person or entity, except to its Representatives who are bound by written confidentiality obligations and have a need to know the Confidential Information to exercise its rights or perform its obligations under this Agreement. Notwithstanding the foregoing, each Party expressly acknowledges that it does not and will not have an ownership interest, whatsoever, in any of the other Party's Confidential Information, and shall have no right to use any of the other Party's Confidential Information except during the Term of this Agreement with the other Party's express written consent.

b. Disclosure of Confidential Information. Notwithstanding the foregoing, a Party may disclose the other Party's Confidential Information to the extent required to comply with applicable law, governmental regulations, or pursuant to an order of a court of competent jurisdiction, but even then, only upon sufficient advanced written notice to permit the non-disclosing Party to object, quash, or otherwise seek to avoid disclosure of the Confidential Information, should it choose to do so.

6. Miscellaneous. The Miscellaneous Section in the Asset Purchase Agreement entered into contemporaneous herewith by and between Assignee and the Airport Collective, Inc., a California non-profit mutual benefit corporation is hereby incorporated by reference.

[signature page follows]

IN WITNESS WHEREOF, the Parties hereto, intending to be legally bound hereby, have duly executed this Management Assignment as of the date set forth below.

Green Light District Holdings, Inc.
 (“**Assignor**”)

NMG Long Beach, LLC
 (“**Assignee**”)

By: /s/ David Barakett

By: /s/ Stephen ‘Trip’ Hoffman

Name: David Barakett

Name: Stephen ‘Trip’ Hoffman

Title: Authorized Signatory

Title: Authorized Signatory

Dated: June 20, 2019

Dated: June 20, 2019

The Airport Collective, Inc.
 (“**Remaining Party**”)

By: /s/ David Barakett

Name: David Barakett

Title: Authorized Signatory

Dated: June 20, 2019

BARAKETT CONSULTING AGREEMENT

This consulting agreement (“**Agreement**”) is made and entered into as of June 19, 2019 by and among NMG Long Beach, LLC, a California limited liability company (“**Company**”) and David Barakett, an individual (the “**Consultant**”).

WHEREAS, in order to achieve its corporate and business objectives, the Company desires to retain an experienced and knowledgeable management consultant who will be principally responsible for providing advisory services to the Company.

WHEREAS, subject to the terms and conditions hereof, the Consultant desires to provide such consulting services to the Company.

NOW THEREFORE BE IT RESOLVED, that in consideration and mutual covenants herein contained the parties hereto agree as follows:

1. SERVICES

1.1 The Company hereby engages and authorizes the Consultant to perform the following duties in accordance with the terms of this Agreement:

- (a) To provide advisory services to the Company as requested by the Managers of the Company and as agreed to by the Consultant.
- (b) Provide on-going advice concerning the best strategy to maximize value of the Company.
- (c) Provide advice and assistance to complete corporate transactions.

1.2 The Consultant’s hours of work shall be such as may be necessary to properly discharge the Consultant’s duties to the reasonable satisfaction of the Company when asked to do so by the management of the Company.

2. COMPENSATION TO THE CONSULTANT

2.1 Company shall pay to Consultant a total of Two Hundred Thousand Dollars (\$200,000.00) for the services to be provided by the Consultant as follows: (i) Fifty Thousand Dollars (\$50,000) is to be paid to Consultant upon execution of this Agreement (the “**Initial Payment**”); and (ii) Thirty Thousand Dollars (\$30,000.00) shall be payable on each of the one month, two month three month, four month, and five month anniversaries of the Initial Payment.

2.2 The Consultant will be responsible for all of the Consultant’s own expenses and costs, including the engagement of any support or office personnel, incurred in carrying out the Consultant’s duties, with the exception of those expenses stated in this Agreement that are the responsibility of the Company or unless expenses are agreed to in writing by management of the Company in advance of incurring such expenses and costs. The Consultant shall therefore not be an agent of the Company, and the Consultant’s authority to bind the Company shall be expressly limited as provided for herein.

2.3 The Company agrees to reimburse the Consultant upon presentation of invoices for reasonable expenses which may be pre-authorized by the Company from time to time.

3. RESPONSIBILITY OF THE CONSULTANT

3.1 The duties to be performed by the Consultant, as set forth in this Agreement, shall be performed to in a commercially reasonable manner and to the extent consistent with applicable law.

3.2 The Consultant is aware and acknowledges that all of the Consultant's activities shall be conducted in compliance with the all applicable laws and regulations of the applicable regulatory bodies under whose jurisdictions the Consultant's activities fall.

3.3 Notwithstanding anything contained herein, the Consultant, shall, in the performance of the Consultant's duties be, at all times, an independent contractor and the Consultant shall carry out such duties at the Consultant's own risk.

4. TERM

4.1 This Agreement will become effective from the Initial Payment date and shall continue until the final payment is made in accordance with Section 2.1.

5. SEVERABILITY

5.1 The Company and the Consultant hereby expressly agree that it is not the intention of either party to violate any public policy, statutory or common law, and that if any sentence(s), paragraph, clause, or combination of the same is in violation of the law of any jurisdiction where applicable, such sentence(s), paragraph, clause or combination of the same alone shall be void in the jurisdiction where it is unlawful, and the remainder of such paragraph and this Agreement shall remain binding upon the parties hereto. The parties further acknowledge that it is their intention that the provisions of this Agreement be binding only to the extent that they may be lawful under existing applicable laws, and in the event that any provision of this Agreement is determined by a court of law to be overly broad or unenforceable, the valid provisions shall remain in full force and effect.

6. DISCLOSURE OF CONFIDENTIAL INFORMATION

6.1 During the term of this Agreement, the Consultant will have access to confidential information consisting of the following categories of information (collectively, the "Trade Secrets"):

- (a) Financial information, such as the Company's earnings, assets, debts, prices, pricing structure, volumes of purchases or sales or other financial data, whether relating to the Company generally, or to particular products, services, geographic areas or time periods;
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- (b) Marketing information, such as details about ongoing or proposed marketing programs or agreements by or on behalf of the Company, performance forecasts or results of marketing efforts or information about impending transactions;
 - (c) Personnel information, compensation or other terms of employment, actual or proposed promotions, hiring, resignations, disciplinary actions, termination or reasons thereof, training methods, performance, or other information such as personal or medical histories; or
 - (d) Current shareholders lists, investors, contacts such as registered representatives/stockbrokers or potential investors, and officers and directors of the Company or any affiliated companies.
- 6.2 The Company and the Consultant shall consider their relationship as one of mutual trust and confidence with respect to the Trade Secrets. Therefore, during the term of this Agreement, and for a period of one year thereafter, the Consultant agrees to:
- (a) Except as subject to section 6.3 of this Agreement, hold all such information in confidence and not to divulge, communicate or transmit it to others, or make any unauthorized copy or use of such information in any capacity either personal or business related to that of the Company;
 - (b) Use the Trade Secrets only in the furtherance of proper Company-related reasons for which such information is disclosed or discovered; and
 - (c) Take all reasonable action that the Company deems necessary or appropriate to not allow unauthorized use or disclosure of the Company's Trade Secrets, and to protect the Company's interest in the Trade Secrets.
- 6.3 The provisions set forth in this Article 6, DISCLOSURE OF CONFIDENTIAL INFORMATION, do not apply to:
- (a) Information that has become public through disclosure of and by the Company;
 - (b) Information that, by means other than the Consultant's deliberate or inadvertent disclosure, becomes well known or easily ascertainable to the public or to companies that compete directly with the Company;
 - (c) Disclosure compelled by judicial or administrative proceedings; and
 - (d) Information already known by Consultant and/or Consultant's personnel.
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7. ENUREMENT AND NOTICES

- 7.1 The parties acknowledge that this Agreement shall be subject to approval of such regulatory authorities as may have jurisdiction over the transactions herein contemplated.
- 7.2 This Agreement shall enure to the benefit of and be binding upon the parties hereto, their respective legal personal representatives, successors and assigns. However, being in the nature of a personal service contract on the part of the Consultant, this Agreement shall not be assigned by the Consultant, nor shall the Consultant subcontract the performance of the Consultant's obligations under this Agreement, nor shall the obligations of the Consultant under this Agreement be performed by another, without the prior written consent of the Company.
- 7.3 Any notice to be given by either party to the other hereunder shall be sufficient if in writing and sent by facsimile, courier or mail to the following co-ordinates, or such other co-ordinates as either party may give to the other in writing.

8. EXCLUSIVITY

- 8.1 The Company acknowledges that the covenants set forth in the Agreement will not in any way preclude the Consultant from engaging in a lawful profession, trade or business of any kind or from becoming gainfully employed or retained, and furthermore, that during the term of this Agreement, the Company agrees that the Consultant is not bound exclusively to the Company, and may provide similar services to other public or private companies of the Consultant's choice.

9. MISCELLANEOUS

- 9.1 This Agreement shall be construed and enforced in accordance with the laws of the State of California.
- 9.2 Any reference herein to an "affiliate" of a person or Company shall include any majority-owned subsidiary of such person or Company, or any other person or Company who controls, is controlled by, or is under common control with, in each case indirectly, such person or Company.
- 9.3 If any provisions hereof shall be determined to be void or unenforceable, the remaining provisions hereof nonetheless remain in full force and effect.
- 9.4 This Agreement represents the entire agreement of the parties hereto with respect to the subject matter hereof and may not be modified, nor may any provisions hereof be waived, except in writing, duly executed by each party potentially adversely affected by any modification, and by each party waiving any rights hereunder.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the date first above written.

David Barakett
"Consultant"

NMG Long Beach, LLC
("Company")

/s/ David Barakett

David Barakett

By: /s/ Stephen 'Trip' Hoffman

Trip Hoffman
Authorized Signatory

CONTEMPORANEOUS LOAN

THIS LOAN AND SECURITY AGREEMENT (the "Loan Agreement") is made and entered into as this day of June 19, 2019 (the "Effective Date"), by and between Green Light District Holdings, Inc., a Delaware Corporation (the "Borrower"), and Body and Mind Inc., a Nevada Corporation (the "Lender").

RECITALS:

WHEREAS, the Borrower has previously received a loan from the Lender in the principal amount of Seven Hundred Twenty Six Thousand Seven Hundred Twenty Dollars (\$726,720.00) (subject to provision of back-up documentation) (the "Loan Amount") to fund certain business improvements and expansion needs of the Borrower's business operations; and

NOW, THEREFORE, in consideration of the mutual agreements contained herein and for other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Loan.

(a) Upon the terms and subject to the conditions hereof, on the Effective Date, the Lender has made a loan to the Borrower (the "Loan"), in the principal amount of the Loan Amount. The Loan is not revolving in nature and may not be repaid and reborrowed.

(b) The Loan made hereunder is evidenced by a promissory note, a copy of which is attached hereto as Exhibit A (as the same may be amended, modified, renewed or extended, the "Promissory Note"), duly executed by an authorized signatory of the Borrower and dated as of the date hereof.

(c) Interest on the principal amount of the Loan outstanding from time to time shall accrue from the date hereof until repaid in full at an annual rate equal to fifteen percent (15%), compounded quarterly. Interest on the Loan shall be computed on the basis of a three hundred sixty-five (365) day year and the actual number of days elapsed in the period during which such interest accrues. Interest on the Loan shall be due and payable on the Maturity Date as set forth in Section 2.

(d) The performance of the Borrower of its obligations under this Loan Agreement and the Promissory Note attached hereto as Exhibit A are secured pursuant to a certain Security Agreement by and between Borrower and Lender dated as the date hereof and in the form attached hereto as Exhibit B (the "Security Agreement"); and (the Security Agreement and the Loan Agreement, together with the Promissory Note and each other agreement, instrument or document designated by the Borrower and the Lender as a "Loan Document", collectively, as each may be amended, modified, renewed or extended, the "Loan Documents").

2. Payment Terms.

(a) Payment at Maturity. The principal amount of the Loan and all interest accrued thereon will be due and payable three (3) business days following the Closing as defined in the Asset Purchase Agreement entered into contemporaneously herewith between Airport Collective Inc. and Lender (the "Maturity Date").

(b) Place of Payment. All payments to be made to the Lender hereunder shall be made in the lawful money of the United States in immediately available funds. Payments of principal and interest shall be delivered to the Lender at the address to be specified by the Lender to the Borrower by prior written notice.

(c) Prepayment. The Borrower shall not pay any amounts due under the loan prior to the Maturity Date without first obtaining prior written consent of Lender.

(d) Release and Satisfaction Upon Complete Payment. Upon Lender's receipt of complete payment of the entire principal amount and all accrued interest on the loan, Lender shall timely execute an acknowledgement of release and satisfaction of the Loan Documents and surrender the Note as cancelled.

(e) Withholding Taxes. If any withholding taxes are or become payable in respect of principal, interest or any other amount payable by the Borrower under this Loan Agreement or the Promissory Note, (i) all such amounts payable by the Borrower shall be increased by the amount of the withholding taxes, (ii) the Borrower shall make such additions, (iii) the Borrower shall pay the full amount required to be paid to the relevant taxing authority or other authority in accordance with applicable law, and (iv) Borrower and Lender shall cooperate and use commercially reasonable efforts to obtain a refund of any such withholding taxes, and all amounts received in connection therewith shall be paid to the Borrower.

3. Conditions Precedent. The agreement of Lender to enter into these Agreement to be made on the Effective Date is subject to the satisfaction, or waiver by Lender immediately prior to or concurrently with the making of the Loan, of the following conditions precedent:

(a) Loan Documents. Lender shall have received a complete and duly executed copy of each Loan Document, in each case satisfactory in form and substance to the Lender in its sole discretion.

(b) Financing Statements. The Lender shall have received (i) financing statements in form appropriate for filing in the appropriate jurisdiction, (ii) results of lien searches conducted in the appropriate jurisdiction, and (iii) all other filings in respect of the Collateral (as defined below) as deemed appropriate by Lender. Lender acknowledges receipt and/or waives receipt of same on or before the Effective Date.

(c) Compliance with this Agreement. Borrower shall have performed and complied with all of its agreements and conditions set forth or contemplated herein in all material respects that are required to be performed or complied with by Borrower on or before the Effective Date.

(d) No Default. No Event of Default shall have occurred and be continuing on the Effective Date, or would exist after giving effect to the Loans, on the Effective Date.

4. Grant of Security Interest.

(a) Security Interest. The Borrower, as security for its obligations under the Loan Agreement, including the due and punctual payment in full of the Loan Amount and all accrued interest thereon, hereby grants, mortgages, pledges, assigns, transfers, sets over, conveys and delivers to the Lender a security interest in and to all of the Borrower's right, title and interest in the "Collateral" as such term is defined in the Security Agreement attached hereto as Exhibit B.

(b) Termination and Release. The security interests granted under the Security Agreement shall terminate when the entire Loan Amount plus any accrued and unpaid interest thereon has been paid in full and all rights in the Collateral shall revert to Borrower. Any termination of Lender's lien in the Collateral shall be at Borrower's sole cost and expense.

(c) Further Assurances. Without limiting the foregoing, until the time when the entire Loan Amount and all accrued and unpaid interest thereon has been paid in full, Borrower will deliver, or cause to be executed and delivered, to Lender such documents, agreements and instruments, and will take or cause to be taken such further actions which may be required by any requirement of law or which Lender may, from time to time, reasonably request to carry out the terms and conditions of this Loan Agreement and the other Loan Documents and to ensure perfection and priority of the liens created or intended to be created by the Loan Documents, all in form and substance reasonably satisfactory to Lender and all at the expense of the Borrower.

5. Events of Default.

(a) Definition. For purposes of this Loan Agreement, an “Event of Default” shall be deemed to have occurred if:

(i) Borrower fails to pay the Loan Amount, plus all accrued interest thereon (unless such interest has been forgiven), to the Lender on or prior to the Maturity Date;

(ii) Borrower fails to perform or observe any covenant set forth in Section 6;

(iii) Borrower shall (a) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or similar fiduciary of itself or of all or a substantial part of its property, (b) admit in writing its inability, or be generally unable, to pay its debts as they become due, (c) make a general assignment for the benefit of creditors, (d) commence a voluntary case under any state or federal bankruptcy or receivership laws (as now or hereafter in effect), (e) file a petition seeking to take advantage of any other law providing for the relief of debtors, (f) acquiesce to any petition filed against it in any involuntary case under such bankruptcy laws, or (g) take any action for the purpose of effecting any of the foregoing;

(iv) any lien created hereunder or provided for under any Loan Document for any reason ceases to be or is not a valid and perfected lien having a first priority interest; or

(v) termination or breach by the Borrower of any of the Loan Documents (other than this Agreement) or if Borrower any other party attempts to terminate, challenges the validity of, or its liability under, any Loan Document.

(b) Extension. The Borrower hereby expressly agrees that this Loan Agreement, or any payment hereunder, may be extended from time to time and that the Lender may accept security for this Loan Agreement or release security for this Loan Agreement, all without in any way affecting the liability of the Borrower hereunder.

6. Covenants.

(a) Until the Maturity Date, and thereafter until payment in full of the Loan Amount and all accrued interest thereon (unless forgive in accordance with this Agreement), Borrower agrees that it shall, unless Lender shall otherwise consent in writing:

(i) provide Lender information regarding Borrower’s financial condition, prospects and business as and when reasonably requested by Lender;

(ii) assist Lender in perfecting and protecting its security interests and liens under the Loan Documents and reimburse Lender for related costs it reasonably incurs to protect its security interests and liens;

(iii) promptly upon knowledge thereof, provide Lender notice of any material loss of, or damage to, any of the Collateral, or of any material adverse change in any of the Collateral; and

(iv) take any action as reasonably requested by Lender to carry out the intent of the Loan Documents.

(b) Until the Maturity Date, and thereafter until payment in full of the Loan, Borrower agrees that it shall not, unless Lender shall otherwise consent in writing:

(i) create, incur, assume or in any manner become liable in respect of (including, without limitation, through assumption, endorsement or guaranty), or suffer to exist any indebtedness other than the Loan

(ii) merge or consolidate or amalgamate with or into any other entity or take any other action having a similar effect, or make any acquisition of any entity;

(iii) declare, pay or make any dividend or distribution on the equity interests of the Borrower to any party other than Lender;

(iv) have instituted against Borrower any involuntary proceeding or case seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or protection of debtors or seeking the entry of an order for relief, or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets, rights, revenues or property.

7. Rights and Remedies.

(a) Upon the occurrence and during the continuation of an Event of Default, the Lender may, in addition to any other rights or remedies provided for hereunder or by applicable law, do any one or more of the following:

(i) declare all or any portion of the principal of, and any and all accrued and unpaid interest on, the Loan to be immediately due and payable, whereupon the same shall become and be immediately due and payable and the Borrower shall be obligated to repay all of such obligations in full, without presentment, demand, protest or further notice or other requirements of any kind, all of which are hereby expressly waived by the Borrower;

(ii) make any payments and do any acts it considers necessary to protect the Collateral and/or its security interest in the Collateral;

(iii) terminate this Loan Agreement or any of the other Loan Documents as to any future liability or obligation of the Lender, but without affecting any of the Lender's liens in the Collateral; and

(iv) exercise all other rights and remedies available to Lender under the Loan Documents or under applicable law, or in equity.

The foregoing to the contrary notwithstanding, upon the occurrence of an Event of Default described in Section 5(a)(iii), in addition to the remedies set forth above, without any notice to Borrower or any other person or entity or any act by the Lender, the full unpaid principal amount of the Loan and all accrued and unpaid interest thereon, shall automatically become and be immediately due and payable and the Borrower shall automatically be obligated to repay all of such amounts in full, without presentment, demand, protest or notice or other requirement of any kind, all of which are expressly waived by Borrower.

(b) The rights and remedies of the Lender under this Loan Agreement and the other Loan Documents shall be cumulative. The Lender shall have all other rights and remedies as provided under applicable law or in equity. No exercise by the Lender of one right or remedy shall be deemed an election, and no waiver by the Lender of any Event of Default shall be deemed a continuing waiver. No delay by the Lender in enforcing any rights hereunder shall constitute a waiver, election or acquiescence by it in the absence of a written waiver signed by the Lender.

8. Amendment and Waiver. Except as otherwise expressly provided herein, the provisions of this Loan Agreement may be amended only with the prior written consent of the Lender and the Borrower.

9. NO ASSIGNMENT OR TRANSFER. BORROWER SHALL NOT SELL, ASSIGN, TRANSFER, PLEDGE, HYPOTHECATE, MORTGAGE OR OTHERWISE ENCUMBER THIS LOAN AGREEMENT OR ANY OF ITS RIGHTS OR OBLIGATIONS HEREUNDER OR HEREIN WITHOUT THE PRIOR WRITTEN CONSENT OF LENDER, WHICH SHALL NOT BE UNREASONABLY WITHHELD. LENDER SHALL BE PERMITTED TO TRANSFER AND ASSIGN ITS RIGHTS UNDER THIS LOAN AGREEMENT WITHOUT THE PRIOR WRITTEN CONSENT OF BORROWER. THIS AGREEMENT IS BINDING ON BORROWER'S AND LENDER'S SUCCESSORS AND ASSIGNEES.

10. Fees and Expenses. Each party shall pay any and all fees, costs and expenses, including attorneys' fees, incurred by the party in connection with this Loan Agreement and the Promissory Note and the negotiation, execution and performance hereof; provided that the Borrower shall bear and pay all fees, costs and expenses, including attorneys' fees, incurred by Lender in (i) the collection of any amounts owed under this Loan Agreement or any other Loan Document, (ii) the perfection of any security interests or liens in favor of Lender on the Collateral, or (iii) the enforcement of this Loan Agreement or any other Loan Document.

11. Notices. All notices, requests and other communications made or given in connection with this Loan Agreement or any other Loan Document shall be in writing and, unless receipt is stated herein to be required, shall be deemed to have been validly given if delivered personally to the party that is to be addressed, or by reputable overnight carrier, or registered or certified mail, return receipt requested, or by e-mail or telecopy with the original forwarded by first-class mail, in all cases, with charges prepaid.

12. Governing Law. All questions concerning the construction, validity and interpretation of this Loan Agreement will be governed by and construed in accordance with the domestic laws of the State of California, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of California or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of California.

13. Waiver of Presentment, Demand and Dishonor. The Borrower hereby waives presentment for payment, protest, demand, notice of protest, notice of nonpayment and diligence with respect to this Loan Agreement, and waives and renounces all rights to the benefits of any statute of limitations or any moratorium, appraisalment, exemption, or homestead now provided or that hereafter may be provided by any federal or applicable state statute, including but not limited to exemptions provided by or allowed under the United States Bankruptcy Code, both as to itself and as to all of its property, whether real or personal, against the enforcement and collection of the amounts owed under this Loan Agreement and any and all extensions, renewals, and modifications hereof.

14. Business Days. If any payment is due, or any time period for giving notice or taking action expires, on a day which is a Saturday, Sunday, or legal holiday in the State of California, the payment shall be due and payable on, and the time period shall automatically be extended to, the next business day immediately following such Saturday, Sunday, or legal holiday, and interest shall continue to accrue at the required rate hereunder until any such payment is made.

15. Indemnification. Borrower agrees to indemnify, defend and hold the Lender harmless against: (a) all obligations, demands, claims, and liabilities (collectively, "Claims") claimed or asserted by any other party in connection with the making of the Loan or the repayment or collection thereof; and (b) all losses or expenses in any way suffered, incurred, or paid by the Lender as a result of, following from or arising from the making of the Loan or the repayment or collection thereof (including reasonable attorneys' fees and expenses), except for Claims and/or losses directly caused by the Lender's gross negligence or willful misconduct as determined in a final, non-appealable judgment of a court of competent jurisdiction.

16. WAIVER OF JURY TRIAL. EACH OF THE BORROWER AND THE LENDER IRREVOCABLY WAIVES ALL RIGHTS TO A TRIAL BY JURY IN ANY SUIT, ACTION, OR OTHER PROCEEDING INSTITUTED BY OR AGAINST SUCH PARTY IN RESPECT OF ITS OBLIGATIONS HEREUNDER OR THE TRANSACTIONS CONTEMPLATED HEREBY.

17. SUBMISSION TO JURISDICTION. EACH PARTY HERETO HEREBY IRREVOCABLY AND EXCLUSIVELY SUBMITS ITSELF TO THE JURISDICTION OF THE STATE COURTS OF THE STATE OF CALIFORNIA LOCATED IN THE COUNTY OF LOS ANGELES, FOR THE PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF OR BASED UPON THIS LOAN AGREEMENT, THE SUBJECT MATTER HEREOF OR ANY OTHER LOAN DOCUMENT. IN NO EVENT SHALL A CLAIM BE ADJUDICATED IN FEDERAL DISTRICT COURT. IN THE EVENT THAT EITHER PARTY COMMENCES A CLAIM IN FEDERAL DISTRICT COURT OR MOVES TO REMOVE SUCH ACTION TO FEDERAL DISTRICT COURT, THE PARTIES HEREBY MUTUALLY AGREE TO STIPULATE TO A DISMISSAL OF SUCH FEDERAL CLAIM WITH PREJUDICE. EACH OF THE BORROWER AND THE LENDER, TO THE EXTENT PERMITTED BY APPLICABLE LAW, HEREBY WAIVES, AND AGREES NOT TO ASSERT, BY WAY OF MOTION, AS A DEFENSE, OR OTHERWISE, IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT SUBJECT PERSONALLY TO THE JURISDICTION OF THE ABOVE-NAMED COURTS, THAT ITS PROPERTY IS EXEMPT OR IMMUNE FROM ATTACHMENT OR EXECUTION, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER OR THAT THIS LOAN AGREEMENT OR THE SUBJECT MATTER HEREOF OR ANY OTHER LOAN DOCUMENT MAY NOT BE ENFORCED IN OR BY SUCH COURT. EACH PARTY AGREES THAT ITS SUBMISSION TO JURISDICTION IS MADE FOR THE EXPRESS BENEFIT OF THE OTHER PARTY. FINAL JUDGMENT AGAINST A PARTY IN ANY SUCH ACTION, SUIT OR PROCEEDING SHALL BE CONCLUSIVE, AND MAY BE ENFORCED IN ANY OTHER JURISDICTION (A) BY SUIT, ACTION OR PROCEEDING ON THE JUDGMENT, A CERTIFIED OR TRUE COPY OF WHICH SHALL BE CONCLUSIVE EVIDENCE OF THE FACT AND OF THE AMOUNT OF INDEBTEDNESS OR LIABILITY OF THE OBLIGOR THEREIN DESCRIBED OR (B) IN ANY OTHER MANNER PROVIDED BY OR PURSUANT TO THE LAWS OF SUCH OTHER JURISDICTION.

18. Usury Laws. It is the intention of the Borrower and the Lender to conform strictly to all applicable usury laws now or hereafter in force, and any interest payable under this Loan Agreement shall be subject to reduction to the amount not in excess of the maximum legal amount allowed under the applicable usury laws as now or hereafter construed by the courts having jurisdiction over such matters. The aggregate of all interest (whether designated as interest, service charges, points, or otherwise) contracted for, chargeable, or receivable under this Loan Agreement shall under no circumstances exceed the maximum legal rate upon the unpaid principal balance of this Loan Agreement remaining unpaid from time to time. If such interest does exceed the maximum legal rate, it shall be deemed a mistake and such excess shall be canceled automatically and, if theretofore paid, rebated to the Borrower or credited on the principal amount of this Loan Agreement, or if this Loan Agreement has been repaid, then such excess shall be rebated to the Borrower.

19. Binding Effect. This Loan Agreement and all rights and powers granted hereby will bind and inure to the benefit of the parties hereto and their respective permitted successors and permitted assigns.

20. Severability. The provisions of this Loan Agreement and the Promissory Note are deemed to be severable, and the invalidity or unenforceability of any provision shall not affect or impair the remaining provisions which shall continue in full force and effect.

21. Integration. The Loan Documents contain the entire instrument governing the parties with respect to the subject matter hereof and supersedes all prior instruments or understandings, written or oral, in respect thereof.

22. Counterparts. This Loan Agreement may be executed in any number of counterparts (including by facsimile transaction), all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Loan Agreement by signing any such counterpart.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Loan Agreement (Limited Recourse) on the date first above written.

Body and Mind Inc.

LENDER:

/s/ Leonard Clough _____

Name: Leonard Clough

Title: Authorized Signatory

Date: June 20, 2019

Green Light District Holdings, Inc.

BORROWER:

/s/ David Barakett _____

Name: David Barakett

Title: Authorized Signatory

Date: June 20, 2019

EXHIBIT A TO SCHEDULE X

PROMISSORY NOTE

FOR VALUE RECEIVED, Green Light District Holdings, Inc., a Delaware Corporation (the "Borrower"), does hereby promise to pay to the order of Body and Mind Inc., a Nevada Corporation (the "Lender"), in lawful money of the United States of America in immediately available funds, an amount equal to the Loan Amount (as defined in the Loan Agreement), and to pay interest on the unpaid principal amount of the Loan Amount (unless such interest is forgiven as set forth in the Loan Agreement) from time to time outstanding hereunder in the amount set forth in the Loan Agreement, in like money, at such times as set forth in the Loan Agreement. Reference is made to the Loan Agreement dated as of the date hereof, by and between the Borrower and the Lender, to which this Promissory Note is attached as Exhibit A (as amended, supplemented, restated, renewed, extended or otherwise modified, the "Loan Agreement").

The Borrower and any and all endorsers of this Promissory Note and all other parties now or hereafter liable hereon severally waive grace, demand, presentment for payment, protest, notice of any kind not expressly provided for in the Loan Agreement or this Promissory Note (including, but not limited to, notice of dishonor or notice of protest) and diligence in collecting and bringing suit against any party hereto and agree to the extent permitted by applicable law (i) to all extensions and partial payments, with or without notice, (ii) to any substitution, exchange or release of any security now or hereafter given for this Promissory Note, and (iii) to the release of any party primarily or secondarily liable hereon. The non-exercise by the holder of any of its rights hereunder in any particular instance shall not constitute a waiver thereof in that or any subsequent instance.

This Promissory Note may be delivered in portable document format (.pdf) by facsimile or electronic mail.

This Promissory Note is the Promissory Note referred to in the Loan Agreement, and is entitled to the benefits of, and is secured by the security interests granted in, the Loan Agreement.

In the event of a conflict between this Promissory Note and the Loan Agreement, the provisions of the Loan Agreement will govern.

THIS PROMISSORY NOTE SHALL NOT BE SOLD, TRANSFERRED OR ASSIGNED, IN WHOLE OR IN PART, EXCEPT, IN THE CASE OF THE LENDER, TO ITS AFFILIATE UNDER COMMON CONTROL. AS EXPRESSLY PERMITTED BY THE LOAN AGREEMENT. THIS PROMISSORY NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA (WITHOUT REGARD FOR CONFLICTS OF LAWS PRINCIPLES) APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED WHOLLY WITHIN THE STATE OF CALIFORNIA.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

[SIGNATURE PAGE TO PROMISSORY NOTE]

IN WITNESS WHEREOF, the Borrower has executed this Promissory Note as of the date first set forth above.

BORROWER:

Green Light District Holdings, Inc.

By: /s/ David Barakett

Name: David Barakett

Title: Authorized Signatory

Exhibit B TO SCHEDULE X
SECURITY AGREEMENT

This security agreement (the "Security Agreement"), effective as of June 19, 2019 (the "Effective Date"), is made and entered into by and between Green Light District Holdings, Inc., a Delaware Corporation (the "Borrower"), The Airport Collective, Inc., a California Non-Profit Mutual Benefit Corporation (hereinafter either "Airport" or "Guarantor") (Borrower and Guarantor shall collectively be referred to as, the "Guarantors"), and Body and Mind Inc., a Nevada Corporation ("Secured Party").

WHEREAS, contemporaneously herewith, Secured Party and Borrower are entering into the Loan Agreement (the "Agreement") and Promissory Note (the "Note"), pursuant to which Borrower shall borrow the Loan Amount from Secured Party;

WHEREAS, as a condition to the Agreement, the Secured Party requires Guarantors to enter into this Security Agreement to grant Secured Party a security interest in the Collateral (as defined herein) in order to secure Borrower's obligations under the Agreement and the Note;

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the parties hereto agree as follows.

1. **Grant of Security Interest.** As collateral security for payment in full by Borrower of all amounts due under the Agreement, the Note and the other obligations to be performed under this Security Agreement, the Agreement and the Note (collectively, the "Obligations"), Borrower hereby grants to Secured Party a security interest in and on all of Borrower's right, title, and interest in and to all of the following collateral, whether now owned or hereafter acquired or existing (the "Borrower's Collateral"), and Guarantor, Airport Collective Inc., hereby grants to Secured Party a security interest in and on all of Guarantor's right, title, and interest in and to all of the following collateral that is owned by a certain commercial cannabis retail business located at 3411 East Anaheim Street, Long Beach, California 90802, whether now owned or hereafter acquired or existing (the "Guarantor's Collateral", collectively with the Borrower's Collateral shall be referred to as "Collateral"):

a. All Equipment, as defined in the California Uniform Commercial Code (the "UCC"), including, without limitation, equipment in all of its forms wherever located, including, without limitation, all machinery and other goods, furniture, furnishings, fixtures, office supplies, and all other similar types of tangible personal property and all parts thereof and all accessions thereto, together with all parts, fittings, special tools, alterations, substitutions, replacements, and accessions thereto (any and all such equipment, parts, and accessions being the "Borrower's Equipment");

b. All Inventory, as defined in the UCC, including, without limitation, inventory in all of its Forms, wherever located, including, but not limited to: (i) all raw materials and work in progress, finished goods, and materials used or consumed in manufacture or production; (ii) goods in which each Guarantor has an interest in mass or a joint or other interest or right of any kind (including, without limitation, goods in which each Guarantor has an interest or right as consignee); and (iii) goods which are returned to or repossessed by each Guarantor, and all accessions thereto and products thereof and all documents and documents of title relating to or covering any of the foregoing or any other assets (“Documents”) (any and all such inventory, accessions, products, and Documents being the “Inventory”);

c. All Accounts as defined in the UCC, including without limitation, accounts receivable, cash or cash equivalents, contract rights, chattel paper, instruments, acceptances, drafts, general intangibles, payment intangibles, letter-of-credit rights, commercial torts claims, commercial claims, deposit accounts, consignments, promissory notes and other obligations of any kind, whether or not arising out of or in connection with the sale or lease of goods or the rendering of services, together with all ledger sheets, files, records, and documents relating to any of the foregoing, including all computer records, programs, storage media, and computer software useful or required in connection therewith (the “Receivables”), and all rights now or hereafter existing in and to all security agreements, leases, and other contracts securing or otherwise relating to any such Receivables, and any and all such leases, security agreements, and other contracts (the “Related Contracts”);

d. All rights under all contracts or agreements to which each Guarantor is a party (other than contracts or agreements entered into which by their terms expressly prohibit the granting of any lien, charge, claim, or encumbrance of any nature whatsoever (“Lien”) thereon; Borrower shall use commercially reasonable efforts to ensure that all contracts and agreements entered into by each Guarantor during the term of this Agreement permit the attachment of the Lien provided for under this Agreement);

e. All right, title, and interest, in, to, and under, any accounts or deposit accounts maintained by each Guarantor at any bank or other financial institution;

f. All right, title, and interest, in, to, and under, any local or state licenses, permits or authorizations required for each Guarantor to conduct its business;

g. General intangibles as defined in the UCC, including without limitation, payment intangibles, software, good will, and tax refunds;

h. All other personal property of each Guarantor, including, without limitation, all other goods, documents, instruments, general intangibles, money, accounts, and chattel paper; and

i. All proceeds of any and all of the foregoing Collateral (including, without limitation, proceeds which constitute property of the types described in clauses (a) through (g) of this paragraph 1) and, to the extent not otherwise included, all payments under insurance (whether or not Secured Party is the loss payee thereof), or any indemnity, warranty, or guaranty, payable by reason of loss or damage to, or otherwise with respect to any of the foregoing items.

j. As further security, at Secured Party's election, Secured Party may record a lien on certain real property utilized in connection with each Guarantor's business.

Subject to any prior secured interest in the Collateral, the Collateral secures the prompt and complete payment when due of the outstanding principal and interest under the Agreement and the Note.

2. Representations and Warranties. Guarantors represent and warrant to Secured Party as follows:

a. Guarantors have full power and authority to execute, deliver, and perform this Security Agreement, which has been duly authorized by all necessary and proper corporate action.

b. This Security Agreement has been duly executed and delivered, and constitutes the legal, valid, and binding obligation of Guarantors, enforceable in accordance with its terms.

c. No effective security agreement, financing statement, equivalent security or Lien instrument, or continuation security agreement covering all or any part of the Collateral is on file or of record in any public office.

d. Guarantors have good title to and is the lawful owner of the Collateral, free from all claims, liens, encumbrances, charges, or security interests whatsoever except as otherwise granted by this Security Agreement.

e. All of the Equipment and Inventory: (i) were acquired in Guarantors' ordinary course of business; (ii) are in Guarantors' exclusive possession and control; (iii) are to be maintained and preserved by Guarantors in the same condition, repair, and working order as when new, ordinary wear and tear excepted; (iv) shall promptly be repaired, replaced, and otherwise improved by Guarantors promptly following any material loss or damage, provided that Secured Party shall be notified of such material loss or damage; (v) shall be located at Guarantors' principal place of business; (vi) in the event that the location of the Equipment or Inventory changes, Guarantors shall promptly provide notice to the Secured Party of such location change; (vii) shall be open to inspection by Secured Party during normal business hours; (viii) shall not be sold, assigned, leased, mortgaged, transferred, or otherwise disposed of by Guarantors, except in the ordinary course of business; and (ix) shall not become a part of or to be affixed to any real property of any person.

f. All of Guarantor's material Related Contracts are in full force and effect, and Guarantors and, to Guarantors' knowledge, the other contracting parties to each such Related Contract have performed in all material respects their respective obligations under each such Related Contract.

g. This Security Agreement creates a valid Lien and security interest in the Collateral, securing the payment of all amounts due under the Agreement and the Note, and, upon the filing of the related financing statement(s) in accordance with this Security Agreement, the Lien will be perfected, enforceable in accordance with its terms.

h. No authorization, approval, or other action by, and no notice to or filing with, any governmental or regulatory agency or authority is required: (i) for the grant by Guarantors of the security interest granted hereby; (ii) for the execution, delivery, or performance of this Security Agreement by Borrower; or (iii) for the perfection of or the exercise by Secured Party of its rights and remedies hereunder.

3. Covenants. Guarantors covenants and agrees that, until the Obligations are irrevocably satisfied in full or otherwise discharged:

a. Guarantors shall, at Guarantors' sole expense, promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary in order to perfect and protect any security interest granted hereby or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral, including, without limitation, providing, executing, filing, and/or recording any notice, financing statement, statement, instrument, document, or agreement necessary to create, preserve, continue, perfect, or validate any security interest granted hereunder or which is necessary to exercise or enforce the Secured Party's rights hereunder with respect to such security interest.

b. The Secured Party is authorized to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of Guarantors where permitted by law in a form as determined to be appropriate by Secured Party. A carbon, photographic, or other reproduction of this Security Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

c. Guarantors shall keep the Collateral insured for the benefit of the Secured Party against fire, theft, and such other hazards, and in amounts and with such insurance underwriters, as are prudent and customary in Guarantors' industry.

d. Guarantors shall defend the Collateral against all claims and demands of all persons (other than Secured Party) claiming an interest therein.

e. Guarantors shall not sell, assign, convey, grant, create, or suffer to exist any lien, claim, security interest, or encumbrance upon the Collateral in favor of any person other than the Secured Party.

f. Guarantors shall not otherwise transfer or dispose of any Collateral ("Transfer"), except for a Transfer, other than a security interest, made in the ordinary course of business for reasonably equivalent value.

4. Remedies. Upon the happening of an Event of Default, as defined in the Agreement and the Note, the Secured Party shall have, in addition to all other rights and remedies provided in this Security Agreement or otherwise, all the rights and remedies of a secured party on default under the UCC, including without limitation the right to take possession of the Collateral, and for that purpose the Secured Party may, so far as Guarantors can give authority therefor, enter upon any premises upon which Collateral may be situated and remove, take and carry away the same. Without limiting the generality of the foregoing, the Secured Party may immediately, without demand or performance and without notice of intention to sell or of time or place of sale or of redemption or other notice or demand whatsoever to Guarantors, all of which are hereby expressly waived, and without advertisement, sell the Collateral, or any part thereof, at public or private sale or otherwise, at any of Secured Party's offices or elsewhere, for cash, on credit, or for future delivery and upon such other terms as Secured Party may deem commercially reasonable, and after deducting from the proceeds of sale or other disposition of the Collateral all expenses (including all reasonable expenses for legal services), shall apply the residue of such proceeds toward the payment of the Obligations and other liabilities of Guarantors, Borrower remaining liable for any deficiency remaining unpaid after such application. If notice of any sale or other disposition is required by law to be given, Guarantors hereby agrees that a notice sent at least two (2) days before the time of any intended public sale or of the time after which any private sale or other disposition of the Collateral is to be made, shall be reasonable notice of such sale or other disposition. The Secured Party, in its discretion, may in its name or in the name of Guarantors, demand, sue for, collect, and receive any money, receivables, or proceeds included in the Collateral and extend the time of payment or otherwise modify any of the terms of or release Guarantors under any such Collateral, without thereby incurring responsibility to or discharging or otherwise affecting any liability of Guarantors. Guarantors shall pay to the Secured Party on demand any and all attorney's fees reasonably and necessarily incurred or paid by the Secured Party in protecting or enforcing the Obligations and the other rights of the Secured Party under this Security Agreement, including its right to take possession of and realize on Collateral.
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5. Power of Attorney. Guarantors authorize the Secured Party and does hereby make, constitute, and appoint the Secured Party and agents of the Secured Party with full power of substitution, as Guarantors' true and lawful attorney-in-fact with power, in its own name or in the name of Guarantors, upon the occurrence and continuance of any Event of Default, as defined in the Agreement and the Note, to endorse any notes, checks, drafts, money orders, or other instruments of payment (including, payments under or in respect of any policy of insurance) in respect of the Collateral that may come into possession of the Secured Party; to sign and endorse any documents relating to the Collateral; to pay or discharge taxes, liens, security interests, or other encumbrances at any time levied or placed on or threatened against the Collateral; to grant, collect, receipt for, compromise, settle, and sue for sums due in respect of the Collateral; and generally, to do at the Secured Party's option and at Guarantors' expense, at any time, or from time to time all acts and things which the Secured Party deems necessary to protect, preserve, and realize upon the Collateral and Guarantors' security interests therein in order to effect the intent of this Security Agreement, as fully and effectually as Guarantors might or could do; and Guarantors hereby ratify all that said attorney shall do or cause to be done by virtue hereof. THIS POWER OF ATTORNEY IS COUPLED WITH AN INTEREST AND SHALL BE IRREVOCABLE FOR AS LONG AS ANY OF THE OBLIGATIONS SHALL BE OUTSTANDING. Guarantors agree that any reasonable fees, costs, and expense incurred by the Secured Party pursuant to the foregoing authorization shall become part of the Obligations and be secured by the Collateral.
 6. Term of Security Agreement. The term of this Security Agreement shall commence on the date hereof and continue in full force and effect until all of the Obligations have been fully and indefeasibly paid and performed and such payment and performance has been acknowledged in writing by the Secured Party. At such time, this Security Agreement shall terminate, Secured Party shall release its security interests hereunder (and deliver and sign appropriate UCC termination statements), and the Collateral shall be reassigned to Guarantors.
 7. Indemnity and Expenses.
 - a. Borrower agrees to jointly and severally, indemnify Secured Party from and against any and all claims, losses, and liabilities arising out of or resulting from this Security Agreement (including, without limitation, enforcement of this Security Agreement), except claims, losses, or liabilities resulting from Secured Party's gross negligence or willful misconduct.
 - b. Guarantor agrees to, jointly and severally, will upon demand pay to Secured Party the amount of any and all expenses, including the reasonable fees and out of pocket disbursements of its outside legal counsel and of any experts and agents, which Secured Party may incur in connection with: (i) filing or recording fees incurred in connection with this Security Agreement; (ii) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any of the Collateral; (iii) the exercise or enforcement of any of the rights of Secured Party; or (iv) the material failure by Guarantors to perform or observe any of the provisions hereof. Secured Party shall not be liable to Guarantors for damages as a result of delays, temporary withdrawals of the Equipment from service, or other causes other than those caused by Secured Party's gross negligence or willful misconduct.
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8. Miscellaneous.

a. Continuing Security Interest; Transfer of the Note. This Security Agreement shall create a continuing security interest in the Collateral and shall: (a) remain in full force and effect until payment in full of all amounts due under the Note and Agreement; (b) be binding upon Guarantors, their successors and assigns; and (c) inure to the benefit of Secured Party and its successors, transferees, and assigns. Upon the payment in full of all amounts due under the Note, the security interest granted hereby shall terminate and all rights to the Collateral shall revert to Guarantors. Upon any such termination, Secured Party will, at Guarantors' expense, execute and deliver to Guarantors such UCC termination statements and such other documentation as Guarantors shall reasonably request to affect the termination and release of the Liens on the Collateral.

b. No Third-Party Beneficiaries. This Security Agreement shall not confer any rights or remedies upon any person other than the parties and their respective successors and permitted assigns.

c. Succession and Assignment. This Security Agreement shall be binding upon and inure to the benefit of the parties named herein and their respective successors and permitted assigns. No party may assign the Note, this Security Agreement, or any of the rights, interests, or obligations thereunder or hereunder without the prior written approval of the other party.

d. Entire Agreement. This Security Agreement (including the documents referred to herein) constitutes the entire agreement among the parties and supersedes any prior understandings, agreements, or representations by or among the parties, written or oral, to the extent they have related in any way to the subject matter hereof.

e. Counterparts. This Security Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

f. Headings. The section headings contained in this Security Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Security Agreement.

g. Notices. Each notice, request, demand, consent, confirmation or other communication under this Agreement shall be in writing and delivered in person or sent by electronic mail or facsimile or registered or certified mail, return receipt requested and postage prepaid, to the applicable party at its current address or email address or facsimile number or at such other address or email address or facsimile number as any party hereto may designate as its address for communications hereunder by notice so given. Such notices shall be deemed effective on the day on which delivered or sent if delivered in person or sent by electronic mail or facsimile (with answerback confirmation received), or on the third (3rd) business day after the day on which mailed, if sent by registered or certified mail.

h. Consent to Jurisdiction; Waiver of Jury Trial. SECURED PARTY AND GUARANTORS IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY COURT OF THE STATE OF CALIFORNIA SITTING IN LOS ANGELES COUNTY, IN ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT. SECURED PARTY AND GUARANTORS HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT TO SUCH SUIT, ACTION OR PROCEEDING MAY BE HELD AND DETERMINED IN ANY OF SUCH STATE COURTS. SECURED PARTY AND GUARANTORS IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH THEY MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT, AND SECURED PARTY AND GUARANTORS EACH FURTHER IRREVOCABLY WAIVES ANY CLAIM THAT SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. SECURED PARTY AND GUARANTORS EACH AUTHORIZES THE SERVICE OF PROCESS UPON THEM BY REGISTERED MAIL SENT TO THE PARTY AT ITS ADDRESS DETERMINED PURSUANT TO PARAGRAPH 8(G). THE GUARANTORS AND THE SECURED PARTY HEREBY IRREVOCABLY WAIVE THE RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY ACTION IN WHICH GUARANTORS AND THE SECURED PARTY ARE PARTIES RELATING TO OR ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER TRANSACTION DOCUMENTS.

i. Governing Law. This Agreement shall be governed by and construed in accordance with the substantive laws of the State of California (without reference to conflict of law principles).

j. Equitable Remedies. In the event of any actual or prospective breach or default by either party, the other party shall be entitled to equitable relief, including remedies in the nature of injunction and specific performance. All remedies hereunder are cumulative and not exclusive, and nothing herein shall be deemed to prohibit or limit either party from pursuing any other remedy or relief available at law or in equity for any actual or prospective breach or default, including the recovery of damages.

k. Amendments and Waivers. No amendment of any provision of this Security Agreement shall be valid unless the same shall be in writing and signed by both Guarantors and Secured Party. No waiver by any party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

l. Severability. Any term or provision of this Security Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

m. Construction. The parties have participated jointly in the negotiation and drafting of this Security Agreement. In the event an ambiguity or question of intent or interpretation arises, this Security Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Security Agreement.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement effective as of the Effective Date.

Body and Mind Inc.
(“Secured Party”)

By: /s/ Leonard Clough
Name: Leonard Clough
Title: Authorized Signatory

Dated: June 20, 2019

Green Light District Holdings, Inc.
(“Borrower”)

By: /s/ David Barakett
Name: David Barakett
Title: Authorized Signatory

Dated: June 20, 2019

Airport Collective, Inc.
(“Guarantor”)

By: /s/ David Barakett
Name: David Barakett
Title: Authorized Signatory

Dated: June 20, 2019

ASSIGNMENT AND FIRST AMENDMENT TO COMMERCIAL LEASE

This Assignment and First Amendment to Commercial Lease (this "**Amendment**") is entered into and effective as of June 13, 2019 (the "**Effective Date**") by and among GREEN ROAD, LLC, a California limited liability company ("**Landlord**"), David Barakett, an individual (the "**Guarantor**"), SGSD, LLC, a Nevada limited liability company ("**SGSD**"), and NMG SAN DIEGO, LLC, a California limited liability company ("**NMG**").

RECITALS

A. Landlord and SGSD are parties to that certain Commercial Lease dated December 1, 2018, (the "**Lease**"), whereby SGSD leases from Landlord that certain real property in San Diego, California, commonly known as 7625 Carroll Road, San Diego, California 92121 (APN: 343-100-35) and consisting of approximately 1.29 acres and all improvements thereon (including, without limitation, two small buildings and a parking area), as more particularly described in the Lease (the "**Premises**"). The Lease is guaranteed by Guarantor pursuant to that certain Guaranty of Lease dated December 1, 2018, (the "**Guaranty**").

B. SGSD desires to assign to NMG all of its right, title, and interest as Tenant under the Lease, and NMG desires to assume from SGSD all of its right, title, and interest as Tenant under the Lease, subject to the terms and condition of this Amendment.

C. Pursuant to Paragraph 21 of the Lease, Landlord's consent is required in connection with any assignment of Tenant's interests under the Lease.

D. SGSD and NMG have requested that Landlord consent to and approve the Assignment, and Landlord has agreed to consent to and approve the assignment, all on the terms and conditions set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby expressly acknowledged and agreed, in reliance on the above recitals, the parties do hereby agree as follows:

AMENDMENT

1. **Capitalized Terms.** Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Lease.

2. **Assignment.**

2.1 SGSD hereby grants, sells, transfers, conveys, assigns, and sets over unto NMG all of SGSD's right, title, and interest in and to the Lease and to the extent assignable, any and all subordination, non-disturbance and attornment agreements, estoppel letters, subleases, and any and all similar agreements, if any, executed by SGSD in connection with the Lease and/or the Premises, including but not limited to those set forth on Schedule 1 (collectively, the "**Property Agreements**").

2.2 **SGSD Consideration.** As consideration for the assignment set forth in Section 2.1 of this Amendment, NMG shall cause NMG's parent entity, Body and Mind, Inc., a Canadian Corporation (hereinafter "**BAM**"), to pay SGSD up to three (3) payments of shares in accordance with the Settlement and Release Agreement of even date herewith among BaM and its related entities and the Guarantor and his related entities.

2.3 NMG hereby assumes the Lease and agrees to perform all of the duties, obligations, covenants, conditions, and restrictions included in the Lease and the Property Agreements that are required to be performed by SGSD thereunder. NMG hereby agrees to pay, when due, all rents, taxes, insurance, assessments, utilities, costs, expenses, and any other sums due and payable under the Lease and Property Agreements accruing after the Effective Date. NMG shall cause BAM to assume the Guaranty and agree to perform all of the duties, obligations, covenants, conditions, and restrictions included in the Lease and the Property Agreements that are guaranteed by the Guarantor under the Guaranty.

2.4 **Representations of SGSD.** SGSD hereby represents and warrants to NMG that:

a. SGSD has full power and authority to enter into this Amendment and to assign the Lease and each Property Agreement.

b. This Amendment is valid, binding, and enforceable against SGSD in accordance with its terms.

c. SGSD has delivered to NMG a true, correct, and complete copy of the Lease and each Property Agreement. The Lease and Property Agreements are true, complete, and correct and constitute the entire agreement between the Landlord and SGSD with respect to the Premises and have not been amended, modified, supplemented, or assigned prior to the execution of this Amendment, except for such instruments as are identified on Schedule 1.

d. There are no promises, agreements, understandings, or commitments between Landlord and SGSD or SGSD and third parties relating to the Lease, the Property Agreements, or the Premises, other than those set forth in Schedule 1, that are not being terminated by SGSD on or prior to the Effective Date, without any continuing obligation on either NMG or the Premises.

e. The Lease and Property Agreements are valid and in full force and effect. To the best of its knowledge, neither Landlord nor SGSD or any third party is in default under the Lease or under any Property Agreement, and no event has occurred that, with the giving of notice, or passage of time, or both, would constitute such a default by Landlord or by SGSD or any other party thereto, and neither Landlord nor any other party has asserted any claim against SGSD.

f. To SGSD's knowledge, the "Landlord" (as defined in the recital above) is the owner of the Premises.

2.5 **Representations of NMG.** NMG hereby represents and warrants to SGSD that (i) NMG has full power and authority to enter into this Assignment and to assume the Lease and each Property Agreement, and (ii) this Amendment is valid, binding, and enforceable against NMG in accordance with its terms. NMG shall cause BAM to release Guarantor from the Guaranty to be assumed by BAM pursuant to Section 2.3 of this Amendment.

2.6 Representations of Landlord. In addition to and in no way limiting the representations and warranties of Landlord set forth in the Lease, Landlord hereby represents and warrants to NMG that upon execution and assignment of the Lease as set forth herein, NMG shall begin its term under the Lease in good standing. There have been no known defaults or lease violations prior to NMG's assignment for which the Landlord will hold NMG liable. In no event shall Landlord hold NMG liable for any past due taxes accrued in connection with the Premises prior to execution of this Agreement. Landlord shall release Guarantor from the Guaranty to be assumed by BAM pursuant to Section 2.3 of this Amendment.

2.7 Indemnity.

a. NMG shall indemnify, defend, and hold SGSD harmless from and against any and all claims, damages, liabilities, costs, and expenses caused by any breach or alleged breach of (i) any obligation to be performed by NMG, as Tenant under the Lease, or as a party to the Property Agreements, accruing after the Effective Date, or (ii) any of the representations, warranties, or agreements of NMG set forth herein.

b. SGSD shall indemnify, defend, and hold NMG harmless from and against any and all claims, damages, liabilities, costs, and expenses caused by any breach or alleged breach of (i) any obligation to be performed by SGSD and its predecessors, as Tenant under the Lease, or as a party to the Property Agreements, accruing on or prior to the Effective Date, or (ii) any of the representations, warranties, or agreements of SGSD set forth herein.

2.8 Consent.

Landlord consents to this assignment to NMG and further agrees that NMG shall be accepted as the "Original Tenant" as set forth in the Lease. Except as expressly set forth in this Amendment, Landlord's consent to assignment to NMG shall not be construed in any manner to modify, waive, or affect any of the provisions of the Lease restricting assignment or subletting, or to waive any breach or default by SGSD under the Lease, and neither SGSD nor any guarantor, shall be released from, and SGSD and all such guarantors shall be and remain liable for the performance and observance of all of the provisions of the Lease, including, without limitation, the payment of the Rent and all other sums now or hereafter due under the Lease, all as amended by this Amendment.

3. Landlord Consideration.

3.1 NMG shall pay to Landlord three (3) payments as set forth herein, for a total payment in the amount of Two Million Two Hundred Thirty-Three Thousand Seven Hundred Sixty-Five Dollars and 26/100 (\$2,233,765.26) ("**Landlord Consideration**") in cash and stock as follows:

a. **Payment 1.** The first payment shall be Seven Hundred Thousand Dollars (\$700,000.00) worth of vested BAM shares calculated upon execution of this Amendment at the maximum discount allowed by the Canadian Stock Exchange to be paid to Landlord immediately following execution of this Amendment, subject to the mandatory six (6) month exchange holding period (the "**Landlord Shares**").

b. Payment 2. The second payment shall be Seven Hundred Eighty-Three Thousand Seven Hundred Sixty-Five Dollars and 26/100 (\$783,765.26) in cash to be paid to Landlord via bank draft within five (5) business days of execution of this Amendment by all Parties; and

c. Payment 3. The third payment shall be Seven Hundred Fifty Thousand Dollars (\$750,000.00) in cash plus interest at the rate of five percent (5%) simple per annum accruing from the Effective Date to be paid to Landlord no later than five (5) business days of Landlord's receipt from the City of San Diego of a Conditional Use Permit allowing adult-use commercial cannabis storefront retail operations at the Premises.

Notwithstanding any provision in the Lease to the contrary, delivery of the Landlord Consideration shall fully satisfy any and all monetary obligations of SGSD related to Landlord's consent to the assignment of the Lease to NMG, including, without limitation, payment of any Sale Bonus due under Paragraph 21.1.2(b) of the Lease, any obligations with respect to the payment of the CUP Obligation under Paragraph 6.4 of the Lease. For the avoidance of doubt, no other payments shall be due or owing to Landlord by SGSD or NMG in connection with the assignment of the Lease to NMG and/or the CUP Obligation (which shall be deemed satisfied in full for all purposes under the Lease).

3.2 In the event NMG fails to timely pay the Landlord Consideration and such non-payment continues for a period of ten (10) business days following written notice to NMG, the Lease shall automatically terminate. The parties acknowledge and agree a default by failing to pay timely in accordance with this Section 3.2 shall be incurable. Landlord shall have all remedies under the Lease, arising at law or in equity, including, without limitation the right to recover the unpaid Landlord Consideration.

4. Amendment to Lease.

4.1 The beginning of Paragraph 3.2 of the Lease is amended as follows:

“Provided that Tenant is not in default under this Lease after the lapse of any applicable cure periods, and provided further that Tenant is in full occupancy of the Premises, Tenant shall have *three (3)* successive options (each a “Renewal Option”) to extend the Term of this Lease for the Premises for a period of five (5) years from the Expiration Date (“Renewal Option Term”).”

4.2 Paragraph 21.1.1 of the Lease is amended to include the following:

“Landlord hereby acknowledges that NMG is a subsidiary of BAM and BAM is a publicly traded company. For the purpose of clarity only and without limitation, the following transactions standing alone shall not trigger the Sale Bonus or be deemed an assignment requiring consent of the Landlord (collectively, the “**Excluded Transactions**”):

a. Affiliates. NMG may assign or sublet the Premises, or any portion thereof, with 30-day's notice to Landlord, to any entity which controls, is controlled by, or is under common control with NMG, provided that said affiliate assignee assumes, in full, the obligations of NMG under this Lease. Any such assignment shall not, in any way, affect or limit the liability of NMG under the terms of this Lease even if after such assignment or subletting the terms of this Lease are materially changed or altered without the consent of NMG, the consent of which shall not be necessary;

b. Personnel. Changes to NMG personnel, including but not limited to, management, directors and officers, and other employees, as applicable; or

c. Entity Name Change. Changes to NMG's legal entity name, the registration of one or more "doing business as" names, or any other change to the identity of the store; or

d. Sale of Membership. Any change in members representing less than fifty percent (50%) of the existing membership interest of NMG."

4.2. For a period commencing on the Effective Date and expiring on the earlier to occur of (a) eighteen (18) months following the Effective Date, or (b) the date that Tenant breaches or is in default under any provision of the Lease, as amended, Paragraph 21.1.2(b) shall be restated in its entirety as follows:

"(b) **Sale Bonus**. Subject to Paragraph 21.1.1 of the Lease, if Tenant seeks consent to assignment from Landlord in the context of a sale of Tenant's business, whether by sale of equity or sale of all or substantially all of Tenant's assets, Landlord shall consent to such assignee (subject to the reasonable conditions of 21.1.2(a) above) provided Landlord receives from assignee and Tenant an additional bonus amount ("**Sale Bonus**") at closing of the transaction equal to \$1,000,000. Such Sale Bonus shall be due in connection with the first two assignments triggering this obligation, and thereafter, assignments will not require payment of a Sale Bonus."

4.3 Paragraph 32.1 of the Lease is amended as follows to reflect the notice address of NMG:

Tenant:	NMG San Diego, LLC c/o Body and Mind, Inc. 2730 S. Harbor Blvd., Suite A Santa Ana, CA 92704 Attention: Stephen "Trip" Hoffman
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With a copy to:

Luke K. Stanton
a Professional Law Corporation 15260 Ventura Blvd., Suite 1700
Sherman Oaks, California 91403
Attention: Patrick D. Devine, Esq.

5. No Default. Landlord and SGSD affirm that as of the Effective Date, no breach or default by either party has occurred and is continuing under the Lease, all Rent is paid current, and SGSD has paid the Security Deposit to Landlord. If requested by another party hereto, the other parties shall execute an estoppel certificate confirming the same.

6. Further Assurances. Each of the undersigned is authorized to sign this Amendment and each of the parties hereto shall, and shall cause their respective affiliates to, execute and deliver such additional documents, instruments, conveyances, and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated hereby.

7. Ratification. The parties hereby ratify the Lease, and except as expressly modified by this Amendment, all terms, provisions, and conditions of the Lease shall remain unchanged and in full force and effect. To the extent of any inconsistency between the terms and provisions of this Amendment and the Lease, the terms and provisions of this Amendment shall control.

8. Entire Agreement. This Amendment and the Lease contain the entire understanding and agreement between the parties with respect to the matters amended herein.

9. Amendment and Modification. This Amendment may not be changed or modified orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, or modification is sought.

10. Governing Law. This Amendment shall be governed by, construed and enforced in accordance with the laws of the State of California.

11. Counterparts. For the convenience of the parties, this Amendment may be executed in one or more counterparts and by facsimile or electronic signatures, and each executed counterpart shall for all purposes be deemed an original and shall have the same force and effect as an original, but all of such counterparts together shall constitute in the aggregate but one and the same instrument.

12. Construction. This Amendment shall be construed as a whole and in accordance with its fair meaning and without regard to any presumption or rule requiring construction against the other party preparing this Amendment or any part hereof.

13. Attorneys' Fees. If any legal action or other proceeding is brought in connection with this Amendment, the successful or prevailing party, whether or not such party has instituted the action, shall be entitled to recover from the non-prevailing party reasonable attorneys' fees and other costs incurred in such action or proceeding, in addition to any other relief to which it may be entitled.

[Signature blocks on following page]

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have caused this Amendment to be signed by their duly authorized officers as of the Effective Date.

LANDLORD:

GREEN ROAD, LLC,
a California limited liability company

By: /s/ Rick Engebretsen
Print Name: Rick Engebretsen
Its: President

SGSD:

SGSD, LLC,
a Nevada limited liability company

By: /s/ David Barakett
Print Name: David Barakett
Its: Manager

NMG:

NMG SAN DIEGO, LLC,
a California limited liability company

By: /s/ Stephen 'Trip' Hoffman
Print Name: Stephen 'Trip' Hoffman
Its: Manager

David Barakett
("Guarantor"):

By: /s/ David Barakett

SCHEDULE 1

PROPERTY AGREEMENTS

[Lease to be inserted prior to execution]

COMMERCIAL LEASE

THIS COMMERCIAL LEASE (“**Lease**”) is made effective as of December 1, 2018 by and between Green Road, LLC, a California limited liability company (“**Landlord**”), and SGSD, LLC, a Nevada limited liability company (“**Tenant**”).

1. PREMISES

Landlord leases to Tenant and Tenant leases from Landlord, upon the terms and conditions set forth in this Lease, that certain real property situated in the County of San Diego, State of California, commonly known as 7625 Carroll Road, San Diego, California 92121, assessor’s parcel number 343-100-35, including all land and all improvements therein, and as detailed on Exhibit “A” (“**the Premises**”). The Premises consist of approximately 1.29 acres and include two small buildings (collectively the “**Building**”) and a parking area.

2. POSSESSION AND LEASE COMMENCEMENT

2.1 Possession Date. At execution of this Lease, Landlord shall grant Tenant access to the Premises and Tenant agrees to accept possession of the Premises effective as of December 1, 2018, to immediately construct Alterations (as defined in Paragraph 12) reasonably required to comply with the Regulations (as defined in Paragraph 4.3) and Tenant’s Permitted Use (as defined in Paragraph 4.1) pursuant to Paragraph 4.3, which date shall be referred to as the “**Possession Date**.” Tenant has inspected and accepts the Premises in its present condition, broom cleaned, and “as is.” Tenant represents that the Premises and improvements existing on the Premises are in good order, condition and repair as of the Possession Date. Tenant further acknowledges that no representations as to the condition or repair of the Premises nor promises to alter, remodel or improve the Premises have been made by Landlord or any agents of Landlord unless such are expressly set forth in this Lease.

2.2 Commencement Date. The “**Commencement Date**” shall be the date that is the earlier to occur of (a) the date on which Tenant’s Alterations pursuant to Paragraph 2.1 have been completed to such an extent that Tenant can lawfully commence its occupancy of the Premises, or (b) one-hundred twenty (120) days after the Possession Date.

3. TERM

3.1 Initial Term. The term of this Lease (“**Term**”) shall commence on the Commencement Date and continue in full force and effect through and until the Expiration Date, as defined below, or until this Lease is terminated as otherwise provided herein. To the extent that the actual Commencement Date is the first day of a calendar month, then the Expiration Date shall be the date immediately preceding the date which is sixty (60) months after the Commencement Date. Otherwise, the Expiration Date shall be the last day of the sixtieth (60th) month after the Commencement Date (“**Expiration Date**”).

3.2 Option To Renew. Provided that Tenant is not in default under this Lease after the lapse of any applicable cure periods, and provided further that Tenant is in full occupancy of the Premises, Tenant shall have two (2) successive options (each a “**Renewal Option**”) to extend the Term of this Lease for the Premises for a period of five (5) years from the Expiration Date (“**Renewal Option Term**”). The Renewal Options shall be on all of the same terms and conditions of this Lease, except as otherwise expressly provided below. Tenant may exercise the Renewal Option by delivering written notice to Landlord of its intention to so extend the Term of this Lease no earlier than six (6) months prior to the end of the Term and no later than three (3) months prior to the end of the Term (“**Renewal Option Exercise Period**”). The monthly Base Rent payable during the Renewal Option Term shall be equal to an amount agreed upon by Landlord and Tenant during the Renewal Option Exercise Period prior to Tenant’s exercise of the Renewal Option. If Landlord and Tenant cannot agree to the monthly Base Rent payable during the Renewal Option Term, the monthly Base Rent payable shall be equal to one hundred three percent (103%) of the last month’s monthly Base Rent for the Term. For each lease year after the first lease year of each Renewal Option, Base Rent will increase based on increases in the CPI for San Diego County for the prior calendar year with the first lease year of the applicable Renewal Option being the base year; provided, however, in no event shall the increase be less than one percent (1%) or more than six percent (6%) each year. Landlord shall update Paragraph 6.1 accordingly. The rights contained in this Paragraph 3.2 are personal to the original Tenant (“**Original Tenant**”) and may only be exercised by Original Tenant, and may not be exercised by any assignee, sublessee or other transferee of Original Tenant’s interest in this Lease, except as expressly consented to in writing by Landlord.

3.3 Early Termination. Landlord and Tenant shall each have the option to terminate this Lease (“**Early Termination Option**”) upon thirty (30) days prior written notice to the other in the event of the threat of civil or criminal action being brought with just cause and reasonable likelihood of success against Landlord and/or Tenant by the United States Department of Justice in connection with Tenant’s operating activities. In the event the Lease is terminated pursuant to the exercise of the Early Termination Option, Landlord shall be entitled to retain any Rent payments made by Tenant up to the date of termination of this Lease.

4. USE

4.1 General. Tenant shall use the Premises for a lawful Medical Marijuana Consumer Cooperative or Marijuana Outlet pursuant to San Diego Municipal Code sections 42.1501 et seq. (as enacted on May 27, 2011 and thereafter amended) and uses incidental thereto (“**Permitted Use**”) and for no other purpose. Tenant agrees to use and occupy the Premises continuously during the Term for this purpose and for no other purpose without exception so that customer traffic and volume of business shall be maximized and so that overall tenant performance and Landlord’s potential for receiving Percentage Rent shall not be diminished.

4.2 Limitations. Tenant shall not permit any odors, smoke, dust, gas, substances, noise or vibrations to emanate from the Premises as a result of Tenant’s or Tenant’s employees, agents, customers, visitors, invitees, licensees, contractors, assignees and subtenants (each, a “**Tenant Party**”) and collectively, “**Tenant Parties**”) use thereof, nor take any action which would constitute a nuisance or would disturb, obstruct or endanger the Premises or any neighboring properties. Tenant shall not permit the smoking, ingestion, or other use of any Schedule I drugs as defined by the United States Controlled Substances Act on or about the Premises by Tenant Parties. Tenant shall not use or allow the Premises to be used for any immoral, improper or unlawful purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer the commission of any waste in, on or about the Premises. Tenant shall not allow any sale by auction upon the Premises, or place any loads upon the floors, walls or ceilings which could endanger the structure, or place any hazardous or harmful substances in the drainage system of the Premises.

4.3 Compliance With Regulations. Tenant shall at Tenant's sole cost and expense, promptly comply with all existing or future applicable municipal, state, federal (to the extent not inconsistent with municipal and state laws allowing Tenant to use the Premises for the Permitted Use), and other governmental statutes, rules, requirements, regulations, laws and ordinances, including zoning ordinances, regulations, and covenants, easements and restrictions of record governing and relating to the use, occupancy or possession of the Premises, or to the use, storage, generation or disposal of Hazardous Materials, as defined in Paragraph 37 of this lease, or to the collection, sorting, separation, and recycling of waste products, garbage, refuse, and trash (collectively "**Regulations**"). Tenant shall, at its sole cost and expense, subject to Paragraph 12, perform those Alterations reasonably required to comply with the Regulations and Tenant's Permitted Use, including, without limitation, laws and regulations pertaining to (i) the Americans with Disabilities Act of 1990, 42 U.S.C. § 12101 et seq., as amended ("**ADA**"); (ii) Hazardous Materials, as defined in Paragraph 37 of this Lease; (iii) applicable building codes and regulations, in effect as of the Commencement Date; and (iv) any requirements and tenant improvements mandated in connection with the City of San Diego Conditional Use Permit ("**CUP**") for operating the Permitted Use. If any governmental license or permit shall be required for the proper and lawful conduct of Tenant's use of the Premises and if the failure to secure such license or permit would, in any way, affect Landlord or the Premises, then Tenant, at Tenant's sole cost and expense unless otherwise stated, shall promptly procure and thereafter maintain, submit for inspection by Landlord, and at all times comply with the terms and conditions of, each such license or permit. Tenant shall, at its sole cost and expense, promptly comply with the requirements of any board of fire underwriters or other similar body now or hereafter constituted. Tenant shall not do or permit anything to be done in, on, under or about the Premises or bring or keep anything which will in any way increase the rate of any insurance upon the Premises or upon any contents therein or cause a cancellation of said insurance or otherwise affect said insurance in any manner. To the maximum extent allowed by law, Tenant shall indemnify, defend (by counsel reasonably acceptable to Landlord), protect and hold Landlord harmless from and against any loss, cost, expense, damage, attorneys' fees or liability arising out of the failure of Tenant to comply with any Regulations notwithstanding any conflicts of laws among such Regulations. Tenant's obligations pursuant to the foregoing indemnity shall survive the expiration or earlier termination of this Lease.

4.4 Contest Of Regulations. Tenant, at Tenant's sole cost and expense and after notice to Landlord, may contest, by appropriate proceedings prosecuted diligently and in good faith, the legality or applicability of any Regulations affecting the Premises provided that: (a) neither Landlord nor any Landlord Indemnitees (as defined in Paragraph 8.3) shall be subject to civil or criminal penalties, nor shall the Premises or any part thereof be subject to being condemned or vacated, nor shall the certificate of occupancy for the Premises or the Building be suspended or threatened to be suspended, by reason of non-compliance or by reason of such contest; (b) if Landlord or any Landlord Indemnitees may be subject to any civil fines or penalties or if Landlord may be liable to any independent third party as a result of such non-compliance, then before the commencement of such contest Tenant shall furnish to Landlord either (i) a bond of a surety company satisfactory to Landlord, in form and substance reasonably satisfactory to Landlord, and in an amount at least equal to one hundred twenty (120%) percent of Landlord's estimate of the sum of (A) the cost of such compliance, (B) the penalties or fines that may accrue by reason of such non-compliance (as reasonably estimated by Landlord), and (C) the amount of such liability to independent third parties, and shall indemnify Landlord (and any Landlord Indemnitees) against the cost of such compliance and liability resulting from or incurred in connection with such contest or non-compliance; or (ii) other security satisfactory in all respects to Landlord; (c) such non-compliance or contest shall not constitute or result in a violation (either with the giving of notice or the passage of time or both) of the terms of any mortgage, or if such mortgage conditions such non-compliance or contest upon the taking of action or furnishing of security by Landlord, such action shall be taken or such security shall be furnished at the expense of Tenant; and (d) Tenant shall keep Landlord regularly advised as to the status of such proceedings.

5. OPERATIONS

During the entire Term, Tenant shall continuously conduct Tenant's business in the Premises in the manner provided in Paragraph 4.1, and shall keep the Premises open for business every day during the entire Term for regular business hours; provided, however, that this provision shall not apply if the Premises are closed or Tenant's business is temporarily shut down for reasons as Landlord may approve in advance in writing.

6. RENT

6.1 Rent. All monetary obligations of Tenant under this Lease (except for any security deposit) shall be deemed to be "**Rent**." All Rent shall be due in advance on the first day of each calendar month and paid to Landlord in lawful money of the United States, without deduction or offset whatsoever (except as specifically set forth in this Lease), at 568 North Tulip Street, Escondido, California 92025, or to such other place as Landlord may from time to time designate in writing. If the obligation for payment of any portion of Rent commences on a day other than the first day of a month, then the amount shall be prorated and shall be paid on that same day on which the obligation commences.

6.2 Pre-Commencement Rent. Beginning on the Possession Date and continuing until the Commencement Date, Tenant shall pay to Landlord and Landlord shall receive, without notice or demand, "**Pre-Commencement Rent**" in the amount of \$12,000 per month. Pre-Commencement Rent shall be payable in monthly installments in advance on or before the first (1st) day of each calendar month, in lawful money of the United States, without deduction or offset whatsoever (except as specifically set forth in this Lease

6.3 Base Rent. Beginning on the Commencement Date, Tenant shall pay to Landlord and Landlord shall receive, without notice or demand throughout the Term, Base Rent as set forth in the table below ("**Base Rent**"). Notwithstanding anything to the contrary contained herein and provided that Tenant faithfully performs all of the terms and conditions of this Lease, Landlord hereby agrees to abate Tenant's obligation to pay Base Rent such that Base Rent shall be reduced to the amount of \$12,000 per month for the period from the Commencement Date until the first day of the calendar month immediately following the month in which the issuance of the CUP and commencement of business operations under the CUP occur. Upon expiration of this abatement period, Base Rent shall resume being paid in accordance with the table below per the applicable lease month. During this abatement period, Tenant shall still be responsible for the payment of all its other monetary obligations under this Lease including, without limitation, Tenant's obligation to pay Additional Rent. In the event of a default by Tenant under the terms of this Lease that results in early termination pursuant to the provisions of Paragraph 26.2 of this Lease, then as a part of the recovery set forth in Paragraph 26 of this Lease, Landlord shall be entitled to the recovery of the Base Rent that was abated under the provisions of this Paragraph 6. The amount of Base Rent abated pursuant to this paragraph may be referred herein as "**Abated Rent Amount**."

Lease Months	Monthly Base Rent
1-12	\$15,000.00
13-24	\$15,450.00
25-36	\$15,913.50
37-48	\$16,390.91
49-Expiration Date	\$16,882.63

6.4 Additional Rent. Commencing on the Possession Date, Tenant shall pay Landlord as additional Rent all amounts attributable to Real Property Taxes, as defined below. All monies other than Base Rent required to be paid by Tenant in this Lease, including, but not limited to, Pre-Commencement Rent, Real Property Taxes, as defined below, charges to be paid by Tenant under Paragraph 15, the interest and late charge described in Paragraphs 26.4 and 26.5, and any monies spent by Landlord pursuant to Paragraph 30, shall be considered additional rent ("**Additional Rent**"). Tenant shall also pay to Landlord as Additional Rent the aggregate amount of \$150,000.00 in consideration for Landlord's expenses incurred in pursuit of the CUP ("**CUP Obligation**") within one (1) year of the first day of the month following issuance of the CUP and commencement of business operations under the CUP. The amount of Additional Rent attributable to Real Property Taxes, as defined below, shall be paid monthly in an amount equal to 1/12th of the amount due in the applicable year (the amount due for any partial month or Lease year shall be prorated). Such amount shall be based on Landlord's written statement estimating such Real Property Taxes for the applicable year. If at the end of any Lease year, the amount paid by Tenant for Real Property Taxes is less than the amount of Real Property Taxes otherwise required to be paid by Tenant for such year (based on the actual amount of such Real Property Taxes for such year) the balance shall be paid by Tenant along with the next monthly installment of Rent under this Lease, and if the amount paid by Tenant for Real Property Taxes for such year is more than the amount of Real Property Taxes otherwise required to be paid by Tenant for such year, such amount shall be credited against the next installments of Rent payable under this Lease (if any such amounts remain owing by Landlord to Tenant after the termination of this Lease, such amounts shall be paid by Landlord to Tenant within twenty (20) days of the termination of this Lease).

6.5 Real Property Taxes. “Real Property Taxes” means and refers to all federal, state, county, or local government or municipal taxes, fees, charges, or other impositions of every kind or nature, whether general, special, ordinary, or extraordinary imposed in connection with the Premises. Real Property Taxes include taxes, fees, and charges such as real property taxes, general and special assessments, transit taxes, leasehold taxes, and taxes based on the receipt of rent (including gross receipts or sales taxes applicable to the receipt of rent, unless required to be paid by Tenant), and personal property taxes imposed on fixtures, machinery, equipment, apparatus, systems, appurtenances, and other personal property used in connection with the Premises or the Building, as the case may be along with reasonable legal and other professional fees, costs and disbursements incurred in connection with proceedings to contest, determine or reduce real property taxes. Notwithstanding the foregoing, the following shall be excluded from Real Property Taxes: all excess profits taxes, franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, estate taxes, federal, state, and local income taxes, and other taxes applied or measured by Landlord’s general or net income (as opposed to rents, receipts, or income attributable to operations at the Building).

6.6 Net Rent. This is a so-called “pure net” or “triple net” lease, and the Base Rent provided for herein is intended to be received in its entirety by Landlord without deduction, set-off, charge or other diminution in any way.

6.7 Percentage Rent. In addition to Base Rent and Additional Rent, commencing with the Commencement Date, Tenant also agrees to pay to Landlord, at the times and in the manner specified in this Lease, percentage rent (“Percentage Rent”) in the amount of three percent (3%) of Gross Sales. This computation shall be made with respect to each Lease Year; provided, however, that the Gross Sales made during the fractional month, if any, preceding the first Lease Year shall be included in the Gross Sales of that Lease Year. For any partial Lease Year (that includes any period shorter than a calendar year that precedes the termination of this Lease and any full Lease Year during which Tenant’s obligation to pay Base Rent has been abated, in whole or in part for any reason) the amount of annual Gross Sales in this Section shall be reduced by multiplying that amount by a fraction, the numerator of which is the total actual amount of Base Rent Tenant was obligated to pay during the partial Lease Year and the denominator of which is the total Base Rent Tenant would have been obligated to pay, on an average basis, had the partial Lease Year at issue been a full Lease Year or if the Base Rent for such Lease Year had not been abated, as applicable.

6.7.1 Lease Year. “Lease Year” means with respect to the first Lease Year, the period commencing on the first day of the first full calendar month after the Commencement Date (“Lease Year Commencement Date”) and ending on the day immediately preceding the anniversary of the Lease Year Commencement Date; and with respect to each succeeding Lease Year, the twelve (12) month period commencing on each anniversary of the Lease Year Commencement Date, provided that the last Lease Year shall end on the last day of the Term or on such an earlier date as this Lease is terminated in accordance with its terms.

6.7.2 Gross Sales. “Gross Sales” shall include (less the exceptions and authorized deductions in this Lease) all sales made and all cash and credit revenue of Tenant, including finance charges to customers, and in case of sales on credit whether or not payment is actually made, at, in, on, or from the Premises; the gross amount received by Tenant for merchandise sold pursuant to orders received in or from the Premises, though filled elsewhere; and the gross amount received by Tenant from all other sources of income derived from the business conducted on the Premises.

6.7.3 Sales Tax Excepted. There is excepted from Tenant’s Gross Sales the amount of all sales tax receipts required to be accounted for by Tenant to any government or governmental agency, but not the amount of any excise tax (except a consumer excise tax) or other governmental obligation in the nature of a tax on the privilege of doing business. There shall also be deducted from Tenant’s Gross Sales the amount of any actual refunds or credits made by Tenant for returned merchandise, provided the sale of such merchandise was previously included by Tenant in Tenant’s Gross Sales.

6.7.4 Records Requirements. Tenant shall record at the time of sale, in the presence of the customer, all receipts from sales or other transactions, whether cash or credit, in a cash register or registers having tape that accumulates and consecutively numbers all purchases. Tenant shall keep:

(a) full and accurate books of account and records in accordance with generally accepted accounting principles consistently applied, including, without limitation, a sales journal, general ledger, and all bank account statements showing deposits of Gross Sales revenue;

(b) all cash register receipts with regard to the Gross Sales, credits, refunds, and other pertinent transactions made from or on the Premises (including the Gross Sales of any subtenant, licensee, or concessionaire); and

(c) detailed original records of any exclusions or deductions from Gross Sales (including any exclusions or deductions from Gross Sales of any subtenant, licensee, or concessionaire).

These books, receipts, and records shall be kept for a period of two (2) years after the close of each Lease Year, and shall be available for inspection and audit by Landlord and Landlord's representatives at the Premises at all times during regular business hours. In addition, on request of Landlord or Landlord's representatives, Tenant agrees to furnish copies of Tenant's state and local sales and use tax returns.

6.7.5 Monthly Sales Statement. Within ten (10) days after the end of each calendar month, commencing with the tenth (10th) day of the month following the calendar month in which Tenant's obligation to pay Percentage Rent commences and ending with the tenth (10th) day of the month following the last month of the Term, Tenant shall furnish Landlord with a statement, to be certified as correct by Tenant or an employee of Tenant authorized so to certify, that sets forth Tenant's Gross Sales per Paragraph 6.7.2 for the month just concluded ("**Monthly Sales Statement**"), including any authorized exclusions and deductions. With each Monthly Sales Statement, Tenant shall pay to Landlord as Percentage Rent an amount equal to three percent (3%) multiplied by the amount of Tenant's Gross Sales for the month reported, adjusted as provided in Paragraphs 6.7 and 6.7.1 if appropriate.

6.7.6 Annual Sales Statement. Prior to the last day of the first (1st) month following the end of each Lease Year, Tenant shall furnish Landlord a statement of Tenant's annual Gross Sales made during the previous Lease Year, or any partial Lease Year, including any authorized deductions ("**Annual Sales Statement**"). Such Annual Sales Statement shall be certified as correct by Tenant, or if Tenant is a corporation or limited liability company, by an authorized officer or manager of Tenant. With each Annual Sales Statement Tenant shall pay to Landlord the amount of any additional Percentage Rent that is payable to Landlord, considering any installments of Percentage Rent paid by Tenant to Landlord during the previous Lease Year or partial Lease Year, as appropriate. If the Annual Sales Statement shows that during the previous Lease Year Tenant paid more Percentage Rent than it was obligated to pay under the terms of this Lease, the amount of this overpayment shall be applied to the next installment or installments of Percentage Rent due or, if the overpayment was in the last year of the Term, Landlord shall refund to Tenant the full amount of this overpayment within thirty (30) days of Landlord's receipt of the statement.

6.7.7 Audit. Once with respect to each Lease Year and within two (2) years after its end, whether during or after the Term, Landlord may cause an audit of Tenant's business by an independent accountant of Landlord's own selection, and if any monthly or annual statement of Gross Sales for the Lease Year made by Tenant to Landlord is found to be more than three percent (3%) less than the amount of Tenant's actual Gross Sales for the period covered by this statement, Tenant shall immediately pay to Landlord the cost of the audit and any additional Percentage Rent shown to be payable by Tenant, together with interest from the original due date at the rate of ten percent (10%) per annum; otherwise, the cost of this audit shall be paid by Landlord.

6.7.8 Default. If Tenant fails to provide to Landlord any Monthly Sales Statement or Annual Sales Statement at the time and in the manner specified in this Lease, this failure shall constitute a default under this Lease and Landlord shall have the right, in addition to any other rights or remedies it may have under this Lease, to conduct an audit to determine these sales, and Tenant shall immediately reimburse Landlord for the cost of the audit on written demand by Landlord. If any Monthly Sales Statement or Annual Sales Statement is found to be more than five percent (5%) less than the amount of Tenant's Gross Sales shown by this audit, the understatement shall be deemed willful and Landlord may terminate this Lease upon written notice given at any time within thirty (30) days after receipt of the audit by Landlord. If at any time Tenant causes an audit of Tenant's business at the Premises to be made by an independent accountant, Tenant shall furnish Landlord a copy of the report of this audit at no cost to Landlord, within ten (10) days after Tenant's receipt of the audit report.

6.7.9 Additional Rights. The acceptance by Landlord of any monies paid to Landlord by Tenant as Percentage Rent for the Premises as shown by any Annual Sales Statement furnished by Tenant shall not be an admission of the accuracy of the statement or of any of the monthly statements furnished by Tenant during the subject year, or of the sufficiency of the amount of Percentage Rent payments, but Landlord shall be entitled at any time within two (2) years from the end of the Lease Year for which any of the Percentage Rent payments have been paid to question the sufficiency of the amount paid and the accuracy of the statements furnished by Tenant to justify the amount Tenant shall, for each period of two (2) years, including the two (2) years following the end of the Term, keep safe and intact all of the records, books, and accounts required under Paragraph 6.7.4, and shall upon request make these records available to Landlord, Landlord's auditor, representative, or agent for examination at any reasonable time during this period.

6.7.10 Assignee/Subtenant Gross Sales. Wherever Tenant's business or operations, or Tenant's Gross Sales, or Tenant's records, books, accounts, and other data are referred to in this Lease, they shall be deemed to include those of any assignee, subtenant, concessionaire, licensee, vending machine operator, or other person, firm, or corporation selling merchandise or services on or from the Premises; provided that this subparagraph shall not be deemed to imply consent to the operations of any other person, firm, or corporation except in accordance with the provisions of Paragraph 21.

6.7.11 Business Operations. Tenant shall operate Tenant's business in the Premises with due diligence and efficiency so as to produce the maximum amount of Gross Sales that may be produced by this manner of operation. Tenant shall at all times carry a full and complete stock of seasonable merchandise offered for sale at competitive prices and shall maintain adequate personnel for the efficient service of its customers, provided that during a reasonable period of time prior to the normal termination of this Lease, Tenant may commence winding up its business in an orderly fashion.

6.7.12 Calculation After Default/Termination. If this Lease is terminated by Landlord because of Tenant's default, and if Tenant becomes liable for any deficiency in Percentage Rent by way of damages or otherwise, or if at any time during the Term, Tenant ceases to conduct in the Premises the business referred to in Paragraph 4.1, then from and after the time of the breach causing this termination, or from and after the time of the cessation of business, the Percentage Rent shall be deemed to be an amount based upon the average of the payments that have accrued to Landlord as Percentage Rent under this Paragraph 6.7 during the twenty-four (24) months preceding the termination or cessation of business, unless the termination or cessation occurs within three (3) years of the beginning of the Term, in which event the previous twelve (12) (or fewer, if applicable) months shall be used as the basis of this average.

6.7.13 In any case where Landlord has a cause of action for damages, Landlord shall have the privilege of splitting the cause to permit the institution of a separate suit for the Base Rent provided in Paragraph 6.3, and neither institution of any suit, nor the subsequent entry of judgment, shall bar Landlord from bringing another suit for the Percentage Rent provided in Paragraph 6.7; it being the purpose of this subparagraph to provide that the forbearance on the part of Landlord in any suit or entry of judgment for any part of the Rent reserved under this Lease, to sue for, or to include in any suit and judgment the Percentage Rent then due, shall not serve as defense against, nor prejudice a subsequent action for, the Percentage Rent. The claims for Base Rent and those for the Percentage Rent may be regarded by Landlord, if it so elects, as separate claims capable of being assigned separately.

6.7.14 Neither the provisions in Paragraph 6.7 for the computation of Percentage Rent, nor any one or more agreements contained in this Lease, is intended, deemed, or construed to create a partnership between Landlord and Tenant, to make them joint venturers, or to make Landlord in any way responsible for the debts or losses of Tenant.

7. RENT AND OTHER MONIES DUE UPON EXECUTION

- (1) Pre-Commencement Rent: \$12,000.00.**
- (2) Security Deposit: \$33,765.26 ("Security Deposit").**
- (3) Total Due upon Execution of this Lease: \$45,765.26.**

8. INSURANCE AND INDEMNIFICATION

8.1 Landlord's Insurance. All insurance maintained by Landlord shall be for the sole benefit of Landlord and under Landlord's sole control. Landlord, at Landlord's option, may (but shall have no obligation to) carry (i) insurance against loss of rent, in an amount equal to the amount of Base Rent and Additional Rent that Landlord could be required to abate to rent in the event of condemnation or casualty damage for a period of twelve (12) months; and (ii) liability insurance and such other insurance as Landlord may deem prudent or advisable, including, without limitation, liability insurance in such amounts and on such terms as Landlord shall determine. Landlord shall not be obligated to insure, and shall have no responsibility whatsoever for any damage to, any furniture, machinery, goods, inventory or supplies, or other personal property or fixtures which Tenant may keep or maintain in the Premises, or any leasehold improvements, additions or alterations within the Premises.

8.2 Tenant's Insurance. Tenant shall procure at Tenant's sole cost and expense and keep in effect from the date of this Lease and at all times until the end of the Term the following:

8.2.1 Fire, Vandalism, And Malicious Mischief Insurance. Property insurance insuring the Premises against damage or destruction due to risks including fire, vandalism, and malicious mischief, in an amount not less than the replacement cost thereof, in the form and with deductibles and endorsements, including extended coverage, as selected by Landlord.

8.2.2 Business Interruption And Property Insurance. Insurance covering personal property, fixtures, furnishings, equipment, and inventory of merchandise of Tenant located in the Premises and all improvements, additions or alterations made by or for Tenant to the Premises on an "all risk" basis, insuring such property for the full replacement value of such property, including "use and occupancy" and/or "business interruption" coverage.

8.2.3 Liability Insurance. Commercial General Liability insurance covering bodily injury and property damage liability occurring in or about the Premises or arising out of the use and occupancy of the Premises, and any areas adjacent thereto, and the business operated by Tenant or by any other occupant of the Premises. Such insurance shall include contractual liability coverage insuring all of Tenant's indemnity obligations under this Lease. Such coverage shall have a minimum combined single limit of liability of at least Two Million Dollars (\$2,000,000.00), and a minimum general aggregate limit of Three Million Dollars (\$3,000,000.00), with an "Additional Insured – Managers or Lessors of Premises Endorsement" and the "Amendment of the Pollution Exclusion Endorsement." All such policies shall be written to apply to all bodily injury (including death), property damage or loss, personal and advertising injury and other covered loss, however occasioned, occurring during the policy term, shall be endorsed to add Landlord and any party holding an interest to which this Lease may be subordinated as an additional insured, and shall provide that such coverage shall be "primary" and non-contributing with any insurance maintained by Landlord, which shall be excess insurance only. Such coverage shall also contain endorsements including employees as additional insureds if not covered by Tenant's Commercial General Liability Insurance. All such insurance shall provide for the severability of interests of insureds; and shall be written on an "occurrence" basis, which shall afford coverage for all claims based on acts, omissions, injury and damage, which occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period.

8.2.4 Workers' Compensation And Employers' Liability Insurance. Workers' Compensation Insurance as required by any Regulations, and Employers' Liability Insurance in amounts not less than One Million Dollars (\$1,000,000) each accident for bodily injury by accident; One Million Dollars (\$1,000,000) policy limit for bodily injury by disease; and One Million Dollars (\$1,000,000) each employee for bodily injury by disease.

8.2.5 Commercial Auto Liability Insurance. Commercial auto liability insurance with a combined limit of not less than One Million Dollars (\$1,000,000) for bodily injury and property damage for each accident. Such insurance shall cover liability relating to any auto (including owned, hired and non-owned autos).

8.2.6 Alterations Requirements. In the event Tenant desires to perform any Alterations (as defined in Paragraph 12 below) costing in excess of \$100,000.00, Tenant shall deliver to Landlord, prior to commencing such Alterations (i) evidence satisfactory to Landlord that Tenant carries "builder's risk" insurance covering construction of such Alterations in an amount and form approved by Landlord, and (ii) such other insurance as Landlord shall nondiscriminatorily require.

8.2.7 General Insurance Requirements. All coverages described in this Paragraph 8.2 shall be endorsed to (i) provide Landlord with thirty (30) days' notice of cancellation or change in terms; and (ii) waive all rights of subrogation by the insurance carrier against Landlord. If at any time during the Term the amount or coverage of insurance which Tenant is required to carry under this Paragraph 8.2 is, in Landlord's reasonable judgment, materially less than the amount or type of insurance coverage typically carried by owners or tenants of properties located in the general area in which the Premises is located which are similar to and operated for similar purposes as the Premises or if Tenant's use of the Premises should change with or without Landlord's consent, Landlord shall have the right to require Tenant to increase the amount or change the types of insurance coverage required under this Paragraph 8.2. All insurance policies required to be carried by Tenant under this Lease shall be written by companies rated A X or better in Best's Insurance Guide and authorized to do business in the State of California. In any event, the total deductible amounts under all insurance policies required to be carried by Tenant under this Lease shall not exceed Five Thousand Dollars (\$5,000) per occurrence. Tenant shall deliver to Landlord on or before the Commencement Date, and thereafter at least thirty (30) days before the expiration dates of the expired policies, certified copies of Tenant's insurance policies, or a certificate evidencing the same issued by the insurer thereunder; and, if Tenant shall fail to procure such insurance, or to deliver such policies or certificates, Landlord may, at Landlord's option and in addition to Landlord's other remedies in the event of a default by Tenant under this Lease, procure the same for the account of Tenant, and the cost thereof shall be paid to Landlord as Additional Rent.

8.3 Indemnification. To the maximum extent allowed by law, Tenant shall indemnify, defend by counsel reasonably acceptable to Landlord, protect and hold Landlord (or any successor) and each of their respective directors, shareholders, partners, lenders, members, managers, contractors, affiliates, and employees (collectively, "Landlord Indemnitees") harmless from and against any and all claims, liabilities, losses, costs, loss of rents, liens, damages, injuries or expenses, including reasonable attorneys' and consultants' fees and court costs, demands, causes of action, or judgments, directly or indirectly arising out of or related to, regardless of fault: (1) claims of injury to or death of persons or damage to property or business loss occurring or resulting directly or indirectly from the use or occupancy of the Premises by Tenant or Tenant's Parties, or from activities or failures to act of Tenant or Tenant's Parties; (2) claims arising from work or labor performed, or for materials or supplies furnished to or at the request of Tenant in connection with performance of any work done for the account of Tenant within the Premises; (3) claims arising from any breach or default on the part of Tenant in the performance of any covenant contained in this Lease; (4) claims arising from the negligence or intentional acts or omissions of Tenant or Tenant's Parties; and (5) claims arising from the broker fees in connection with this Lease. The foregoing indemnity by Tenant shall not be applicable to claims to the extent arising from the sole negligence or willful misconduct of Landlord. Landlord shall not be liable to Tenant and Tenant hereby waives all claims against Landlord for any injury to or death of or damage to any person or property or business loss in or about the Premises by or from any cause whatsoever (other than Landlord's sole negligence or willful misconduct) and, without limiting the generality of the foregoing, whether caused by water leakage of any character from the roof, walls, basement or other portion of the Premises, or caused by gas, fire, oil or electricity in, on or about the Premises, acts of God or of third parties, or any matter outside of the reasonable control of Landlord. The provisions of this Paragraph 8.3 shall survive the expiration or earlier termination of this Lease.

9. WAIVER OF SUBROGATION

Landlord and Tenant each waives any claim, loss or cost it might have against the other for any injury to or death of any person or persons, or damage to or theft, destruction, loss, or loss of use of any property ("**Loss**"), to the extent the same is insured against (or is required to be insured against under the terms hereof) under any property damage insurance policy covering the Premises, Landlord's or Tenant's fixtures, personal property, leasehold improvements, or business, regardless of whether the negligence of the other party caused such Loss. This release shall apply between the parties and shall apply to any claims under or through either of the parties as a result of any asserted right of subrogation. The policies of property insurance required by this Lease shall include a clause or endorsement waiving the insurer's right of subrogation against the other party.

10. LANDLORD'S REPAIRS AND MAINTENANCE

Landlord shall have no obligation to construct, install, maintain, repair, or replace any part of the Premises, any improvements in the Premises, nor shall Landlord be obligated to contribute to the cost of any improvements to the Premises constructed by Tenant. Notwithstanding the foregoing sentence, Landlord shall maintain the foundation of the Building and all structural and load-bearing walls of the Building (collectively, "**Structural Components**"). Tenant shall immediately give Landlord written notice of any defect or need of repairs in such components of the Premises for which Landlord is responsible, after which Landlord shall have a reasonable opportunity (i.e., no less than ten (10) business days) and the right to enter the Premises at all reasonable times to repair same. Landlord's liability with respect to any defects, repairs, or maintenance for which Landlord is responsible under any of the provisions of this Lease shall be limited to the cost of such repairs or maintenance, and there shall be no abatement of rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of repairs, alterations or improvements in or to any portion of the Premises, except as expressly provided in Paragraph 24 below.

11. TENANT'S REPAIRS AND MAINTENANCE

Tenant shall at all times during the Term, at Tenant's sole expense, maintain all non-Structural Components of the Premises, including the electrical, plumbing, sprinkler, or fire/life-safety systems serving the Premises, the heating, ventilating and air conditioning ("HVAC") systems serving the Premises, and all other portions of the Premises in a good, clean and secure condition and promptly make all necessary repairs and replacements, as determined by Landlord, including but not limited to, all workmanship of the same character, kind and quality as the original. If any maintenance performed by Tenant affects the Building's electrical, plumbing, sprinkler, or fire/life-safety systems, Tenant shall use only those contractors previously approved by Landlord for work on such systems, unless such use is impracticable as in the case of a life threatening situation. Any work performed by or on behalf of Tenant shall be performed in accordance with the provisions of this Lease governing repairs and alterations by Tenant. Tenant shall at Tenant's expense also perform regular removal of trash and debris. Tenant shall, at Tenant's expense, enter into a regularly scheduled preventative maintenance/service contract for the HVAC system servicing the Premises and shall provide a copy to Landlord promptly following the Commencement Date. In the event that Tenant does not comply with the foregoing obligation, Landlord shall have the right to enter into a scheduled preventative maintenance/service contract for the HVAC system following five (5) days notice to Tenant in which event the cost of such contract, together with an administrative fee not to exceed five percent (5%) of such contract amount, shall be billed to Tenant and shall be payable as Additional Rent under this Lease. Nothing herein shall expressly or by implication render Tenant Landlord's agent or contractor to effect any repairs or maintenance required of Tenant under this Paragraph 11, as to all of which Tenant shall be solely responsible.

12. ALTERATIONS

12.1 Tenant shall not make, or allow to be made, any alterations, physical additions, improvements or partitions, including without limitation the attachment of any fixtures or equipment, in, about or to the Premises ("**Alterations**") without obtaining the prior written consent of Landlord, which consent shall not be unreasonably withheld with respect to proposed Alterations which: (a) comply with all applicable Regulations; and (b) are, in Landlord's opinion, compatible with the Building and its building systems (e.g., mechanical, electrical, fire/life-safety, plumbing, and HVAC system or systems) or its Structural Components, and will not cause the Building or such systems to be required to be modified to comply with any Regulations (including, without limitation, the ADA). Specifically, but without limiting the generality of the foregoing, Landlord shall have the right of written consent for all plans and specifications for the proposed Alterations, construction means and methods, all appropriate permits and licenses, any contractor or subcontractor to be employed on the work of Alterations, and the time for performance of such work, and may impose rules and regulations for contractors and subcontractors performing such work. Notwithstanding the foregoing provisions of this Paragraph 12.1, Tenant may make any Alterations that (i) do not adversely affect the building systems (e.g., mechanical, electrical, fire/life-safety, plumbing, and HVAC system or systems) or the Structural Components of the Building, and (ii) cost less than Twenty-Five Thousand Dollars (\$25,000) in each instance, without Landlord's prior consent, provided that Tenant delivers notice to Landlord not less than thirty (30) days prior to the commencement of construction of any such Alterations. Tenant shall also supply to Landlord any documents and information reasonably requested by Landlord in connection with Landlord's consideration of a request for approval under this Lease. Tenant shall cause all Alterations to be accomplished in a good and workmanlike manner, and to comply with all applicable Regulations and Paragraph 27 hereof. Tenant shall at Tenant's sole expense, perform any additional work required under applicable Regulations due to the Alterations under this Lease. No review or consent by Landlord of or to any proposed Alteration or additional work shall constitute a waiver of Tenant's obligations under this Paragraph 12. Tenant shall reimburse Landlord for all costs which Landlord may incur in connection with granting approval to Tenant for, or reviewing a notice in connection with, any such Alterations, including any costs or expenses which Landlord may incur in electing to have outside architects and engineers review said plans and specifications. All such Alterations shall remain the property of Tenant until the expiration or earlier termination of this Lease, at which time they shall be and become the property of Landlord; provided, however, that Landlord may, at Landlord's option, require that Tenant, at Tenant's expense, remove any or all Alterations made by Tenant and restore the Premises by the expiration or earlier termination of this Lease, to their condition existing prior to the construction of any such Alterations. All such removals and restoration shall be accomplished in a good and workmanlike manner so as not to cause any damage to the Premises whatsoever. If Tenant fails to remove such Alterations or Tenant's trade fixtures or furniture or other personal property, Landlord may keep and use them or remove any of them and cause them to be stored or sold in accordance with applicable law, at Tenant's sole expense. Tenant shall be responsible for and shall pay prior to delinquency any taxes or governmental service fees, possessory interest taxes, fees or charges in lieu of any such taxes, capital levies, or other charges imposed upon, levied with respect to or assessed against its fixtures or personal property, on the value of Alterations within the Premises, and on Tenant's interest pursuant to this Lease, or any increase in any of the foregoing based on such Alterations. To the extent that any such taxes are not separately assessed or billed to Tenant, Tenant shall pay the amount thereof as invoiced to Tenant by Landlord.

12.2 In compliance with Paragraph 27 hereof, at least ten (10) business days prior to beginning construction of any Alteration, Tenant shall give Landlord written notice of the expected commencement date of that construction to permit Landlord to post and record a notice of non-responsibility. Upon substantial completion of construction, if the law so provides, Tenant shall cause a timely notice of completion to be recorded in the office of the recorder of the county in which the Premises are located.

13. SIGNS

Tenant may install and maintain such signage on the Premises as is consistent with the operation of a retail store and in compliance with applicable law, all Regulations and this Lease. Tenant's signs shall be constructed, installed, maintained and removed at Tenant's sole cost and expense. Any illuminated signage shall be controlled by the Tenant's time clock so as to be illuminated only during the normal operational hours of the Tenant's business. Tenant shall (i) maintain full replacement value property insurance for any and all sign structures constructed by Tenant and (ii) reimburse Landlord for any and all costs or expenses related to Tenant's signs to the extent paid by Landlord, which costs, expenses and/or fees shall constitute Additional Rent under this Lease. Tenant shall remove all such signs or graphics, and repair any resulting damage to the Premises on or prior to the expiration or any earlier termination of this Lease. Such installations and removals shall be made at Tenant's sole cost and expense and in such manner as to avoid injury to or defacement of the Premises and any other improvements contained therein, and Tenant shall repair any injury or defacement including without limitation discoloration caused by such installation or removal. Notwithstanding the foregoing sentence, Landlord may elect to retain any or all of Tenant's signage upon the termination or expiration of this Lease by delivering written notice to Tenant not less than ten (10) days prior to expiration of the Term.

14. INSPECTION/POSTING NOTICES

After reasonable notice, except in emergencies where no such notice shall be required, Landlord and Landlord's agents and representatives, shall have the right to enter the Premises to inspect the same, to clean, to perform such work as may be permitted or required under this Lease, including to complete and perform maintenance on the wells on the Premises, to make repairs, improvements or alterations to the Premises, to deal with emergencies, to post such notices as may be permitted or required by law to prevent the perfection of liens against Landlord's interest in the Premises or to exhibit the Premises to prospective tenants, purchasers, encumbrances or to others, or for any other purpose as Landlord may deem necessary or desirable; provided, however, that Landlord shall use reasonable efforts not to unreasonably interfere with Tenant's business operations. Tenant shall not be entitled to any abatement of Rent by reason of the exercise of any such right of entry. Tenant waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned thereby. Landlord shall at all times have and retain a key with which to unlock all of the doors in, upon and about the Premises, excluding Tenant's vaults and safes or special security areas (designated in advance), and Landlord shall have the right to use any and all means which Landlord may deem necessary or proper to open said doors in an emergency, in order to obtain entry to any portion of the Premises, and any entry to the Premises or portions thereof obtained by Landlord by any of said means, or otherwise, shall not be construed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an eviction, actual or constructive, of Tenant from the Premises or any portions thereof. At any time within six (6) months prior to the expiration of the Term or following any earlier termination of this Lease or agreement to terminate this Lease, Landlord shall have the right to erect on the Premises a suitable sign indicating that the Premises are available for lease.

15. SERVICES AND UTILITIES

15.1 Tenant shall contract for and pay directly when due, for all water, gas, heat, light, power, telephone, sewer, sprinkler charges, cleaning, waste disposal and other utilities and services used on or from the Premises, together with any taxes, penalties, surcharges or the like pertaining thereto, and maintenance charges for utilities and shall furnish all electric light bulbs, ballasts and tubes. If any such services are not separately billed or metered to Tenant, Tenant shall pay an equitable proportion, as determined in good faith by Landlord, of all charges. All sums payable under this Paragraph 15 shall constitute Additional Rent under this Lease.

15.2 Tenant acknowledges that Tenant has inspected and accepts the water, electricity, and other utilities and services being supplied or furnished to the Premises as of the date Tenant takes possession of the Premises, if any, as being sufficient in their present condition, "as is," for the Permitted Use, and for Tenant's intended operations in the Premises. Landlord shall have no obligation to provide electricity or any other services or utilities to the Premises. Tenant agrees to cooperate fully with Landlord and to abide by all of the regulations and requirements which Landlord may reasonably prescribe for the proper functioning and protection of the Premise's electrical systems.

15.3 Tenant shall not without written consent of Landlord use any apparatus, equipment or device in the Premises that will require additions or alterations to or interfere with the Premises existing power distribution systems; nor connect with electric current, except through existing electrical outlets in the Premises. Tenant shall pay directly to Landlord upon demand the cost of all such additional resources, energy, utility service and meters (and of installation, maintenance and repair thereof and of any additional circuits or other equipment necessary to furnish any additional resources, energy, utility or service). Landlord may add to the separate or metered charge a recovery of additional expense incurred in keeping account of the excess water, electric current or other resource so consumed. Except as specifically set forth below, Landlord shall in no case be liable for any damages directly or indirectly resulting from nor shall the Rent or any monies owed Landlord under this Lease herein reserved be abated by reason of: (a) the installation, use or interruption of use of any equipment used in connection with the furnishing of any such utilities or services, or any change in the character or means of supplying or providing any such utilities or services or any supplier thereof; (b) the failure to furnish or delay in furnishing any such utilities or services when such failure or delay is caused by acts of God or the elements, labor disturbances of any character, or otherwise, or because of any interruption of service due to Tenant's use of water, electric current or other resource in excess of that being supplied or furnished for the use of the Premises as of the date Tenant takes possession of the Premises; or (c) the inadequacy, limitation, curtailment, rationing or restriction on use of water, electricity, gas or any other form of energy or any other service or utility whatsoever serving the Premises otherwise; or (d) the partial or total unavailability of any such utilities or services to the Premises or the diminution in the quality or quantity thereof, whether by Regulations or otherwise; or (e) any interruption in Tenant's business operations as a result of any such occurrence; nor shall any such occurrence constitute an actual or constructive eviction of Tenant or a breach of an implied warranty by Landlord. Landlord shall further have no obligation to protect or preserve any apparatus, equipment or device installed by Tenant in the Premises, including without limitation by providing additional or after-hours heating or air conditioning. Landlord shall be entitled to cooperate voluntarily and in a reasonable manner with the efforts of national, state or local governmental agencies or utility suppliers in reducing energy or other resource consumption. The obligation to make services available under this Lease shall be subject to the limitations of any such voluntary, reasonable program. In addition, Landlord reserves the right to change the supplier or provider of any such utility or service from time to time. Landlord may, but shall not be obligated to, upon notice to Tenant, contract with or otherwise obtain any electrical or other such service for or with respect to the Premises or Tenant's operations therein from any supplier or provider of any such service. Tenant shall cooperate with Landlord and any supplier or provider of such services designated by Landlord from time to time to facilitate the delivery of such services to Tenant at the Premises, including without limitation allowing Landlord and Landlord's suppliers or providers, and their respective agents and contractors, reasonable access to the Premises for the purpose of installing, maintaining, repairing, replacing or upgrading such service or any equipment or machinery associated therewith.

16. SUBORDINATION

Without the necessity of any additional document being executed by Tenant for the purpose of effecting a subordination, this Lease shall be and is hereby declared to be subject and subordinate at all times to: (a) all ground leases or underlying leases which may now exist or hereafter be executed affecting the Premises and/or the land upon which the Premises are situated, or both; and (b) any mortgage or deed of trust which may now exist or be placed upon the Premises or the land upon which the Premises are situated, or said ground leases or underlying leases, or Landlord's interest or estate in any of said items which is specified as security. Notwithstanding the foregoing, Landlord shall have the right to subordinate or cause to be subordinated any such ground leases or underlying leases or any such liens to this Lease. If any ground lease or underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, Tenant shall, notwithstanding any subordination, attorn to and become the Tenant of the successor in interest to Landlord provided that Tenant shall not be disturbed in its possession under this Lease by such successor in interest so long as Tenant is not in default under this Lease. Within ten (10) days after request by Landlord, Tenant shall execute and deliver any additional documents evidencing Tenant's attornment or the subordination of this Lease with respect to any such ground leases or underlying leases or any such mortgage or deed of trust, in the form requested by Landlord or by any ground landlord, mortgagee, or beneficiary under a deed of trust, subject to such nondisturbance requirement. If requested in writing by Tenant, Landlord shall use commercially reasonable efforts to obtain a subordination, nondisturbance and attornment agreement for the benefit of Tenant reflecting the foregoing from any ground landlord, mortgagee or beneficiary, at Tenant's expense, subject to such other terms and conditions as the ground landlord, mortgagee or beneficiary may require. With respect to any mortgage or deed of trust encumbering the Premises, or any part of the Premises, as of the Commencement Date, Landlord shall use its reasonable best efforts to cause the holder of such encumbrance to agree (in a form required by the holder of such encumbrance) that so long as Tenant is not in default of its obligations under this Lease, this Lease will not be terminated and Tenant's possession of the Premises will not be disturbed by the termination or foreclosure, or proceedings for enforcement, of such encumbrance.

17. FINANCIAL STATEMENTS

At the request of Landlord in connection with the financing or disposition of the Premises, or any portion of the Premises, Tenant shall provide Landlord with Tenant's and any guarantor's current financial statements or other information discussing financial worth of Tenant and any guarantor, which Landlord shall use solely for purposes of this Lease and in connection with the ownership, management, financing and disposition of the Premises. Notwithstanding the foregoing, however, Tenant shall not be obligated to provide its financial statements or other financial information more than four (4) times within a period of twelve (12) months.

18. ESTOPPEL CERTIFICATE

Tenant agrees from time to time, within ten (10) days after request of Landlord, to deliver to Landlord, or Landlord's designee, an estoppel certificate stating that this Lease is in full force and effect, that this Lease has not been modified (or stating all modifications, written or oral, to this Lease), the date to which Rent has been paid, the unexpired portion of this Lease, that there are no current defaults by Landlord or Tenant under this Lease (or specifying any such defaults), that the leasehold estate granted by this Lease is the sole interest of Tenant in the Premises and/or the land at which the Premises are situated, and such other matters pertaining to this Lease as may be reasonably requested by Landlord or any mortgagee, beneficiary, purchaser or prospective purchaser of the Premises or any interest therein. Failure by Tenant to execute and deliver such certificate shall constitute an acceptance of the Premises and acknowledgment by Tenant that the statements included are true and correct without exception. Landlord and Tenant intend that any statement delivered pursuant to this Paragraph may be relied upon by any mortgagee, beneficiary, purchaser or prospective purchaser of the Premises or any interest therein. The parties agree that Tenant's obligation to furnish such estoppel certificates in a timely fashion is a material inducement for Landlord's execution of this Lease, and shall be an event of default (without any cure period that might be provided under Paragraph 26.1.3 of this Lease) if Tenant fails to fully comply or makes any material misstatement in any such certificate.

19. SECURITY DEPOSIT

Tenant shall deposit with Landlord upon execution hereof the nonrefundable Security Deposit as security for Tenant's faithful performance of its obligations under this Lease. If Tenant fails to pay Rent, or otherwise defaults under this Lease, Landlord may use, apply or retain all or any portion of said Security Deposit for the payment of any amount due Landlord or to reimburse or compensate Landlord for any liability, expense, loss or damage which Landlord may suffer or incur by reason thereof. If Landlord uses or applies all or any portion of the Security Deposit, Tenant shall within ten (10) days after written request therefor deposit monies with Landlord sufficient to restore said Security Deposit to the full amount required by this Lease. Should the Permitted Use be amended to accommodate a material change in the business of Tenant or to accommodate a sublessee or assignee, Landlord shall have the right to increase the Security Deposit to the extent necessary, in Landlord's reasonable judgment, to account for any increased wear and tear that the Premises may suffer as a result thereof. If a change in control of Tenant occurs during this Lease and following such change the financial condition of Tenant is, in Landlord's reasonable judgment, significantly reduced, Tenant shall deposit such additional monies with Landlord as shall be sufficient to cause the Security Deposit to be at a commercially reasonable level based on such change in financial condition. Landlord shall not be required to keep the Security Deposit separate from its general accounts. No part of the Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Tenant under this Lease.

20. LIMITATION OF TENANT'S REMEDIES

The obligations and liability of Landlord to Tenant for any default by Landlord under the terms of this Lease are not personal obligations of Landlord or of the individual or other partners of Landlord or its or their partners, directors, officers, or shareholders, and Tenant agrees to look solely to Landlord's interest in the Premises (including rents, issues, profits, proceeds, and other income arising from the Premises) for the recovery of any amount from Landlord, and shall not look to other assets of Landlord nor seek recourse against the assets of the individual or other partners of Landlord or its or their partners, directors, officers or shareholders. Any lien obtained to enforce any such judgment and any levy of execution thereon shall be subject and subordinate to any lien, mortgage or deed of trust on the Premises. Under no circumstances shall Tenant have the right to offset against or recoup Rent or other payments due and to become due to Landlord under this Lease except as expressly provided in this Lease, which Rent and other payments shall be absolutely due and payable under this Lease in accordance with the terms of this Lease. In no case shall Landlord be liable to Tenant for any lost profits, damage to business, or any form of special, indirect or consequential damage on account of any breach of this Lease or otherwise, notwithstanding anything to the contrary contained in this Lease.

21. ASSIGNMENT AND SUBLETTING

21.1 Assignment And Subletting

21.1.1 General. This Lease has been negotiated to be and is granted as an accommodation to the Original Tenant. Accordingly, this Lease is personal to the Original Tenant, and Tenant's rights granted under this Lease do not include the right to assign this Lease or sublease the Premises, or to receive any excess, either in installments or lump sum, over the Rent which is expressly reserved by Landlord as hereinafter provided, except as otherwise expressly hereinafter provided. Tenant shall not assign or pledge this Lease or sublet the Premises or any part thereof, whether voluntarily or by operation of law, or permit the use or occupancy of the Premises or any part thereof by anyone other than Tenant, or suffer or permit any such assignment, pledge, subleasing or occupancy, without Landlord's prior written consent except as provided herein. If Tenant desires to assign this Lease or sublet any or all of the Premises, Tenant shall give Landlord written notice ("**Transfer Notice**") at least sixty (60) days prior to the anticipated effective date of the proposed assignment or sublease, which shall contain all of the information reasonably requested by Landlord to address Landlord's decision criteria specified hereinafter. Landlord shall then have a period of thirty (30) days following receipt of the Transfer Notice to notify Tenant in writing that Landlord either (i) refuses to consent or (ii) consents to the proposed assignment or sublease, subject, however, to Landlord's prior written consent of the proposed assignee or subtenant and of any related documents or agreements associated with the assignment or sublease. If Landlord should fail to notify Tenant in writing of such election within said period, Landlord shall be deemed to have waived option (i) above, but written consent by Landlord of the proposed assignee or subtenant shall still be required. If Landlord does not exercise option (i) above, Landlord's consent to a proposed assignment or sublease shall not be unreasonably withheld, conditioned, or delayed. Consent to any assignment or subletting shall not constitute consent to any subsequent transaction to which this Paragraph 21 applies.

21.1.2 Conditions Of Landlord's Consent.

(a) Without limiting the other instances in which it may be reasonable for Landlord to withhold Landlord's consent to an assignment or subletting, Landlord and Tenant acknowledge that it shall be reasonable for Landlord to withhold Landlord's consent in the following instances: if the proposed assignee does not agree to be bound by and assume the obligations of Tenant under this Lease in form and substance satisfactory to Landlord; the use of the Premises by such proposed assignee or subtenant would not be a Permitted Use or would violate the CUP and/or Regulations; the proposed assignee or subtenant is not of sound financial condition as determined by Landlord in Landlord's sole discretion; the proposed assignee or subtenant is a governmental agency; the proposed assignee or subtenant does not have a good reputation as a tenant of property or a good business reputation; the proposed assignee or subtenant is a person with whom Landlord is negotiating to lease the Premises; the assignment or subletting would entail any Alterations which would lessen the value of the leasehold improvements in the Premises; or Tenant is in default of any obligation of Tenant under this Lease, or Tenant has defaulted under this Lease on three (3) or more occasions during any twelve (12) months preceding the date that Tenant shall request consent. Failure by or refusal of Landlord to consent to a proposed assignee or subtenant shall not cause a termination of this Lease. At the option of Landlord, a surrender and termination of this Lease shall operate as an assignment to Landlord of any subleases or subtenancies. Landlord shall exercise this option by giving notice of that assignment to such subtenants on or before the effective date of the surrender and termination. In connection with each request for assignment or subletting, Tenant shall pay to Landlord all actual, out-of-pocket costs and expenses incurred by Landlord in reviewing such proposed transfer or any mortgagee or ground lessor in approving each such request and effecting any such transfer, including, without limitation, reasonable attorneys' fees.

(b) **Sale Bonus.** If Tenant seeks consent to assignment from Landlord in the context of a sale of Tenant's business, whether by sale of equity or sale of all or substantially all of Tenant's assets, Landlord shall consent to such assignee (subject to the reasonable conditions of 21.1.2(a) above) provided Landlord has been paid the CUP Obligation in full, and provided Landlord receives from assignee and Tenant an additional bonus amount ("**Sale Bonus**") at closing of the transaction equal in the aggregate to the amount (rounded up to the nearest dollar) that is the greater of (1) \$2,000,000.00; (2) the product of the total purchase price of the transaction multiplied by ten percent (10%); or (3) in the event the transaction involves an assignment, sale, or other transfer of less than one hundred percent (100%) of the issued and outstanding shares/units of Tenant, the product of multiplying the per share/unit price for such transaction (determined by dividing the purchase price by the number of shares/units being assigned, sold, or transferred in the transaction) by the total number of issued and outstanding shares/units of the Tenant, and then multiplying by ten percent (10%).

21.2 Bonus Rent. Any Rent or other consideration realized by Tenant under any such sublease or assignment in excess of the Rent payable under this Lease, after amortization of a reasonable brokerage commission incurred by Tenant, shall be divided and paid, fifty percent (50%) to Tenant, fifty percent (50%) to Landlord.

21.3 Corporation. If Tenant is a corporation, a transfer of corporate shares by sale, assignment, bequest, inheritance, operation of law or other disposition (including such a transfer to or by a receiver or trustee in federal or state bankruptcy, insolvency or other proceedings, but excluding a transfer to a shareholder's spouse or child provided that such transfer is not a subterfuge to avoid the obligations of this Lease) resulting in a change in the present control of such corporation or any of its parent corporations by the person or persons owning a majority of said corporate shares, shall constitute an assignment for purposes of this Lease.

21.4 Partnership, LLC, Other Unincorporated Entity. If Tenant is a partnership, joint venture, limited liability company or other unincorporated business form, a transfer of the interest of persons, firms or entities responsible for managerial control of Tenant by sale, assignment, bequest, inheritance, operation of law or other disposition, so as to result in a change in the present control of said entity and/or of the underlying beneficial interests of said entity and/or a change in the identity of the persons responsible for the general credit obligations of said entity shall constitute an assignment for all purposes of this Lease.

21.5 Liability. No assignment or subletting by Tenant, permitted or otherwise, shall relieve Tenant of any obligation under this Lease or any guarantor of this Lease of any liability under its guaranty or alter the primary liability of the Tenant named herein for the payment of Rent or for the performance of any other obligations to be performed by Tenant, including obligations contained in Paragraph 25 with respect to any assignee or subtenant. Landlord may collect rent or other amounts or any portion thereof from any assignee, subtenant, or other occupant of the Premises, permitted or otherwise, and apply the net rent collected to the Rent payable under this Lease, but no such collection shall be deemed to be a waiver of this Paragraph 21, or the acceptance of the assignee, subtenant or occupant as tenant, or a release of Tenant from the further performance by Tenant of the obligations of Tenant under this Lease or any guarantor of this Lease of any liability under its guaranty. Any assignment or subletting which conflicts with the provisions hereof shall be void.

22. AUTHORITY

Landlord represents and warrants that it has full right and authority to enter into this Lease and to perform all of Landlord's obligations under this Lease and that all persons signing this Lease on its behalf are authorized to do. Tenant and the person or persons, if any, signing on behalf of Tenant, jointly and severally represent and warrant that Tenant has full right and authority to enter into this Lease, and to perform all of Tenant's obligations under this Lease, and that all persons signing this Lease on its behalf are authorized to do so.

23. CONDEMNATION

23.1 Condemnation Resulting In Termination. If the whole or any substantial part of the Premises, or so much of the Premises as to render the balance of the Premises unusable, should be taken or condemned for any public use under any Regulation, or by right of eminent domain, or by private purchase in lieu thereof, and the taking would prevent or materially interfere with the Permitted Use of the Premises, either party shall have the right to terminate this Lease at its option. In such event the Rent shall be abated during the unexpired portion of this Lease, effective when the physical taking of said Premises shall have occurred.

23.2 Condemnation Not Resulting In Termination. If the temporary use or occupancy of any part of the Premises shall be taken or appropriated under power of eminent domain during the Term, this Lease shall be and remain unaffected by such taking or appropriation and Tenant shall continue to pay in full all Rent payable under this Lease by Tenant during the Term; in the event of any such temporary appropriation or taking, Tenant shall be entitled to receive that portion of any award which represents compensation for the use of or occupancy of the Premises during the Term.

23.3 Award. Landlord shall be entitled to (and Tenant shall assign to Landlord) any and all payment, income, rent, award or any interest therein whatsoever which may be paid or made in connection with such taking or conveyance and Tenant shall have no claim against Landlord or otherwise for any sums paid by virtue of such proceedings, whether or not attributable to the value of any unexpired portion of this Lease, except as expressly provided in this Lease. Notwithstanding the foregoing, any compensation specifically and separately awarded Tenant for Tenant's personal property, moving costs, or interruption of or damage to Tenant's business, shall be and remain the property of Tenant.

23.4 Waiver Of C.C.P. §1265.130. Each party waives the provisions of California Code of Civil Procedure Section 1265.130 allowing either party to petition the superior court to terminate this Lease as a result of a partial taking.

24. CASUALTY DAMAGE

24.1 General. If the Premises should be damaged or destroyed by fire, tornado, or other casualty (collectively, "Casualty"), Tenant shall give immediate written notice thereof to Landlord. Within forty-five (45) days after Landlord's receipt of such notice, Landlord shall notify Tenant whether in Landlord's estimation material restoration of the Premises can reasonably be made within one hundred eighty (180) days from the date of such notice and receipt of required permits for such restoration. Landlord's determination shall be binding on Tenant.

24.2 Within 180 Days. If the Premises should be damaged by Casualty to such extent that material restoration can in Landlord's estimation be reasonably completed within one hundred eighty (180) days after the date of such notice and receipt of required permits for such restoration, this Lease shall not terminate. Provided that insurance proceeds are received by Landlord to fully repair the damage, Landlord shall proceed to rebuild and repair the Premises diligently and in the manner determined by Landlord, except that Landlord shall not be required to rebuild, repair or replace any part of any Alterations which may have been placed on or about the Premises or paid for by Tenant. If the Premises are untenantable in whole or in part following such damage, the Rent payable under this Lease during the period in which they are untenantable shall be abated proportionately, but only to the extent the Premises are unfit for occupancy. If, however, (i) any such repair is not commenced by Landlord within ninety (90) days after the casualty, or (ii) such repair work is not substantially completed within nine (9) months after such casualty, then Tenant may, at its option, upon notice to Landlord, elect to terminate this Lease effective as of the date of the casualty.

24.3 Greater Than 180 Days. If the Premises should be damaged by Casualty to such extent that rebuilding or repairs cannot in Landlord's estimation be reasonably completed within one hundred eighty (180) days after the date of such notice and receipt of required permits for such rebuilding or repair, then Landlord shall have the option of either: (1) terminating this Lease effective upon the date of the occurrence of such damage, in which event the Rent shall be abated during the unexpired portion of this Lease; or (2) electing to rebuild or repair the Premises diligently and in the manner determined by Landlord. Landlord shall notify Tenant in writing ("**Landlord's Election Notice**") of its election within thirty (30) days after Landlord's receipt of notice of the damage or destruction. Notwithstanding the foregoing, however, in the event that rebuilding or repairs cannot in Landlord's estimation be reasonably completed within one hundred eighty (180) days after the date of Landlord's receipt of required permits for such rebuilding or repair, then Tenant shall also have the option to terminate this Lease effective upon the date of the occurrence of such damage by notifying Landlord of its election to terminate within ten (10) business days following Tenant's receipt of Landlord's Election Notice. If Landlord has elected to make such repairs, and if (i) any such repair is not commenced by Landlord within ninety (90) days after the casualty, or (ii) such repair work is not substantially completed within nine (9) months after such casualty, then Tenant may, at its option, upon notice to Landlord, elect to terminate this Lease effective as of the date of the casualty. If Landlord does not elect to make such repairs, then within five (5) business days after Landlord notifies Tenant that it will not make such repairs, either Landlord or Tenant may terminate this Lease effective as of the date of the casualty. Notwithstanding the above, Landlord shall not be required to rebuild, repair or replace any part of any Alterations which may have been placed, on or about the Premises or paid for by Tenant. If the Premises are untenable in whole or in part following such damage, the Rent payable under this Lease during the period in which they are untenable shall be abated proportionately, but only to the extent the Premises are unfit for occupancy.

24.4 Insurance Proceeds. Notwithstanding anything herein to the contrary, if the Premises are damaged or destroyed and are not fully covered by the insurance proceeds received by Landlord or if the holder of any indebtedness secured by a mortgage or deed of trust covering the Premises requires that the insurance proceeds be applied to such indebtedness, then in either case Landlord shall have the right to terminate this Lease by delivering written notice of termination to Tenant within thirty (30) days after the date of notice to Landlord that said damage or destruction is not fully covered by insurance or such requirement is made by any such holder, as the case may be, whereupon this Lease shall terminate.

24.5 Waiver. This Paragraph 24 shall be Tenant's sole and exclusive remedy in the event of damage or destruction to the Premises. As a material inducement to Landlord entering into this Lease, Tenant hereby waives any rights it may have under Sections 1932, 1933(4), 1941 or 1942 of the California Civil Code with respect to any destruction of the Premises, Landlord's obligation for tenantability of the Premises and Tenant's right to make repairs and deduct the expenses of such repairs, or under any similar law, statute or ordinance now or hereafter in effect.

24.6 Tenant's Personal Property. In the event of any damage or destruction of the Premises, under no circumstances shall Landlord be required to repair any injury or damage to, or make any repairs to or replacements of, Tenant's personal property.

25. HOLDING OVER

Unless Landlord expressly consents in writing to Tenant's holding over, Tenant shall be unlawfully and illegally in possession of the Premises, whether or not Landlord accepts any rent from Tenant or any other person while Tenant remains in possession of the Premises without Landlord's written consent. If Tenant shall retain possession of the Premises or any portion thereof without Landlord's consent following the expiration of this Lease or sooner termination for any reason, then Tenant shall pay to Landlord for each day of such retention one hundred fifty percent (150%) of the amount of daily rental as of the last month prior to the date of expiration or earlier termination; provided, however, that during the first (1st) month following the expiration or earlier termination of the Lease, Tenant shall only be obligated to pay to Landlord one hundred twenty-five percent (125%) of the amount of the daily rental as of the last month prior to the expiration or earlier termination. Tenant shall also indemnify, defend, protect and hold Landlord harmless from any loss, liability or cost, including consequential and incidental damages and reasonable attorneys' fees, incurred by Landlord resulting from delay by Tenant in surrendering the Premises, including, without limitation, any claims made by the succeeding tenant founded on such delay. Acceptance of Rent by Landlord following expiration or earlier termination of this Lease, or following demand by Landlord for possession of the Premises, shall not constitute a renewal of this Lease, and nothing contained in this Paragraph 25 shall waive Landlord's right of reentry or any other right. Additionally, if upon expiration or earlier termination of this Lease, or following demand by Landlord for possession of the Premises, Tenant has not fulfilled its obligation with respect to repairs and cleanup of the Premises or any other Tenant obligations as set forth in this Lease, then Landlord shall have the right to perform any such obligations as it deems necessary at Tenant's sole cost and expense, and any time required by Landlord to complete such obligations shall be considered a period of holding over and the terms of this Paragraph 25 shall apply. The provisions of this Paragraph 25 shall survive any expiration or earlier termination of this Lease.

26. DEFAULT

26.1 Events Of Default. The occurrence of any of the following shall constitute an event of default on the part of Tenant:

26.1.1 Abandonment. Abandonment or vacation of the Premises for a continuous period in excess of five (5) days. Tenant waives any right to notice Tenant may have under Section 1951.3 of the California Civil Code, the terms of this Paragraph 26.1 being deemed such notice to Tenant as required by said Section 1951.3.

26.1.2 Nonpayment Of Rent. Failure to pay any installment of Rent or any other amount due and payable under this Lease within three (3) days after Landlord delivers notice to Tenant that the Rent or any other amount due and payable under this Lease was not received by Landlord on the date due.

26.1.3 Other Obligations. Failure to perform any obligation, agreement or covenant under this Lease other than those matters specified in subparagraphs 26.1.1 and 26.1.2 of this Paragraph 26.1, and in Paragraphs 8, 16, 18 and 25, such failure continuing for fifteen (15) days after written notice of such failure, as to which time is of the essence.

26.1.4 General Assignment. A general assignment by Tenant for the benefit of creditors.

26.1.5 Bankruptcy. The filing of any voluntary petition in bankruptcy by Tenant, or the filing of an involuntary petition by Tenant's creditors, which involuntary petition remains undischarged for a period of thirty (30) days. If under applicable law, the trustee in bankruptcy or Tenant has the right to affirm this Lease and continue to perform the obligations of Tenant under this Lease, such trustee or Tenant shall, in such time period as may be permitted by the bankruptcy court having jurisdiction, cure all defaults of Tenant under this Lease outstanding as of the date of the affirmance of this Lease and provide to Landlord such adequate assurances as may be necessary to ensure Landlord of the continued performance of Tenant's obligations under this Lease.

26.1.6 Receivership. The employment of a receiver to take possession of substantially all of Tenant's assets or the Premises, if such appointment remains undismissed or undischarged for a period of fifteen (15) days after the order therefore.

26.1.7 Attachment. The attachment, execution or other judicial seizure of all or substantially all of Tenant's assets or Tenant's leasehold of the Premises, if such attachment or other seizure remains undismissed or undischarged for a period of fifteen (15) days after the levy thereof.

26.1.8 Insolvency. The admission by Tenant in writing of its inability to pay its debts as they become due.

26.1.9 Nuisance Judgment. The rendering of a judgment by a civil court finding the Tenant's occupancy or use of the Premises to be a public or private nuisance.

26.2 Remedies Upon Default.

26.2.1 Termination. In the event of the occurrence of any event of default, Landlord shall have the right to give a written termination notice to Tenant, and on the date specified in such notice, Tenant's right to possession shall terminate, and this Lease shall terminate unless on or before such date all Rent in arrears and all costs and expenses incurred by or on behalf of Landlord under this Lease shall have been paid by Tenant and all other events of default of this Lease by Tenant at the time existing shall have been fully remedied to the satisfaction of Landlord. At any time after such termination, Landlord may recover possession of the Premises or any part thereof and expel and remove therefrom Tenant and any other person occupying the same, including any subtenant or subtenants notwithstanding Landlord's consent to any sublease, by any lawful means, and again repossess and enjoy the Premises without prejudice to any of the remedies that Landlord may have under this Lease, or at law or equity by any reason of Tenant's default or of such termination. Landlord hereby reserves the right, but shall not have the obligation, to recognize the continued possession of any subtenant. The delivery or surrender to Landlord by or on behalf of Tenant of keys, entry codes, or other means to bypass security at the Premises shall not terminate this Lease.

26.2.2 Continuation After Default. Even though an event of default may have occurred, this Lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession under Paragraph 26.2.1 hereof. Landlord shall have the remedy described in California Civil Code Section 1951.4 (Landlord may continue this Lease in effect after Tenant's breach and abandonment and recover Rent as it becomes due, if Tenant has the right to sublet or assign, subject only to reasonable limitations), or any successor code section. Accordingly, if Landlord does not elect to terminate this Lease on account of any event of default by Tenant, Landlord may enforce all of Landlord's rights and remedies under this Lease, including the right to recover Rent as it becomes due. Acts of maintenance, preservation or efforts to lease the Premises or the appointment of a receiver under application of Landlord to protect Landlord's interest under this Lease or other entry by Landlord upon the Premises shall not constitute an election to terminate Tenant's right to possession.

26.2.3 Increased Security Deposit. If Tenant is in default under Paragraph 26.1.2 hereof and such default remains uncured for ten (10) days after such occurrence or such default occurs more than three (3) times in any twelve (12) month period, Landlord may require that Tenant increase the Security Deposit to the amount of three (3) times the current month's Rent at the time of the most recent default.

26.3 Damages After Default. Should Landlord terminate this Lease pursuant to the provisions of Paragraph 26.2.1 hereof, Landlord shall have the rights and remedies of a Landlord provided by Section 1951.2 of the Civil Code of the State of California, or any successor code sections. Upon such termination, in addition to any other rights and remedies to which Landlord may be entitled under applicable law or at equity, Landlord shall be entitled to recover from Tenant: (1) the worth at the time of award of the unpaid Rent and other amounts which had been earned at the time of termination; (2) the worth at the time of award of the amount by which the unpaid Rent and other amounts that would have been earned after the date of termination until the time of award exceeds the amount of such Rent loss that Tenant proves could have been reasonably avoided; (3) the worth at the time of award of the amount by which the unpaid Rent and other amounts for the balance of the Term after the time of award exceeds the amount of such Rent loss that the Tenant proves could be reasonably avoided; and (4) any other amount and court costs necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Lease or which, in the ordinary course of things, would be likely to result therefrom. The "worth at the time of award" as used in (1) and (2) above shall be computed at the Applicable Interest Rate (defined below). The "worth at the time of award" as used in (3) above shall be computed by discounting such amount at the Federal Discount Rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%). If this Lease provides for any periods during the Term during which Tenant is not required to pay Base Rent or if Tenant otherwise receives a Rent concession, then upon the occurrence of an event of default, Tenant shall owe to Landlord the full amount of such Base Rent or value of such Rent concession, plus interest at the Applicable Interest Rate, calculated from the date that such Base Rent or Rent concession would have been payable.

26.4 Late Charge. In addition to its other remedies, Landlord shall have the right without notice or demand to add to the amount of any payment required to be made by Tenant under this Lease, and which is not paid and received by Landlord within five (5) business days following delivery of notice from Landlord that such payment is delinquent pursuant to the terms and conditions of this Lease, an amount equal to five percent (5%) of the delinquent amount, or One Hundred Fifty Dollars (\$150), whichever amount is greater, for each month or portion thereof that the delinquency remains outstanding to compensate Landlord for the loss of the use of the amount not paid and the administrative costs caused by the delinquency, the parties agreeing that Landlord's damage by virtue of such delinquencies would be extremely difficult and impracticable to compute and the amount stated herein represents a reasonable estimate thereof. Landlord shall provide Tenant with a written notice of delinquent Rent or any other amount payable by Tenant under this Lease twice. Upon the third delinquency, the late charge specified above in this Paragraph 26.4 shall be automatic and applied without further notice. Any waiver by Landlord of any late charges or failure to claim the same shall not constitute a waiver of other late charges or any other remedies available to Landlord.

26.5 Interest. Interest shall accrue on all sums not paid when due under this Lease at the lesser of ten percent (10%) per annum or the maximum interest rate allowed by law ("Applicable Interest Rate") from the due date until paid.

26.6 Remedies Cumulative. All of Landlord's rights, privileges and elections or remedies are cumulative and not alternative, to the extent permitted by law and except as otherwise provided herein.

26.7 Replacement Of Statutory Notice Requirements. When this Lease requires service of a notice, that notice shall replace rather than supplement any equivalent or similar statutory notice, including any notice required by California Code of Civil Procedure Section 1161 or any similar or successor statute. When a statute requires service of a notice in a particular manner, service of that notice (or a similar notice required by this Lease) in the manner required by this Paragraph 26 shall replace and satisfy the statutory service-of-notice procedures, including those required by California Code of Civil Procedure Section 1162 or any similar or successor statute.

27. LIENS

Tenant shall at all times keep the Premises free from liens arising out of or related to work or services performed, materials or supplies furnished or obligations incurred by or on behalf of Tenant or in connection with work made, suffered or done by or on behalf of Tenant in or on the Premises. If Tenant does not, within ten (10) days following the imposition of any such lien, cause the same to be released of record by payment or posting of a proper bond, Landlord shall have, in addition to all other remedies provided herein and by law, the right, but not the obligation, to cause the same to be released by such means as Landlord shall deem proper, including payment of the claim giving rise to such lien. All sums paid by Landlord on behalf of Tenant and all expenses incurred by Landlord in connection therefore shall be payable to Landlord by Tenant on demand with interest at the Applicable Interest Rate as Additional Rent. Landlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law, or which Landlord shall deem proper, for the protection of Landlord, the Premises and any other party having an interest therein, from mechanics' and materialmen's liens, and Tenant shall give Landlord not less than ten (10) business days prior written notice of the commencement of any work on the Premises which could lawfully give rise to a claim for mechanics' or materialmen's liens to permit Landlord to post and record a timely notice of non-responsibility, as Landlord may elect to proceed or as the law may from time to time provide, for which purpose, if Landlord shall so determine, Landlord may enter the Premises. Tenant shall not remove any such notice posted by Landlord without Landlord's consent, and in any event not before completion of the work which could lawfully give rise to a claim for mechanics' or materialmen's liens.

28. RIGHT OF FIRST REFUSAL

28.1 If at any time during the Term, Landlord decides to sell the Premises to a third person, Landlord shall deliver to Tenant the terms on which Landlord intends to sell ("**Proposed Offer**"), and Tenant may, within twelve (12) calendar days after receipt by Tenant of the Proposed Offer, elect to purchase the Premises on the same terms as those set forth in such Proposed Offer by giving written notice to Landlord. If Tenant shall not accept such Proposed Offer and give written notice within the specified time, subject to the limitations described below, the right of first refusal shall cease to exist, but the Lease, as amended, shall continue otherwise on all of the other terms, covenants, and conditions set forth in the Lease.

28.2 If Tenant declines to exercise its right of first refusal after receipt of the Proposed Offer, and, thereafter Landlord should desire to sell the Premises for a purchase price that is at least five percent (5%) less than the purchase price set forth in the Proposed Offer, or on other terms and conditions that are materially more favorable to the buyer than those set forth in the Proposed Offer, Landlord shall provide Tenant with a right of first refusal on the revised terms; and Tenant may within twelve (12) days thereafter, elect to purchase the Premises on the same terms as those set forth in that revised offer.

28.3 If Tenant declines to exercise its right of first refusal after receipt of the Proposed Offer, and, thereafter, the proposed transfer or sale is not consummated, Tenant's right of first refusal shall apply to any subsequent transaction. If, however, said transfer or sale is, in fact, completed, then said right shall be extinguished and shall not apply to any subsequent transactions.

28.4 This right of first refusal shall apply to a sale of the Premises or any portion thereof, including but not limited to any sale, deed, conveyance, or grant of easement.

28.5 Landlord shall have no obligation to give Tenant a right of first refusal: (i) during the period commencing with the giving of any notice of default under this Lease and continuing until said default is cured; (ii) during the period of time any Rent is unpaid (without regard to whether notice thereof is given to Tenant); (iii) during the time Tenant is in breach of this Lease; or (iv) in the event that Tenant has been given three (3) or more notices of default under this Lease, whether or not the defaults are cured, during the twelve (12) month period immediately preceding the exercise of the right of first refusal.

28.6 This right of first refusal shall not apply to a transfer, by way of sale, gift, or devise, to or for a party related to Landlord, including a trust created by Landlord, or to any transfer, in whole or in part, from one such related party to another, but shall apply to any subsequent transfer to a third person. For this purpose, if the then owner of the Premises shall be an individual, a "related party" shall include a spouse, lineal descendant or spouse of such descendant, ancestor, or sibling (whether by whole or half blood), a trust for the benefit of the then owner, a partnership or limited liability company of which such owner is a member, a joint ownership, or ownership in common, which includes the then owner of the Premises, or a corporation, the majority of whose securities is owned by the owner of the Premises, or any one or more of the foregoing parties. If the then owner of the Premises shall be a corporation, a related party shall include an affiliate, subsidiary or parent corporation, a successor by merger or consolidation, or the holder or holders of the majority of the securities of such corporation.

28.7 If the Premises shall be conveyed to the Tenant under this right of first refusal, Rent and other charges shall be apportioned and adjusted as provided in the Proposed Offer.

29. TRANSFERS BY LANDLORD

In the event of a sale or conveyance by Landlord of the Premises or a foreclosure by any creditor of Landlord, the same shall operate to release Landlord from any liability upon any of the covenants or conditions, express or implied, herein contained in favor of Tenant, to the extent required to be performed after the passing of title to Landlord's successor-in-interest; provided that such transferee shall have fully assumed and be liable for all obligations of this Lease to be performed by Landlord, including the payment of any tenant improvement allowance. In such event, Tenant agrees to look solely to the responsibility of the successor-in-interest of Landlord under this Lease with respect to the performance of the covenants and duties of "Landlord" to be performed after the passing of title to Landlord's successor-in-interest. This Lease shall not be affected by any such sale and Tenant agrees to attorn to the purchaser or assignee. Subject to the provisions of this Paragraph 29, Landlord's successor(s)-in-interest shall not have liability to Tenant with respect to the failure to perform any of the obligations of "Landlord," to the extent required to be performed prior to the date such successor(s)-in-interest became the owner of the Premises.

30. RIGHT OF LANDLORD TO PERFORM TENANT'S COVENANTS

All covenants and agreements to be performed by Tenant under any of the terms of this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any abatement of Rent (except as expressly set forth in this Lease). If Tenant shall fail to pay any sum of money, other than Base Rent, required to be paid by Tenant under this Lease or shall fail to perform any other act on Tenant's part to be performed under this Lease, including Tenant's obligations under Paragraph 11 hereof, and such failure shall continue for fifteen (15) days after notice thereof by Landlord, in addition to the other rights and remedies of Landlord, Landlord may make any such payment and perform any such act on Tenant's part. In the case of an emergency, no prior notification by Landlord shall be required. Landlord may take such actions without any obligation and without releasing Tenant from any of Tenant's obligations. All sums so paid by Landlord and all incidental costs incurred by Landlord and interest thereon at the Applicable Interest Rate, from the date of payment by Landlord, shall be paid to Landlord on demand as Additional Rent.

31. WAIVER

If either Landlord or Tenant waives the performance of any term, covenant or condition contained in this Lease, such waiver shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition contained herein, or constitute a course of dealing contrary to the expressed terms of this Lease. The acceptance of Rent by Landlord shall not constitute a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, regardless of Landlord's knowledge of such preceding breach at the time Landlord accepted such Rent. Failure by Landlord to enforce any of the terms, covenants or conditions of this Lease for any length of time shall not be deemed to waive or decrease the right of Landlord to insist thereafter upon strict performance by Tenant. Waiver by Landlord of any term, covenant or condition contained in this Lease may only be made by a written document signed by Landlord, based upon full knowledge of the circumstances.

32. NOTICES

32.1 Each provision of this Lease or of any applicable governmental laws, ordinances, regulations and other requirements with reference to sending, mailing, or delivery of any notice or the making of any payment by Landlord or Tenant to the other shall be deemed to be complied with when given in writing and either personally delivered, sent by commercial overnight courier, mailed, certified or registered, postage prepaid or sent by facsimile with confirmed receipt (and with an original sent by commercial overnight courier), and in each case addressed to the party to be notified at the notice address set forth below, or to such other place as the party to be notified may from time to time designate by at least fifteen (15) days notice to the notifying party. Notices shall be deemed served upon receipt or refusal to accept delivery.

Landlord: Green Road, LLC
 Attn: Rick Engebretsen
 568 North Tulip St
 Escondido, CA 92025

Tenant: Tenant appoints as its agent to receive the service of all default notices and notice of commencement of unlawful detainer proceedings the person in charge of or apparently in charge of occupying the Premises at the time, and, if there is no such person, then such service may be made by attaching the same on the main entrance of the Premises or by sending the same to Tenant, 7625 Carroll Road, San Diego, California 92121.

32.2 Required Notices. Tenant shall immediately notify Landlord in writing of any notice of a violation or a potential or alleged violation of any Regulations that relates to the Premises, or of any inquiry, investigation, enforcement or other action that is instituted or threatened by any governmental or regulatory agency against Tenant or any other occupant of the Premises, or any claim that is instituted or threatened by any third party that relates to the Premises.

33. ATTORNEYS' FEES

If Landlord places the enforcement of this Lease, or any part thereof, or the collection of any Rent due, or to become due under this Lease, or recovery of possession of the Premises in the hands of an attorney, Tenant shall pay to Landlord, upon demand, Landlord's reasonable attorneys' fees and court costs, whether incurred at trial, appeal or review. In any action which Landlord or Tenant brings to enforce its respective rights under this Lease, the unsuccessful party shall pay all costs incurred by the prevailing party including reasonable attorneys' fees, to be fixed by the court, and said costs and attorneys' fees shall be a part of the judgment in said action.

34. SUCCESSORS AND ASSIGNS

This Lease shall be binding upon and inure to the benefit of Landlord, its successors and assigns, and shall be binding upon and inure to the benefit of Tenant, its successors, and to the extent assignment is approved by Landlord as provided under this Lease, Tenant's assigns.

35. FORCE MAJEURE

If performance by a party of any portion of this Lease is made impossible by any prevention, delay, or stoppage caused by strikes, lockouts, labor disputes, acts of God, inability to obtain services, labor, or materials or reasonable substitutes for those items, government actions, civil commotions, fire or other casualty, or other causes beyond the reasonable control of the party obligated to perform, performance by that party for a period equal to the period of that prevention, delay, or stoppage is excused. Tenant's obligation to pay Rent, however, is not excused by this Paragraph 35.

36. SURRENDER OF PREMISES

Tenant shall, upon expiration or sooner termination of this Lease, surrender the Premises to Landlord in the same condition as existed on the date Tenant originally took possession thereof, including, but not limited to, all interior walls cleaned, all interior painted surfaces repainted in the original color, all holes in walls repaired, all carpets shampooed and cleaned, all HVAC equipment in operating order and in good repair, and all floors cleaned, waxed, and free of any Tenant-introduced marking or painting, all to the reasonable satisfaction of Landlord. Tenant shall remove all of its debris from the Premises. At or before the time of surrender, Tenant shall comply with the terms of Paragraph 12.1 hereof with respect to Alterations to the Premises and all other matters addressed in such Paragraph. If the Premises are not so surrendered at the expiration or sooner termination of this Lease, the provisions of Paragraph 25 hereof shall apply. All keys to the Premises or any part thereof shall be surrendered to Landlord upon expiration or sooner termination of the Term. Tenant shall give written notice to Landlord at least thirty (30) days prior to vacating the Premises and shall meet with Landlord for a joint inspection of the Premises at the time of vacating, but nothing contained herein shall be construed as an extension of the Term or as a consent by Landlord to any holding over by Tenant. In the event of Tenant's failure to give such notice or participate in such joint inspection, Landlord's inspection at or after Tenant's vacating the Premises shall conclusively be deemed correct for purposes of determining Tenant's responsibility for repairs and restoration. Any delay caused by Tenant's failure to carry out its obligations under this Paragraph 36 beyond the term hereof, shall constitute unlawful and illegal possession of Premises under Paragraph 25 hereof.

37. HAZARDOUS MATERIALS

37.1 Prohibition On Hazardous Materials. Tenant shall conduct its business and shall cause all Tenant Parties to act in such a manner as to (a) not release or permit the release of any Hazardous Material in, under, on or about the Premises, or (b) not use, store, generate, treat, discharge, disperse, handle, manufacture, transport or dispose of (collectively, "**Handle**") any Hazardous Materials (other than incidental amounts of customary cleaning and office supplies) in or about the Premises in violation of any Regulations, including any applicable laws relating to Hazardous Materials, or Tenant's Permitted Use of the Premises, without the prior written consent of Landlord, which consent Landlord may withhold in its sole and absolute discretion ("**Hazardous Materials Consent Requirements**"). "**Hazardous Materials**" means any hazardous, explosive, radioactive or toxic substance, material or waste which is or becomes regulated by any local, state or federal governmental authority or agency, including, without limitation, any material or substance which is (i) defined or listed as a "**hazardous waste**," "**extremely hazardous waste**," "**restricted hazardous waste**," "**hazardous substance**," "**hazardous material**," "**pollutant**" or "**contaminant**" under any Regulations, (ii) petroleum or petroleum derivative, (iii) a flammable explosive, (iv) a radioactive material or waste, (v) a polychlorinated biphenyl, (vi) asbestos or asbestos containing material, (vii) infectious waste, or (viii) a carcinogen.

37.2 Indemnity. Tenant shall indemnify, protect, defend and hold Landlord, its shareholders, officers, agents, employees, assigns, representatives, and lenders, harmless from and against any and all damages, liabilities, judgments, costs, claims, liens, expenses, penalties, loss of permits and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Tenant or by anyone under Tenant's control. Tenant's obligations under this Section 37.2 shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Tenant, and the cost of investigation (including consultants' and attorneys' fees and testing), removal, remediation, restoration and/or abatement thereof, or of any contamination therein involved, and shall survive the expiration or earlier termination of this Lease. No termination, cancellation or release agreement entered into by Landlord and Tenant shall release Tenant from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Landlord in writing at the time of such agreement.

38. MISCELLANEOUS

38.1 General. The term "Tenant" or any pronoun used in place thereof shall indicate and include the masculine or feminine, the singular or plural number, individuals, firms or corporations, and their respective successors, executors, administrators and permitted assigns, according to the context hereof.

38.2 Time. Time is of the essence regarding this Lease and all of its provisions.

38.3 Choice Of Law. This Lease shall in all respects be governed by the laws of the State of California.

38.4 Entire Agreement. This Lease and the following exhibits and attachments constitute the entire agreement between the parties and supersede all prior agreements and understandings related to the Premises, including all lease proposals, letters of intent and other documents: Exhibit "A" (Premises) and Exhibit "B" (Guaranty of Lease).

38.5 Modification. This Lease may not be modified except by a written instrument signed by the parties hereto. Tenant accepts the area of the Premises as specified in this Lease as the approximate area of the Premises for all purposes under this Lease, and acknowledges and agrees that no other definition of the area (rentable, usable or otherwise) of the Premises shall apply. Tenant shall in no event be entitled to a recalculation of the square footage of the Premises, rentable, usable or otherwise, and no recalculation, if made, irrespective of its purpose, shall reduce Tenant's obligations under this Lease in any manner, including without limitation the amount of Base Rent payable by Tenant.

38.6 Severability. If, for any reason whatsoever, any of the provisions hereof shall be unenforceable or ineffective, all of the other provisions shall be and remain in full force and effect.

38.7 Recordation. Tenant shall not record this Lease or a short form memorandum hereof.

38.8 Examination Of Lease. Submission of this Lease to Tenant does not constitute an option or offer to lease and this Lease is not effective otherwise until execution and delivery by both Landlord and Tenant.

38.9 Accord And Satisfaction. No payment by Tenant of a lesser amount than the total Rent due nor any endorsement on any check or letter accompanying any check or payment of Rent shall be deemed an accord and satisfaction of full payment of Rent, and Landlord may accept such payment without prejudice to Landlord's right to recover the balance of such Rent or to pursue other remedies. All offers by or on behalf of Tenant of accord and satisfaction are hereby rejected in advance.

38.10 Easements. Landlord may grant easements on the Premises and dedicate for public use portions of the Premises without Tenant's consent; provided that no such grant or dedication shall materially interfere with Tenant's Permitted Use of the Premises. Upon Landlord's request, Tenant shall execute, acknowledge and deliver to Landlord documents, instruments, maps and plats necessary to effectuate Tenant's covenants under this Lease.

38.11 Drafting And Determination Presumption. The parties acknowledge that this Lease has been agreed to by both the parties, that both Landlord and Tenant have consulted with attorneys with respect to the terms of this Lease and that no presumption shall be created against Landlord because Landlord drafted this Lease. Except as otherwise specifically set forth in this Lease, with respect to any consent, determination or estimation of Landlord required or allowed in this Lease or requested of Landlord, Landlord's consent, determination or estimation shall be given or made solely by Landlord in Landlord's good faith opinion, whether or not objectively reasonable. If Landlord fails to respond to any request for its consent within the time period, if any, specified in this Lease, Landlord shall be deemed to have disapproved such request.

38.12 Exhibits. The Exhibits, addenda and attachments attached hereto are hereby incorporated herein by this reference and made a part of this Lease as though fully set forth herein.

38.13 No Light, Air Or View Easement. Any diminution or shutting off of light, air or view by any structure which may be erected on lands adjacent to or in the vicinity of the Premises shall in no way affect this Lease or impose any liability on Landlord.

38.14 No Third Party Benefit. This Lease is a contract between Landlord and Tenant and nothing herein is intended to create any third party benefit.

38.15 Quiet Enjoyment. Upon payment by Tenant of the Rent, and upon the observance and performance of all of the other covenants, terms and conditions on Tenant's part to be observed and performed, Tenant shall peaceably and quietly hold and enjoy the Premises for the term hereby demised without hindrance or interruption by Landlord or any other person or persons lawfully or equitably claiming by, through or under Landlord, subject, nevertheless, to all of the other terms and conditions of this Lease. Landlord shall not be liable for any hindrance, interruption, interference or disturbance by other tenants or third persons, nor shall Tenant be released from any obligations under this Lease because of such hindrance, interruption, interference or disturbance.

38.16 Counterparts. This Lease may be executed in any number of counterparts, each of which shall be deemed an original.

38.17 Multiple Parties. If more than one person or entity is named herein as Tenant, such multiple parties shall have joint and several responsibility to comply with the terms of this Lease.

38.18 Prorations. Any Rent or other amounts payable to Landlord by Tenant under this Lease for any fractional month shall be prorated based on a month of 30 days. As used herein, the term "**fiscal year**" shall mean the calendar year or such other fiscal year as Landlord may deem appropriate.

38.19 INTENTIONALLY OMITTED

38.20 Confidentiality. Notwithstanding anything to the contrary set forth in this Lease, except to the extent required by any applicable Securities and Exchange Commission requirements, or any applicable Federal or State securities laws (collectively, "**Securities Laws**"), Tenant agrees that neither Tenant nor its agents or any other parties acting on behalf of Tenant shall disclose any matters set forth in this Lease, or disseminate or distribute any information concerning the terms, details or conditions hereof to any person, firm or entity without obtaining the express written consent of Landlord and, if Tenant is required by the Securities Laws, or in connection with any judicial or quasi-judicial proceeding, or pursuant to court order or discovery request, to disclose any information contained in this Lease, Tenant will give Landlord written notice of such requirement promptly upon Tenant becoming aware of same and in any event prior to making any disclosure pursuant thereto, and Tenant will provide such assistance in seeking a protective order or other appropriate relief as Landlord may reasonably request. If Landlord is unable to obtain a protective order or other remedy with respect to such disclosure, Tenant (or such other persons to whom such disclosure request or requirement applies) will disclose or otherwise furnish only the information legally required to be disclosed, as advised by legal counsel, and such disclosure shall be made only to the necessary and appropriate governmental entities. Landlord hereby agrees that the foregoing restriction shall not preclude Tenant from disclosing any matters set forth in this Lease to any agent, representative or employee of Tenant or to any current or prospective assignee, subtenant or lender of Tenant.

38.21 INTENTIONALLY OMITTED

38.22 Waiver Of Redemption. Tenant hereby waives any and all rights conferred by California Civil Code Section 3275 and by California Code of Civil Procedure Sections 1174(c) and 1179 and any and all other laws and rules of law from time to time in effect during the term of this Lease providing that Tenant shall have any right to redeem, reinstate or restore this Lease following its termination by reason of Tenant's breach.

38.23 Brokerage Commission. Landlord and Tenant each represents and warrants to the other that each had no representation, conversations, or negotiations with any broker or finder concerning the Premises or the consummation of this Lease.

39. MEDIATION; ARBITRATION

39.1 Mediation. Except with regard to any claim, counterclaim, dispute, and other matter relating to the payment of Rent or any other sum owing from Tenant to Landlord under this Lease, Landlord and Tenant agree that, if and to the extent that any claim, counterclaim, dispute, and other matter in question between them arising out of or relating to this Lease or the breach thereof (collectively, "Nonmonetary Disputes") cannot be resolved through direct discussions, such Nonmonetary Dispute shall be sent to mediation prior to either of them initiating against the other a demand for arbitration pursuant to this section, unless delay in initiating arbitration would irrevocably prejudice one of the parties. The mediator of any dispute submitted to mediation under this Lease shall not serve as arbitrator of such dispute unless otherwise agreed. All expenses of the mediation shall be borne by the parties equally; however, each party shall bear the expense of its own counsel, experts, witnesses, and preparation and presentation of proofs.

39.2 Arbitration. Except with regard to any claim, counterclaim, dispute, and other matter relating to the payment of Rent or any other sum owing from Tenant to Landlord under this Lease, Landlord and Tenant agree that, if and to the extent that any Nonmonetary Dispute cannot be resolved through direct discussions or through mediation in accordance with Section 39.1 above, such Nonmonetary Dispute shall at the election of either party be submitted to the American Arbitration Association (“AAA”) for binding arbitration conducted by a single arbitrator (“Arbitrator”) in San Diego, California, in accordance with the Commercial Arbitration Rules (“CAR”) of the AAA, except as modified by the terms of this section (“Arbitration”). The Arbitrator shall have the power to grant such legal and equitable remedies and award such damages as may be granted or awarded by a Judge of the Superior Court of the County of San Diego, California. The Arbitrator shall prepare and provide to the parties a written decision (“Decision”) on all matters which are the subject of the Arbitration, including factual findings and the reasons which form the basis of the Decision of the Arbitrator. The Decision shall be non-appealable, conclusive, and final and shall have the effect and be enforceable in the manner provided by the California Code of Civil Procedure. Costs of the Arbitration shall be borne as directed by the Arbitrator, subject to Section 33 above. The parties hereby agree that the CAR are modified as follows:

(a) If the parties have not agreed to an Arbitrator within thirty (30) days after submission of the Nonmonetary Dispute to Arbitration, then the AAA shall appoint a single neutral Arbitrator as soon thereafter as practical.

(b) The parties shall be permitted discovery, including depositions, under the supervision of and rules set by the Arbitrator; provided, however, that discovery shall be completed within forty-five (45) days of selection or appointment of the Arbitrator. The Arbitrator shall have the power to impose such sanctions as the Arbitrator deems appropriate for failure of a party or counsel for a party to comply with discovery rules established by the Arbitrator.

(c) A hearing shall be held no later than ninety (90) days after submission to Arbitration, unless a hearing is waived by all parties.

(d) No later than ten (10) days from the date of closing of the Arbitration hearing, or, if an oral hearing has been waived, from the date of transmitting final statements and proofs to the Arbitrator, the Arbitrator shall render a written decision.

39.3 Unlawful Detainer. Notwithstanding the foregoing, nothing contained in this Section 39 shall be deemed to limit or restrict Landlord’s rights to file an unlawful detainer action under California Code of Civil Procedure §§ 1161 et seq. and obtain a judgment thereunder.

40. JURY TRIAL WAIVER

EACH PARTY HERETO (WHICH INCLUDES ANY ASSIGNEE, SUCCESSOR HEIR OR PERSONAL REPRESENTATIVE OF A PARTY) SHALL NOT SEEK A JURY TRIAL, HEREBY WAIVES TRIAL BY JURY, AND HEREBY FURTHER WAIVES ANY OBJECTION TO VENUE IN THE COUNTY IN WHICH THE PREMISES ARE LOCATED, AND AGREES AND CONSENTS TO PERSONAL JURISDICTION OF THE COURTS OF THE STATE IN WHICH THE PROPERTY IS LOCATED, IN ANY ACTION OR PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY HERETO AGAINST THE OTHER ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES, OR ANY CLAIM OF INJURY OR DAMAGE, OR THE ENFORCEMENT OF ANY REMEDY UNDER ANY STATUTE, EMERGENCY OR OTHERWISE, WHETHER ANY OF THE FOREGOING IS BASED ON THIS LEASE OR ON TORT LAW. EACH PARTY REPRESENTS THAT IT HAS HAD THE OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL CONCERNING THE EFFECT OF THIS PARAGRAPH 40. THE PROVISIONS OF THIS PARAGRAPH 40 SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION OF THIS LEASE.

IN WITNESS WHEREOF, the parties hereto have executed this Commercial Lease as of the day and the year first above written.

LANDLORD:

Green Road, LLC,
a California limited liability company

By: /s/ Rick Engebretsen

Name: Rick Engebretsen

Title: Manager

Dated: November 28, 2018

TENANT:

SGSD, LLC,
a Nevada limited liability company

By: /s/ David Barakett

Name: David Barakett

Title: CEO

Dated: November 28, 2018

EXHIBIT A

PREMISES

Parcel D of Parcel Map No. 904, in the City of San Diego, County of San Diego, State of California, according to Parcel Map thereof filed in the Office of the County Recorder of San Diego County on July 18, 1972 as File No. 185254 of Official Records, being a portion of Lot 1 of G-W Industrial Park Unit No. 1, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 7120, filed in the Office of the County Recorder of San Diego County, November 18, 1971.

EXHIBIT B
GUARANTY OF LEASE

GUARANTY OF LEASE

THIS GUARANTY OF LEASE (“**Guaranty**”) dated as of December 1, 2018 is executed by David Barakett (“**Guarantor**”) in favor of Green Road, LLC, a California limited liability company (“**Landlord**”).

RECITALS

A. Landlord and SGSD, LLC, a Nevada limited liability company (“**Tenant**”), have entered into a lease dated as of December 1, 2018 (“**Lease**”), whereby Landlord agreed to lease to Tenant and Tenant agreed to lease from Landlord the premises located at 7625 Carroll Road, San Diego, California 92121 (the “**Premises**”).

B. As a condition to entering into the Lease, Landlord has required that Guarantor execute and deliver to Landlord this Guaranty.

NOW THEREFORE, in consideration of Landlord entering into the Lease of the Premises to Tenant, Guarantor covenants and agrees as follows:

1. GUARANTY

Guarantor absolutely and unconditionally guarantees to Landlord the timely payment of all amounts that Tenant may at any time owe under the Lease, or any extensions, renewals, or modifications of the Lease. Guarantor further guarantees to Landlord the full, faithful, and timely performance by Tenant of the Lease, or any extensions, renewals, or modifications of the Lease. If Tenant shall default at any time in the payment of any rent or any other sums, costs, or charges, or in the performance of any covenant or obligation under the Lease, then Guarantor, at Guarantor’s expense, shall on demand by Landlord fully and promptly pay all rent, sums, costs, and charges to be paid and perform all other covenants and obligations to be performed by Tenant pursuant to the Lease. In addition, Guarantor shall on demand by Landlord pay to Landlord all sums due to Landlord, including, without limitation, all interest on past due obligations of Tenant, costs advanced by Landlord, damages, and all expenses (including, without limitation, court costs and reasonable attorney’s fees) that may arise in consequence of Tenant’s default.

2. WAIVERS

2.1 Guarantor authorizes Landlord, without notice or demand and without affecting Guarantor’s liability under this Guaranty, to:

(a) consent to any extensions, accelerations, or other changes in the time for any payment provided for in the Lease, or consent to any other alteration of any covenant, term, or condition of the Lease in any respect, and to consent to any assignment, subletting, or reassignment of the Lease;

(b) take and hold security for any payment provided for in the Lease or for the performance of any covenant, term, or condition of the Lease, or exchange, waive, or release any security; and

(c) apply this security and direct the order or manner of its sale as Landlord may determine.

2.2 Notwithstanding any termination, renewal, extension, or holding over of the Lease, this Guaranty shall continue until all of the covenants and obligations on the part of Tenant to be performed have been fully and completely performed by Tenant, and Guarantor shall not be released of any obligation or liability under this Guaranty so long as there is any claim against Tenant arising out of the Lease that has not been settled or discharged in full. To the extent any of the provisions of this Guaranty are inconsistent with any applicable Law, including §§2187-2855 of the California Civil Code, the provisions of this Guaranty shall control. This Guaranty shall not be released, modified, or affected by the failure or delay on the part of Landlord to enforce any of the rights or remedies of Landlord under the Lease.

3. INDEPENDENT OBLIGATIONS

3.1 The obligations of Guarantor under this Guaranty are independent of, and may exceed, the obligations of Tenant. A separate action may, at Landlord's option, be brought and prosecuted against Guarantor, whether or not any action is first or subsequently brought against Tenant, or whether or not Tenant is joined in any action, and Guarantor may be joined in any action or proceeding commenced by Landlord against Tenant arising out of, in connection with, or based upon the Lease.

3.2 Guarantor waives any right to:

(a) require Landlord to proceed against Tenant or any other person or entity or pursue any other remedy in Landlord's power;

(b) complain of delay in the enforcement of Landlord's rights under the Lease; and

(c) require Landlord to proceed against or exhaust any security held from Tenant or Guarantor.

3.3 Guarantor waives any defense arising by reason of any disability or other defense of Tenant or by reason of the cessation from any cause of the liability of Tenant. Guarantor waives any right to assert or plead any statute of limitations relating to this Guaranty or the Lease. Guarantor waives all demands upon and notices to Tenant and to Guarantor, including, without limitation, demands for performance, notices of nonperformance, notices of nonpayment, and notices of acceptance of this Guaranty.

3.4 Guarantor subordinates all existing or future indebtedness of Tenant to Guarantor to the obligations owed to Landlord under the Lease and this Guaranty. Guarantor waives any right of subrogation that Guarantor may have against Tenant.

4. DEFINITION OF TENANT

For purposes of this Guaranty and the obligations and liabilities of Guarantor, the term "Tenant" shall be deemed to include any and all concessionaires, licensees, franchisees, department operators, assignees, subtenants, or others directly or indirectly leasing or occupying the Premises leased under the Lease or operating or conducting a business in or from these Premises.

5. NO REPORTING DUTY

Guarantor assumes full responsibility for keeping fully informed of the financial condition of Tenant and all other circumstances affecting Tenant's ability to perform Tenant's obligations under the Lease, and agrees that Landlord will have no duty to report to Guarantor any information that Landlord receives about Tenant's financial condition or any circumstances bearing on Tenant's ability to perform such obligations.

6. CONTINUING GUARANTY

This Guaranty shall remain in full force notwithstanding the appointment of a receiver to take possession of all or substantially all of the assets of Tenant, or an assignment by Tenant for the benefit of creditors, or any action taken or suffered by Tenant under any insolvency, bankruptcy, reorganization, moratorium, or other debtor relief act or statute, whether now existing or later amended or enacted, or the disaffirmance of the Lease in any action or otherwise.

7. JOINT AND SEVERAL OBLIGATIONS

If this Guaranty is signed, or if the obligations of Tenant are otherwise guaranteed, by more than one party, their obligations shall be joint and several, and the release or limitation of liability of any one or more of the guarantors shall not release or limit the liability of any other guarantors.

8. SUCCESSORS AND ASSIGNS

This Guaranty shall be binding upon Guarantor and Guarantor's heirs, administrators, personal and legal representatives, successors, and assigns, and shall inure to the benefit of Landlord and Landlord's successors and assigns. Landlord may, without notice, assign this Guaranty, the Lease, or the rents and other sums payable under the Lease, in whole or in part.

9. GUARANTY OF COSTS AND FEES

In addition to the amounts guaranteed, Guarantor agrees to pay reasonable attorney's fees and all other costs and expenses incurred by Landlord in enforcing this Guaranty or in any action or proceeding arising out of, or relating to, this Guaranty.

10. NO WAIVER

No provision of this Guaranty or right of Landlord can be waived, nor can the Guarantor be released from its obligations except in writing signed by Landlord.

11. GOVERNING LAW

This Guaranty shall be deemed to be made under and shall be governed by California law in all respects, including matters of construction, validity, and performance, and the terms and provisions of this Guaranty may not be waived, altered, modified, or amended except in a writing signed by an authorized officer of Landlord and by Guarantor. Any litigation concerning this Guaranty shall be initiated in a state court of competent jurisdiction in the County of San Diego and Guarantor consents to the jurisdiction of such court.

12. SEVERANCE

If any of the provisions of this Guaranty shall contravene or be held invalid under the laws of any jurisdiction, this Guaranty shall be construed as if it did not contain those provisions, and the rights and obligations of the parties shall be construed and enforced accordingly.

13. COUNTERPARTS

This Guaranty may be executed in any number of counterparts, each of which shall be a valid and binding original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the date first written above.

GUARANTOR:

By: /s/ David Barakett
Name: David Barakett
Dated: November 28, 2018

LITIGATION LOAN

THIS LITIGATION LOAN AND SECURITY AGREEMENT (the "Loan Agreement") is made and entered into as this day of June 19, 2019 (the "Effective Date"), by and between Green Light District Holdings, Inc., a Delaware corporation (the "Borrower"), and Body and Mind Inc., a Nevada corporation (the "Lender").

RECITALS:

WHEREAS, the Borrower desires to obtain a secured loan from the Lender in the principal amount of Two Hundred Thousand Dollars (\$200,000.00) (the "Loan Amount") to fund certain litigation expenses of the Borrower; and

NOW, THEREFORE, in consideration of the mutual agreements contained herein and for other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Loan.

(a) Upon the terms and subject to the conditions hereof, on the Effective Date, the Lender agrees to make a loan to the Borrower (the "Loan"), in the principal amount of the Loan Amount. The Loan is not revolving in nature and may not be repaid and reborrowed.

(b) The Loan made hereunder is evidenced by a promissory note, a copy of which is attached hereto as Schedule I (as the same may be amended, modified, renewed or extended, the "Promissory Note"), duly executed by an authorized signatory of the Borrower and dated as of the date hereof.

(c) The Loan Amount shall be used as a litigation advance immediately paid to Borrower's attorney client trust account and utilized solely in connection with litigating "Green Light District Holdings, Inc. v. GBS Nevada Partners, LLC, Case No. A-19-788150-B" pending in the Eighth Judicial District Court, Clark County, Nevada (the "Case").

(d) Interest on the principal amount of the Loan outstanding from time to time shall accrue from the date hereof until repaid in full at an annual rate equal to twelve percent (12%), compounded quarterly. Interest on the Loan shall be computed on the basis of a three hundred sixty-five (365) day year and the actual number of days elapsed in the period during which such interest accrues. Interest on the Loan shall be due and payable on the Maturity Date as set forth in Section 2.

(e) The performance of the Borrower of its obligations under this Loan Agreement and the Promissory Note attached hereto as Schedule I are secured pursuant to a certain Security Agreement by and between Borrower and Lender dated as the date hereof and in the form attached hereto as Schedule II (the "Security Agreement"); and (the Security Agreement and the Loan Agreement, together with the Promissory Note and each other agreement, instrument or document designated by the Borrower and the Lender as a "Loan Document", collectively, as each may be amended, modified, renewed or extended, the "Loan Documents").

2. Payment Terms.

(a) **Payment at Maturity.** The principal amount of the Loan and all interest accrued thereon will be due either (a) within thirty (30) calendar days of the date in which the Case is settled; or (b) on the 36 month anniversary of the Effective Date, whichever is sooner (the "**Maturity Date**").

(b) **Place of Payment.** All payments to be made to the Lender hereunder shall be made in the lawful money of the United States in immediately available funds. Payments of principal and interest shall be delivered to the Lender at the address to be specified by the Lender to the Borrower by prior written notice.

(c) **Prepayment.** The Borrower may, but shall have no obligation to, prepay, in whole or in part, all or any portion of the principal amount of, and accrued interest on the Loan without being subject to any pre-payment penalty. Any prepayment shall be accomplished by the payment of all accrued and unpaid interest owed hereunder.

(d) **Release and Satisfaction Upon Complete Payment.** Upon Lender's receipt of complete payment of the entire principal amount and all accrued interest on the loan, Lender shall timely execute an acknowledgement of release and satisfaction of the Loan Documents and surrender the Note as cancelled.

(e) **Withholding Taxes.** If any withholding taxes are or become payable in respect of principal, interest or any other amount payable by the Borrower under this Loan Agreement or the Promissory Note, (i) all such amounts payable by the Borrower shall be increased by the amount of the withholding taxes, (ii) the Borrower shall make such additions, (iii) the Borrower shall pay the full amount required to be paid to the relevant taxing authority or other authority in accordance with applicable law, and (iv) Borrower and Lender shall cooperate and use commercially reasonable efforts to obtain a refund of any such withholding taxes, and all amounts received in connection therewith shall be paid to the Borrower.

3. Conditions Precedent. The agreement of Lender to make the Loan requested to be made on the Effective Date is subject to the satisfaction, or waiver by Lender immediately prior to or concurrently with the making of the Loan, of the following conditions precedent:

(a) **Loan Documents.** Lender shall have received a complete and duly executed copy of each Loan Document, in each case satisfactory in form and substance to the Lender in its sole discretion.

(b) **Financing Statements.** The Lender shall have received (i) financing statements in form appropriate for filing in the appropriate jurisdiction, (ii) results of lien searches conducted in the appropriate jurisdiction, and (iii) all other filings in respect of the Collateral (as defined below) as deemed appropriate by Lender. Lender acknowledges receipt and/or waives receipt of same on or before the Effective Date.

(c) **Compliance with this Agreement.** Borrower shall have performed and complied with all of its agreements and conditions set forth or contemplated herein in all material respects that are required to be performed or complied with by Borrower on or before the Effective Date.

(d) No Default. No Event of Default shall have occurred and be continuing on the Effective Date, or would exist after giving effect to the Loans, on the Effective Date.

4. Grant of Security Interest.

(a) Security Interest. The Borrower, as security for its obligations under the Loan Agreement, including the due and punctual payment in full of the Loan Amount and all accrued interest thereon, hereby grants, mortgages, pledges, assigns, transfers, sets over, conveys and delivers to the Lender a security interest in and to all of the Borrower's right, title and interest in the "Collateral" as such term is defined in the Security Agreement attached hereto as Schedule II.

(b) Termination and Release. The security interests granted under the Security Agreement shall terminate when the entire Loan Amount plus any accrued and unpaid interest thereon has been paid in full and all rights in the Collateral shall revert to Borrower. Any termination of Lender's lien in the Collateral shall be at Borrower's sole cost and expense.

(c) Further Assurances. Without limiting the foregoing, until the time when the entire Loan Amount and all accrued and unpaid interest thereon has been paid in full, Borrower will deliver, or cause to be executed and delivered, to Lender such documents, agreements and instruments, and will take or cause to be taken such further actions which may be required by any requirement of law or which Lender may, from time to time, reasonably request to carry out the terms and conditions of this Loan Agreement and the other Loan Documents and to ensure perfection and priority of the liens created or intended to be created by the Loan Documents, all in form and substance reasonably satisfactory to Lender and all at the expense of the Borrower.

5. Events of Default.

(a) Definition. For purposes of this Loan Agreement, an "Event of Default" shall be deemed to have occurred if:

(i) Borrower fails to pay the Loan Amount, plus all accrued interest thereon (unless such interest has been forgiven), to the Lender on or prior to the Maturity Date;

(ii) Borrower fails to perform or observe any covenant set forth in Section 6;

(iii) Borrower shall (a) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or similar fiduciary of itself or of all or a substantial part of its property, (b) admit in writing its inability, or be generally unable, to pay its debts as they become due, (c) make a general assignment for the benefit of creditors, (d) commence a voluntary case under any state or federal bankruptcy or receivership laws (as now or hereafter in effect), (e) file a petition seeking to take advantage of any other law providing for the relief of debtors, (f) acquiesce to any petition filed against it in any involuntary case under such bankruptcy laws, or (g) take any action for the purpose of effecting any of the foregoing;

(iv) any lien created hereunder or provided for under any Loan Document for any reason ceases to be or is not a valid and perfected lien having a first priority interest; or

(v) termination or breach by the Borrower of any of the Loan Documents (other than this Agreement) or if Borrower any other party attempts to terminate, challenges the validity of, or its liability under, any Loan Document.

(b) Extension. The Borrower hereby expressly agrees that this Loan Agreement, or any payment hereunder, may be extended from time to time and that the Lender may accept security for this Loan Agreement or release security for this Loan Agreement, all without in any way affecting the liability of the Borrower hereunder.

6. Covenants.

(a) Until the Maturity Date, and thereafter until payment in full of the Loan Amount and all accrued interest thereon (unless forgiven in accordance with this Agreement), Borrower agrees that it shall, unless Lender shall otherwise consent in writing:

(i) provide Lender information regarding Borrower's financial condition, prospects and business as and when reasonably requested by Lender;

(ii) assist Lender in perfecting and protecting its security interests and liens under the Loan Documents and reimburse Lender for related costs it reasonably incurs to protect its security interests and liens;

(iii) promptly upon knowledge thereof, provide Lender notice of any material loss of, or damage to, any of the Collateral, or of any material adverse change in any of the Collateral; and

(iv) take any action as reasonably requested by Lender to carry out the intent of the Loan Documents.

(b) Until the Maturity Date, and thereafter until payment in full of the Loan, Borrower agrees that it shall not, unless Lender shall otherwise consent in writing:

(i) create, incur, assume or in any manner become liable in respect of (including, without limitation, through assumption, endorsement or guaranty), or suffer to exist any indebtedness other than the Loan

(ii) merge or consolidate or amalgamate with or into any other entity or take any other action having a similar effect, or make any acquisition of any entity;

(iii) declare, pay or make any dividend or distribution on the equity interests of the Borrower to any party other than Lender;

(iv) have instituted against Borrower any involuntary proceeding or case seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or protection of debtors or seeking the entry of an order for relief, or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets, rights, revenues or property.

7. Rights and Remedies.

(a) Upon the occurrence and during the continuation of an Event of Default, the Lender may, in addition to any other rights or remedies provided for hereunder or by applicable law, do any one or more of the following:

(i) declare all or any portion of the principal of, and any and all accrued and unpaid interest on, the Loan to be immediately due and payable, whereupon the same shall become and be immediately due and payable and the Borrower shall be obligated to repay all of such obligations in full, without presentment, demand, protest or further notice or other requirements of any kind, all of which are hereby expressly waived by the Borrower;

(ii) make any payments and do any acts it considers necessary to protect the Collateral and/or its security interest in the Collateral;

(iii) terminate this Loan Agreement or any of the other Loan Documents as to any future liability or obligation of the Lender, but without affecting any of the Lender's liens in the Collateral; and

(iv) exercise all other rights and remedies available to Lender under the Loan Documents or under applicable law, or in equity.

The foregoing to the contrary notwithstanding, upon the occurrence of an Event of Default described in Section 5(a)(iii), in addition to the remedies set forth above, without any notice to Borrower or any other person or entity or any act by the Lender, the full unpaid principal amount of the Loan and all accrued and unpaid interest thereon, shall automatically become and be immediately due and payable and the Borrower shall automatically be obligated to repay all of such amounts in full, without presentment, demand, protest or notice or other requirement of any kind, all of which are expressly waived by Borrower.

(b) The rights and remedies of the Lender under this Loan Agreement and the other Loan Documents shall be cumulative. The Lender shall have all other rights and remedies as provided under applicable law or in equity. No exercise by the Lender of one right or remedy shall be deemed an election, and no waiver by the Lender of any Event of Default shall be deemed a continuing waiver. No delay by the Lender in enforcing any rights hereunder shall constitute a waiver, election or acquiescence by it in the absence of a written waiver signed by the Lender.

8. Amendment and Waiver. Except as otherwise expressly provided herein, the provisions of this Loan Agreement may be amended only with the prior written consent of the Lender and the Borrower.

9. NO ASSIGNMENT OR TRANSFER. BORROWER SHALL NOT sell, assign, transfer, pledge, hypothecate, mortgage or otherwise encumber this Loan Agreement or any of its rights OR OBLIGATIONS hereunder or herein without the prior written consent of LENDER, which SHALL NOT BE UNREASONABLY WITHHELD. lender shall be permitted to transfer and assign its rights under this loan agreement WITHOUT THE PRIOR WRITTEN CONSENT OF BORROWER. This Agreement is binding on Borrower's and Lender's successors and assignees.

10. Fees and Expenses. Each party shall pay any and all fees, costs and expenses, including attorneys' fees, incurred by the party in connection with this Loan Agreement and the Promissory Note and the negotiation, execution and performance hereof; provided that the Borrower shall bear and pay all fees, costs and expenses, including attorneys' fees, incurred by Lender in (i) the collection of any amounts owed under this Loan Agreement or any other Loan Document, (ii) the perfection of any security interests or liens in favor of Lender on the Collateral, or (iii) the enforcement of this Loan Agreement or any other Loan Document.

11. Notices. All notices, requests and other communications made or given in connection with this Loan Agreement or any other Loan Document shall be in writing and, unless receipt is stated herein to be required, shall be deemed to have been validly given if delivered personally to the party that is to be addressed, or by reputable overnight carrier, or registered or certified mail, return receipt requested, or by e-mail or telecopy with the original forwarded by first-class mail, in all cases, with charges prepaid.

12. Governing Law. All questions concerning the construction, validity and interpretation of this Loan Agreement will be governed by and construed in accordance with the domestic laws of the State of California, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of California or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of California.

13. Waiver of Presentment, Demand and Dishonor. The Borrower hereby waives presentment for payment, protest, demand, notice of protest, notice of nonpayment and diligence with respect to this Loan Agreement, and waives and renounces all rights to the benefits of any statute of limitations or any moratorium, appraisal, exemption, or homestead now provided or that hereafter may be provided by any federal or applicable state statute, including but not limited to exemptions provided by or allowed under the United States Bankruptcy Code, both as to itself and as to all of its property, whether real or personal, against the enforcement and collection of the amounts owed under this Loan Agreement and any and all extensions, renewals, and modifications hereof.

14. Business Days. If any payment is due, or any time period for giving notice or taking action expires, on a day which is a Saturday, Sunday, or legal holiday in the State of California, the payment shall be due and payable on, and the time period shall automatically be extended to, the next business day immediately following such Saturday, Sunday, or legal holiday, and interest shall continue to accrue at the required rate hereunder until any such payment is made.

15. Indemnification. Borrower agrees to indemnify, defend and hold the Lender harmless against: (a) all obligations, demands, claims, and liabilities (collectively, "Claims") claimed or asserted by any other party in connection with the making of the Loan or the repayment or collection thereof; and (b) all losses or expenses in any way suffered, incurred, or paid by the Lender as a result of, following from or arising from the making of the Loan or the repayment or collection thereof (including reasonable attorneys' fees and expenses), except for Claims and/or losses directly caused by the Lender's gross negligence or willful misconduct as determined in a final, non-appealable judgment of a court of competent jurisdiction.

16. WAIVER OF JURY TRIAL. EACH OF THE BORROWER AND THE LENDER IRREVOCABLY WAIVES ALL RIGHTS TO A TRIAL BY JURY IN ANY SUIT, ACTION, OR OTHER PROCEEDING INSTITUTED BY OR AGAINST SUCH PARTY IN RESPECT OF ITS OBLIGATIONS HEREUNDER OR THE TRANSACTIONS CONTEMPLATED HEREBY.

17. SUBMISSION TO JURISDICTION. EACH PARTY HERETO HEREBY IRREVOCABLY AND EXCLUSIVELY SUBMITS ITSELF TO THE JURISDICTION OF THE STATE COURTS OF THE STATE OF CALIFORNIA LOCATED IN THE COUNTY OF LOS ANGELES, FOR THE PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF OR BASED UPON THIS LOAN AGREEMENT, THE SUBJECT MATTER HEREOF OR ANY OTHER LOAN DOCUMENT. IN NO EVENT SHALL A CLAIM BE ADJUDICATED IN FEDERAL DISTRICT COURT. IN THE EVENT THAT EITHER PARTY COMMENCES A CLAIM IN FEDERAL DISTRICT COURT OR MOVES TO REMOVE SUCH ACTION TO FEDERAL DISTRICT COURT, THE PARTIES HEREBY MUTUALLY AGREE TO STIPULATE TO A DISMISSAL OF SUCH FEDERAL CLAIM WITH PREJUDICE. EACH OF THE BORROWER AND THE LENDER, TO THE EXTENT PERMITTED BY APPLICABLE LAW, HEREBY WAIVES, AND AGREES NOT TO ASSERT, BY WAY OF MOTION, AS A DEFENSE, OR OTHERWISE, IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT SUBJECT PERSONALLY TO THE JURISDICTION OF THE ABOVE-NAMED COURTS, THAT ITS PROPERTY IS EXEMPT OR IMMUNE FROM ATTACHMENT OR EXECUTION, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER OR THAT THIS LOAN AGREEMENT OR THE SUBJECT MATTER HEREOF OR ANY OTHER LOAN DOCUMENT MAY NOT BE ENFORCED IN OR BY SUCH COURT. EACH PARTY AGREES THAT ITS SUBMISSION TO JURISDICTION IS MADE FOR THE EXPRESS BENEFIT OF THE OTHER PARTY. FINAL JUDGMENT AGAINST A PARTY IN ANY SUCH ACTION, SUIT OR PROCEEDING SHALL BE CONCLUSIVE, AND MAY BE ENFORCED IN ANY OTHER JURISDICTION (A) BY SUIT, ACTION OR PROCEEDING ON THE JUDGMENT, A CERTIFIED OR TRUE COPY OF WHICH SHALL BE CONCLUSIVE EVIDENCE OF THE FACT AND OF THE AMOUNT OF INDEBTEDNESS OR LIABILITY OF THE OBLIGOR THEREIN DESCRIBED OR (B) IN ANY OTHER MANNER PROVIDED BY OR PURSUANT TO THE LAWS OF SUCH OTHER JURISDICTION.

18. Usury Laws. It is the intention of the Borrower and the Lender to conform strictly to all applicable usury laws now or hereafter in force, and any interest payable under this Loan Agreement shall be subject to reduction to the amount not in excess of the maximum legal amount allowed under the applicable usury laws as now or hereafter construed by the courts having jurisdiction over such matters. The aggregate of all interest (whether designated as interest, service charges, points, or otherwise) contracted for, chargeable, or receivable under this Loan Agreement shall under no circumstances exceed the maximum legal rate upon the unpaid principal balance of this Loan Agreement remaining unpaid from time to time. If such interest does exceed the maximum legal rate, it shall be deemed a mistake and such excess shall be canceled automatically and, if theretofore paid, rebated to the Borrower or credited on the principal amount of this Loan Agreement, or if this Loan Agreement has been repaid, then such excess shall be rebated to the Borrower.

19. Binding Effect. This Loan Agreement and all rights and powers granted hereby will bind and inure to the benefit of the parties hereto and their respective permitted successors and permitted assigns.

20. Severability. The provisions of this Loan Agreement and the Promissory Note are deemed to be severable, and the invalidity or unenforceability of any provision shall not affect or impair the remaining provisions which shall continue in full force and effect.

21. Integration. The Loan Documents contain the entire instrument governing the parties with respect to the subject matter hereof and supersedes all prior instruments or understandings, written or oral, in respect thereof.

22. Counterparts. This Loan Agreement may be executed in any number of counterparts (including by facsimile transaction), all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Loan Agreement by signing any such counterpart.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Loan Agreement (Limited Recourse) on the date first above written.

Body and Mind Inc.

LENDER:

/s/ Robert Hasman

Name: Robert Hasman

Title: Authorized Signatory

Date: June 20, 2019

Green Light District Holdings, Inc.

BORROWER:

/s/ David Barakett

Name: David Barakett

Title: Authorized Signatory

Date: June 20, 2019

Schedule I to EXHIBIT E

PROMISSORY NOTE

FOR VALUE RECEIVED, Green Light District Holdings, Inc., a Delaware Corporation (the "Borrower"), does hereby promise to pay to the order of Body and Mind Inc., a Nevada corporation (the "Lender"), in lawful money of the United States of America in immediately available funds, an amount equal to the Loan Amount (as defined in the Loan Agreement), and to pay interest on the unpaid principal amount of the Loan Amount (unless such interest is forgiven as set forth in the Loan Agreement) from time to time outstanding hereunder in the amount set forth in the Loan Agreement, in like money, at such times as set forth in the Loan Agreement. Reference is made to the Loan Agreement dated as of the date hereof, by and between the Borrower and the Lender, to which this Promissory Note is attached as Schedule I (as amended, supplemented, restated, renewed, extended or otherwise modified, the "Loan Agreement").

The Borrower and any and all endorsers of this Promissory Note and all other parties now or hereafter liable hereon severally waive grace, demand, presentment for payment, protest, notice of any kind not expressly provided for in the Loan Agreement or this Promissory Note (including, but not limited to, notice of dishonor or notice of protest) and diligence in collecting and bringing suit against any party hereto and agree to the extent permitted by applicable law (i) to all extensions and partial payments, with or without notice, (ii) to any substitution, exchange or release of any security now or hereafter given for this Promissory Note, and (iii) to the release of any party primarily or secondarily liable hereon. The non-exercise by the holder of any of its rights hereunder in any particular instance shall not constitute a waiver thereof in that or any subsequent instance.

This Promissory Note may be delivered in portable document format (.pdf) by facsimile or electronic mail.

This Promissory Note is the Promissory Note referred to in the Loan Agreement, and is entitled to the benefits of, and is secured by the security interests granted in, the Loan Agreement.

In the event of a conflict between this Promissory Note and the Loan Agreement, the provisions of the Loan Agreement will govern.

THIS PROMISSORY NOTE SHALL NOT BE SOLD, TRANSFERRED OR ASSIGNED, IN WHOLE OR IN PART, EXCEPT, IN THE CASE OF THE LENDER, TO ITS AFFILIATE UNDER COMMON CONTROL. AS EXPRESSLY PERMITTED BY THE LOAN AGREEMENT. THIS PROMISSORY NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA (WITHOUT REGARD FOR CONFLICTS OF LAWS PRINCIPLES) APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED WHOLLY WITHIN THE STATE OF CALIFORNIA.

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[SIGNATURE PAGE TO PROMISSORY NOTE]

IN WITNESS WHEREOF, the Borrower has executed this Promissory Note as of the date first set forth above.

BORROWER:

Green Light District Holdings, Inc.

By: /s/ David Barakett

Name: David Barakett

Title: Authorized Signatory

Schedule II to Exhibit F

SECURITY AGREEMENT

This security agreement (the "Security Agreement"), effective as of June 19, 2019 (the "Effective Date"), is made and entered into by and between Green Light District Holdings, Inc., a Delaware Corporation (the "Borrower"), The Airport Collective, Inc., a California Non-Profit Mutual Benefit Corporation (hereinafter "Guarantor") (Borrower and Guarantor shall collectively be referred to as, the "Guarantors"), and Body and Mind Inc., a Nevada corporation ("Secured Party").

WHEREAS, contemporaneously herewith, Secured Party and Borrower are entering into the Loan Agreement (the "Agreement") and Promissory Note (the "Note"), pursuant to which Borrower shall borrow Two Hundred Thousand Dollars (\$200,000) from Secured Party;

WHEREAS, as a condition to the Agreement, the Secured Party requires Guarantors to enter into this Security Agreement to grant Secured Party a security interest in the Collateral (as defined herein) in order to secure Borrower's obligations under the Agreement and the Note;

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the parties hereto agree as follows.

1. Grant of Security Interest. As collateral security for payment in full by Borrower of all amounts due under the Agreement, the Note and the other obligations to be performed under this Security Agreement, the Agreement and the Note (collectively, the "Obligations"), Borrower hereby grants to Secured Party a security interest in and on all of Borrower's right, title, and interest in and to all of the following collateral, whether now owned or hereafter acquired or existing (the "Borrower's Collateral"), and Guarantor, Airport Collective Inc., hereby grants to Secured Party a security interest in and on all of Guarantor's right, title, and interest in and to all of the following collateral that is utilized in connection with a commercial cannabis retail business located at 3411 East Anaheim Street, Long Beach, California 90802, whether now owned or hereafter acquired or existing (the "Guarantor's Collateral"), collectively with the Borrower's Collateral shall be referred to as "Collateral");

a. All Equipment, as defined in the California Uniform Commercial Code (the "UCC"), including, without limitation, equipment in all of its forms wherever located, including, without limitation, all machinery and other goods, furniture, furnishings, fixtures, office supplies, and all other similar types of tangible personal property and all parts thereof and all accessions thereto, together with all parts, fittings, special tools, alterations, substitutions, replacements, and accessions thereto (any and all such equipment, parts, and accessions being the "Borrower's Equipment");

b. All Inventory, as defined in the UCC, including, without limitation, inventory in all of its Forms, wherever located, including, but not limited to: (i) all raw materials and work in progress, finished goods, and materials used or consumed in manufacture or production; (ii) goods in which each Guarantor has an interest in mass or a joint or other interest or right of any kind (including, without limitation, goods in which each Guarantor has an interest or right as consignee); and (iii) goods which are returned to or repossessed by each Guarantor, and all accessions thereto and products thereof and all documents and documents of title relating to or covering any of the foregoing or any other assets ("Documents") (any and all such inventory, accessions, products, and Documents being the "Inventory");

c. All Accounts as defined in the UCC, including without limitation, accounts receivable, cash or cash equivalents, contract rights, chattel paper, instruments, acceptances, drafts, general intangibles, payment intangibles, letter-of-credit rights, commercial torts claims, commercial claims, deposit accounts, consignments, promissory notes and other obligations of any kind, whether or not arising out of or in connection with the sale or lease of goods or the rendering of services, together with all ledger sheets, files, records, and documents relating to any of the foregoing, including all computer records, programs, storage media, and computer software useful or required in connection therewith (the "Receivables"), and all rights now or hereafter existing in and to all security agreements, leases, and other contracts securing or otherwise relating to any such Receivables, and any and all such leases, security agreements, and other contracts (the "Related Contracts");

d. All rights under all contracts or agreements to which each Guarantor is a party (other than contracts or agreements entered into which by their terms expressly prohibit the granting of any lien, charge, claim, or encumbrance of any nature whatsoever ("Lien") thereon; Borrower shall use commercially reasonable efforts to ensure that all contracts and agreements entered into by each Guarantor during the term of this Agreement permit the attachment of the Lien provided for under this Agreement);

e. All right, title, and interest, in, to, and under, any accounts or deposit accounts maintained by each Guarantor at any bank or other financial institution;

f. All right, title, and interest, in, to, and under, any local or state licenses, permits or authorizations required for each Guarantor to conduct its business;

g. General intangibles as defined in the UCC, including without limitation, payment intangibles, software, good will, and tax refunds;

h. All other personal property of each Guarantor, including, without limitation, all other goods, documents, instruments, general intangibles, money, accounts, and chattel paper; and

i. All proceeds of any and all of the foregoing Collateral (including, without limitation, proceeds which constitute property of the types described in clauses (a) through (g) of this paragraph 1) and, to the extent not otherwise included, all payments under insurance (whether or not Secured Party is the loss payee thereof), or any indemnity, warranty, or guaranty, payable by reason of loss or damage to, or otherwise with respect to any of the foregoing items.

j. As further security, at Secured Party's election, Secured Party may record a lien on certain real property utilized in connection with each Guarantor's business.

Subject to any prior secured interest in the Collateral, the Collateral secures the prompt and complete payment when due of the outstanding principal and interest under the Agreement and the Note.

2. Representations and Warranties. Guarantors represent and warrant to Secured Party as follows:

a. Guarantors have full power and authority to execute, deliver, and perform this Security Agreement, which has been duly authorized by all necessary and proper corporate action.

b. This Security Agreement has been duly executed and delivered, and constitutes the legal, valid, and binding obligation of Guarantors, enforceable in accordance with its terms.

c. No effective security agreement, financing statement, equivalent security or Lien instrument, or continuation security agreement covering all or any part of the Collateral is on file or of record in any public office.

d. Guarantors have good title to and is the lawful owner of the Collateral, free from all claims, liens, encumbrances, charges, or security interests whatsoever except as otherwise granted by this Security Agreement.

e. All of the Equipment and Inventory: (i) were acquired in Guarantors' ordinary course of business; (ii) are in Guarantors' exclusive possession and control; (iii) are to be maintained and preserved by Guarantors in the same condition, repair, and working order as when new, ordinary wear and tear excepted; (iv) shall promptly be repaired, replaced, and otherwise improved by Guarantors promptly following any material loss or damage, provided that Secured Party shall be notified of such material loss or damage; (v) shall be located at Guarantors' principal place of business; (vi) in the event that the location of the Equipment or Inventory changes, Guarantors shall promptly provide notice to the Secured Party of such location change; (vii) shall be open to inspection by Secured Party during normal business hours; (viii) shall not be sold, assigned, leased, mortgaged, transferred, or otherwise disposed of by Guarantors, except in the ordinary course of business; and (ix) shall not become a part of or to be affixed to any real property of any person.

f. All of Guarantor's material Related Contracts are in full force and effect, and Guarantors and, to Guarantors' knowledge, the other contracting parties to each such Related Contract have performed in all material respects their respective obligations under each such Related Contract.

g. This Security Agreement creates a valid Lien and security interest in the Collateral, securing the payment of all amounts due under the Agreement and the Note, and, upon the filing of the related financing statement(s) in accordance with this Security Agreement, the Lien will be perfected, enforceable in accordance with its terms.

h. No authorization, approval, or other action by, and no notice to or filing with, any governmental or regulatory agency or authority is required: (i) for the grant by Guarantors of the security interest granted hereby; (ii) for the execution, delivery, or performance of this Security Agreement by Borrower; or (iii) for the perfection of or the exercise by Secured Party of its rights and remedies hereunder.

3. Covenants. Guarantors covenants and agrees that, until the Obligations are irrevocably satisfied in full or otherwise discharged:

a. Guarantors shall, at Guarantors' sole expense, promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary in order to perfect and protect any security interest granted hereby or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral, including, without limitation, providing, executing, filing, and/or recording any notice, financing statement, statement, instrument, document, or agreement necessary to create, preserve, continue, perfect, or validate any security interest granted hereunder or which is necessary to exercise or enforce the Secured Party's rights hereunder with respect to such security interest.

b. The Secured Party is authorized to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of Guarantors where permitted by law in a form as determined to be appropriate by Secured Party. A carbon, photographic, or other reproduction of this Security Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

c. Guarantors shall keep the Collateral insured for the benefit of the Secured Party against fire, theft, and such other hazards, and in amounts and with such insurance underwriters, as are prudent and customary in Guarantors' industry.

d. Guarantors shall defend the Collateral against all claims and demands of all persons (other than Secured Party) claiming an interest therein.

e. Guarantors shall not sell, assign, convey, grant, create, or suffer to exist any lien, claim, security interest, or encumbrance upon the Collateral in favor of any person other than the Secured Party.

f. Guarantors shall not otherwise transfer or dispose of any Collateral ("Transfer"), except for a Transfer, other than a security interest, made in the ordinary course of business for reasonably equivalent value.

4. Remedies. Upon the happening of an Event of Default, as defined in the Agreement and the Note, the Secured Party shall have, in addition to all other rights and remedies provided in this Security Agreement or otherwise, all the rights and remedies of a secured party on default under the UCC, including without limitation the right to take possession of the Collateral, and for that purpose the Secured Party may, so far as Guarantors can give authority therefor, enter upon any premises upon which Collateral may be situated and remove, take and carry away the same. Without limiting the generality of the foregoing, the Secured Party may immediately, without demand or performance and without notice of intention to sell or of time or place of sale or of redemption or other notice or demand whatsoever to Guarantors, all of which are hereby expressly waived, and without advertisement, sell the Collateral, or any part thereof, at public or private sale or otherwise, at any of Secured Party's offices or elsewhere, for cash, on credit, or for future delivery and upon such other terms as Secured Party may deem commercially reasonable, and after deducting from the proceeds of sale or other disposition of the Collateral all expenses (including all reasonable expenses for legal services), shall apply the residue of such proceeds toward the payment of the Obligations and other liabilities of Guarantors, Borrower remaining liable for any deficiency remaining unpaid after such application. If notice of any sale or other disposition is required by law to be given, Guarantors hereby agrees that a notice sent at least two (2) days before the time of any intended public sale or of the time after which any private sale or other disposition of the Collateral is to be made, shall be reasonable notice of such sale or other disposition. The Secured Party, in its discretion, may in its name or in the name of Guarantors, demand, sue for, collect, and receive any money, receivables, or proceeds included in the Collateral and extend the time of payment or otherwise modify any of the terms of or release Guarantors under any such Collateral, without thereby incurring responsibility to or discharging or otherwise affecting any liability of Guarantors. Guarantors shall pay to the Secured Party on demand any and all attorney's fees reasonably and necessarily incurred or paid by the Secured Party in protecting or enforcing the Obligations and the other rights of the Secured Party under this Security Agreement, including its right to take possession of and realize on Collateral.

5. Power of Attorney. Guarantors authorize the Secured Party and does hereby make, constitute, and appoint the Secured Party and agents of the Secured Party with full power of substitution, as Guarantors' true and lawful attorney-in-fact with power, in its own name or in the name of Guarantors, upon the occurrence and continuance of any Event of Default, as defined in the Agreement and the Note, to endorse any notes, checks, drafts, money orders, or other instruments of payment (including, payments under or in respect of any policy of insurance) in respect of the Collateral that may come into possession of the Secured Party; to sign and endorse any documents relating to the Collateral; to pay or discharge taxes, liens, security interests, or other encumbrances at any time levied or placed on or threatened against the Collateral; to grant, collect, receipt for, compromise, settle, and sue for sums due in respect of the Collateral; and generally, to do at the Secured Party's option and at Guarantors' expense, at any time, or from time to time all acts and things which the Secured Party deems necessary to protect, preserve, and realize upon the Collateral and Guarantors' security interests therein in order to effect the intent of this Security Agreement, as fully and effectually as Guarantors might or could do; and Guarantors hereby ratify all that said attorney shall do or cause to be done by virtue hereof. THIS POWER OF ATTORNEY IS COUPLED WITH AN INTEREST AND SHALL BE IRREVOCABLE FOR AS LONG AS ANY OF THE OBLIGATIONS SHALL BE OUTSTANDING. Guarantors agree that any reasonable fees, costs, and expense incurred by the Secured Party pursuant to the foregoing authorization shall become part of the Obligations and be secured by the Collateral.

6. Term of Security Agreement. The term of this Security Agreement shall commence on the date hereof and continue in full force and effect until all of the Obligations have been fully and indefeasibly paid and performed and such payment and performance has been acknowledged in writing by the Secured Party. At such time, this Security Agreement shall terminate, Secured Party shall release its security interests hereunder (and deliver and sign appropriate UCC termination statements), and the Collateral shall be reassigned to Guarantors.

7. Indemnity and Expenses.

a. Borrower agrees to jointly and severally, indemnify Secured Party from and against any and all claims, losses, and liabilities arising out of or resulting from this Security Agreement (including, without limitation, enforcement of this Security Agreement), except claims, losses, or liabilities resulting from Secured Party's gross negligence or willful misconduct.

b. Guarantor agrees to, jointly and severally, will upon demand pay to Secured Party the amount of any and all expenses, including the reasonable fees and out of pocket disbursements of its outside legal counsel and of any experts and agents, which Secured Party may incur in connection with: (i) filing or recording fees incurred in connection with this Security Agreement; (ii) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any of the Collateral; (iii) the exercise or enforcement of any of the rights of Secured Party; or (iv) the material failure by Guarantors to perform or observe any of the provisions hereof. Secured Party shall not be liable to Guarantors for damages as a result of delays, temporary withdrawals of the Equipment from service, or other causes other than those caused by Secured Party's gross negligence or willful misconduct.

8. Miscellaneous.

a. Continuing Security Interest; Transfer of the Note. This Security Agreement shall create a continuing security interest in the Collateral and shall: (a) remain in full force and effect until payment in full of all amounts due under the Note and Agreement; (b) be binding upon Guarantors, their successors and assigns; and (c) inure to the benefit of Secured Party and its successors, transferees, and assigns. Upon the payment in full of all amounts due under the Note, the security interest granted hereby shall terminate and all rights to the Collateral shall revert to Guarantors. Upon any such termination, Secured Party will, at Guarantors' expense, execute and deliver to Guarantors such UCC termination statements and such other documentation as Guarantors shall reasonably request to affect the termination and release of the Liens on the Collateral.

b. No Third-Party Beneficiaries. This Security Agreement shall not confer any rights or remedies upon any person other than the parties and their respective successors and permitted assigns.

c. Succession and Assignment. This Security Agreement shall be binding upon and inure to the benefit of the parties named herein and their respective successors and permitted assigns. No party may assign the Note, this Security Agreement, or any of the rights, interests, or obligations thereunder or hereunder without the prior written approval of the other party.

d. Entire Agreement. This Security Agreement (including the documents referred to herein) constitutes the entire agreement among the parties and supersedes any prior understandings, agreements, or representations by or among the parties, written or oral, to the extent they have related in any way to the subject matter hereof.

e. Counterparts. This Security Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

f. Headings. The section headings contained in this Security Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Security Agreement.

g. Notices. Each notice, request, demand, consent, confirmation or other communication under this Agreement shall be in writing and delivered in person or sent by electronic mail or facsimile or registered or certified mail, return receipt requested and postage prepaid, to the applicable party at its current address or email address or facsimile number or at such other address or email address or facsimile number as any party hereto may designate as its address for communications hereunder by notice so given. Such notices shall be deemed effective on the day on which delivered or sent if delivered in person or sent by electronic mail or facsimile (with answerback confirmation received), or on the third (3rd) business day after the day on which mailed, if sent by registered or certified mail.

h. Consent to Jurisdiction; Waiver of Jury Trial. SECURED PARTY AND GUARANTORS IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY COURT OF THE STATE OF CALIFORNIA SITTING IN LOS ANGELES COUNTY, IN ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT. SECURED PARTY AND GUARANTORS HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT TO SUCH SUIT, ACTION OR PROCEEDING MAY BE HELD AND DETERMINED IN ANY OF SUCH STATE COURTS. SECURED PARTY AND GUARANTORS IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH THEY MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT, AND SECURED PARTY AND GUARANTORS EACH FURTHER IRREVOCABLY WAIVES ANY CLAIM THAT SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. THE GUARANTORS AND THE SECURED PARTY HEREBY IRREVOCABLY WAIVE THE RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY ACTION IN WHICH GUARANTORS AND THE SECURED PARTY ARE PARTIES RELATING TO OR ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER TRANSACTION DOCUMENTS.

i. Governing Law. This Agreement shall be governed by and construed in accordance with the substantive laws of the State of California (without reference to conflict of law principles).

j. Equitable Remedies. In the event of any actual or prospective breach or default by either party, the other party shall be entitled to equitable relief, including remedies in the nature of injunction and specific performance. All remedies hereunder are cumulative and not exclusive, and nothing herein shall be deemed to prohibit or limit either party from pursuing any other remedy or relief available at law or in equity for any actual or prospective breach or default, including the recovery of damages.

k. Amendments and Waivers. No amendment of any provision of this Security Agreement shall be valid unless the same shall be in writing and signed by both Guarantors and Secured Party. No waiver by any party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

l. Severability. Any term or provision of this Security Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

m. Construction. The parties have participated jointly in the negotiation and drafting of this Security Agreement. In the event an ambiguity or question of intent or interpretation arises, this Security Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Security Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement effective as of the Effective Date.

Body and Mind Inc.
("Secured Party")

By: /s/ Robert Hasman
Name: Robert Hasman
Title: Authorized Signatory

Dated: June 20, 2019

Green Light District Holdings, Inc.
("Borrower")

By: /s/ David Barakett
Name: David Barakett
Title: Authorized Signatory

Dated: June 20, 2019

Airport Collective, Inc.
("Guarantor")

By: /s/ David Barakett
Name: David Barakett
Title: Authorized Signatory

Dated: June 20, 2019
