

LOAN AGREEMENT

BY AND AMONG

PELORUS FUND REIT, LLC,

AS LENDER,

**DALVI, LLC, and
LYFTED FARMS, INC.,**

EACH AS BORROWER

TRANSCANNA HOLDINGS INC.,

AS GUARANTOR,

and

THE LIMITED GUARANTOR

DATED AS OF JULY 29, 2022

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Exhibits:

Exhibit A	-	Form of Disbursement Request
Exhibit B-1	-	Approved Annual Budget
Exhibit B-2	-	Approved Construction Budget
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Exhibit D	-	Definition of “Special Purpose Entity” and Related Defined Terms
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Schedule P-2	-	Existing Indebtedness

THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS ARE SUBJECT TO STRICT REQUIREMENTS FOR ONGOING REGULATORY COMPLIANCE BY THE PARTIES HERETO, INCLUDING, WITHOUT LIMITATION, REQUIREMENTS THAT THE PARTIES TAKE NO ACTION IN VIOLATION OF EITHER ANY STATE CANNABIS LAWS OR THE GUIDANCE OR INSTRUCTION OF THE REGULATOR. SECTION 12.27(b) CONTAINS SPECIFIC REQUIREMENTS AND COMMITMENTS BY THE PARTIES TO MAINTAIN FULLY THEIR RESPECTIVE COMPLIANCE WITH STATE CANNABIS LAWS AND THE REGULATOR. THE PARTIES UNDERSTAND THE REQUIREMENTS OF SECTION 12.27(b).

LOAN AGREEMENT

THIS **LOAN AGREEMENT** is made and entered into as of July 29, 2022, by and among **DALVI, LLC**, a California limited liability company (“**Propco**”), **LYFTED FARMS, INC.**, a California corporation, (“**Opc**”; **Opc** and **Propco** are referred to herein individually and collectively, as the context may require, as “**Borrower**”), **TRANSCANNA HOLDINGS INC.**, a corporation incorporated under the British Columbia British Corporations Act (“**Holdings**” or “**Guarantor**”), **JAMES R. BLINK** solely in his individual capacity as a Limited Guarantor, and **PELORUS FUND REIT, LLC**, a Delaware limited liability company (together with its successors and/or assigns, “**Lender**”).

WITNESSETH:

WHEREAS, Borrower has requested that Lender provide Borrower with real estate secured term loan financing in an amount of up to Fifteen Million Eight Hundred and Eight Thousand Dollars (\$15,808,000.00) (the “**Loan**”) in connection with Borrower’s intention to refinance certain existing indebtedness secured by the Property (as defined below) and pay certain other costs relating to the Property.

WHEREAS, Holdings owns, directly or indirectly, 100% of the beneficial ownership interests in Borrower, and Holdings will derive substantial benefit from Lender making the Loan to Borrower;

WHEREAS, Propco has leased the Property to Opc, and Opc operates the Cannabis Business (as defined below) and holds the Regulatory Licenses with respect thereto; and

WHEREAS, Lender is willing to provide the Loan to Borrower, on the terms and conditions contained in this Agreement and the other Loan Documents.

NOW, THEREFORE, in consideration of the making of the Loan by Lender, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as to the accuracy of the foregoing Recitals and as follows:

ARTICLE I

DEFINITIONS

1.1 Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth respectively after each:

“**Accounting Standard**” means IFRS or any other accounting method approved by Lender.

“**Accounts Payable Reserve Account**” is defined in Section 3.1(g)

“**ADA**” means the Americans with Disabilities Act, 42 U.S.C. §§ 12101, et seq., as the same may be hereafter amended or modified.

“**Additional Borrower Equity**” is defined in Section 3.2(e).

“**Adverse Tax Event**” means the occurrence of any of the following:

(i) the Borrower fails to pay in full all outstanding tax obligations and related penalties (excluding amounts that are (i) subject to an Approved Payment Plan, solely to the extent the Borrower is in full compliance therewith and subject to documentation reasonably satisfactory to Lender of such compliance, or (ii) not yet due and payable) by October 15, 2022 (or such later date as approved by Lender in writing in its sole and absolute discretion);

(ii) the Borrower fails to comply with the terms of any Approved Payment Plan or any Approved Payment Plan is terminated for any reason (other than payment in full of the tax obligations associated therewith);

(iii) the Borrower is informed (either by formal written notice from the Internal Revenue Service or otherwise) that the Internal Revenue Service will not agree to a payment plan in respect of the Borrower’s delinquent payroll tax obligations;

(iv) a Tax Lien is filed by any taxing authority that has priority over the Liens filed by the Lender against the Loan Parties (as reasonably determined by the Agent) other than in respect of Taxes subject to an Approved Payment Plan;

(v) the Borrower receives a notice of an intent to levy or a notice of levy from any taxing authority; or

(vi) any assets of the Borrower are levied by any taxing authority.

“**Affiliate**” means (a) any Person which directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, Borrower or any Guarantor, (b) any Person, 5.00% or more of the Equity Interests of which is held beneficially or of record by Borrower or any Guarantor, (c) any partner or member in Borrower or any Guarantor, and (d) any Guarantor.

“**Affiliate Fees**” is defined in Section 4.16.

“**Agreement**” means this Loan Agreement, as the same may be amended, restated, modified or supplemented from time to time.

“**Amortization Payment**” is defined in Section 2.8(b).

“**Applicable Interest Rate**” has the meaning set forth in Section 2.7(d), as adjusted pursuant to this Agreement.

“**Appraisal**” means a written appraisal prepared by an MAI appraiser acceptable to Lender in its sole discretion and prepared in compliance with applicable regulatory requirements, including, without limitation, the Financial Institutions Recovery, Reform and Enforcement Act of 1989, as amended from time to time, and subject to Lender’s customary independent appraisal requirements.

“**Approved Annual Budget**” means the operating budget for the Loan Parties (including with respect to the Property) approved by Lender as required under Section 5.1(d), as amended from time to time in accordance with this Agreement; provided, that the initial Approved Annual Budget is attached hereto as **Exhibit B-1**.

“**Approved Budget**” means, individually and collectively, as Lender may determine, the Approved Annual Budget, and the Approved Construction Budget.

“**Approved Construction Budget**” means the construction budget setting forth a line item breakdown of all costs and expenses incurred or estimated to be incurred with respect to the Construction Work and relevant assumptions, attached hereto as **Exhibit B-2**, as the same may be amended from time to time in accordance with Section 7.12.

“**Approved Construction Costs**” means the costs incurred by Borrower in connection with the construction of the Construction Work and consistent with (and no more than) the anticipated costs set forth in the Approved Construction Budget.

“**Approved Payment Plan**” means any payment plan entered into by Borrower with any taxing authority that has been approved in writing by the Lender in its reasonable discretion.

“**Assignment of Construction Documents**” means that certain Assignment of Construction Documents dated as of the date hereof executed by Borrower together with the related executed Contractor’s Consent to Assignment of Construction Contract, executed by General Contractor, in each case, as the same may be amended, restated, modified or supplemented from time to time.

“**Bankruptcy Action**” means with respect to any Person (a) such Person filing a voluntary petition under the Bankruptcy Code or any other Federal or state bankruptcy or insolvency law; (b) the filing of an involuntary petition against such Person under the Bankruptcy Code or any other Federal or state bankruptcy or insolvency law; (c) such Person filing an answer consenting to or otherwise colluding or acquiescing in or joining in any involuntary petition filed

against it, by any other Person under the Bankruptcy Code or any other Federal or state bankruptcy or insolvency law; or soliciting or causing to be solicited petitioning creditors for any involuntary petition from any Person; (d) the appointment of a custodian, receiver, trustee, or examiner for such Person or any portion of the Property; (e) such Person making an assignment for the benefit of creditors, or admitting, in writing or in any legal proceeding, its insolvency or inability to pay its debts as they become due; or (f) such Person commencing (or have commenced against it) a proceeding for the dissolution or liquidation of it.

“**Bankruptcy Code**” means the Bankruptcy Reform Act of 1978, 11 U.S.C. §101-1330, as the same may be hereafter amended or modified.

“**Borrower**” is defined in the opening paragraph of this Agreement.

“**Borrower Related Party**” means, individually and/or collectively, as the context may require, each Loan Party, each Limited Guarantor and any Affiliate of any of the foregoing.

“**Broker Fee**” is defined in Section 2.3(b).

“**Broker Fee Subordination Agreement**” means that certain Broker Fee Subordination Agreement executed by Broker in favor of Lender.

“**Business Day**” means any day, other than a Saturday, Sunday or any other day on which the New York Stock Exchange or the Federal Reserve Bank of New York is not open for business or which is a day on which banking institutions located in the State are required or authorized by law or other governmental action to close or any day which is a statutory holiday in Toronto, Ontario or Vancouver, British Columbia.

“**Cannabis Business**” shall mean the business of acquiring, cultivating, manufacturing, extracting, testing, producing, processing, possessing, selling (at retail or wholesale), dispensing, donating, distributing, transporting, packaging, labeling, marketing or disposing of cannabis, marijuana or related substances or products containing or relating to the same, and all ancillary activities related to the foregoing, including leasing any real property on which any such activity is conducted.

“**Cash Equivalents**” means (a) marketable direct obligations issued by, or unconditionally guaranteed by, the United States or issued by any agency thereof and backed by the full faith and credit of the United States, (b) marketable direct obligations issued or fully guaranteed by any state of the United States or any political subdivision of any such state or any public instrumentality thereof, (c) commercial paper, (d) certificates of deposit, time deposits, overnight bank deposits or bankers’ acceptances, (e) Deposit Accounts, (f) repurchase obligations of any commercial bank or recognized securities dealer, (g) debt securities with maturities of six (6) months or less from the date of acquisition backed by standby letters of credit issued by any commercial bank, and (h) Investments in money market funds substantially all of whose assets are invested in the types of assets described in clauses (a) through (g) above.

“**Cash Management Reserve Account**” is defined in Section 3.1(b).

“Cash Management Period” means any period (a) during the existence of an Event of Default under Section 9.1(a), (b) during the existence of an Adverse Tax Event, (c) following the acceleration of the Loan or the commencement of any enforcement of any remedies of Lender during the continuance of an Event of Default, including but not limited to any foreclosure on any Collateral, or (d) during any period where the Applicable Interest Rate is subject to the Interest Rate Reduction, commencing on the first business day following the delivery of quarterly financial statements pursuant to Section 5.1(b), if the Debt Service Coverage Ratio has declined below 1.50:1.00 as demonstrated by the Compliance Certificate delivered together with such quarterly financial statements pursuant to Section 5.1(e)(ii). A Cash Management Period triggered pursuant to clause (d) of this definition shall end (i) upon the Debt Service Coverage Ratio being greater than or equal to 1.50:1.00 for each of two (2) immediately preceding consecutive Fiscal Quarters for which financial statements have been delivered pursuant to Section 5.1(b) or (ii) upon the prepayment of principal to Lender by Borrower causing the Debt Service Coverage Ratio as of the last day of each of two (2) immediately preceding consecutive Fiscal Quarters for which financial statements have been delivered pursuant to Section 5.1(b), calculated on a pro forma basis for each such Fiscal Quarter after giving effect to such prepayment, to be greater than or equal to 1.50:1.00

“Casualty” is defined in Section 8.1.

“Casualty Retainage” is defined in Section 8.9(b).

“Change in Cannabis Law” shall mean any adverse change after the Effective Date in Federal Cannabis Laws or State Cannabis Laws, or the application or interpretation thereof by any Governmental Authority, (a) that would make it unlawful for Lender to (i) continue to be a party to any Loan Document, (ii) perform any of its obligations under any Loan Document, or (iii) to fund or maintain the Loan, (b) pursuant to which any Governmental Authority has enjoined any Lender from (i) continuing to be a party to any Loan Document, (ii) performing any of its obligations under any Loan Document, or (iii) funding or maintaining the Loans, (c) pursuant to which any Governmental Authority requires (i) confidential information from or disclosure of confidential information about Lender or its Affiliate or any investor therein, or (ii) Lender to obtain any license, permit, or other authorization to, in each case, (A) continue to be a party to any Loan Document, (B) perform any of its obligations under any Loan Document, or (C) to fund or maintain the Loans, or (d) that would impair the Lender’s ability to foreclose upon or otherwise deal with the Collateral.

“Change Order” means any change in, modification to or deviation from the Plans and Specifications, whether designated a change order, construction change directive or the like, and whether or not there is a change in the contract sum or contract time under any contract.

“Closing Reserve Account” is defined in Section 3.1(e).

“Code” means the Internal Revenue Code of 1986, as the same may be hereafter amended or modified.

“**Collateral**” means all of any Loan Party’s now owned or hereafter acquired right, title and interest in and to all property, including, without limitation, each of the following:

- (a) all of its Accounts;
- (b) all of its Books and Records;
- (c) all of its Chattel Paper;
- (d) all of its Deposit Accounts;
- (e) all of its Equipment and Fixtures;
- (f) all of its General Intangibles;
- (g) all of its Inventory;
- (h) all of its Investment Property;
- (i) all of its Negotiable Instruments;
- (j) all of its Supporting Obligations;
- (k) all of its Commercial Tort Claims;
- (l) all of its money, Cash Equivalents, or other assets that now or hereafter come into the possession, custody, or control of Lender;
- (m) all Property; and
- (n) all of the proceeds (as such term is defined in the Code) and products, whether tangible or intangible, of any of the foregoing, including proceeds of insurance or Commercial Tort Claims covering or relating to any or all of the foregoing, and any and all Accounts, Books and Records, Chattel Paper, Deposit Accounts, Equipment, Fixtures, General Intangibles, Inventory, Investment Property, Negotiable Collateral, Supporting Obligations, money, or other tangible or intangible property resulting from the sale, lease, license, exchange, collection, or other disposition of any of the foregoing, the proceeds of any award in condemnation with respect to any of the foregoing, any rebates or refunds, whether for taxes or otherwise, and all proceeds of any such proceeds, or any portion thereof or interest therein, and the proceeds thereof, and all proceeds of any loss of, damage to, or destruction of the above, whether insured or not insured, and, to the extent not otherwise included, any indemnity, warranty, or guaranty payable by reason of loss or damage to, or otherwise with respect to any of the foregoing (the “Proceeds”). Without limiting the generality of the foregoing, the term “Proceeds” includes whatever is receivable or received when Investment Related Property or proceeds are sold, exchanged, collected, or otherwise disposed of, whether such disposition is voluntary or involuntary, and includes proceeds of any indemnity or guaranty payable to Borrower or Agent from time to time with respect to any of the Investment Related Property; provided, however, the Collateral shall not include any Excluded Asset.

“Complete” or **“Completion”** means the Construction Work (as shown on the Plans and Specifications) and the Property shall satisfy the following conditions: (a) the Construction Work is complete (except for normal and customary punchlist items reasonably approved by Lender in accordance with the Plans and Specifications, all applicable Legal Requirements and required approvals by all applicable Governmental Authorities); (b) the Property is available for occupancy and sale, free and clear of all Liens other than the Permitted Encumbrances; (c) a permanent certificate (or certificates) of occupancy for the Construction Work has been issued and delivered to Lender; (d) Borrower has furnished Lender with final lien waivers with respect to the Construction Work and work related thereto; and (e) Borrower shall have delivered to Lender: (i) the final as built Plans and Specifications showing all changes from the approved Plans and Specifications; (ii) the licenses and permits that are required for the operation or occupancy of the Property; (iii) a certificate from Borrower stating that: (x) no written notices from any Governmental Authority of any claimed violations of applicable Legal Requirements arising from the development or operation of the Property which have not been cured were served upon Borrower or (to Borrower’s knowledge) any contractor or subcontractor, and (y) no circumstances exist which are reasonably likely to give rise to the issuance of any such notice of claimed violation; and (iv) a certificate (in form and substance reasonably acceptable to Lender) from the General Contractor stating that: (x) the Property has been completed in accordance with the approved Plans and Specifications, and (y) the Property as so completed complies with all applicable Legal Requirements. Wherever the word “completion” (or any derivations thereof) is used herein but not capitalized, it shall have the ordinary meaning given such term in light of the context in which it appears.

“Completion Date” has the meaning set forth in Section 4.1.

“Completion Guaranty” means that certain Guaranty of Completion executed and delivered by Limited Guarantor in favor of Lender in connection with the Loan, as the same may be amended, restated, modified or supplemented from time to time.

“Compliance Certificate” means a certificate in the form attached hereto as **Exhibit C** evidencing compliance with the Debt Service Coverage Ratio to the extent required pursuant to Section 5.1(e).

“Compliance Notice” is defined in Section 12.27(b)(ii).

“Condemnation Proceeds” is defined in Section 8.7(a).

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“Construction Contract” means any contract, subcontract, trade contract, material agreement or supply contract relating to the construction of the Construction Work or a component thereof, whether entered into by Borrower directly or by General Contractor on behalf of Borrower, including, without limitation the Construction Services Agreement entered into by Guarantor and General Contractor.

“**Construction Costs**” means the costs incurred by Borrower in connection with the construction of the Construction Work.

“**Construction Document**” means the Construction Contract and any other document, instrument, or agreement relating to the construction or development of the Property.

“**Construction Services Agreement**” means that certain Construction Services Agreement, dated July 21, 2022, between Guarantor and General Contractor.

“**Construction Reserve Account**” is defined in Section 3.1(c).

“**Construction Schedule**” means the schedule prepared by Borrower (which shall be verified by Lender’s construction consultant and, if requested by Lender, certified by Borrower) establishing a timetable for commencement and completion of the Construction Work, showing, on a monthly basis, the anticipated progress of the Construction Work and showing that all of the Construction Work will be completed on or before the Completion Date.

“**Construction Work**” means the improvements to be constructed by Borrower upon the Real Property and generally described as follows: upgrades and improvements to electrical, HVAC, power, irrigation and other general construction needs for the building (including, but not limited to, painting and equipment installation).

“**Contractor**” means any contractor, subcontractor, tradesman, materialman or supplier under any Construction Contract.

“**Control**” means the possession, directly or indirectly, of the power to cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, family relationship or otherwise; and the terms “**controls**”, “**controlling**” and “**controlled**” have the meanings correlative to the foregoing.

“**Control Agreement**” means a control agreement, restricted account agreement or similar agreement or document, in each case in form and substance reasonably satisfactory to the Lender and entered into for the purpose of perfecting a security interest in one or more deposit accounts or securities accounts of the Loan Parties.

“**Cost Savings**” means either (a) the completion of any line item in the Approved Construction Budget without the expenditure of all amounts allocated to such line item in the Approved Construction Budget (whether within a particular phase of construction or between phases of construction), or (b) demonstration by Borrower to Lender’s reasonable satisfaction that a cost savings has been, or is reasonably likely to be, realized with respect to any uncompleted line item in the Approved Construction Budget (whether within a particular phase of construction or between phases of construction).

“**Cross-Defaulted Loan**” is defined in Section 9.1(cc).

“**Damages**” means, with respect to any Person, any and all liabilities, obligations, losses, demands, damages, penalties, assessments, actions, causes of action, judgments, proceedings, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever

(including reasonable attorneys' fees and other costs of defense and/or enforcement whether or not suit is brought), fines, charges, fees, settlement costs and disbursements imposed on, incurred by or asserted against such party, whether based on any federal, state, local or foreign laws, statutes, rules or regulations (including securities and commercial laws, statutes, rules or regulations and Hazardous Materials Laws), on common law or equitable cause or on contract or otherwise; provided, however, that "Damages" shall not include special, consequential or punitive damages, except to the extent imposed upon Lender by one or more third parties.

"Debenture" means that certain Senior Unsecured Convertible Debenture dated on or about July 28, 2022, by and among Holdings and Global Tech Opportunities 2.

"Debt" means the outstanding principal balance of the Loan, together with all interest accrued and unpaid thereon and all other sums due from any Loan Party under the Loan Documents, including without limitation the Warrant and any other Obligations.

"Debt Service" as of any date, means the interest due on the outstanding principal balance of the Loan for the relevant period, at the Applicable Interest Rate in effect for the relevant period, together with the principal reduction payment, if any, required during such period pursuant to this Agreement.

"Debt Service Coverage Ratio" means for the Loan Parties, determined on a consolidated basis for the relevant period, the ratio of EBITDA to Debt Service for such period.

"Debt Service Reserve Account" is defined in Section 3.1(a).

"Default" means a condition or event which has occurred and which, after notice or lapse of time, or both, would constitute an Event of Default if that condition or event were not cured within any applicable cure period.

"Default Interest Rate" means a rate per annum equal to nineteen percent (19.0%) or if such increased rate of interest may not be collected under applicable law, then at the maximum rate of interest, if any, which may be collected from Borrower under applicable law.

"Delinquent Payroll Payment Plan Reserve Account" is defined in Section 3.1(d).

"EBITDA" means on a consolidated basis, for the Loan Parties (but excluding any Subsidiary that is not a Loan Party) without duplication, with respect to any period, the sum of (a) net income (or loss) for that period, plus (b) to the extent deducted in the calculation of net income, the aggregate amount of federal, state foreign and local taxes, franchise and other taxes that are measured by income for that period, plus (c) interest expense for that period, plus (d) depreciation expense for that period, plus (e) amortization expense for such period.

"Effective Date" is defined in Section 2.6.

"Embargoed Person" means any Person subject to trade restrictions under any Federal Trade Embargo.

“Environmental Indemnity Agreement” means that certain Environmental Indemnity Agreement executed and delivered by Borrower and Guarantor collectively and jointly and severally in favor of Lender pursuant to this Agreement, as the same may be amended, restated, modified or supplemented from time to time.

“Equity Interests” means (a) partnership interests (general or limited) in a partnership; (b) membership interests in a limited liability company; (c) shares or stock interests in a corporation; and (d) the beneficial ownership interests in a trust.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended or re-codified from time to time, and the regulations promulgated thereunder.

“ERISA Affiliate” is defined in Section 4.18.

“Event of Default” means each of those events so designated in Section 9.1.

“Excess Cash Flow” means for any period, gross revenues, which includes but is not limited to all sales of cannabis and cannabis products less adjustments for (i) sales discounts, (ii) sales allowances, (iii) sales refunds, (iv) adjustments for loyalty program and other accounting accruals as required under the Accounting Standard, and (v) any cultivation, sales, excise and/or municipal taxes required to be collected and remitted to federal, state or local governments; less (a) operating expenses, which includes all costs used to compute operating income (loss) as presented in the company’s publicly issued financial statements (not including Debt Service but including the amortization payments required pursuant to Section 2.5(a)), interest expenses related to leases, taxes and other debt payments, and capital expenditures incurred in accordance with the applicable Approved Annual Budget and (b) extraordinary operating expenses incurred but not included in such Approved Annual Budget and approved by Lender in its reasonable discretion. All of the foregoing shall be interpreted and calculated in accordance with the Accounting Standard.

“Excluded Assets” means any asset or property in which Lender is prohibited from taking, or any Loan Party is prohibited from granting, a security interest in or to pursuant to the express provisions of any State Cannabis Law or any other Legal Requirement; provided, however, “Excluded Assets” shall not include (i) such assets or property to the extent any such prohibition would be rendered ineffective under applicable law or principles of equity, and (ii) the proceeds of any such assets or property (including proceeds from the sale, license, lease or other disposition thereof), and provided further, upon such prohibition ceasing to exist, including pursuant to an approval or consent from the applicable Governmental Authority, such assets and property shall automatically no longer be considered “Excluded Assets” and shall become part of the Collateral.

“Excluded Subsidiaries” means any direct or indirect Subsidiary of Holdings that owns no assets, is not party to any agreements, has no operations and is otherwise dormant and inactive, which as of the Effective Date are listed on Schedule

“Excluded Taxes” means any of the following Taxes imposed on or with respect to Lender or required to be withheld or deducted from a payment to Lender, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in

each case, (i) imposed as a result of such Lender being organized under the laws of, or having its principal office or its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in the Loan pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.15, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Lender's failure to comply with Section 2.15(e) and (d) any withholding Taxes imposed under FATCA.

“Existing Indebtedness” means the Indebtedness for borrowed money as described on Schedule P-2.

“Exit Fee” is defined in Section 2.3(b).

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

“Federal Cannabis Law” shall mean any federal Legal Requirement as such relates, either directly or indirectly, to the cultivation, harvesting, production, distribution, sale and possession of cannabis, marijuana or related substances or products containing or relating to the same, including the prohibition on drug trafficking under 21 U.S.C. § 841(a), et seq., the conspiracy statute under 18 U.S.C. § 846, the bar against aiding and abetting the conduct of an offense under 18 U.S.C. § 2, the bar against misprision of a felony (concealing another's felonious conduct) under 18 U.S.C. § 4, the bar against being an accessory after the fact to criminal conduct under 18 U.S.C. § 3, and federal money laundering statutes under 18 U.S.C. §§ 1956, 1957, and 1960 and the regulations and rules promulgated under any of the foregoing.

“Federal Trade Embargo” means any federal law imposing trade restrictions, or economic or financial sanctions, including (i) the Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended), (ii) the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 et seq., as amended), (iii) Executive Order 13224, (iv) the PATRIOT Act, and (v) any enabling legislation or executive order relating to the foregoing.

“Financing Statements” means any financing statement describing Collateral to perfect Lender's Lien in any of the Collateral, including, without limitation those describing the Collateral as “all personal property” or “all assets” or words of similar effect, and (ii) any amendment or continuation of any filed financing statement, and listing the applicable Loan Party as debtor and Lender as secured party

“**Fiscal Quarter**” means the fiscal quarter of the Loan Parties ending December 31, March 31, June 30, or September 30.

“**Fiscal Year**” means the twelve (12)-month period ending on December 31 of each year or such other fiscal year of as the applicable Loan Party may select from time to time with the prior written consent of Lender, such consent not to be unreasonably withheld.

“**Force Majeure Event**” means strikes, lock-outs, war, civil disturbance, natural disaster, acts of terrorism or acts of God or other matters beyond the reasonable control of a Loan Party which directly affect the Construction Work (including shortages of material or labor), other than shortage or unavailability of funds. An event will be deemed a “Force Majeure Event” only if Borrower delivers to Lender within a reasonable period after the commencement of any such circumstance (not to exceed ten (10) days), written notice of such claimed Force Majeure Event; provided, that no Force Majeure Event (whether caused by one or multiple incidents), irrespective of the actual duration of any such circumstance, shall exceed ninety (90) days.

“**Foreign Lender**” means (a) if Borrower is a U.S. Person, a Lender that is not a U.S. Person, and (b) if Borrower is not a U.S. Person, a Lender that is resident or organized under the laws of a jurisdiction other than that in which Borrower is resident for tax purposes.

“**Fund Control Agent**” means La Mesa Fund Control & Escrow, Inc., who has been appointed by Lender to act as a Servicer with respect to the Construction Reserve Account pursuant to the Fund Control Agreement.

“**Fund Control Agreement**” means that certain Updated Fund Control Agreement dated as of June 13, 2022 among by Borrower, Fund Control Agent, and Lender, and any and all extensions, renewals, modifications, amendments, addendums, supplements and replacements thereto and therefor.

“**General Contractor**” means Cold Storage Manufacturing, Inc., a licensed general contractor engaged by Borrower to complete the Construction Work from time to time.

“**Governmental Authority**” means any national, federal, state, regional or local government, or any other political subdivision of any of the foregoing, in each case with jurisdiction over the applicable Loan Party, the Property, or any Person with jurisdiction over the applicable Loan Party or the Property exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“**Government Approval**” means, with respect to any Person, any action, authorization, consent, approval, license, lease, ruling, permit, privilege, franchise, variance, concession, grant, certification, exemption, filing or registration by or from any Governmental Authority, and any other contractual obligation with, any Governmental Authority, including all licenses, permits, allocations, authorizations, approvals and certificates obtained by or in the name of, or assigned to, any Loan Party and used in connection with the ownership, construction, operation, use or occupancy of the Property or its operations, including building permits, zoning and planning approvals, business licenses, licenses to conduct business, certificates of occupancy and all such other permits, licenses and rights in each case whether or not having the force of law

and applicable to or binding upon such Person or any of its property or operations or to which such Person or any of its property or operations is subject.

“Government Lists” means (A) the Specially Designated Nationals and Blocked Persons Lists maintained by Office of Foreign Assets Control (“**OFAC**”); (B) any other list of terrorists, terrorist organizations or narcotics traffickers maintained pursuant to any of the Rules and Regulations of OFAC that Lender notified Borrower in writing is now included in Government Lists; or (C) any similar lists maintained by the United States Department of State, the United States Department of Commerce or any other government authority or pursuant to any Executive Order of the President of the United States of America that Lender notified Borrower in writing is now included in Government Lists.

“Guaranteed Obligations” is defined in Section 10.1.

“Guarantor” is defined in the opening paragraph of this Agreement, together with each other Person that may be joined hereto from time to time as a Guarantor pursuant to the terms of Section 6.22.

“Guarantor Payment” is defined in Section 10.11(a).

“Hard Costs” means costs for work, labor and materials required to perform the Construction Work, including those costs to construct and complete the Improvements, including, without limitation, those items identified as “Hard Costs” on the Approved Construction Budget.

“Hazardous Materials” means oil; flammable explosives; asbestos; urea formaldehyde insulation; radioactive materials; fungi or bacterial matter which reproduces through the release of spores or the splitting of cells, including, without limitation, mold, mildew, and viruses, whether or not living; any substance that is then defined or listed in, or otherwise classified or regulated pursuant to, any Hazardous Materials Laws as a “hazardous substance”, “hazardous material”, “hazardous waste,” “infectious waste,” “toxic substance,” “toxic pollutant,” “pollutant,” “contaminant” or any other formulation intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, or “EP toxicity”; gasoline and any other petroleum and drilling fluids, produced waters, and other wastes associated with the exploration, development or production of crude oil, natural gas, or geothermal resources; and/or petroleum products, polychlorinated biphenyls, per- and polyflouroalkyl substances (PFAS), urea formaldehyde, radon gas, radioactive matter, lead and lead based paint, medical waste, fugitive dust emissions, and toxic mold and other harmful biological agents. “Hazardous Materials” shall not include commercially reasonable amounts of such materials used in the ordinary course of operation of the Property which are used and stored at all times in accordance with all then applicable Hazardous Materials Laws.

“Hazardous Materials Laws” collectively means and includes all present and future federal, state and local laws and any amendments (whether common law, statute, rule, order, regulation or otherwise), permits, and other requirements or guidelines of governmental authorities applicable to the Property and relating to health and safety, the environment and environmental conditions or to any Hazardous Materials or any activity relating thereto (including, without limitation, CERCLA, the Federal Resource Conservation and Recovery Act of 1976, 42 U.S.C.

§ 6901, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. § 5101, et seq., the Federal Water Pollution Control Act, 33 U.S.C. § 1251, et seq., the Clean Air Act, 42 U.S.C. § 7401, et seq., the Toxic Substances Control Act, 15 U.S.C. § 2601-2692, the California Waste Quality Improvement Act and California Health and Safety Code §§ 25117 and 25316, the Carpenter-Presley-Turner Hazardous Substance Account Act, California Health and Safety Code § 25300 et seq., the Hazardous Waste Control Act, California Health and Safety Code § 25100, et seq., the Medical Waste Management Act, California Health and Safety Code § 25105, et seq., the Porter-Cologne Water Quality Control Act, California Water Code § 13000, et seq., the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code § 25219.5-25249.13, the Underground Storage of Hazardous Substances Act, California Health and Safety Code § 25280-25299.8, the Safe Drinking Water Act, 42 U.S.C. § 300f-300j, the Emergency Planning and Community Right To Know Act, 42 U.S.C. § 11001, et seq., the Occupational Safety and Health Act, 29 U.S.C. § 651 et seq., the Federal Insecticide, Fungicide and Rodenticide Act, the Endangered Species Act, the National Environmental Policy Act, the River and Harbors Appropriation Act, and any so called “Super Fund” or “Super Lien” law, environmental laws administered by the United States Environmental Protection Agency, any similar state and local laws, regulations and guidelines, as well as the regulations and guidelines of the Department of Housing and Urban Development, the Occupational Safety and Health Administration, the California Department of Toxic Substances Control and any Regional Water Quality Control Board with jurisdiction and all amendments thereto and all regulations, orders, decisions, and decrees now or hereafter promulgated thereunder).

“**Hazardous Materials Liability**” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of any Loan Party directly or indirectly resulting from or based upon (a) any violation of any Hazardous Materials Laws, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) any exposure to any Hazardous Materials, (d) the Release or threatened Release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“**IFRS**” means the International Financial Reporting Standards as issued by the International Accounting Standards Board, which are applicable to the circumstances as of the date of determination.

“**Improvements**” means all improvements or fixtures now or hereafter located on any Real Property.

“**In-Balance**” is defined in Section 3.2(e).

“**Indebtedness**” of a Person, at a particular date, shall mean the sum (without duplication) at such date of (a) all indebtedness or liability of such Person (including, without limitation, amounts for borrowed money and indebtedness in the form of mezzanine debt or preferred equity); (b) obligations evidenced by bonds, debentures, notes, or other similar instruments; (c) obligations for the deferred purchase price of property or services (including trade obligations); (d) obligations under letters of credit; (e) obligations under acceptance facilities; (f) all guaranties, endorsements (other than for collection or deposit in the ordinary course of

business) and other contingent obligations to purchase, to provide funds for payment, to supply funds, to invest in any Person or entity, or otherwise to assure a creditor against loss; (g) obligations under PACE Loans, and (h) obligations secured by any Liens, whether or not the obligations have been assumed (other than the Permitted Encumbrances).

“**Independent Director**” or “**Independent Manager**” is defined in **Exhibit D**.

“**Indemnified Taxes**” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of Borrower under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

“**Information Certificate**” means those certain Information Certificates by a Loan Party in favor of Lender, as may be executed from time to time in connection herewith, together with all supplements, schedules, and exhibits thereto, as amended from time to time.

“**Initial Borrower Equity**” means an amount not less than Five Hundred Forty-Six Thousand Three Hundred Fifty-Nine and 40/100ths Dollars (\$546,359.40).

“**Insurance Premiums**” means all premiums payable in respect of the insurance policies required hereunder.

“**Insurance Proceeds**” is defined in Section 8.7(a).

“**Interest Period**” means (a) the period from the date of the initial advance under the Note through last day of the calendar month in which the initial advance occurs, and (b) each period thereafter from the first (1st) day of each calendar month through the last day of each calendar month; except that the Interest Period, if any, that would otherwise commence before and end after the Maturity Date shall end on the Maturity Date. Notwithstanding the foregoing, if Lender shall have elected to change the date on which scheduled payments under the Loan are due, as described in the definition of “Payment Date”, from and after the effective date of such election, each Interest Period shall commence on the day of each month in which occurs such changed Payment Date and end on the day immediately preceding the following Payment Date, as so changed.

“**Interest Rate Reduction**” is defined in Section 2.7(d).

“**Interest Rate Reduction Requirements**” means each of the following conditions are satisfied as of the date of determination (and certified to the Lender in a certificate delivered on behalf of the Loan Parties in form and substance reasonably acceptable to the Lender together with backup documentation and calculations as may be reasonably required by Lender):

(a) Revenue of the Loan Parties on a consolidated basis for the trailing twelve (12) month period ended as of the most recently ended Fiscal Quarter or Fiscal Year for which financial statements have been delivered pursuant to Section 5.1(b) or Section 5.1(c) shall exceed \$15,400,000;

(b) EBITDA for the Loan Parties on a consolidated basis for the trailing twelve (12) month period ended as of the end of the most recently ended Fiscal Quarter for Fiscal Year

for which financial statements have been delivered pursuant to Section 5.1(b) or Section 5.1(c) shall exceed \$4,200,000;

(c) The Debt Service Coverage Ratio determined on a consolidated basis for the trailing twelve (12) month period ended as of the end of the most recent Fiscal Quarter for which financial statements have been delivered pursuant to Section 5.1(b) is greater than 1.90 to 1.00;

(d) All of the representations and warranties of each Loan Party contained in this Agreement and in any other Loan Document shall be true, correct and complete in all material respects as though made on and as of such date; and

(e) No Default or Event of Default has occurred and is continuing.

“**Investor**” and “**Investors**” have the meaning given to such term in Section 11.2.

“**IRS**” means the United States Internal Revenue Service.

“**Key Persons**” means James R. Blink.

“**Late Payment Charge**” is defined in Section 2.7(c).

“**Lease**” means any lease and other agreements or arrangements affecting the use or occupancy of all or any portion of the Property now in effect or hereafter entered into (including all lettings, subleases, licenses, concessions, tenancies and other occupancy agreements covering or encumbering all or any portion of the Property), together with any guarantee, supplement, amendment, modification, extension and/or renewal of the same.

“**Legal Requirements**” means (a) all statutes, laws (including, without limitation, Hazardous Materials Laws and State Cannabis Laws), rules, rule of common law, orders, regulations, ordinances, judgments, orders, decrees and injunctions of Governmental Authorities, approval, concession, grant, franchise, license, agreement, directive, guideline, policy, requirement, or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority, whether now or hereinafter in effect and, in each case, as amended (including any thereof pertaining to land use, zoning and building ordinances and codes applicable to the Property) affecting any Loan Party, the Loan Documents, the Property any other Collateral, or any part thereof, and all permits and regulations relating thereto, (b) all covenants, agreements, restrictions and encumbrances contained in any instruments, either of record or known to any Loan Party, at any time in force affecting the Property, the other Collateral, or any part thereof, (c) terms of any insurance Policy maintained by or on behalf of any Loan Party, and (d) the organizational documents of each Loan Party.

“**Lender**” individually and collectively means Pelorus, and each of its successors and/or assigns.

“**Liabilities and Costs**” means any losses, actual damages, costs, fees, expenses, claims, suits, judgments, awards, liabilities (including strict liabilities), obligations, debts,

diminutions in value, fines, penalties, charges, costs of Remediation (whether or not performed voluntarily), amounts paid in settlement, foreseeable and unforeseeable consequential damages, litigation costs, reasonable attorneys' fees, engineers' fees, environmental consultants' fees, and investigation costs (including costs for sampling, testing and analysis of soil, water, air, building materials, and other materials and substances whether solid, liquid or gas), of whatever kind or nature, and whether or not incurred in connection with any judicial or administrative proceedings, actions, claims, suits, judgments or awards.

“**Lien**” means any mortgage, deed of trust, deed to secure debt, lien, pledge, encumbrance, easement, restrictive covenant, hypothecation, assignment, security interest, PACE Loan, conditional sale or other title retention agreement, financing lease having substantially the same economic effect as any of the foregoing, or financing statement or similar instrument.

“**Limited Guarantor**” means James R. Blink.

“**Loan**” is defined in the Recitals.

“**Loan Amount**” is defined in the Recitals.

“**Loan Balance**” means the outstanding principal amount of the Loan after taking into effect an Amortization Payment, and as further defined in Section 2.8(b).

“**Loan Documents**” means, collectively, this Agreement and all other documents, agreements, instruments and certificates now or hereafter evidencing, securing or delivered to Lender in connection with the Loan and the Obligations, including without limitation the documents listed on **Schedule 1** attached hereto, as each may be (and each of the defined terms shall refer to such documents as they may be) amended, restated, or otherwise modified from time to time.

“**Lender Origination Fee**” is defined in Section 2.3(a).

“**Loan Guaranty**” means Article X of this Agreement.

“**Loan Party**” means each of Borrower and Guarantor.

“**Loan Sale**” is defined in Section 11.5.

“**Loan-to-Value Ratio**” means the ratio of (a) the sum of (i) the outstanding principal amount of the Loan as of the date in question, and (ii) the committed and undisbursed portion of the Loan as of the date in question, to (b) the as-is value of the Property, as determined by Lender in its sole but good faith discretion.

“**Major Contract**” means any Construction Contract in the amount of \$250,000 or more or that is with any of the following trades: irrigation, HVAC, or electrical.

“**Major Contractor**” means any Contractor who is a party to a Major Contract.

“**Material Adverse Effect**” means, as applicable, a material adverse effect upon

(a) the business or financial position or results of operations of any Loan Party, (b) the ability of any Loan Party to perform, or of Lender to enforce, any of the Loan Documents, or (c) the value of the Property or other Collateral for the Loan.

“**Material Contract**” is defined in Section 4.21(a).

“**Maturity Date**” means July 29, 2026.

“**Members**” means the direct or indirect holders of Equity Interests in Borrower.

“**Minimum Interest Payment**” is defined in Section 2.10.

“**Net Restoration Proceeds**” is defined in Section 8.7(a).

“**New Payment Date**” is defined in Section 11.4.

“**Note**” means the each Secured Promissory Note executed by Borrower in favor of Lender, as may be executed from time to time in connection herewith, together with all supplements, schedules, and exhibits thereto, as amended from time to time.

“**Obligated Party**” is defined in Section 10.2.

“**Obligations**” means collectively, the obligations for the payment of the Debt and the performance of all obligations of the Loan Parties contained in the Loan Documents, including but not limited to all unpaid principal of and accrued and unpaid interest on the Loan, all accrued and unpaid fees (including, without limitation, any Exit Fee or Minimum Interest Payment), all obligations for payment in connection with the exercise of the put option under the Warrant, and all expenses, reimbursements, indemnities and other obligations and indebtedness (including interest and fees accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), obligations and liabilities of any of the Borrower or any Guarantor to the Lender or any indemnified party, individually or collectively, existing on the Effective Date or arising thereafter, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, arising or incurred under this Agreement or any of the other Loan Documents or in respect of any of the Loans made or other instruments at any time evidencing any thereof.

“**OFAC**” is defined in the definition of “Government Lists”.

“**Offsite Materials**” is defined in Schedule 3.1.

“**Onsite Materials**” is defined in Schedule 3.1

“**Opco**” is defined in the opening paragraph of this Agreement.

“**Operating Lease**” means that certain Lease dated as of January 1, 2022 between Propco, as lessor, and Opco, as lessee, as the same may be amended, restated, replaced, supplemented or otherwise modified in accordance herewith.

“Other Connection Taxes” means, with respect to any Lender, Taxes imposed as a result of a present or former connection between such Lender and the jurisdiction imposing such Tax (other than connections arising from such Lender having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

“Out-of-Balance” is defined in Section 3.2(e).

“PACE Loan” means any (a) “Property-Assessed Clean Energy loan,” or (b) other indebtedness, without regard to the name given to such indebtedness, that is (i) incurred for improvements to the Property for the purpose of increasing energy efficiency, increasing use of renewable energy sources, resource conservation or a combination of the foregoing, and (ii) repaid through multi-year assessments against the Property.

“Participant Register” is defined in Section 11.1(b).

“Patriot Act” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, as the same may be amended from time to time, and corresponding provisions of future Legal Requirements.

“Patriot Act Offense” is defined in Section 4.18(b).

“Payment Date” means the first (1st) Business Day of the first calendar month following the Effective Date, and the first (1st) Business Day of each calendar month thereafter until the Maturity Date.

“Payoff of Existing Indebtedness” means the payoff of the Existing Indebtedness in accordance with the terms of the payoff letters executed by the Holder of such Existing Indebtedness.

“Pelorus” individually and collectively means Pelorus Fund REIT, LLC, a Delaware limited liability company, and its successors and/or assigns.

“Permitted Contingency Allocation” is defined in Section 7.12.

“Permitted Encumbrances” means, with respect to the Collateral, collectively, (a) the Liens created by the Loan Documents, (b) all Liens and other matters disclosed in the Title Policy, (c) Liens, if any, for Taxes imposed by any Governmental Authority not yet delinquent or which are contested in compliance with Section 6.3 or which do not have priority over the Lender’s liens, (d) Liens which are mechanic’s liens (or claims of mechanic’s liens) or stop notices (or

claims of stop notices) which are contested or discharged in compliance with Section 7.2, (e) Liens or claims of Lien (which are not mechanic's liens or stop notices) which are contested or discharged in compliance with Section 6.15, (f) such governmental, public utility and private restrictions, covenants, reservations, easements, licenses or other agreements of an immaterial nature which may be granted by the Loan Party that owns the applicable Collateral after the Effective Date and which do not have a Material Adverse Effect, (g) solely to the extent such Taxes are subject to an Approved Payment Plan and the Borrower is in compliance with the requirements thereof in all respects (as documented in form and substance acceptable to Lender), Liens for unpaid taxes recorded by a taxing authority in respect of unpaid Taxes, and (g) prior to the Payoff of Existing Indebtedness, Liens securing such Existing Indebtedness.

“Permitted Indebtedness” means (a) in the case of any Loan Party, (i) the Debt, (ii) prior to the Payoff of Existing Indebtedness, the Existing Indebtedness, (iii) unsecured Debt incurred in connection with financing insurance premiums related to builders risk and building insurance policies, solely to the extent the terms of such financing have been approved in writing by Lender, and (iv) (A) prior to the Completion of the Construction Work, all amounts payable by Borrower pursuant to Construction Contracts entered into in compliance with this Agreement, and (B) from and after the Completion of the Construction Work, unsecured trade and operational debt incurred in the ordinary course of business relating to the ownership and operation of the Property and the operation of the Cannabis Business and the routine administration of such Loan Party, in amounts not to exceed two percent (2.0%) of the Loan amount, which liabilities are not due more than sixty (60) days past the date incurred, are not evidenced by a note, and are paid when due; and (b) in the case of any applicable Required SPE Entity, unsecured trade and operational debt incurred in the ordinary course of business relating to the ownership of its ownership interest in Borrower, in amounts not to exceed Fifty Thousand and 00/100ths Dollars (\$50,000.00), which liabilities are not due more than sixty (60) days past the date incurred, are not evidenced by a note, and are paid when due, and (c) Subordinated Indebtedness.

“Permitted Transfer” is defined in Section 6.12.

“Person” means any individual, corporation, partnership, limited liability company, trust, unincorporated organization or other entity, and any Governmental Authority.

“Plans and Specifications” means all final plans and specifications and working drawings which describe and show the labor, materials, equipment, fixtures and furnishings necessary for the construction of the Improvements (and also showing minimum grade of finishes and furnishings for all areas of the Improvements, to be leased or sold in ready-for-occupancy condition), in each case prepared by Borrower's General Contractor and approved by Lender (in consultation with its construction consultant, as applicable) and, to the extent required, approved by any applicable Governmental Authority and such other parties whose approval or consent may be required under any law, regulation, prior agreement or this Agreement, and all modifications thereto made by Change Orders permitted pursuant to the terms of this Agreement. A list of the presently existing Plans and Specifications is attached hereto as **Schedule 2**.

“Pledge Agreement” means that certain Pledge Agreement executed and delivered by each Loan Party in favor of Lender pursuant to this Agreement, together with all supplements, schedules and exhibits thereto, as amended, amended and restated or otherwise modified from time

to time.

“**Policy**” and “**Policies**” are defined in the introductory paragraph to Article V.

“**Post-Effective Date**” means the date on which any applicable Post-Effective Date Obligation is satisfied or, in the sole discretion of the Lender, waived.

“**Post-Effective Date Obligations**” means the obligations set forth on **Schedule 6.25** hereto.

“**Prohibited Person**” means:

(a) any Person or country who or which is listed in the annex to, or who is otherwise subject to the provisions of, Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, and relating to Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (the “**Executive Order**”);

(b) any Person who is listed on any Government Lists;

(c) any Person who has been previously indicted for or convicted of any felony involving a crime or crimes of moral turpitude or for any violation of the criminal laws of the United States of America or of any of the several states, or that would be a criminal violation if committed within the jurisdiction of the United States of America or any of the several states, relating to terrorism or the laundering of monetary instruments, including any offense under any laws relating to money laundering or terrorist financing, including, without limitation, (i) the criminal laws against terrorism; (ii) the criminal laws against money laundering, (iii) the Bank Secrecy Act, as amended, (iv) the Money Laundering Control Act of 1986, as amended, and (v) the Patriot Act;

(d) any Person who is currently under investigation by any Governmental Authority for alleged criminal activity;

(e) any Person that is an Embargoed Person;

(f) any Person or country with whom another Person is prohibited from dealing or otherwise engaging in any transaction by any terrorism or money laundering law, including the Executive Order;

(g) any Person who commits, threatens or conspires to commit or supports “terrorism” as defined in the Executive Order;

(h) any Person that is owned or Controlled by, or acting for or on behalf of, a Person that is described in the foregoing clauses (a) through (g) above or is otherwise subject to the provisions of the Executive Order; or

(i) any Person who is an Affiliate of a Person listed in clauses (a) through (h) above.

“**Project**” means an component or phase of the Construction Work that is independent from any other component or phase.

“**Propco**” is defined in the opening paragraph of this Agreement.

“**Property**” means, collectively, the Real Property and any Improvements in respect thereof.

“**Property Tax**” means all real estate and personal property taxes, assessments, water rates or sewer rents or user fees, now or hereafter levied or assessed or imposed against the Property or part thereof.

“**Rating Agencies**” means any nationally recognized statistical rating organization to the extent that have been or will be engaged by Lender or its designees in connection with or in anticipation of a Secondary Market Transaction (each, individually, a “**Rating Agency**”).

“**Real Property**” means that certain parcel of real property located in the City of Modesto, County of Stanislaus, State of California and more particularly described in the Security Instrument and all appurtenances thereto.

“**Register**” is defined in Section 11.1(a).

“**Regulator**” is defined in Section 12.27(b)(ii).

“**Regulatory Change**” means any change after the date of this Agreement in any Legal Requirements or the adoption or making after such date of any interpretations, directives or requests applying to lenders, including Lender, under any Legal Requirements relating to the conduct of lenders.

“**Regulatory License**” means each Government Approval required to be held by Borrower, or that Borrower must have rights to use, to conduct its Cannabis Business or Support Business, as applicable, in compliance with State Cannabis Laws.

“**Release**” means with respect to Hazardous Materials, but is not limited to, any presence, release, deposit, discharge, emission, leaking, leaching, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing or other movement of Hazardous Materials.

“**Remediation**” means, but is not limited to, any activity to (a) clean up, detoxify, decontaminate, disinfect, contain, treat, remove, respond to, correct, dispose of, transport, or otherwise remediate, prevent, cure or mitigate any Release of any Hazardous Materials; any action to comply with any Hazardous Materials Laws or with any permits issued pursuant thereto; or (b) inspect, investigate, study, monitor, assess, audit, sample, test, or evaluate any actual, potential or threatened Release of Hazardous Materials.

“**Required SPE Entity**” is defined in **Exhibit D**.

“**Reserve Accounts**” means, collectively, the Construction Reserve Account, the

Debt Service Reserve Account, the Cash Management Reserve Account, the Delinquent Payroll Payment Plan Reserve Account, the Closing Reserve Account, and the Accounts Payable Reserve Account.

“**Restoration**” is defined in Section 8.7(a).

“**Restoration Proceeds**” is defined in Section 8.7(a).

“**Restoration Proceeds Threshold**” is defined in Section 8.7(a).

“**Restricted Cannabis Activities**” shall mean in connection with the Support Business or Cannabis Business: (a) any activity that is not permitted under applicable State Cannabis Laws; (b) knowingly distributing and selling cannabis and related products to minors that is not approved under a State Cannabis Law; (c) payments to criminal enterprises, gangs, cartels and Persons subject to sanctions in violation of Legal Requirements; (d) non-compliance with anti-terrorism laws and other Legal Requirements relating to money-laundering; (e) diversion of cannabis and related products from states where it is legal under State Cannabis Law to other states in violation of Legal Requirements; (f) the commission, or making threats of violence and the use of firearms in violation of Legal Requirements; (g) growing cannabis and related products on federal lands in violation of Legal Requirements; (h) operating a Cannabis Business without the applicable Regulatory License; and (i) directly or indirectly, aiding, abetting or otherwise participating in a common enterprise with any Person or Persons in such activities.

“**Secondary Market Transaction**” is defined in Section 11.1.

“**Security Agreement**” means that certain Security Agreement executed by each Loan Party in favor of Lender, as may be amended, restated, supplemented or modified from time.

“**Security Instrument**” means that certain Deed of Trust, Assignment of Leases and Rents, Security Agreement, and Fixture Filing, each executed and delivered by each Loan Party signatory thereto and each in favor of Lender pursuant to this Agreement which encumbers all of each Loan Party’s respective right, title and interest in and to the Property, as the same may be amended, restated, modified or supplemented from time to time.

“**Servicer**” is defined in Section 2.16.

“**Soft Costs**” means those costs associated with the development, construction, marketing, leasing, operation and maintenance of the Improvements which are not Hard Costs, including, without limitation, architectural and engineering fees, consultant fees, professional fees, marketing fees and expenses, real estate taxes, insurance and bonding costs, interest and financing fees and any other items identified as “Soft Costs” on the Approved Construction Budget.

“**Special Purpose Entity**” is defined in **Exhibit D**.

“**State**” means the State of California.

“**State Cannabis Laws**” shall mean any Legal Requirement enacted by any state or locality of the United States which legalizes marijuana, cannabis and related products in some

form and which implements regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis and related products that is applicable to Borrower, any Subsidiary of Borrower or, solely with respect to the definition of Change in Cannabis Law, Lender.

“**Subordinated Indebtedness**” of a Person means any Indebtedness of such Person, the payment of which is subordinated to payment of the Obligations pursuant to any subordination agreement in form and substance acceptable to the Lender in its sole discretion.

“**Subsidiary**” means, with respect to any Person (the “**parent**”) at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent’s consolidated financial statements if such financial statements were prepared in accordance with the Accounting Standard as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise controlled, by the parent and/or by the parent and one or more subsidiaries of the parent.

“**Support Business**” shall mean the business of managing or supporting a Cannabis Business, and all ancillary or complimentary activities related to the foregoing, including owning the real property on which any such activity is conducted.

“**Taking**” is defined in Section 8.7(a).

“**Tax**” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“**Title Company**” means Stewart Title Guaranty Company.

“**Title Policy**” means the most current version of ALTA extended coverage lender’s title policy issued by Title Company insuring the first priority Lien of the Security Instrument in the full maximum possible amount of the Loan subject only to such exceptions approved by Lender and including such endorsements as are required by Lender.

“**Transfer**” means the sale, transfer, hypothecation, encumbrance, mortgage, conveyance, lease, alienation, assignment, disposition, divestment, or leasing with option to purchase, or assignment of any assets of any Loan Party or any portion thereof or interest therein (whether direct or indirect, legal or equitable, including the issuance, sale, assignment, alienation, conveyance, divestment, transfer, disposition, hypothecation, mortgage or encumbrance of any ownership interest in any Loan Party or any Subsidiary of a Loan Party or in any entity having an ownership interest in any Loan Party or any Subsidiary of any Loan Party, whether direct or indirect) (or entering into any agreement or contract to do any of the foregoing), or undertaking, suffering or causing any of the foregoing to occur voluntarily, involuntarily or by operation of law.

“UCC” means the Uniform Commercial Code as in effect from time to time in the State; provided, however, that if by reason of mandatory provisions of law, any or all of the perfection or priority of the Lender's security interest in any item or portion of the Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of Missouri, the term "UCC" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection or priority and for purposes of definitions relating to such provisions.

“**Unsatisfactory Work**” means any Construction Work the extent such Construction Work (i) has not been completed in a good and workmanlike manner as determined by Lender (in consultation with its construction consultant, as applicable), (ii) is not in a manner consistent with sound design principles and/or sound construction practices, (iii) is not in substantial conformity with the Plans and Specifications, or (iv) is not in accordance with all Legal Requirements.

“**Warrant**” means that certain Warrant to Purchase Common Shares dated the date hereof and issued by Holdings to Lender, as the same may be amended, modified, replaced or supplemented.

“**U.S. Borrower**” means any Person that is a “United States Person” as defined in Section 7701(a)(30) of the Code.

“**U.S. Person**” means any Person that is a “United States Person” as defined in Section 7701(a)(30) of the Code.

“**U.S. Tax Compliance Certificate**” is defined in Section 2.15(e)(ii)(B)(3).

1.2 Exhibits and Schedules. All exhibits and schedules attached to this Agreement are hereby incorporated into this Agreement.

1.3 Principles of Construction. All references to sections and schedules are to sections and schedules in or to this Agreement unless otherwise specified. All uses of the word “including” shall mean “including, without limitation” unless the context shall indicate otherwise. Unless otherwise specified, the words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise specified, all meanings attributed to defined terms herein shall be equally applicable to both the singular and plural forms of the terms so defined. All terms used which are not specifically defined herein shall, unless the context indicates otherwise, have the meanings provided for by the UCC to the extent the same are used or defined therein; in the event that any term is defined differently in different Articles or Divisions of the UCC, the definition contained in Article or Division 9 shall control.

ARTICLE II

THE LOAN

2.1 Loan.

(a) Subject to the terms and conditions contained in this Agreement, and in reliance upon the representations and warranties of Borrower set forth hereunder and in the other Loan Documents, Lender hereby agrees to lend to Borrower, and Borrower hereby agrees to borrow from Lender, on the Effective Date, the principal sum of the Loan Amount. The Loan is evidenced by the Note. The Note and all other Obligations incurred in connection with any Loan Document are secured by this Agreement and the other Loan Documents. Borrower shall receive only one borrowing hereunder up to the maximum Loan Amount and any amount borrowed and repaid hereunder may not be reborrowed.

(b) A portion of the Loan in the amount of One Million Six Hundred Seventy-Eight Thousand Two Hundred Eighty-Two and 67/100ths Dollars (\$1,678,282.67) will be deposited into the Debt Service Reserve Account, which will be held by the Lender and applied to payments of interest accrued on the Loan.

(c) A portion of the Loan in the amount of Three Million Nine Hundred Eight Thousand Three Hundred Fourteen Dollars (\$3,908,314) will be deposited into the Construction Reserve Account, and will be available to be drawn by and disbursed to the Borrower from time to time, subject to the satisfaction of the conditions set forth in Schedule 3.1(c), Schedule 3.1(e) and Section 3.2 below.

(d) A portion of the Loan in the amount of Three Hundred Twenty-Five Thousand Dollars (\$325,000) will be deposited into the Delinquent Payroll Tax Payment Plan Reserve Account, and will be available to be disbursed to the Internal Revenue Service to satisfy scheduled payments pursuant to any Approved Payment Plan entered into by Borrower with the Internal Revenue Service in respect of delinquent payroll taxes, subject to satisfaction of the conditions set forth in Schedule 3.1(e) and Section 3.2 below; provided, that such disbursements shall not exceed the amount then due and payable pursuant to such Approved Payment Plan and such disbursements shall only be permitted to the extent the Borrower is in full compliance with the terms of such Approved Payment Plan as evidenced by such certifications and documentary evidence as the Lender may reasonably require.

(e) A portion of the Loan in the amount of Nine Million Six Hundred Twenty-Five Thousand Five Hundred Fifty-Four and 01/100ths Dollars (\$9,625,554.01) will be deposited into the Closing Reserve Account. The funds in the Closing Reserve Account will be available for (i) the payment of fees, costs and expenses in connection with this Agreement and the Loan Documents, (ii) the Payoff of the Existing Indebtedness and the payment of all delinquent or then due real estate taxes related to the Property, (iii) after the application of amounts pursuant to the foregoing clauses, replenishment the other Reserves as required by the Lender, and (iv) to the extent any funds remain after the application of amounts in accordance with of the foregoing clauses (as determined by the Lender and subject to no continuing Default or Event of Default as determined by the Lender), any remaining amount shall be distributed to an account set forth on **Schedule 6.24** that is designated by the Borrowers; provided, that, disbursements from the Closing Reserve Account (other than disbursements made at the election of Lender), shall be subject to satisfaction of the conditions set forth in Schedule 3.1(e) and Section 3.2 below.

(f) [reserved].

(g) A portion of the Loan in the amount of Three Hundred Four Thousand Two Hundred Forty-One and 5/100ths Dollars (\$304,241.05) will be deposited into the Accounts Payable Reserve Account, and will be available to be disbursed to pay past due accounts payable of the Loan Parties, subject to satisfaction of the conditions set forth in Schedule 3.1(e) and Section 3.2 below.

(h) No portion of the Loan will be deposited into the Cash Management Reserve Account.

(i) For the avoidance of doubt, interest shall accrue on all amounts so funded by Lender into the Reserve Accounts, as provided above, from and after the Effective Date.

2.2 Use of Funds. Borrower shall use the proceeds of the Loan for the purposes of refinancing and developing the Property, for Borrower's actual documented costs of Construction Work in accordance with the Construction Documents (including the Construction Schedule and the Approved Construction Budget), to pay interest payable under this Agreement to the extent net funded as of the Effective Date from the proceeds of the Loan, applied from the Debt Service Reserve Account or other Reserve Account in accordance with the terms of this Agreement, to pay fees and expenses required under this Agreement and the other Loan Documents, and for such other purposes and uses as are permitted or required under this Agreement and the other Loan Documents.

2.3 Loan Origination Fee; Loan Fee; Per Diem Pre-Funded Interest; Broker Fee; Exit Fee.

(a) Lender Loan Origination Fee and Loan Fee. As consideration for the efforts of the Lender with respect to closing the Loan on the Effective Date, Borrower hereby agrees to pay to Lender (i) a loan origination fee in the amount of [REDACTED] ("Lender Origination Fee") and (ii) a Loan Fee in the amount of [REDACTED] (the "Loan Fee"), which Lender Origination Fee and Loan Fee shall fully earned and due and payable, in full, on the Effective Date. Borrower has previously deposited with Lender an application fee of Seventy-Nine Thousand Forty Dollars (\$79,040), which amount shall be credited towards payment of the Lender Origination Fee on the Effective Date. Borrower hereby authorizes Lender to net fund on the Effective Date, from the proceeds of the Loan, the balance due on the Effective Date of the Lender Origination Fee and the Loan Fee. Each of the Lender Origination Fee and the Loan Fee shall not be subject to reduction or be refundable under any circumstances.

(b) Broker Fee. Subject to the Payoff of the Existing Indebtedness and the terms of the Broker Subordination Agreement, the Borrower hereby agrees to pay to Luminous Capital Inc. a fee in the amount of [REDACTED] (the "Broker Fee") which Broker Fee shall be due and payable as of the Payoff of the Existing Indebtedness. Borrower hereby authorizes Lender to disburse on the date of the Payoff of the Existing Indebtedness, a portion of the amounts in the Closing Reserve Account directly to Luminous Capital Inc. in payment of the Broker Fee.

(c) **Exit Fee.** On the Maturity Date or such earlier date on which the Loan is accelerated pursuant to the terms hereof, Borrower shall be obligated to pay to Lender an additional fee of one-percent (1%) of the then-current Loan Balance (the “**Exit Fee**”). The Exit Fee shall be deemed earned when due pursuant to this Section 2.3(b), and shall not be subject to reduction or be refundable under any circumstances. If any partial repayment of the Loan is made, by Borrower prior to the Maturity Date, other than any Amortization Payment made pursuant to Section 2.8, to the extent such prepayment is permitted or required hereunder, then such partial prepayment shall be accompanied by the portion of the Exit Fee allocable to the amount being so prepaid in accordance with Section 2.10. Upon such partial prepayment, the amount due on the Maturity Date or earlier acceleration of the Loan shall be reduced by that portion of the Exit Fee previously paid by Borrower to Lender. Notwithstanding anything in this Agreement to the contrary, if and to the extent that the Loan or any portion thereof is repaid with the proceeds of a mortgage loan from Lender (or any Affiliate thereof or syndicate including Lender or any such Affiliate) (provided that Lender (or any Affiliate thereof or syndicate including Lender or any such Affiliate) shall have no obligation to offer to provide such financing), then the Exit Fee that would otherwise be payable with respect to repayment (or portion thereof) in connection therewith shall be waived. For the avoidance of doubt, no Exit Fee is required to be paid in relation to any Amortization Payment made pursuant to Section 2.8.

(d) **Per Diem Interest.** On the Effective Date, Borrower shall prepay the per diem interest due on the Loan through the last day of the calendar month in which the Effective Date occurs (the “Per Diem Interest Payment”). Borrower hereby authorizes Lender to net fund on the Effective Date, from the proceeds of the Loan the Per Diem Interest Payment. The Per Diem Interest Payment shall not be subject to reduction or be refundable under any circumstances.

2.4 Maturity Date. On the Maturity Date (unless earlier accelerated upon an Event of Default) all sums due and owing under this Agreement and the other Loan Documents shall be repaid in full. All payments due to Lender under this Agreement, whether upon the Maturity Date or otherwise, shall be paid in immediately available funds.

2.5 Amortization and Cash Sweep.

(a) Commencing on the first Payment Date after July 29, 2024 and on each Payment Date thereafter, the Borrower shall repay the principal of the Loans in an aggregate amount equal to Ninety-Eight Thousand Eight Hundred (\$98,800) (each such amount a “**Amortization Payment**”); provided, that the final Amortization Payment shall be due on the Maturity Date and shall be in an amount equal to all principal and interest outstanding with respect to the Loans. Each Amortization Payment shall decrease the principal amount of the Loan, with such outstanding principal after taking into account each Amortization Payment being referred to as the “**Loan Balance**”. No portion of the Loan repaid hereunder shall be available for re-borrowing.

(b) So long as a Cash Management Period is in effect, if Borrower or any of its Subsidiaries has any Excess Cash Flow for any calendar month as determined as of the last day of such calendar month, then such amounts shall be held in trust for the benefit of Lender and shall be deposited into Cash Management Reserve Account on a monthly basis in accordance with the requirements of Section 3.1(b). If (i) Borrower is unable to pay Debt Service in any month during

the continuation of a Cash Management Period, (ii) no Event of Default (other than an Event of Default pursuant to Section 9.1(a)) exists and (iii) no funds remain in the Debt Service Reserve Account, Lender shall apply funds in the Cash Management Reserve Account to the payment of such Debt Service. Any additional Debt Service shortfall after such amount has been applied from the Cash Management Reserve Account shall be paid out of any Additional Borrower Equity that has been funded and otherwise shall be payable by the Borrower in accordance with the terms of this Agreement. Except as expressly provided above, funds in the Cash Management Reserve Account are intended solely to be additional collateral for the Loan and shall not be released to Borrower without Lender's prior written consent in its sole discretion. The calculation of Excess Cash Flow shall be subject to review and audit by Lender at Borrower's expense. If Lender determines that Borrower miscalculated Excess Cash Flow, then Borrower shall deposit any shortfall into the Cash Management Reserve Account within five (5) days after demand therefor by Lender. Upon the conclusion of a Cash Management Period, subject to payment in full of all Debt Service owed to Lender as of the conclusion of such Cash Management Period, all remaining funds on deposit in the Cash Management Reserve Account after payment of any such outstanding Debt Service shall be promptly released to Borrower.

2.6 Effective Date; Closing Conditions. The effective date of this Agreement and the other Loan Documents (the "**Effective Date**") shall be the date upon which the Loan is deemed "closed" by Lender and Borrower, provided that interest shall commence accruing under the Note the date that the Loans are funded into the Reserves or otherwise. Lender's obligation to disburse the Loan on the Effective Date is subject to the satisfaction (or waiver as determined by Lender in its sole discretion) of each of the conditions precedent set forth on **Schedule 2.6(a)** on or before the Effective Date.

2.7 Interest on Loan.

(a) Generally. Interest shall accrue on the Loan at the Applicable Interest Rate, and shall be paid by Borrower in the amounts and at the times hereinafter provided. Lender shall provide Borrower with a monthly interest statement indicating the amount of interest payable for such month at least one Business Day prior to each Payment Date, but failure of Lender to provide such statement shall not relieve Borrower from its obligation to make the required payment. On each Payment Date, Borrower shall pay interest on the unpaid principal balance of the Loan accrued and accruing through the last day of the Interest Period. On each Payment Date, so long as no Event of Default exists, Lender shall automatically withdraw the interest payable for such month, as specified in the monthly interest statement delivered to Borrower from the Debt Service Reserve Account until the funds in the Debt Service Reserve Account have been depleted. The depletion of the funds in the Debt Service Reserve Account shall not release Borrower from any of Borrower's Obligations under this Agreement or the other Loan Documents, including the obligation to pay interest and other charges and payment under or with respect to the Loan when due from other funding sources of Borrower. Interest shall commence accruing on the Loan on the date when the Loan funds are wired into escrow by Lender, and Borrower agrees that it shall be obligated to pay such interest irrespective of whether or not the Effective Date occurs.

(b) Computations. Interest shall be computed hereunder based on a 360-day year, and shall accrue for each and every day (365 days per year, 366 days per leap year) on which any Debt remains outstanding hereunder. In computing the number of days during which interest

accrues, the day on which funds are initially advanced shall be included regardless of the time of day such advance is made, and the day on which funds are repaid shall be included unless repayment is credited prior to close of business. Payments in federal funds immediately available in the place designated for payment made by Borrower prior to 11:00 am Pacific Time, shall be credited prior to close of business, while other payments may, at the option of Lender, not be credited until immediately available to Lender in federal funds in the place designated for payment prior to 11:00 am, Pacific Time, at such place of payment on a day on which Lender is open for business.

(c) **Late Payment Charge.** If any principal, interest or other sum due under any Loan Document is not paid by Borrower within three (3) days after the date when due (or with respect to amounts due on the Maturity Date, to the extent not paid on the Maturity Date), and is not a result of a delay in Lender's funding an advance pursuant to the terms and conditions of this Agreement, Borrower shall pay to Lender upon demand an amount equal to the lesser of five percent (5.0%) of such unpaid sum or the maximum amount permitted by applicable law (the "**Late Payment Charge**"), to defray the expense incurred by Lender in handling and processing such delinquent payment and to compensate Lender for the loss of the use of such delinquent payment. Such Late Payment Charge shall be added to the Obligations and secured by the Collateral.

(d) **Applicable Interest Rate.** The "**Applicable Interest Rate**" upon which interest shall be calculated for the Debt shall, from and after the Effective Date, be one or more of the following:

(i) provided no Event of Default exists, a rate per annum equal to 14.00%; provided, that at any time after January 25, 2024 and subject to the satisfaction of the Interest Rate Reduction Requirements as of the applicable date of determination, the Applicable Interest Rate shall be reduced to twelve percent (12.00%) per annum (the "**Interest Rate Reduction**");

(ii) after the occurrence and during the continuance of an Event of Default, the entire unpaid Debt shall bear interest at the Default Interest Rate, and shall be payable upon demand from time to time, to the extent permitted by applicable law.

2.8 Loan Payments. Payments on the outstanding amount of the Loan shall be paid by Borrower in accordance with the terms of this Agreement. Lender shall provide Borrower with its wire instructions for any such payment.

2.9 Credit for Payments. Any payment made upon the outstanding principal balance of the Loan, or the accrued interest thereon, shall be credited as of the Business Day received, provided that such payment is made by Borrower no later than 11:00 am (Pacific Standard Time or Pacific Daylight Time, as applicable) and constitutes immediately available funds. Any payment made after such time or which does not constitute immediately available funds shall be credited upon the later of such funds having become unconditionally and immediately available to Lender or the following Business Day.

2.10 Prepayment.

(a) Borrower may prepay the Loan in whole, but not in part, on a regularly scheduled Payment Date, upon not less than thirty (30) days' (but no more than one hundred-twenty (120) days') prior written notice to Lender and the payment to Lender of (i) all outstanding principal and accrued but unpaid interest due under the Loan and all other amounts due under the Note, this Agreement and the other Loan Documents (including, without limitation, the Exit Fee) plus (ii) a prepayment premium (the "**Minimum Interest Payment**") equal to (x) Four Million Four Hundred Ninety-Three Thousand Eight Hundred Sixty-Three and 11/100 Dollars (\$4,493,863.11) minus (y) the aggregate sum of all interest payments (excluding any default interest) actually received by Lender prior to the date of prepayment, including amounts paid to Lender from disbursements from the Debt Service Reserve Account. The Exit Fee and the Minimum Interest Payment shall also be due in connection with a prepayment pursuant to acceleration of the Loan upon the occurrence and during the continuance of an Event of Default. A prepayment notice delivered to Lender pursuant to this Section 2.10 shall be irrevocable unless otherwise consented to by Lender. The parties hereto acknowledge and agree that the Minimum Interest Payment and the Exit Fee (A) are additional consideration for providing the Loan, (B) constitute reasonable liquidated damages to compensate the Lender for (and is a proportionate quantification of) the actual loss of the anticipated stream of fees upon a termination of the Loan (such damages being otherwise impossible to ascertain or even estimate for various reasons, including, without limitation, because such damages would depend on, among other things, (x) when the Loan might otherwise be terminated and (y) future changes in interest rates which are not readily ascertainable on the Effective Date), and (C) are not a penalty to punish the Borrower for its early termination of the Loan or for the occurrence of any Event of Default. Notwithstanding anything in this Agreement to the contrary, if and to the extent that the Loan or any portion thereof is repaid with the proceeds of a loan from Lender (or any Affiliate thereof or syndicate including Lender or any such Affiliate) (provided that Lender (or any Affiliate thereof or syndicate including Lender or any such Affiliate) shall have no obligation to offer to provide such financing), then the Minimum Interest Payment that would otherwise be payable with respect to repayment (or portion thereof) in connection therewith shall be waived. Additionally, notwithstanding any of the foregoing or any other provision of this Agreement, if a Cash Management Period exists, Borrower shall have the right, without prior notice and without the need pay any prepayment penalty, to prepay an amount of outstanding principal of the Loan to cause the Debt Service Coverage Ratio calculated as of the end of any Fiscal Quarter, on a pro forma basis after giving effect to such prepayment, to be equal to 1.50:1.00.

(b) TO THE FULLEST EXTENT NOW OR HEREAFTER PERMITTED BY LAW, BORROWER HEREBY EXPRESSLY (i) WAIVES ANY RIGHTS IT MAY HAVE UNDER CALIFORNIA CIVIL CODE SECTION 2954.10 TO PREPAY THE NOTE, IN WHOLE OR IN PART, WITHOUT PAYMENT OF A PREPAYMENT FEE, UPON ACCELERATION OF THE MATURITY DATE, AND (ii) AGREES THAT IF, FOR ANY REASON, A PREPAYMENT OF ALL OR ANY PORTION OF THE PRINCIPAL AMOUNT OF THE NOTE IS MADE UPON OR FOLLOWING ANY ACCELERATION OF THE MATURITY DATE BY LENDER ON ACCOUNT OF ANY DEFAULT BY BORROWER OR ANY OTHER LOAN PARTY INCLUDING, WITHOUT LIMITATION, ANY TRANSFER, DISPOSITION OR FURTHER ENCUMBRANCE PROHIBITED OR RESTRICTED BY THE LOAN DOCUMENTS, THEN BORROWER SHALL BE OBLIGATED TO PAY CONCURRENTLY WITH SUCH PREPAYMENT (AND IN ADDITION TO THE EXIT FEE),

THE MINIMUM INTEREST PAYMENT SPECIFIED IN SECTION 2.10. BY EXECUTING THIS AGREEMENT, BORROWER HEREBY DECLARES THAT THE AGREEMENT TO MAKE THE LOAN EVIDENCED BY THE NOTE AT THE INTEREST RATE AND FOR THE TERM SET FORTH IN THIS AGREEMENT CONSTITUTES ADEQUATE CONSIDERATION, GIVEN INDIVIDUAL WEIGHT BY BORROWER FOR THIS WAIVER AND AGREEMENT. FURTHER, BY EXECUTING THIS AGREEMENT, BORROWER EXPRESSLY ACKNOWLEDGES AND AGREES THAT NOTWITHSTANDING ANY APPLICABLE LAW TO THE CONTRARY, PURSUANT TO THE TERMS OF THIS AGREEMENT AND OF THE NOTE, BORROWER HAS AGREED THAT BORROWER HAS NO RIGHT TO REPAY THE NOTE WITHOUT THE PAYMENT OF THE EXIT FEE, AND THAT BORROWER SHALL BE LIABLE FOR THE PAYMENT OF THE EXIT FEE IN CONNECTION WITH THE REPAYMENT OF THE NOTE DUE TO THE ACCELERATION OF THE NOTE IN ACCORDANCE WITH ITS TERMS AND/OR THE TERMS OF THIS AGREEMENT. FURTHERMORE, BY EXECUTING THIS AGREEMENT, BORROWER EXPRESSLY ACKNOWLEDGES AND AGREES THAT LENDER HAS MADE THE LOAN IN RELIANCE UPON THESE AGREEMENTS OF BORROWER AND THAT LENDER WOULD NOT HAVE MADE THE LOAN WITHOUT SUCH AGREEMENTS OF BORROWER.

2.11 Full Repayment and Release. Upon receipt of payment in full in immediately available funds of all amounts owing and outstanding under the Loan Documents, Lender shall release the Collateral from the Lien of the Loan Documents and issue a reconveyance in respect of the Property, provided that all of the following conditions shall be satisfied at the time of, and with respect to, such release: (a) Lender shall have received all escrow, closing and recording costs, the costs of preparing and delivering such release and any sums then due and payable under the Loan Documents; (b) Lender shall have received the entire Exit Fee in accordance with Section 2.3 and/or any Minimum Interest Payment payable hereunder; and (c) Lender shall have received a written release satisfactory to Lender of any set aside letter, letter of credit or other form of undertaking which Lender has issued to any surety, Governmental Authority or other Person in connection with the Loan and/or the Collateral. If applicable, Lender's obligation to make further disbursements under the Loan shall terminate as to any portion of the Loan undisbursed as of the date of issuance of such full reconveyance, and any commitment of Lender to lend any undisbursed portion of the Loan shall be cancelled.

2.12 Authorization. The Loan Parties shall act under this Agreement and the other Loan Documents only through such authorized representatives as the applicable Loan Party shall designate to Lender in writing from time to time and such Persons shall continue as such Loan Party's authorized representatives until such time as such Loan Party shall duly authorize other or additional Persons to so act on behalf of such Loan Party. Lender shall be entitled to act on the instructions of any Person identifying himself or herself as one of the Persons authorized by a Loan Party, without any duty to investigate, and the applicable Loan Party shall be bound thereby in the same manner as if any such Person were actually so authorized. The Loan Parties shall indemnify, defend and hold Lender harmless from and against any and all Liabilities and Costs arising out of or in any way connected with Lender's acceptance of or acting upon any instructions or directions from any such Persons.

2.13 Recourse. The Loan shall be full recourse to Borrower and each of the other Loan Parties. Further, Lender shall have the right to (a) proceed against any Loan Party under any Loan Document, including the Environmental Indemnity Agreement, or to proceed against any Guarantor under the guaranty provisions of this Agreement applicable to any Guarantor, or to proceed against any Limited Guarantor under the Completion Guaranty or the limited guaranty provisions of Section 10.2; (b) name any Loan Party in any foreclosure or similar legal action to the extent necessary to enforce Lender's rights under the Loan Documents; and/or (c) obtain injunctive relief against each Loan Party, any Affiliate of any Loan Party or other Person, or maintain any suit or action in connection with the preservation, enforcement or foreclosure of any Lien now or hereafter securing any Obligations.

2.14 Increased Costs Generally.

(a) If any Regulatory Change: (a) shall subject Lender to any Taxes (other than (i) Indemnified Taxes, (ii) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (iii) Connection Income Taxes) with respect to its loans, commitments or other obligations or its deposits, reserves other liabilities or capital attributable thereto ; or (b) shall impose, modify or deem applicable any reserve, special deposit, capital, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended by, Lender or shall impose on Lender any other condition affecting its loans or its obligation to make such loans, and the result of any of the foregoing shall be to increase the cost to such Lender of making, converting to, continuing or maintaining any Loan or of maintaining its obligation to make the Loan, or to increase the cost to such Lender, or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or any other amount) then, upon request of Lender, Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender, as the case may be, for such additional costs incurred or reduction suffered.

(b) A certificate of Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) of this Section and delivered to Borrower, shall be conclusive absent manifest error. Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(c) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs incurred or reductions suffered more than nine months prior to the date that such Lender notifies Borrower of the Regulatory Change giving rise to such increased costs or reductions, and of such Lender's intention to claim compensation therefor (except that, if the Regulatory Change giving rise to such increased costs or reductions is retroactive, then the nine (9)-month period referred to above shall be extended to include the period of retroactive effect thereof).

2.15 Taxes.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of Borrower) requires the deduction or withholding of any Tax from any such payment by Borrower, then Borrower shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the Lender receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Payment of Other Taxes by Borrower. Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law any Other Taxes.

(c) Indemnification by Borrower. Borrower shall indemnify the Lender, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by the Lender or required to be withheld or deducted from a payment to the Lender and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrower by Lender shall be conclusive absent manifest error.

(d) Evidence of Payments. As soon as practicable after any payment of Taxes by Borrower to a Governmental Authority pursuant to this Section, Borrower shall deliver to the Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Lender.

(e) Status of Lenders.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to Borrower, at the time or times reasonably requested by Borrower, such properly completed and executed documentation reasonably requested by Borrower as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by Borrower, shall deliver such other documentation prescribed by applicable law or reasonably requested by Borrower as will enable Borrower to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Sections 2.15(e)(ii)(A), 2.15(e)(ii)(B) and 2.15(e)(ii)(D)) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material

unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that Borrower is a U.S. Borrower,

(A) any Lender that is a U.S. Person shall deliver to Borrower on or about the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrower (in such number of copies as shall be requested by the recipient) on or about the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate reasonably acceptable to Lender to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” related to Borrower as described in Section 881(c)(3)(C) of the Code (a “**U.S. Tax Compliance Certificate**”) and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E; or

(4) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate reasonably acceptable to Lender, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or

more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in form reasonably acceptable to Lender on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrower (in such number of copies as shall be requested by the recipient) on or about the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit Borrower to determine the withholding or deduction required to be made; and

(D) if a payment made to Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to Borrower at the time or times prescribed by law and at such time or times reasonably requested by Borrower such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by Borrower as may be necessary for Borrower to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Borrower in writing of its legal inability to do so.

(f) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.15 (including by the payment of additional amounts pursuant to this Section 2.15), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (f) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (f), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (f) the

payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(g) Survival. Each party's obligations under this Section 2.15 shall survive any assignment of rights by, or the replacement of, Lender and the repayment, satisfaction or discharge of all the Obligations.

2.16 Appointment of Servicer and Delegation of Lender Rights. Borrower acknowledges and agrees that, at the option of Lender, the Loan may be serviced by a servicer/trustee (the "**Servicer**") selected by Lender, and Lender may delegate all or any portion of its responsibilities under this Agreement and the other Loan Documents to the Servicer pursuant to a servicing agreement between Lender and Servicer, provided that such delegation will not release Lender from any of its obligations under the Loan Documents. Borrower shall be responsible for paying to Servicer (on each Payment Date) Servicer's monthly servicing fee, if any. Borrower acknowledges and agrees that Lender has appointed the Fund Control Agent to be the Servicer with respect to the Construction Reserve Account. Lender may change Servicers upon written notice to Borrower.

ARTICLE III RESERVE ACCOUNTS

3.1 Establishment of Reserve Accounts. Lender has established the following Reserve Accounts:

(a) A debt service reserve account (the "**Debt Service Reserve Account**") into which funds shall be deposited for the payment of interest as and when the same become due hereunder. On the Effective Date, Lender shall be deemed to have funded the amount described in Section 2.1 into the Debt Service Reserve Account. If no Event of Default exists, Lender shall automatically apply amounts held in the Debt Service Reserve Account to payment of Debt Service. Should Lender be required to utilize the Debt Service Reserve Account for anything other than Debt Service payments, Borrower shall be required to replenish funds in the Debt Service Reserve Account. The failure to replenish the Debt Service Reserve Account upon five (5) business days written notice by Lender to Borrower shall be an additional Event of Default under this Agreement.

(b) A cash management reserve account (the "**Cash Management Reserve Account**") into which Borrower shall cause all Excess Cash Flow to be transmitted on a monthly basis by the fifth (5th) Business Day of each month after the occurrence and during the continuance of a Cash Management Period.

(c) A construction reserve account (the "**Construction Reserve Account**") into which funds shall be deposited for the payment of Approved Construction Costs. On the

Effective Date, Lender shall be deemed to have funded the amount described in Section 2.1 into the Construction Reserve Account. In addition to the conditions set forth in Section 3.2, each of the conditions set forth on **Schedule 3.1(c)** and **Schedule 3.1(e)** attached hereto must be satisfied (or waived by Lender in its sole discretion) as a condition to Lender's obligation to release or otherwise make or permit to be made any disbursement from the Construction Reserve Account. Should Lender be required to utilize the Construction Reserve Account for anything other than Approved Construction Costs payments, Borrower shall be required to replenish funds in the Construction Reserve Account used in such alternative manner.

(d) A delinquent payroll tax payment plan reserve account (the "**Delinquent Payroll Tax Payment Plan Reserve Account**") into which funds shall be deposited for the payment of scheduled payments required by the Borrower to the internal revenue service pursuant to a payment plan for delinquent payroll taxes (subject to the Lender's written approval of such payment plan and the Borrower's ongoing compliance with the terms of such payment plan). On the Effective Date, (i) Lender shall be deemed to have funded the amount described in Section 2.1 into the Delinquent Payroll Payment Plan Reserve Account. In addition to the conditions set forth in Section 3.2, each of the conditions set forth in **Schedule 3.1(e)** and Section 2.1(f) must also be satisfied (or waived by Lender in its sole discretion) as a condition to Lender's obligation to release or otherwise make or permit to be made any disbursement from the Delinquent Payroll Payment Plan Reserve Account

(e) A closing reserve account (the "**Closing Reserve Account**") into which funds shall be deposited (including any Initial Borrower Equity) for (i) the payment of fees, costs and expenses in connection with this Agreement and the Loan Documents, (ii) the Payoff of the Existing Indebtedness and any delinquent or then due real estate taxes in respect of the Property, (iii) after the application of funds pursuant to the foregoing clauses, replenishment the other Reserves as required by the Lender, and (iv) to the extent any amount remains after the application of funds in accordance with of the foregoing clauses (as determined by the Lender and subject to no continuing Default or Event of Default as determined by the Lender), any remaining amount shall be distributed to an account set forth on **Schedule 6.24** that is designated by the Borrowers. On the Effective Date, Lender shall be deemed to have funded the amount described in Section 2.1 into the Closing Reserve Account and Borrower shall fund the Initial Borrower Equity into the Closing Reserve Account. In addition to the conditions set forth in Section 3.2, each of the conditions set forth on **Schedule 3.1(e)** attached hereto must be satisfied (or waived by Lender in its sole discretion) as a condition to Lender's obligation to release or otherwise make or permit to be made any disbursement from the Closing Reserve Account.

(f) [reserved].

(g) An accounts payable reserve account (the "**Accounts Payable Reserve Account**") into which funds shall be deposited for the payment of past due accounts payable of the Loan Parties. On the Effective Date, Lender shall be deemed to have funded the amount described in Section 2.1 into the Accounts Payable Reserve Account. In addition to the conditions set forth in Section 3.2, each of the conditions set forth on **Schedule 3.1(e)** attached hereto must be satisfied (or waived by Lender in its sole discretion) as a condition to Lender's obligation to release or otherwise make or permit to be made any disbursement from the Accounts Payable Reserve Account.

3.2 Disbursements From Reserve Accounts. As of the date of any disbursement from any Reserve Account (excluding disbursements made at the election of Lender in accordance with the terms of this Agreement), each of the following conditions must be satisfied (or waived by Lender in its sole discretion) as a condition to Lender's obligation to disburse or cause to be disbursed any amounts held in any Reserve Account and Lender shall have no obligation to disburse or cause to be disbursed any funds from any Reserve Account to make payments as contemplated in Section 3.1 if any of the following conditions have not been satisfied:

(a) Representations and Warranties. All of the representations and warranties of each Loan Party contained in this Agreement and in any other Loan Document shall be true, correct and complete in all material respects as though made on and as of such date;

(b) No Default. No Event of Default or Default shall have occurred and be continuing or would result from the making of such disbursement; and

(c) Application of Loan Disbursements, Disbursements from Reserve Accounts and Initial Borrower Equity and Additional Borrower Equity. Borrower shall have applied all prior disbursements of Loan proceeds, proceeds disbursed to Borrower from any Reserve Account and all Initial Borrower Equity and Additional Borrower Equity in accordance with the Loan Documents and shall provide evidence reasonably satisfactory to Lender evidencing such application;

(d) No Material Adverse Change. No change shall have occurred that has a Material Adverse Effect, as determined by Lender in its sole discretion;

(e) In-Balance. Notwithstanding anything to the contrary contained herein or in the other Loan Documents, (i) the sum of all funds in the Construction Reserve Account shall be at all times equal to or greater than the amount that Lender from time to time determines necessary, in Lender's discretion, to pay, through Completion, all costs of the Construction Work; and (ii) the sum of all funds the Cash Management Reserve Account, together with Borrower's projected cash flow, as determined by Lender, shall be at all times equal to or greater than the amount that Lender from time to time determines necessary, in Lender's discretion, to pay, through the Maturity Date, all operating costs and expenses of Borrower, including without limitation all insurance required pursuant to this Agreement and the other Loan Documents and real estate taxes payable with respect to the Property, and to enable Borrower to perform and satisfy all of the covenants of Borrower contained in the Loan Documents (the satisfaction of each of the foregoing conditions being collectively referred to herein as "**In-Balance**"). If Lender determines at any time that any of the foregoing requirements are not satisfied (such condition being referred to herein as "**Out-of-Balance**"), then Borrower shall, within ten (10) Business Days following Lender's written demand therefor, deliver the amount(s) of such deficiency(ies) to Lender to be held in the applicable Reserve Accounts. Any such amounts so deposited by Borrower shall be disbursed before any other amounts held in the applicable Reserve Accounts (such amounts together with any amounts required to be paid by the Borrower pursuant to Section 2.5(b), the "**Additional Borrower Equity**") and any such amounts so deposited by Borrower shall be disbursed before any other amounts held in the applicable Reserve Account.

(f) Request for Disbursement; Timing of Disbursements. Each request for disbursement shall be in the form attached hereto as **Exhibit A** and shall, among other things: (i) specify Borrower's desired funding date (which shall be a Business Day) for the disbursement from the Reserve Accounts; (ii) specify the amount of the proposed disbursement (with allocation to each applicable Reserve Account); (iii) specify the proposed use of such disbursement; (iv) contain a written certification by Borrower that each of the conditions to Lender's obligation to make such disbursement as set forth herein have been satisfied; and (E) contain a written certification by Borrower that each and every representation and warranty made by each Loan Party hereunder and under the other Loan Documents is deemed remade (and accordingly, remains true, correct and complete) as of the date the applicable request for disbursement is so delivered to Lender. Each such request for disbursement shall also be accompanied by such additional documents and information relating to the proposed disbursement as Lender shall require.

(g) No Cash Management Period. No Cash Management Period shall then be in effect.

(h) Insurance Premium Payments and Financing. The Loan Parties shall have provided the Lender with evidence in form and substance acceptable to Lender that (i) all insurance premiums then due and payable by the Loan Parties have been paid when due, and (ii) the Loan Parties are in compliance with all insurance premium financing arrangements, in each case as of the date of such disbursement.

3.3 Override. Notwithstanding anything in this Agreement to the contrary, at no time shall Lender be obligated to:

(a) Bona Fide Costs. Advance to Borrower more than what Borrower has previously funded for budget line items from its own monies or is then required to fund to the party seeking payment or, in the case of reimbursement, to the party seeking reimbursement (subject to any required retainage, if applicable);

(b) Budget. As to the Construction Reserve Account, disburse proceeds of the Loan in an amount in excess of the budget line items set forth in the Approved Construction Budget, as the same may be adjusted in accordance with the terms of this Agreement;

(c) Retainage. Except as otherwise set forth in this Agreement, advance any portion of any required retainage before such retainage is due and payable and, in any event, assuming compliance by Borrower with the retainage requirements in this Agreement;

(d) Change Order. Make a disbursement in connection with any Change Order for which Lender's approval is required under this Agreement and which has not been approved by Lender; or

(e) Unsatisfactory Work. If any Unsatisfactory Work exists, then Lender shall have verified that Borrower is working to cure such Unsatisfactory Work and that the continuation of work will not make cure of such Unsatisfactory Work more costly or difficult. Furthermore, Lender may withhold from any disbursement sums owed to any contractor who is responsible for cure of such Unsatisfactory Work.

3.4 Costs and Fees. Borrower shall pay on demand (or out of the requested disbursement) all of the reasonable costs and expenses incurred by Lender, including reasonable attorneys' fees and expenses, title charges, and costs and expenses of its construction consultant(s) in connection with the proposed disbursement. Borrower hereby authorizes Lender to disburse proceeds of the Loan, whether initially or from the Reserve Accounts, to pay (i) the fees and expenses of Lender's construction or other consultant(s), the fees of Lender's counsel, and the fees of the Title Company; (ii) any expenses payable in accordance with Section 12.5; (iii) any endorsements to the Title Policy required by Lender, notwithstanding that Borrower may not have requested a disbursement of such amounts; and (iv) upon an Event of Default, any other amounts due hereunder in Lender's sole discretion. Any disbursement made by Lender pursuant to the authorization in this Section shall constitute disbursed proceeds of the Loan.

3.5 No Waiver or Approval by Reason of Loan Advances. The making of any disbursement by Lender shall not be deemed an acceptance or approval by Lender (for the benefit of Borrower or any third party) of the Construction Work or other work theretofore done or constructed or to Lender's obligations to make further disbursements of the Loan, nor, if Borrower is unable to satisfy any condition, shall any such failure to insist upon strict compliance have the effect of precluding Lender from thereafter declaring such inability to be an Event of Default as herein provided. Lender's waiver of, or failure to enforce, any conditions to or requirements associated with any disbursement from a Reserve Account in any one or more circumstances shall not constitute or imply a waiver of such conditions or requirements in any other circumstances.

3.6 Lender's Right to Make Disbursements in Compliance with the Completion Guaranty and to Pay Delinquent Tax Liabilities.

(a) Borrower hereby authorizes Lender to disburse amounts held in the Construction Reserve Account as contemplated by the Completion Guaranty (whether the applicable work is being performed by any Guarantor, any Limited Guarantor, or Lender). The authorization hereby granted is irrevocable, and no prior notice to or further direction or authorization from Borrower is necessary for Lender to make such disbursements.

(b) Borrower hereby authorizes the Lender to, in Lender's sole discretion, at any time following the occurrence and during the continuance of an Adverse Tax Event, to (i) disburse all or any portion of the Reserves to pay all or any portion of any delinquent tax obligations of the Loan Parties or (ii) in Lender's sole discretion make, make additional loans under this Agreement (which loans shall be deemed to be made on the same terms as the existing Loans, added to the outstanding principal amounts Loans made hereunder, shall be deemed part of the Obligations and shall be deemed secured by the same Liens securing the existing Loans) and use the proceeds to pay all or any portion of any delinquent tax obligations of the Loan Parties. The authorization hereby granted is irrevocable, and no prior notice to or further direction or authorization from Borrower is necessary for Lender to make such disbursements. To the extent the Lender uses any portion of the Reserves or extends any new term loans in accordance with this paragraph to pay any delinquent tax obligations of the Loan Parties, such portion of the Loans (including any new term loans so made) shall bear interest at the Default Interest Rate.

(c) WHETHER OR NOT LENDER ELECTS TO EMPLOY ANY OR ALL OF THE REMEDIES AVAILABLE UPON THE OCCURRENCE OF AN EVENT OF

DEFAULT, LENDER SHALL NOT BE LIABLE FOR THE CONSTRUCTION OF OR FAILURE TO CONSTRUCT, COMPLETE OR PROTECT THE IMPROVEMENTS OR FOR PAYMENT OF ANY EXPENSES INCURRED IN CONNECTION WITH THE EXERCISE OF ANY REMEDY AVAILABLE TO LENDER OR FOR THE PERFORMANCE OR NON-PERFORMANCE OF ANY OTHER OBLIGATION OF ANY LOAN PARTY.

3.7 No Third-Party Benefit. This Agreement is solely for the benefit of Lender and the Loan Parties. All conditions of the obligations of Lender to make disbursements from the Reserve Accounts hereunder are imposed solely and exclusively for the benefit of Lender and may be freely waived or modified in whole or in part by Lender at any time if in Lender's sole discretion it deems it advisable to do so, and no Person other than Borrower (provided that all conditions have been satisfied) shall have standing to require Lender to make any Loan advances or shall be a beneficiary of this Agreement or any advances to be made hereunder. Lender's acceptance of the Plans and Specifications and the other Construction Documents (including Lender's acceptance of any modifications thereof and any Person providing work, labor or services pursuant thereto) shall not be deemed in any respect a representation or warranty, express or implied, that the Improvements will be structurally sound, have a value of any particular magnitude or otherwise satisfy a particular standard, and Lender shall have no duty to inform Borrower of Lender's assessment of any such construction document.

3.8 Direct Disbursement. Lender may, at its option and at the cost and expense of Borrower, make any disbursement from the Construction Reserve Account (a) to Borrower for disbursement in accordance with the applicable request for disbursement, (b) directly to a Contractor or any other party any costs payable to such party, (c) to the Fund Control Agent pursuant to the Fund Control Agreement or to the Title Company pursuant to a construction escrow agreement in the form then in use by such company with such modifications thereto as are reasonably required by Lender, which entity shall pay said monies to the applicable parties as instructed by Lender and/or (d) as contemplated by the Completion Guaranty (whether the applicable work is being performed by the Guarantor or Lender). The execution of this Agreement by Borrower shall, and hereby does, constitute an irrevocable authorization to Lender to make such direct advances provided for in clauses (b) through (d) above and no further authorization from Borrower or any other Loan Party shall be necessary to warrant such direct advances, and all such direct advances shall be secured by the Collateral as fully as if made directly to Borrower, regardless of the disposition thereof by any party so paid. Borrower agrees to join as a party to any construction escrow agreement and to comply with the requirements set forth therein (which shall be in addition to and not in substitution for the requirements contained in this Agreement) and to pay the fees and expenses of the Title Company charged in connection with the performance of its duties under such construction escrow agreement.

3.9 Loan Disbursements. All disbursements made to Borrower shall be held by Borrower in trust and applied by Borrower solely for the purpose for which the funds have been disbursed. Lender has no obligation to monitor or determine Borrower's use or application of the disbursements.

3.10 Reserve Accounts Generally.

(a) Borrower hereby pledges and assigns, and grants to Lender a first-priority perfected security interest in, each of the Reserve Accounts and all funds therein and any and all monies now or hereafter deposited in each Reserve Account as additional security for payment of the Obligations. Until expended or applied in accordance herewith, the Reserve Accounts and all funds therein shall constitute additional security for the Obligations.

(b) This Agreement is, among other things, intended by the parties to be a security agreement for purposes of the UCC, in addition to the Security Agreement. Upon the occurrence of an Event of Default, Lender may, in addition to any and all other rights and remedies available to Lender, apply any sums then present in any or all of the Reserve Accounts to the payment of the Obligations in any order in its sole discretion.

(c) The Reserve Accounts shall not constitute trust funds and may be commingled with other monies held by Lender. Unless expressly provided for in this Article III, all interest on a Reserve Account shall not be added to or become a part thereof and shall be the sole property of and shall be paid to Lender. Borrower shall be responsible for payment of any Tax applicable to the interest earned on the Reserve accounts credited or paid to Borrower.

(d) The Reserve Accounts shall be under the sole control and dominion of Lender, and except as otherwise provided in this Agreement, Borrower shall not have any right of withdrawal therefrom.

(e) Borrower shall not, without obtaining the prior written consent of Lender, further pledge, assign or grant any security interest in any Reserve Account or the monies deposited therein or permit any lien or encumbrance to attach thereto, or any levy to be made thereon, or any UCC-1 Financing Statements, except those naming Lender as the secured party, to be filed with respect thereto.

(f) Lender and Servicer shall not be liable for any loss sustained on the investment of any funds in the Reserve Accounts. Borrower shall indemnify Lender and Servicer and hold Lender and Servicer harmless from and against any and all actions, suits, claims, demands, liabilities, losses, damages, obligations and costs and expenses (including litigation costs and reasonable attorneys' fees and expenses) arising from or in any way connected with the Reserve Accounts or the performance of the obligations for which the Reserve Accounts were established. Borrower shall assign to Lender all rights and claims Borrower may have against all persons or entities supplying labor, materials or other services which are to be paid from or secured by the Reserve Accounts; provided, however, that Lender may not pursue any such right or claim unless an Event of Default has occurred and remains uncured.

(g) Any amount remaining in the Reserve Accounts after the Obligations have been paid in full in immediately available funds shall be released to Borrower or such other party that may be entitled thereto.

ARTICLE IV REPRESENTATIONS AND WARRANTIES

To induce Lender to execute this Agreement and make the Loan, each Loan Party hereby represents, warrants and covenants to Lender as of the date hereof and continuing hereafter as follows:

4.1 Organization; Power; Special Purpose Entity. Each Loan Party: (a) is duly organized and validly existing in good standing under the laws of the State of its formation; (b) is duly qualified to do business in each jurisdiction in which the nature of its business or assets makes such qualification necessary; (c) has the requisite power and authority to carry on its business as now being conducted; and (d) has the requisite power and authority to execute, deliver, and perform its obligations under the Loan Documents. Each Loan Party is a “registered organization” within the meaning of the UCC in effect in the State where such Loan Party is organized, and each Loan Party’s organizational identification number issued by such State is as set forth on **Schedule 4.1**. Each Loan Party is in good standing in, every jurisdiction where such qualification is required. Each Required SPE Entity (if any) are each now, have been at all times since their formation, and shall at all times remain, a Special Purpose Entity.

4.2 Authority; Enforceability. Each Loan Party has the requisite legal power and authority to execute, deliver and perform each of the Loan Documents to which it is a party. The execution, delivery and performance of each of the Loan Documents, and the consummation of the transactions contemplated thereby, have been duly authorized by all requisite action of each Loan Party, and no proceedings or authorizations on the part of any Loan Party is necessary to consummate such transactions other than as have been received on or prior to the Effective Date and are in full force and effect. The Loan Documents have been duly executed and delivered by each Loan Party party thereto and are the legal, valid and binding obligations of each Loan Party, enforceable against each Loan Party in accordance with their terms, subject only to bankruptcy, insolvency and other limitations on creditors’ rights generally and to equitable principles. Such Loan Documents are not subject to any right of rescission, set-off, counterclaim or defense by any Loan Party, including the defense of usury.

4.3 Ownership of Loan Parties. The organizational chart attached hereto as **Schedule 4.3** is complete and accurate as of the Effective Date and illustrates all Persons who (a) have, together with its Affiliates, at least a 20% direct or indirect ownership interest in each Loan Party to each tier or level shown thereon and their respective ownership percentages and (b) all direct and indirect Subsidiaries of each Loan Party. All of the issued and outstanding Equity Interests owned by the Loan Parties have been (to the extent such concepts are relevant with respect to such ownership interests) duly authorized and issued and are fully paid and non-assessable. There are no outstanding commitments or other obligations of any Loan Party to issue, and no options, warrants or other rights of any Person to acquire, any Equity Interests of any Loan Party other than as set forth in the Information Certificate. No Loan Party has any subsidiary other than as disclosed on the Information Certificate.

4.4 No Conflict. The execution, delivery and performance by each Loan Party of the Loan Documents to which it is a party, and each of the transactions contemplated thereby, do not and will not: (a) conflict with or violate such Loan Party’s partnership agreement, operating

agreement, bylaws, articles of partnership, articles of organization, articles of incorporation or other partnership, organizational or corporate documents, as applicable; (b) conflict with, result in a breach or violation of or constitute (with or without notice or lapse of time or both) a default under any (i) contractual obligation to which any Loan Party, the Property or the other Collateral is subject, (ii) statute, ordinance, rule or regulation of any Governmental Authority applicable to any Loan Party, the Property or the other Collateral, or (iii) court or Governmental Authority order; or (c) result in or require the creation or imposition of any Lien upon any of the properties or assets of any Loan Party (other than Liens in favor of Lender arising pursuant to the Loan Documents).

4.5 Consents and Authorizations. Each Loan Party has obtained all consents and authorizations required under its organizational documents, as applicable, or pursuant to its contractual obligations with any other Person, and has obtained all consents and authorizations of, and effected all notices to and filings with, any Governmental Authority as may be necessary to allow such Loan Party to lawfully execute, deliver and perform its obligations under the Loan Documents.

4.6 Financial Information. All financial statements and other financial information heretofore delivered by any Loan Party to Lender, including, without limitation, information relating to the financial condition of any Loan Party and the Property (including, without limitation, construction schedules and budgets for Construction Work whether prior to the Effective Date), the other Collateral, or the shareholders, managers, or members in any Loan Party, are true and correct in all material respects, fairly and accurately reflect the financial condition of the subject thereof and have been prepared in accordance with the Accounting Standard, or another accounting method approved by Lender, consistently applied. There has been no change that would have a Material Adverse Effect on any Loan Party, or the ability of any Loan Party to perform its respective obligations under the Loan Documents, since the date of such financial statements or other financial information. There are no known material unrealized or anticipated losses of any Loan Party. No Loan Party or any of their respective Members or Affiliates has filed or been the subject of any bankruptcy, insolvency, reorganization, dissolution or similar proceeding or any proceeding for the appointment of a receiver or trustee for all or any substantial part of their respective property or assets. No Loan Party or any of their respective Affiliates, has admitted in writing its inability to pay its debts when due, made an assignment for the benefit of creditors or taken other similar action.

4.7 No Additional Liabilities of Borrower and/or Guarantors Not Previously Disclosed in Writing to Lender. No Loan Party or any of its Subsidiaries has any Indebtedness other than Permitted Indebtedness. Notwithstanding anything to the contrary contained hereunder or under any of the other Loan Documents, no Loan Party has any obligation which was not previously disclosed to Lender in writing, which obligation would have a Material Adverse Effect upon any of (a) any Loan Party's ability to perform hereunder or under any of the other Loan Documents, (b) any Loan Party's ability to timely and fully repay the Loan (and all amounts due in connection therewith) as required under the Note, this Agreement and the other Loan Documents, (c) any Loan Party's ability now or in the future to operate and renovate the Property (as required hereunder). There are no material defaults, breaches or violations existing in respect of any Permitted Indebtedness by any party thereto and no event has occurred that, with the passage of time or the giving of notice, or both, would constitute a material default, breach or violation by any party thereunder, except to the extent that any of the foregoing have been waived in writing

by the applicable holder of such Permitted Indebtedness. No borrower, guarantor or other party obligated in respect of the Permitted Indebtedness has given or received any notice of default under any of the Permitted Indebtedness that remains uncured or in dispute. Neither the execution or delivery of the Loan Documents nor any Loan Party's performance thereunder will require any consent of the lender or any other counterparty in respect of the Permitted Indebtedness that has not been obtained.

4.8 Litigation; Adverse Effects; Condemnation.

(a) There is no action, suit, proceeding, governmental investigation or arbitration, at law or in equity, or before or by any Governmental Authority, pending against and served upon or, to best of any Loan Party's knowledge, threatened against and not served upon any Loan Party, the Property or any other Collateral which (i) could result in a Material Adverse Effect upon such Person, the Property or other Collateral, or (ii) could materially and adversely affect the ability of any Loan Party to perform its obligations under the Loan Documents or (iii) involves any Loan Document or the transactions contemplated thereby.

(b) No Loan Party is (i) in violation of any applicable Legal Requirements, which violation could have a Material Adverse Effect upon any Loan Party, the Property or any other Collateral, or (ii) subject to or in default with respect to any court or Governmental Authority order which could have a Material Adverse Effect upon any Loan Party, the Property or any other Collateral. There are no governmental or administrative proceedings pending or, to the best of each Loan Party's knowledge, threatened against any Loan Party, the Property or any other Collateral, which, if adversely decided, could have a Material Adverse Effect upon any Loan Party, the Property or any other Collateral.

(c) There are no known, pending or, to the best of each Loan Party's knowledge, threatened eminent domain or condemnation proceedings affecting the Property (or any portion thereof).

(d) There are no known, pending, or to the best of each Loan Party's knowledge, threatened claims outstanding against any Loan Party or the Property (or any portion thereof) or any other Collateral in respect of any work done on or prior to the date hereof at, on or around the Property by any contractor or third party claimant.

4.9 Payment of Taxes. All tax returns and reports to be filed by each Loan Party have been timely filed, and all taxes, assessments, fees and other governmental charges shown on such returns or otherwise payable by any Loan Party, other than those set forth on Schedule 4.9, have been paid when due and payable, except such taxes, if any, as are being contested in good faith by appropriate proceedings and for which adequate reserves are maintained in accordance with IFRS, and subject to such valid extensions of the filing and/or due date thereof as such Loan Party shall have obtained. No Liens have been filed and no claims are being asserted with respect to any such Taxes, other than Taxes set forth on Schedule 4.9 to the extent that no Liens have been filed (or if a Lien has been filed, such Lien either does not have priority over the Lender's Liens or is subject to an Approved Payment Plan that the Borrower is in compliance with in all respects (as documented by such evidence as the Lender may reasonably require)), and no Loan Party has any

knowledge of any proposed tax assessment against any Loan Party that could have a Material Adverse Effect.

4.10 Disclosure. The representations and warranties of each Loan Party contained in this Agreement, the other Loan Documents, the Information Certificate, and all certificates, financial statements and other documents delivered to Lender in connection herewith and therewith, do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein or therein, in light of the circumstances under which they were made, not misleading. All organizational documents, financial statements, Leases, Material Agreements, agreements and other documents and instruments delivered by or on behalf of any Loan Party to Lender pursuant to this Agreement, the other Loan Documents are true, correct and complete copies of the originals. The foregoing representations and warranties with respect to any documents, Leases or instruments relating to the Property or the Cannabis Business or Support Business and not prepared by or on behalf of any Loan Party are made to the best of each Loan Party's knowledge. No Loan Party has withheld any material fact from Lender in regard to any matter addressed in or material to the Loan Documents.

4.11 Requirements of Law and Other Covenants. Each Loan Party, the Cannabis Business, the Support Business, the Property and the other Collateral and the ownership and use thereof comply with (a) Legal Requirements applicable to any Loan Party, the Cannabis Business, the Support Business or the Property (including, without limitation, State Cannabis Laws, the ADA and all Hazardous Materials Laws but excluding all US federal statutes, ordinances, rules and regulations related solely to the operation of a Cannabis Business), and (b) all restrictive covenants or other title matters affecting the Property, the other Collateral or any portion thereof. Without limiting the generality of the foregoing, each Loan Party each has all required Governmental Approvals (including Regulatory Licenses) (excluding any United States federal Governmental Approvals) to operate its business as currently conducted, and all of such state and provincial Government Approvals are in full force and effect and have not been revoked, suspended, cancelled, rescinded, terminated, modified and have not expired. There are no pending or threatened actions by or before any Governmental Authority to revoke, suspend, cancel, rescind, terminate or materially adversely modify any such Government Approvals. No Loan Party has received notice of any claim with respect to any Hazardous Materials Liability or knows of any basis for any Hazardous Materials Liability and except with respect to any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, no Loan Party (i) has failed to comply with any Hazardous Materials Law or to obtain, maintain or comply with any permit, license or other approval required under any Hazardous Materials Law, (ii) has become subject to any Hazardous Materials Liability, (iii) has received notice of any claim with respect to any Hazardous Materials Liability or (iv) knows of any basis for any Hazardous Materials Liability. The Property consists of one or more legal and separate lot(s) for tax assessment purposes. All requisite permits, easements and rights of way necessary for the occupancy, operation, ownership and use of the Property, the Cannabis Business and the Support Business, as applicable, have been obtained by Borrower and those that have been obtained are in full force and effect and not subject to default by any party thereto.

4.12 Property and Collateral Documents. The Loan Parties have heretofore delivered to Lender true, complete and correct copies of all Material Contracts, including all Leases at the Property as well as the Construction Documents, and the other documents, materials and

information delivered to any Loan Party or otherwise obtained by or prepared for any Loan Party with respect to the acquisition, ownership or operation of the Property by any Loan Party. No such documents, materials or information disclose, and no Loan Party has otherwise discovered in the course of its due diligence investigations, any facts, matters or circumstances that could have a Material Adverse Effect (including, without limitation, on upon any Loan Party, the Cannabis Business, the Property or any other Collateral, the transactions contemplated by this Agreement or the other Loan Documents). No Lien upon the Property or the other Collateral materially adversely affects the value, operation or use of the Property or such Collateral or Borrower's or any Guarantor's ability to pay the Obligations. There are no outstanding options to purchase or rights of first refusal affecting all or any portion of the Property or the other Collateral. The survey for the Property delivered to Lender does not fail to reflect any material matter affecting the Property or the title thereto. All of the Improvements included in determining the appraised value of the Property lie wholly within the boundaries and building restriction lines of the Property, and no improvement on an adjoining property encroaches upon the Property, and no easement or other encumbrance upon the Property encroaches upon any of the Improvements, except those insured against by the Title Policy insuring the Lien of the Security Instrument. The Plans and Specifications have been approved by all applicable Governmental Authorities, and upon completion in accordance with the Plans and Specifications, the Improvements and the use and occupancy thereof will comply in all material respects with all applicable Legal Requirements. Neither the zoning nor any other right to construct, use or operate the Improvements is to any extent dependent upon or related to any real estate other than the Property. All approvals, licenses and permits required from Governmental Authorities under applicable Legal Requirements in connection with the current phase of Construction Work have been obtained and Borrower has no knowledge of any information suggesting that approvals, licenses and permits for future phases of construction will not be received in a timely manner. All streets, easements, utilities and related services necessary for the construction of the Improvements and the operation of the Property for its intended purpose are, or when required, will be, available to the Property. The Property is taxed separately and does not include any other property, and for all purposes the Property may be mortgaged, conveyed and otherwise dealt with as a separate legal parcel. To the best of Borrower's knowledge, the budget accurately reflects all costs to complete Construction Work and operate the Property through the Maturity Date. To the best of Borrower's knowledge, the Construction Schedule is complete and accurate. The cost basis information for the Property delivered to Lender is true, complete, and accurate in all respects.

4.13 Title to Assets; No Liens. Each Loan Party and each of its Subsidiaries has good, marketable and indefeasible fee title to its assets, free and clear of all Liens, except for Permitted Encumbrances. All transfer taxes, deed stamps, intangible taxes or other amounts in the nature of transfer taxes required to be paid by any Person under applicable Legal Requirements in connection with the transfer of the Property have been paid. The Security Instrument, when properly recorded in the appropriate records, together with any UCC Financing Statements required to be filed in connection therewith, will create (a) a valid, perfected first priority lien on the Borrower's interest in the Property, and (b) valid and perfected first priority security interests in and to, and perfected collateral assignments of, all personalty (including the Leases), all in accordance with the terms thereof, in each case subject only to any Liens approved by Lender. All mortgage, recording, stamp, intangible or other similar taxes required to be paid by any Person under applicable Legal Requirements in connection with the execution, delivery, recordation,

filing, registration, perfection or enforcement of any of the Loan Documents have been paid. Each Loan Party owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property necessary to its business as currently conducted, a correct and complete list of which, as of the date of this Agreement, is set forth in the Information Certificate, and the use thereof by each Loan Party does not infringe in any material respect upon the rights of any other Person, and each Loan Party's rights thereto are not subject to any licensing agreement or similar arrangement. Other than as set forth in the Information Certificate, no Loan Party has entered into or granted any security agreements, or permitted the filing or attachment of any security interests on or affecting any of their respective assets, including the Collateral, directly or indirectly that would have priority or in any way be superior to Lender's security interests and rights in and to the Collateral. No Loan Party has entered into or granted any security agreements, or permitted the filing or attachment of any security interests on or affecting any Collateral. None of Borrower or any Guarantor has entered into or granted any security agreements, or permitted the filing or attachment of any security interests on or affecting any Excluded Asset. Each of the Guarantors do not directly own any assets other than the Equity Interests in other Loan Parties.

4.14 Utilities. All utility services, including, without limitation, gas, water, sewage, electrical and telephone, necessary for the use and occupancy of the Property are available at or within the boundaries of the Property and have been connected or are available for connection by Borrower upon payment of all required connection or hook-up fees.

4.15 Leases. No portion of the Property has been leased or subleased to any Person except the Property has been leased by Propco to Opco pursuant to the Operating Lease, and Borrower has delivered a true, correct and complete copy of the Operating Lease to Lender. The Leases described on **Schedule 4.15**, each entered into by a Loan Party, relate to the Borrowers' Cannabis Business and/or Support Business, and Borrower has delivered true, correct and complete copies of all such Leases to Lender. Each of the Leases entered into by any Loan Party is in full force and effect and there is no material default, breach or violation existing thereunder by any party thereto and no event has occurred that, with the passage of time or the giving of notice, or both, would constitute a material default, breach or violation by any party thereunder. No Loan Party has given or received any notice of default under any of the Leases that remains uncured or in dispute. Neither the execution or delivery of the Loan Documents nor any Loan Party's performance thereunder will adversely affect its rights under the Leases.

4.16 Affiliate Fees and Transactions. No Loan Party is obligated to pay any fee or compensation to any Affiliate in connection with the acquisition, financing, operation or management of the Property, the Cannabis Business or the Support Business (collectively "**Affiliate Fees**"). Notwithstanding anything to the contrary contained herein, all Affiliate Fees shall at all times be subordinate to the Loan (and each Loan Party's operating agreement or other applicable organizational documents shall contain an express statement to such effect) other than as set forth in the Information Certificate, and such Affiliate Fees shall not be paid during the occurrence of a Cash Management Period. Except as set forth on in the Information Certificate, there are no existing or proposed agreements, arrangements, understandings, or transactions between any Loan Party and any of the officers, members, managers, directors, stockholders, parents, holders of other Equity Interests, employees, or Affiliates of any Loan Party or any members of their respective immediate families, and none of the foregoing Persons are directly or indirectly indebted to or have any direct or indirect ownership, partnership, or voting interest in

any Affiliate of any Loan Party or any Person with which any Loan Party has a business relationship or which competes with any Loan Party (except that any such Persons may own Equity Interests in (but not exceeding 2.00% of the outstanding Equity Interests of) any publicly traded company that may compete with a Loan Party). Notwithstanding the foregoing, the Loan Parties may be obligated to pay fees to the Broker after the Effective Date in a total amount not in excess of six percent (6%) of the Loans (including the Broker Fee); provided, that the payment of such fees shall be subject to the Broker Fee Subordination Agreement.

4.17 Defects. There are no defects, facts or conditions affecting the Property or any portion thereof that would make the Property unsuitable for the occupancy, use or sale thereof or the construction and Completion of the Construction Work. There are no surface or subsurface soils conditions adversely affecting the Property, including, without limitation, unstable soil or landfills.

4.18 Patriot Act and Related Matters.

(a) Each Loan Party complies and will comply at all times with the Patriot Act and Anti-Money Laundering Laws. Lender shall have the right to audit each Loan Party's compliance with the Patriot Act and all applicable requirements of Governmental Authorities having jurisdiction of any Loan Party or the Property, including, without limitation, those relating to money laundering and terrorism. If any Loan Party fails to comply with the Patriot Act or any such requirements of Governmental Authorities, then Lender may, at its option, cause such Loan Party to comply therewith and any and all costs and expenses incurred by Lender in connection therewith shall become part of the Obligations, secured by the Collateral and shall be immediately due and payable.

(b) No Loan Party or any Member: (i) is listed on any Government Lists; (ii) is a Person who has been determined by competent authority to be subject to the prohibitions contained in Presidential Executive Order No. 13224 (Sept. 23, 2001) or any other similar prohibitions contained in the rules and regulations of OFAC or in any enabling legislation or other Presidential Executive Orders in respect thereof; (iii) has been previously indicted for or convicted of any felony involving a crime or crimes of moral turpitude or for any Patriot Act Offense (as defined below); (iv) is not currently under investigation by any Governmental Authority for alleged criminal activity or (v) is a Prohibited Person. For purposes hereof, the term "**Patriot Act Offense**" means any violation of the criminal laws of the United States of America or of any of the several states, or that would be a criminal violation if committed within the jurisdiction of the United States of America or any of the several states, relating to terrorism or the laundering of monetary instruments, including any offense under (A) the criminal laws against terrorism; (B) the criminal laws against money laundering, (C) the Bank Secrecy Act, as amended, (D) the Money Laundering Control Act of 1986, as amended, or the (E) Patriot Act. "Patriot Act Offense" also includes the crimes of conspiracy to commit, or aiding and abetting another to commit, a Patriot Act Offense.

(c) Each Loan Party and to the knowledge of each Loan Party, each of its members, is in compliance with all Federal Trade Embargos and Anti-Corruption Obligations in all material respects. No Embargoed Person owns any direct or indirect equity interest in any Loan Party. No Loan Party, or to their knowledge any of their Affiliates nor any of their respective

direct or indirect equityholders (i) conducts any business, or engage in any transaction or dealing, with any Embargoed Person, including the making or receiving of any contribution of funds, goods, or services, to or for the benefit of a Embargoed Person, or (ii) engages in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any Federal Trade Embargo. Each Loan Party shall cause the representation set forth in this Section 4.18 to remain true and correct at all times.

(d) No tenant at the Property is identified on the OFAC List.

(e) Each Loan Party has implemented procedures, and will consistently apply those procedures throughout the term of the Loan, to ensure that the foregoing representations and warranties remain true and correct during the term of the Loan.

4.19 ERISA. Neither any Loan Party nor any ERISA Affiliate maintains, contributes to, has any obligation to contribute to, or has any direct or indirect liability with respect to any “employee benefit plan,” “multiemployer plan,” or any other “plan” (each as defined in ERISA). No Loan Party is an “employee benefit plan,” as defined in Section 3(3) of ERISA, subject to Title I of ERISA, a “plan,” as defined in Section 4975(e)(1) of the Code, subject to Code Section 4975, or a “governmental plan” within the meaning of Section 3(32) of ERISA. None of the assets of any Loan Party constitutes “plan assets” of one or more of any such plans under 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of the Code. The transactions contemplated by the Loan Documents do not violate state statutes regulating investment of, and fiduciary obligations with respect to, governmental plans and such state statutes do not in any manner affect the ability of any Loan Party to perform its obligations under the Loan Documents or the ability of Lender to enforce any and all of its rights under this Agreement and the other Loan Documents. If an investor or direct or indirect equity owner in any Loan Party is a plan that is not subject to Title I of ERISA or Section 4975 of the Code, but is subject to the provisions of any federal, state, local, non-U.S. or other laws or regulations that are similar to those portions of ERISA or the Code, the assets of the Loan Parties do not constitute the assets of such plan under such other laws. “**ERISA Affiliate**” means any corporation or trade or business that is a member of any group of organizations (a) described in Section 414(b) or (c) of the Code, of which any Loan Party is a member, and (b) solely for purposes of potential liability under Section 302(b)(2) of ERISA and Section 412(b)(2) of the Code and the lien created under Section 303(k) of ERISA and Section 430(k) of the Code, described in Section 414(m) or (o) of the Code, of which any Loan Party is a member.

4.20 Investment Company Act; Public Utility Holding Company Act. No Loan Party is (a) an “investment company” or a company “controlled” by an “investment company,” within the meaning of the Investment Company Act of 1940, as amended; (b) a “holding company” or a “subsidiary company” of a “holding company” or an “affiliate” of either a “holding company” or a “subsidiary company” within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (c) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money. No Loan Party is engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock, or extending credit for the purpose of purchasing or carrying margin stock, and no part of the proceeds of any Loan will be used to buy or carry any margin stock.

4.21 Contracts.

(a) No Loan Party has entered into, or is bound by, any Material Contract other than as set forth in the Information Certificate. The term “**Material Contract**” means any contract (other than the Loan Documents) (a) that requires payment by any Loan Party of more than \$50,000 per year, (b) is not terminable by a Loan Party on sixty (60) days (or less) advance notice, or (c) is with an Affiliate of any Loan Party.

(b) No Loan Party is a party to, nor is bound by, any material license or other agreement that prohibits or otherwise restricts such Loan Party from incurring the obligations under this Agreement and the Loan Documents to which it is a party or granting a security interest in the Collateral or the Excluded Assets, other than this Agreement or the other Loan Documents.

(c) The Loan Parties have delivered true, correct and complete copies of the Material Contracts (including all amendments and supplements thereto) to Lender.

(d) Each of the Material Contracts (i) is in full force and effect and there is no default, breach or violation existing thereunder by any party thereto and no event has occurred that, with the passage of time or the giving of notice, or both, would constitute a default, breach or violation by any party thereunder and (ii) is binding upon and enforceable against the applicable Persons party thereto in accordance with its terms. No Loan Party has given or received any notice of default under any of the Material Contracts that remains uncured or in dispute. Neither the execution or delivery of the Loan Documents nor any Loan Party’s performance thereunder will adversely affect any Loan Party’s rights under the Material Contracts.

4.22 Solvency. Each Loan Party has (a) not entered into the transaction contemplated by this Agreement or executed the Loan Documents with the actual intent to hinder, delay or defraud any creditor and (b) received reasonably equivalent value in exchange for its obligations under such Loan Documents. The fair saleable value of each Loan Party’s assets exceeds and will, immediately following the making of the Loan, exceed such Loan Party’s total liabilities, including subordinated, unliquidated, disputed and contingent liabilities. The present fair saleable value of the property of each Loan Party will be greater than the amount that will be required to pay the probable liability of its debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured. Each Loan Party will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured. Each Loan Party’s assets do not and, immediately following the making of the Loan will not, constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted. No Loan Party intends to, nor believes that it will, incur debts beyond its ability to pay such debts as they mature, taking into account the timing of and amounts of cash to be received by it and the timing of the amounts of cash to be payable on or in respect of its liabilities. No petition in bankruptcy has been filed against any Loan Party, and no Loan Party has ever made an assignment for the benefit of creditors or taken advantage of any insolvency act for the benefit of debtors. No Loan Party or any of their respective direct or indirect owners is contemplating either the filing of a Bankruptcy Action by any Loan Party, and no Loan Party has knowledge of any Person contemplating the filing of any such petition against it. No Loan Party is contemplating the liquidation of all or a major portion of its assets or properties.

4.23 Compliance with Law; Government Approvals. Each Loan Party and the Property, as applicable, and the use thereof and operations thereat, comply with all State Cannabis Laws and other Legal Requirements. **Schedule 4.23** sets forth a true, correct and complete list of all Regulatory Licenses maintained by each Loan Party applicable to the Property and the Cannabis Business conducted at the Property.

4.24 Use of Property. The Property is and will be used exclusively in connection with the Cannabis Business and the Support Business, as applicable.

4.25 Initial Borrower Equity. On or prior to the Effective Date, Borrower has caused the Initial Borrower Equity to be contributed to or applied to the Closing Reserve Account.

4.26 Use of Funds. Each Loan Party hereby warrants, represents and covenants that all funds disbursed hereunder shall be used for business or commercial purposes and that no funds disbursed hereunder shall be used for personal, family or household purposes.

4.27 Approved Budget. The amounts and allocations set forth in the Approved Budget, as it may be amended in accordance with the terms of this Agreement, present a full, complete and good faith representation of all costs, expenses and fees required to complete the Construction Work, pay interest and costs on the Loan, and pay all other operating costs for the Property and Borrower's business. No Loan Party has any knowledge of any costs, expenses or fees which are not included within the Approved Budget.

4.28 Cost Basis. The purchase price of each Property and the date of such purchase is set forth on **Schedule 4.28**.

4.29 Insurance. Each copy of the insurance policies relating to the Collateral delivered to Lender (a) is a true, correct, and complete copy of the respective original policy in effect on the date of this Agreement, and no amendments or modifications of said documents or instruments not included in such copies have been made, and (b) has not been terminated and is in full force and effect. No Loan Party is in default in the observance or performance of its material obligations under said policies and such Loan Party has done all things required to be done as of the date of this Agreement to keep unimpaired its rights thereunder.

4.30 Common Enterprise. The successful operation and condition of each of the Loan Parties is dependent on the continued successful performance of the functions of the group of the Loan Parties as a whole and the successful operation of each of the Loan Parties is dependent on the successful performance and operation of each other Loan Party. Each Loan Party expects to derive benefit (and its board of directors or other governing body, as applicable, has determined that it may reasonably be expected to derive benefit), directly and indirectly, from (a) successful operations of each of the Loan Parties and (b) the credit extended by the Lender to the Borrower hereunder, both in their separate capacities and as members of the group of companies. Each Loan Party has determined that execution, delivery, and performance of this Agreement and any other Loan Documents to be executed by such Loan Party is within its purpose, in furtherance of its direct and/or indirect business interests, will be of direct and indirect benefit to such Loan Party, and is in its best interest.

4.31 Excluded Subsidiaries. As of the Effective Date, (i) the Subsidiaries listed on Schedule 1(b) satisfy all the requirements to be Excluded Subsidiaries and (ii) there are no other Subsidiaries of Holdings other than those listed on Schedule 1(b) and those that are Loan Parties.

ARTICLE V REPORTING COVENANTS

Each Loan Party covenants and agrees that, on and after the date hereof, until payment in full of the Loan and other amounts payable under the Loan Documents:

5.1 Financial Statements and Other Financial and Operating Information. Each Loan Party shall keep and maintain or shall cause to be kept and maintained, on a calendar year basis, in accordance with the Accounting Standard, consistently applied, books, records and accounts reflecting in reasonable detail all of the financial affairs of such Loan Party and all items of income and expense in connection with the operation of their applicable business. The Loan Parties shall deliver or cause to be delivered to Lender:

(a) **Monthly Operating Statements.** Within thirty (30) days following the end of each month during the Loan term, consolidated and consolidating (i) operating statements for each Loan Party and the Property for such month, with variance to budget reporting, in such form as Lender shall require and (ii) unaudited financial statements of each Loan Party, consisting of a balance sheet, income statement and statement of sources and uses of funds, together with related schedules and supporting reports, when applicable. Such financial statements shall be prepared on the basis of the Accounting Standard, and shall be accompanied by a certificate executed by the applicable Loan Party, certifying the completeness, fairness and consistency thereof.

(b) **Quarterly Operating and Financial Statements.** Within forty-five (45) days following the end of each Fiscal Quarter during the Loan term, consolidated and consolidating (i) operating statements for each Loan Party and the Property for such quarter with variance to budget reporting in such form as Lender shall require and (ii) unaudited financial statements of each Loan Party, consisting of a balance sheet, income statement and statement of sources and uses of funds, together with related schedules and supporting reports, when applicable. Such financial statements shall be prepared on the basis of the Accounting Standard, and shall be accompanied by a certificate executed by the applicable Loan Party, certifying the completeness, fairness and consistency thereof.

(c) **Annual Financial Statements.** Within ninety (90) days after the end of each calendar year, annual audited financial statements of each Loan Party, consisting of a balance sheet, income statement and statement of sources and uses of funds, together with related schedules and supporting reports, when applicable. Such financial statements shall be prepared on the basis of the Accounting Standard, and shall be accompanied by a certificate executed by the applicable Loan Party, certifying the completeness, fairness and consistency thereof. In addition to the foregoing, if any Loan Party procures an audit of its financial statements, then such Loan Party must promptly provide a copy of such audited financial statements to Lender after they are completed. All audited statements shall be audited by a reputable accounting firm acceptable to Lender.

(d) Annual Budget. Each Loan Party shall submit to Lender by November 1 of each year the proposed annual operating budget (including with respect to the Property) for each month of the succeeding Fiscal Year. Lender shall have the right to approve each such annual budget. Each such annual budget delivered to Lender approved by Lender shall hereinafter be referred to as an “**Approved Annual Budget**”. Until such time when any operating budget has been approved by Lender, the prior Approved Annual Budget shall apply for all purposes hereunder (with such adjustments as reasonably determined by Lender to reflect actual increases in Property Taxes, Insurance Premiums and utility expenses); provided, however, that if a Cash Management Period commences after January 1 of such year and the Annual Budget for such year has already been adopted by Borrower, then the annual operating budget then in effect shall be the Approved Annual Budget for such prior year only. No Loan Party shall change or modify the Approved Annual Budget without the prior written consent of Lender. The initial Approved Annual Budget is attached hereto as **Exhibit B-1**.

(e) Compliance Certificates. Following the effectiveness of the Interest Rate Reduction, together with (i) the delivery of the monthly operating statements and unaudited financials pursuant to Section 5.1(a), and (ii) the delivery of the quarterly operating statements and unaudited financials pursuant to Section 5.1(b), Holdings shall provide Lender with an executed Compliance Certificate evidencing the calculation of the Debt Service Coverage Ratio as of the last day of (x) the immediately preceding calendar month, if delivered with the financials pursuant to Section 5.1(a), and (y) the immediately preceding Fiscal Quarter, if delivered with the financials pursuant to Section 5.1(b).

(f) Knowledge of Event of Default. Promptly upon any Loan Party obtaining knowledge of (i) any condition or event which constitutes an Event of Default or Default, or (ii) any condition or event which has or will have a Material Adverse Effect, written notice specifying the nature and period of existence of any such condition or event, or specifying the notice given or action taken by the applicable Loan Party and the nature of such claimed Event of Default, Default or other event or condition, and what action the applicable Loan Party has taken, is taking and proposes to take with respect thereto.

(g) Litigation, Arbitration or Government Investigation. Promptly upon any Loan Party obtaining knowledge of (i) the institution of, or threat of, any action, suit, proceeding, governmental investigation inquiry, examination, audit, warning letter, enforcement, penalty, fine, or arbitration against or affecting any Loan Party, the Property or any other Collateral not previously disclosed in writing by any Loan Party to Lender pursuant to this section, including any eminent domain or other condemnation proceedings affecting the Property; or (ii) any development of the foregoing already disclosed, which, in either case, has a Material Adverse Effect, written notice thereof to Lender and such other information as may be available to it to enable Lender and its counsel to evaluate such matters.

(h) Additional Material Items. Promptly upon any Loan Party obtaining knowledge of (i) any Lien or claim made or asserted against any of the Collateral (other than Permitted Encumbrances) or Excluded Assets; (ii) any loss, damage, or destruction to the Collateral in the amount of \$100,000 or more, whether or not covered by insurance; (iii) any and all default notices given or received under or with respect to (x) the Real Property or (y) any Material Contract; (iv) any termination or non-renewal of any Material Contract or the receipt by

any Person of any written notice from the other party to any Material Contract of such party's intent to terminate or not renew such Material Contract; (v) entering into a new Material Contract; (vi) any notice received by any Loan Party in respect of the insurance claims described on Schedule 8.12, (vii) any Specified Insurance Claim Proceeds received by any Loan Party, and (viii) notice of any rejection or non-renewal of any Regulatory License or other Government Approval that is material to the conduct of the Cannabis Business, and such other material information as may be readily available to it to enable Lender and its counsel to evaluate such matters.

(i) Bankruptcy, Etc. Immediately upon becoming aware thereof, notice (whether involuntary or voluntary) of the bankruptcy, insolvency, examinership, reorganization of any Loan Party, or the appointment of any trustee, assignee, receiver or similar estate fiduciary in connection with or anticipation of any such occurrence, or the taking of any step by any Person in furtherance of any such action or occurrence.

(j) Organizational Documents. Promptly following the date thereof, deliver to Lender copies of any amendments or modifications of any organizational documents of any Loan Party.

(k) Excluded Subsidiary. Promptly deliver notice to the Lender if any Subsidiary that at any time on or after the Effective Date constitutes an Excluded Subsidiary subsequently for any reason ceases to qualify as an Excluded Subsidiary pursuant to the definition thereof.

(l) Construction Costs Reports. Until Completion and upon final close-out of the Approved Construction Budget, and solely to the extent not already delivered to Lender in connection with a disbursement request within the preceding thirty (30)-day period, Borrower shall, on or before the date that is twenty-one (21) days after the end of each calendar month, provide a monthly cost report for the construction of the Construction Work on a cumulative basis and broken down by line item, showing percentage of completion, the original budgeted amount, the current budgeted amount pursuant to an updated Approved Construction Budget, costs incurred to date, projected costs to achieve Completion, explanations of any Approved Construction Budget variances, a summary of any reallocations, a summary of permitted approved and pending Change Orders, an explanation of any variances from the approved construction schedule and an updated construction schedule. Such report will be accompanied by an Officer's Certificate stating that the factual statements and summaries in such report are true, correct and accurate in all material respects and sufficiently complete to provide Lender a full understanding of their subject matter.

(m) Tax Payment Plans and Adverse Tax Events. Promptly deliver notice to the Lender of (i) any tax payment plan proposed by any taxing authority, and (ii) any Adverse Tax Event.

(n) Other Information. Such other information, reports, contracts, schedules, lists, documents, agreements and instruments in the possession or control of any Loan Party with respect to (i) the Collateral, or (ii) the business, assets, condition (financial or otherwise), income or prospects of any Loan Party as Lender may from time to time reasonably request, including, without limitation, annual information with respect to cash flow projections, budgets, operating

statements (current year and immediately preceding year), equity funding requirements, contingent liability summaries, projections of leasing fees and overhead budgets.

5.2 Environmental Notices. Each Loan Party shall immediately notify Lender in writing after such Loan Party's learning thereof of any of the following: (a) a discovery of any Hazardous Materials on, under or about the Property, other than Hazardous Materials temporarily in transit through the Property; (b) any knowledge by such Loan Party that the Property does not comply with any Hazardous Materials Laws; (c) any claims alleging that any Loan Party or the Property is not in compliance with or has violated Hazardous Materials Laws; and/or (d) any claim for a Hazardous Materials Liability.

5.3 Accuracy of Information. Each Loan Party will ensure that any information, including financial statements or other documents, furnished to the Lender in connection with this Agreement or any other Loan Document contains no material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and the furnishing of such information shall be deemed to be a representation and warranty by the Loan Parties on the date thereof as to the matters specified in this Section; provided that, with respect to projected financial information, the Loan Parties will only ensure that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

ARTICLE VI OTHER COVENANTS

Each Loan Party covenants and agrees that, on and after the date hereof, until indefeasible payment in full of the Loan and other amounts payable under the Loan Documents:

6.1 Existence. Each Loan Party shall at all times maintain its partnership or limited liability company, or corporate existence, as applicable and shall do or cause to be done all things necessary to preserve and keep in full force and effect its rights to do business in, and shall remain in good standing in, each jurisdiction in which the character of the properties owned or leased by it therein or in which the transaction of its business makes such qualification necessary including without limitation doing or causing to be done all things necessary to preserve, renew and keep in full force and effect the rights, qualifications, licenses, permits, franchises, governmental authorizations, intellectual property rights, licenses and permits material to the conduct of its business.

6.2 Compliance. Each Loan Party shall comply with all covenants, conditions, restrictions, Leases, easements, reservations, rights and rights-of-way and all applicable Legal Requirements (including, without limitation, all State Cannabis Laws, all Hazardous Materials Laws, all Anti-Money Laundering Laws, the Patriot Act and the ADA), and each Loan Party shall obtain and maintain in full force and effect all necessary approvals, consents, Government Approvals (including all Regulatory Licenses) and will comply with each of the rights, duties and obligations under each of the foregoing, in each case, so that the business carried on by the Loan Parties may be properly conducted in accordance with Legal Requirements at all times. Each Loan Party shall notify Lender promptly of any written notice or order that such Loan Party receives from any Governmental Authority relating to any Loan Party's failure to comply with such

applicable Legal Requirements. There shall never be committed by any Loan Party, and no Loan Party shall ever permit any other Person in occupancy of or involved with the operation or use of the Property to commit any act or omission affording any Governmental Authority the right of forfeiture against (i) the Property or any part thereof, (ii) any Regulatory License, (iii) any other Collateral, or (iv) any monies paid in performance of the Obligations. Each Loan Party hereby covenants and agrees not to commit, permit or suffer to exist any act or omission affording such right of forfeiture.

6.3 Payment of Property Taxes, Assessments and Charges. Each Loan Party will timely pay and discharge all Taxes, assessments and governmental charges or levies imposed upon them or upon their income or profits, or upon any properties belonging to it, prior to the date on which such Tax, assessment or governmental charge is delinquent, and all lawful claims that, if unpaid, could reasonably be expected to become a Lien having priority over Lender's Liens (other than Permitted Encumbrances) or an otherwise material Lien upon any properties of Borrower or any Guarantor; provided that (i) none of the Loan Parties shall be required to pay any such Tax, assessment, charge, levy or claim that is being contested in good faith and by proper proceedings that stays execution and as to which Borrower or such Guarantor has maintained adequate reserves with respect thereto in accordance with GAAP, and (ii) the taxes set forth on Schedule 4.9 may be delinquent so long as no Adverse Tax Event has occurred. With respect to Property Taxes, the Loan Parties shall pay all Property Taxes and Insurance Premiums with respect to itself and the Property prior to delinquency thereof. The Loan Parties may, at their expense, after prior notice to Lender, contest by appropriate proceedings conducted in good faith and with due diligence, the validity or application of any Legal Requirements or Property Taxes and may withhold payment of the same pending such proceedings if permitted by law, as long as (a) in the case of any Property Taxes, such proceedings shall suspend the collection thereof from the Property; (b) neither the Property nor any part thereof or interest therein will be sold, forfeited or lost if the Loan Parties pay the amount or satisfy the condition being contested, and the Loan Parties do so if the Loan Parties fail to prevail in such contest; (c) Lender would not, by virtue of such permitted contest, reasonably be expected to be exposed to any risk of civil or criminal liability, and neither the Property nor any part thereof or any interest therein would be subject to the imposition of any Lien for which any Loan Party has not furnished additional security as provided in clause (d) below, as a result of the failure to comply with any Legal Requirement of such proceeding; and (d) the Loan Parties shall have furnished to Lender additional security in respect of the claim being contested or the loss or damage that may result from the Loan Parties' failure to prevail in such contest in such amount as may be requested by Lender, but in no event less than one hundred twenty-five percent (125%) of the amount of such claim.

6.4 Books and Records. Each Loan Party shall: (a) maintain full and complete books of account and other records reflecting the results of its operations in accordance with the Accounting Standard, consistently applied; and (b) permit Lender and its agents, at any time and from time to time, upon notice reasonable under the circumstances, which may be written or oral, to inspect and copy all of such books and records.

6.5 Entry and Inspection. Lender and its authorized representatives shall, at all times, upon notice reasonable under the circumstances, which may be written or oral (except in the case of exigent circumstances, in which case no prior notice need be given), and subject to compliance with State Cannabis Laws, have the right of entry and free access to the Property to inspect the

Property for any purpose including, without limitation, the evaluation of the existence, location, nature and magnitude of any Hazardous Materials, and the Loan Parties' compliance with Hazardous Materials Laws. Such entry shall be undertaken so as to minimize any unreasonable interference with Borrower's construction of any Improvements and use of the Property to the extent reasonably possible. At any time that the Lender requests, each Loan Party will provide the Lender with appraisals or updates thereof of the Property or the other Collateral, as applicable, from an appraiser selected and engaged by the Lender, and prepared on a basis satisfactory to the Lender, such appraisals and updates to include, without limitation, information required by any applicable Legal Requirements. To the extent required by Lender, the Loan Parties shall deliver collateral access agreements, in form and substance satisfactory to Lender, with respect to any Real Property that is not owned where Collateral is located.

6.6 Use of Proceeds. Borrower shall use the proceeds of the Loan solely for the payment of expenses set forth in the applicable Approved Budget (or as otherwise approved by Lender in its sole discretion) in each case, to the extent consistent with the terms of the Loan Documents and Legal Requirements, including without limitation Anti-Corruption Laws.

6.7 Additional Liabilities.

(a) Without the prior written consent of Lender, which may be granted or withheld in Lender's sole and absolute discretion: (i) no Loan Party shall (directly or indirectly) incur any Indebtedness or obligations, other than the indebtedness and obligations of the Loan Parties under or by this Agreement and Indebtedness that is Permitted Indebtedness; (ii) no Loan Party shall cause or permit any additional Liens to encumber or otherwise affect title to the Property, the other Collateral or any of their other assets (including Excluded Assets) other than Permitted Encumbrances; (iii) no Loan Party shall enter into any PACE Loan; (iv) no Loan Party shall cause or permit any partner, member or other equity interest holder in any Loan Party to mortgage, pledge, hypothecate or encumber such Person's partnership, membership or other equity interest in any Loan Party, other than to the Lender; (v) no Loan Party shall permit any non-Loan Party Subsidiary to incur any Indebtedness other than Permitted Indebtedness; and (vi) no Loan Party will form any subsidiary after the Effective Date, or purchase, hold or acquire (including pursuant to any merger with any Person that was not a Loan Party prior to such merger) any evidences of Indebtedness or Equity Interests or other securities (including any option, warrant or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, guarantee any obligations of, or make or permit to exist any investment or any other interest in, any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) any assets of any other Person constituting a business unit (whether through purchase of assets, merger or otherwise), and subject to the compliance with the requirements of Section 6.23.

(b) In the event that any Loan Party or any Subsidiary of any Loan Party shall at any time issue or have outstanding any Subordinated Indebtedness, such Loan Party shall take or cause such Subsidiary to take all such actions as shall be necessary to cause the Obligations to constitute senior indebtedness (however denominated) in respect of such Subordinated Indebtedness and to enable the Lender to have and exercise any payment blockage or other remedies available or potentially available to holders of senior indebtedness under the terms of such Subordinated Indebtedness. Without limiting the foregoing, the Obligations are hereby designated as "senior indebtedness" and as "designated senior indebtedness" and words of similar

import under and in respect of any indenture or other agreement or instrument under which such Subordinated Indebtedness is outstanding and are further given all such other designations as shall be required under the terms of any such Subordinated Indebtedness in order that the Lender may have and exercise any payment blockage or other remedies available or potentially available to holders of senior indebtedness under the terms of such Subordinated Indebtedness.

6.8 Leases. No Loan Party shall enter into any lease, subleases, license agreements or any other agreement providing any Person with any right to occupancy of the Property or other right to use such Loan Party's assets without Lender's prior written approval, other than another Loan Party in accordance with Section 6.22, provided such agreement is collaterally assigned to Lender.

6.9 Limitations on Distributions and Payment of Fees to Broker. At all times during the term of this Agreement, (a) no Loan Party shall distribute any money or other property to any Equity Interest holder in such Loan Party, whether in the form of earnings, income or other proceeds from the Property, the other Collateral, or other operations of such Loan Party, other than in an amount not in excess of such the tax liabilities of such Equity Interest holder attributable to such Loan Party; (b) no Loan Party shall repay any principal or interest on any loan or other advance made to such Loan Party by any Equity Interest holder such Loan Party; provided, that nothing herein shall prohibit the payoff of the Existing Indebtedness in accordance with the terms of the payoff letters approved by the Lender in respect thereof; (c) no Loan Party shall loan or advance any funds to any Equity Interest holder of such Loan Party; and (d) no Loan Party shall agree to make payments to the Broker unless such payments are made in accordance with the terms of the Broker Fee Subordination Agreement and such fees (including the Broker Fee) do not exceed 6% of the Loan Amount in the aggregate. No Loan Party shall allow any direct or indirect Subsidiary that is not a Loan Party to enter into any agreement that would limit or restrict distributions to the Loan Parties.

6.10 Subdivision Maps; Zoning; Joint Assessment. No Loan Party shall record any final map, parcel map, lot line adjustment or other subdivision map of any kind covering any portion of the Property (or portion thereof), or otherwise subdivide in any way, in each and every case, only with Lender's prior written consent, which consent may be granted or withheld in Lender's sole and absolute discretion. No Loan Party shall materially change the Property's use or initiate, join in or consent to any (a) change in any private restrictive covenant, zoning ordinance or other public or private restrictions limiting or defining the Property's uses or any part thereof (including filing a declaration of condominium, map or any other document having the effect of subjecting the Property to the condominium or cooperative form of ownership), except those necessary in connection with the uses permitted pursuant to this Agreement; or (b) joint assessment of the Property with any other real or personal property.

6.11 ERISA Compliance. Each Loan Party shall take or refrain from taking, as the case may be, such actions as may be necessary to cause the representations and warranties in Section 4.18 to remain true and correct throughout the term of the Loan.

6.12 Transfers; Management of Borrower. No Loan Party shall suffer or permit any Transfer to occur, except dispositions of inventory in the ordinary course of business and as otherwise may be expressly permitted pursuant to this Section 6.12, without the prior written

consent of Lender, which may be granted or withheld in Lender's sole and absolute discretion. Except as may be expressly permitted pursuant to this Section 6.12, no Loan Party shall cause or permit any direct or indirect Member or other Equity Interest holder in any Loan Party to, directly or indirectly, Transfer, convey, assign, mortgage, pledge, hypothecate, encumber, alienate or grant a security interest in the partnership interest, membership interest or other equity interest of such partner, Member, other Equity Interest holder in any Loan Party or equity interest in any direct or indirect Subsidiary that is not a Loan Party, at any tier or level, without Lender's prior written consent, which may be granted or withheld in Lender's sole and absolute discretion. Notwithstanding the foregoing to the contrary, with Lender's prior written consent (which may be granted or withheld in the reasonable discretion of Lender based on supporting documentation provided by the applicable Member(s)), the Members shall be permitted to transfer (but not encumber) their respective ownership interests for tax or estate planning purposes, so long as the transfer in question: (a) is for the benefit of the immediate family of the transferor, (b) notwithstanding such transfer, the individual transferor remains the sole decision-maker during his or her lifetime with respect to all such transferred interests, (c) does not affect the management or Control of Borrower, and (d) otherwise complies in all respects with the terms and conditions of the Loan Documents, so long as in each case, the transferee is not a Prohibited Person.

6.13 Liens. No Loan Party shall create, incur, assume or permit to exist any Lien on any direct or indirect interest in any Loan Party or any direct or indirect Subsidiary of any Loan Party or any portion of the Property, the Collateral or any other assets of the Loan Parties or any of their respective direct or indirect Subsidiaries, except for the Permitted Encumbrances. After prior notice to Lender, a Loan Party, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the amount or validity of any Liens, provided that (a) no Event of Default has occurred and remains uncured; (b) such proceeding shall be permitted under and be conducted in accordance with all applicable Legal Requirements; (c) none of the Collateral, the Property nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, cancelled or lost; (d) such Loan Party shall promptly upon final determination thereof pay the amount of any such Liens, together with all costs, interest and penalties which may be payable in connection therewith; (e) to insure the payment of such Liens, Borrower or such Loan Party shall deliver to Lender either (i) cash, or other security as may be approved by Lender, in an amount equal to one hundred twenty-five percent (125%) of the contested amount, or (ii) a payment and performance bond in an amount equal to one hundred percent (100%) of the contested amount from a surety acceptable to Lender in its reasonable discretion; (f) failure to pay such Liens will not subject Lender to any civil or criminal liability; (g) such contest shall not affect the ownership, use or occupancy of the Property; and (h) Borrower or such Loan Party shall, upon request by Lender, give Lender prompt notice of the status of such proceedings and/or confirmation of the continuing satisfaction of the conditions set forth in the foregoing clauses (a) through (h). Lender may pay over any such cash or other security held by Lender to the claimant entitled thereto at any time when, in the reasonable judgment of Lender, the entitlement of such claimant is established or the Collateral, the Property (or any part thereof or interest therein) shall be in danger of being sold, forfeited, terminated, cancelled or lost or there shall be any danger of the Lien of the Security Instrument being primed by any related Lien. This Section 6.6 is inapplicable to Liens that are mechanic's liens or stop notices, which Liens are governed by Section 7.2.

6.14 Deferred Maintenance and Environmental Remediation. The Loan Parties shall perform the environmental remediation to the Property itemized on **Exhibit E** hereto within the time periods set forth on said **Exhibit E**.

6.15 Patriot Act and Related Matters. At all times throughout the term of the Loan, including after giving effect to any Transfers permitted pursuant to the Loan Documents, the Loan Parties shall cause the representations and warranties made in Section 4.18 to remain true and correct.

6.16 Initial Borrower Equity. Borrower shall cause the Initial Borrower Equity to be contributed to the Closing Reserve Account.

6.17 Fundamental Changes. No Loan Party shall merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or otherwise dispose of all or any substantial part of its assets, or all or substantially all of the Equity Interests of any of its subsidiaries (in each case, whether now owned or hereafter acquired), or liquidate or dissolve, without the prior written consent of Lender. Borrower shall not engage in any business other than the Cannabis Business or Support Business, as applicable. No Loan Party shall change the type of entity that it is. No Loan Party shall change its state of incorporation or organization, in each case, unless Lender shall have received at least thirty (30) days prior written notice of such change and Lender shall have acknowledged in writing that either (a) such change will not adversely affect the validity, perfection or priority of Lender's security interest in the Collateral, or (b) any reasonable action requested by Lender in connection therewith has been completed or taken (including any action to continue the perfection of any Liens in favor of the Lender in any Collateral), provided that, any new location of incorporation or organization shall be in the continental United States.

6.18 Special Purpose Entity. Each Required SPE Party shall not fail to be a Special Purpose Entity; (b) remove or replace any Independent Director or Independent Manager except for Cause (as defined in **Exhibit D** attached hereto), and in any event not without providing at least five (5) Business Days' advance written notice thereof to Lender; (c) to the fullest extent permitted by applicable Legal Requirements, engage (nor permit any Required SPE Entity required hereunder to engage) in any dissolution, liquidation, or consolidation or merger with or into any other business entity; or (d) modify, amend, waive or terminate (nor permit any Required SPE Entity required hereunder to modify, amend waive or terminate) its organizational documents.

6.19 Maintenance; Waste; Alterations. Borrower shall at all times keep the Property in good repair, working order and condition, except for reasonable wear and use. Except for the Construction Work, Borrower shall obtain Lender's prior written consent to any alterations to any Improvements, which consent shall not be unreasonably withheld, except with respect to any alterations to any Improvements which may have a Material Adverse Effect. Notwithstanding the foregoing, Lender's consent shall not be required in connection with any alterations that (a) will not have a Material Adverse Effect; provided that such alterations (i) are either work performed pursuant to the terms of any Lease approved in accordance with the terms hereof, or the costs for such alterations are adequately covered in the current Approved Annual Budget, (ii) do not adversely affect any structural component of any Improvements, any utility or HVAC system contained in any Improvements or the exterior of any building constituting a part of any

Improvements and (iii) the aggregate cost thereof does not exceed Two Hundred Thousand Dollars (\$200,000) (the “**Threshold Amount**”), or (b) are performed in connection with Restoration after the occurrence of a Casualty in accordance with the terms and provisions of this Agreement.

6.20 Material Contracts. Except to the extent otherwise expressly permitted hereunder, Borrower shall not enter into, amend, modify, supplement or terminate any Material Contract without the prior written consent of Lender in its reasonable discretion (except that such approval shall be in Lender’s sole discretion if the counterpart under such Material Contract is an Affiliate of a Loan Party). Each Loan Party will preserve and maintain in full force and effect each of the Material Contracts and comply in all material respects with each of their respective rights, duties and obligations under each of the Material Contracts, in each case, so that the business carried on by the parties to such Material Contracts may be properly conducted in accordance with Legal Requirements at all times. No Loan Party shall enter into any agreement that prohibits or impairs any Loan Party from performing its obligations under this Agreement and the other Loan Documents, or that is otherwise inconsistent with or in violation of this Agreement or the other Loan Documents. No Loan Party shall enter into, incur or permit to exist any agreement or other arrangement (other than the Loan Documents or as required by Legal Requirements) that prohibits, restricts or imposes any condition upon the ability of such Person or its Members, as applicable, to create, incur or permit to exist any Lien, other than a Permitted Encumbrance, upon any of its property or assets. No Loan Party will amend, modify or waive any of its rights under its charter, articles or certificate of incorporation or organization, by-laws, operating, management or partnership agreement or other organizational or governing documents.

6.21 Cannabis Related Provisions.

(a) Permitting. In the event the Property is used by a Loan Party or is leased to a tenant that uses or intends to utilize the Property to conduct a Cannabis Business, Borrower agrees that it shall not, and shall not suffer or permit any such tenant to operate, any Cannabis Business at the Property without first receiving proof of compliance with applicable State Cannabis Laws and other Legal Requirements, which proof it shall promptly deliver to Lender. Evidence of compliance shall include a copy of a permit issued by the city in which the Property is located authorizing such Loan Party to operate a Cannabis Business at the Property, along with any other material license, permit, or Material Contract required by any Governmental Authority to operate the Cannabis Business or the Support Business.

(b) Restricted Activities. No Loan Party shall engage in any Restricted Cannabis Activity.

(c) Licenses. Each Loan Party shall preserve and maintain in full force and effect each of the Regulatory Licenses.

6.22 Right of First Offer. If any Loan Party or any of their respective Subsidiaries intends to obtain any loan with any lender or lenders that were not already lenders with respect to debt being refinanced, exchanged, replaced, substituted or modified, such Loan Party shall, or shall cause such Subsidiary to, first offer to Lender the opportunity to provide such Indebtedness by giving Lender written notice of such intent (“**Borrower’s ROFO Notice**”), which notice shall include the amount sought and the material terms requested by such Loan Party with respect

thereto (“**Borrower’s ROFO Terms**”) prior to any Loan Party, any of their Subsidiaries or any of their respective Affiliates offering such opportunity to any other Person. Lender shall have thirty (30) days to respond to Borrower’s ROFO Notice with a written, non-binding letter of intent to provide such Indebtedness in accordance with such terms, or on such other terms as Lender may propose and be willing to accept (“**Lender’s ROFO Terms**”). If Lender fails to notify Borrower of Lender’s ROFO Terms within such thirty (30) day period, Lender shall be deemed to have declined the applicable Loan Party’s offer. If Lender declines or is deemed to have declined the applicable Loan Party’s offer as set forth herein, the applicable Loan Party shall have the right to offer such opportunity to any other Person. If, after Lender so declines or is deemed to have declined the applicable Loan Party’s offer, such Loan Party or its Subsidiary intends to accept terms for such Indebtedness that are more favorable to the lender than Borrower’s ROFO Terms or Lender’s ROFO Terms (the “**New ROFO Terms**”), then such Loan Party shall be obligated again to offer such opportunity to Lender to provide such Indebtedness on the New ROFO Terms in a new written notice to Lender, in which event Lender shall have the right to accept such offer by giving Borrower a written, non-binding letter of intent containing the New ROFO Terms, within ten (10) days after Lender’s receipt of the New ROFO Terms. If Lender fails to notify Borrower of Lender’s ROFO Terms within such ten (10) day period, Lender shall be deemed to have declined the applicable Loan Party’s offer with respect to the New ROFO Terms. Any letter of intent signed by Lender pursuant to this Section 6.22 shall be non-binding and subject to such conditions as Lender may require, including negotiation and execution of definitive documents acceptable to Lender and Lender’s satisfaction with such due diligence matters as Lender shall require. Failure of Lender to provide such Indebtedness for any reason following the execution and delivery of any such letter of intent or other expression of acceptance of Borrower’s offer to provide such Indebtedness shall not result in any liability to Lender.

6.23 Additional Collateral; Further Assurances. Subject to applicable Legal Requirements, each Loan Party will cause (i) each Subsidiary formed or acquired after the date of this Agreement and (ii) any Subsidiary that ceases to be an Excluded Subsidiary at any time, in each case to become a Loan Party by executing a joinder agreement in form satisfactory to the Lender. In connection therewith, the Lender shall have received all documentation and other information regarding such newly formed or acquired subsidiaries as may be required to comply with the applicable “know your customer” rules and regulations, including the Patriot Act. Upon execution and delivery thereof, each such Person (a) shall automatically become a Guarantor hereunder and thereupon shall have all of the rights, benefits, duties, and obligations in such capacity under the Loan Documents and (b) will grant Liens to the Lender in any property of such Loan Party which is intended to constitute Collateral. Each Loan Party will cause 100% of the issued and outstanding Equity Interests of each of its subsidiaries to be subject at all times to a first priority, perfected Lien in favor of the Lender pursuant to the terms and conditions of the Loan Documents or other security documents as the Lender shall reasonably request. Without limiting the foregoing, each Loan Party will, and will cause each subsidiary to, execute and deliver, or cause to be executed and delivered, to the Lender such documents, agreements and instruments, and will take or cause to be taken such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents and such other actions or deliveries of the type required by Section 2.6, as applicable), which may be required by any Legal Requirement or which the Lender may, from time to time, reasonably request to carry out the terms and conditions of this 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 the Lender and all at the expense of the Loan Parties. If any material assets (including any Real Property or Improvements thereon or any interest therein) are acquired by any Loan Party after the Effective Date (other than assets constituting Collateral under the Security Agreement that become subject to the Lien under the Security Agreement upon acquisition thereof), the Loan Parties will (i) notify the Lender, and, if requested by the Lender, cause such assets to be subjected to a Lien securing the Obligations and (ii) take, and cause each applicable Loan Party to take, such actions as shall be necessary or reasonably requested by the Lender to grant and perfect such Liens, including actions described in this Section, all at the expense of the Loan Parties.

6.24 Accounts. No Loan Party will maintain or open any deposit or securities account other than the accounts set forth of **Schedule 6.24**. Subject to Section 6.25, each account shall be subject to a Control Agreement.

6.25 Post-Effective Date. The Loan Parties will deliver to Lender the Post-Effective Date Obligations prior to the deadline therefor provided for on **Schedule 6.25**.

ARTICLE VII CONSTRUCTION

7.1 Construction Responsibilities.

(a) The Loan Parties shall diligently pursue Completion of the Construction Work in accordance with the Construction Documents, Plans and Specifications, the Approved Construction Budget and in compliance with all applicable Legal Requirements and the terms and conditions of the Loan Documents, and free and clear of all liens, encumbrances and security instruments (other than the Permitted Encumbrances). The Loan Parties shall achieve Completion at each portion of the Property by no later than the completion date set forth on **Schedule 7.1** opposite the address for such portion of the Property (the “**Completion Date**”), and failure to achieve Completion by this date will constitute an immediate Event of Default. The Loan Parties shall timely pay all costs incurred in connection with the Construction Work, subject to Borrower’s rights to contest in Section 7.2.

(b) The Loan Parties represent and warrant that the Information Certificate lists all Material Contracts, including all Material Contracts that are Construction Documents, all Major Contracts, all Government Approvals required or otherwise obtained for the Construction Work (the foregoing, collectively, the “**Material Construction Agreements**”). The Loan Parties shall not authorize or approve or permit any change to the Material Construction Agreements unless (i) such change is purely administrative and will have no adverse effect on the Construction Work, including the cost or timing of the Construction Work or (ii) Lender has consented to such change in its discretion. Borrower shall maintain in full force and effect the Material Construction Agreements at all times.

(c) The Borrower shall promptly notify Lender in writing of any event causing delay or interruption of construction, or the timely Completion of the Construction Work. The notice shall specify the particular work delayed, and the cause and period of each delay.

(d) If any proceedings are filed seeking to enjoin or otherwise prevent or declare invalid or unlawful all or any part of the Construction Work, then the Borrower or Guarantor, at its sole cost and expense, will cause such proceedings to be vigorously contested in good faith, and upon the occurrence of an adverse ruling or decision, prosecute all allowable appeals therefrom, and will, without limiting the generality of the foregoing, resist the entry or seek the stay of any temporary or permanent injunction that may be entered, and use its best efforts to bring about a favorable and speedy disposition of all such proceedings.

(e) The Loan Parties shall be solely responsible for all aspects of Borrower's business and conduct in connection with the Property and Construction Work, including, without limitation, for the quality and suitability of the Plans and Specifications, and their compliance with all Legal Requirements, the supervision of the work of construction, the qualifications, financial condition and performance of all architects, engineers, contractors, material suppliers, consultants and property managers (including, without limitation, the General Contractor) and the accuracy of all applications for payment and the proper application of all disbursements. Lender is not obligated and has no duty to supervise, inspect or inform Borrower or any third party of any aspect of the construction of the Construction Work, any other Improvements or any other matter referred to above. Any such inspection by or on behalf of Lender is for the sole purpose of protecting the interests of Lender with respect to the Property. Failure to inspect the Construction Work or any part thereof shall not constitute a waiver of any of Lender's rights hereunder. Inspection not followed by notice of Default shall not constitute a waiver of any Default then existing; nor shall it constitute an acknowledgment that there has been or will be compliance with the Plans and Specifications or applicable Legal Requirements or that the construction is free from defective materials or workmanship. It is further understood and agreed that any consents or approvals of Lender hereunder are for the sole purpose of protecting the interests of Lender under the Loan Documents and Borrower shall have no right to rely on such approvals for Borrower's purposes.

7.2 Liens and Stop Notices. The Loan Parties shall not create, incur, assume or permit to exist any lien on any portion of the Property or any stop notice in respect of the Property or the Loan, except for the Permitted Encumbrances. After prior notice to Lender, a Loan Party, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the amount or validity of any lien, provided that (a) no Event of Default has occurred and is continuing; (b) such proceeding shall be conducted in accordance with all applicable Legal Requirements; (c) neither the Property nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, cancelled or lost and such contest shall not affect or delay the Construction Work as required under this Agreement; (d) such Loan Party shall promptly upon final determination thereof pay the amount of any such Liens, together with all costs, interest and penalties which may be payable in connection therewith; (e) to insure the payment of such Liens, such Loan Party shall deliver to Lender either (i) cash, or other security as may be approved by Lender, in an amount equal to one hundred-fifty percent (150%) of the contested amount or (ii) a payment and performance bond in an amount equal to one hundred percent (100%) of the contested amount from a surety acceptable to Lender in its reasonable discretion, (f) failure to pay such Liens will not subject Lender to any civil or criminal liability,

(g) such contest shall not affect the ownership, use or occupancy of the Property, (h) the aggregate amount of all such Liens that have not been discharged by bonding and are being contested at any given time does not exceed \$25,000, and (i) such Loan Party shall, upon request by Lender, give Lender prompt notice of the status of such proceedings and/or confirmation of the continuing satisfaction of the conditions set forth in clauses (a) through (h) of this Section 7.2. Lender may pay over any such cash or other security held by Lender to the claimant entitled thereto at any time when, in the reasonable judgment of Lender, the entitlement of such claimant is established or the Property (or any part thereof or interest therein) shall be in danger of being sold, forfeited, terminated, cancelled or lost or there shall be any danger of the Lien of the Security Instrument being primed by any related Lien.

7.3 Inspections. Lender and its representatives (including any construction consultant) shall have the right to enter upon the Property (subject to compliance with State Cannabis Laws) at all reasonable times to inspect the Improvements (including the Construction Work), the all materials to be used in connection with the Construction Work or to verify information disclosed or required pursuant to this Agreement, including, without limitation, (a) to examine all Plans and Specifications and other Construction Documents, and (b) meet with the representatives of the Design Professionals, Construction Manager and the Major Contractors to discuss the status and issues relating to the construction of the Improvements (and by this provision each Loan Party authorizes the General Contractor to cooperate and discuss with Lender such matters, but after reasonable prior notice to such Loan Party of such discussions) and (c) to examine the books, records, accounting data, and other documents pertaining to the Property and the Construction Work. The Loan Parties shall at all times cause a complete set of the original plans (and all supplements thereto) relating to the construction of the Improvements (including the Construction Work) to be maintained at the Property or construction office and available for inspection by such Persons. The Loan Parties will, and will cause the General Contractor to, cooperate with Lender and its representatives in connection with such inspections. Notwithstanding the foregoing, the Loan Parties acknowledge that (i) the construction consultant has been retained by Lender to act as a consultant and only as a consultant to Lender in connection with the Construction Work, (ii) the construction consultant shall in no event or under any circumstance have any power or authority to make any decision or to give any approval or consent or to do any other act or thing which is binding upon Lender and any such purported decision, approval, consent, act or thing by the construction consultant on behalf of Lender shall be void and of no force or effect, (iii) notwithstanding the recommendations of the construction consultant, Lender reserves the right to make any and all decisions required to be made by Lender under this Agreement and to give or refrain from giving any and all consents or approvals required to be given by Lender under this Agreement and to accept or not accept any matter or thing required to be accepted by Lender under this Agreement, without in any instance being bound or limited in any manner or under any circumstance whatsoever by any opinion expressed or not expressed, or advice given or not given, or information, certificate or report provided or not provided, by the construction consultant to Lender or any other Person with respect thereto, (iv) Lender reserves the right in its sole and absolute discretion to disregard or disagree, in whole or in part, with any opinion expressed, advice given or information, certificate or report furnished or provided by the construction consultant to Lender or any other Person, and (v) Lender reserves the right in its sole and absolute discretion to replace the construction consultant with another consultant at any time and without prior notice to or approval by the Loan Parties. The Loan Parties shall have no right to receive copies of any

written reports by the construction consultant, but in the event Lender does make such information or portions thereof available to the Loan Parties, each Loan Party shall rely thereon at its own risk.

7.4 Unsatisfactory Work. The Loan Parties will, upon demand of Lender (based upon the advice of the construction consultant, if applicable), correct any Unsatisfactory Work; and the disbursement of any funds from the Construction Reserve Account shall not constitute a waiver of Lender's right to require compliance with this covenant with respect to any such defects or departures from the Plans and Specifications not theretofore discovered by or called to the attention of Lender or its construction consultant.

7.5 Plans and Specifications.

(a) Except as otherwise provided in this Agreement, the Loan Parties shall not make any Change Order with respect to the Plans and Specifications without Lender's prior written consent if such change: (i) constitutes a material change in the building material or equipment specifications, or in the architectural or structural design, value or quality of any of the Improvements; (ii) would result in a decrease or increase of construction costs in excess of Fifty Thousand Dollars (\$50,000) for any single change or in excess of One Hundred Thousand Dollars (\$100,000) for all such changes; (iii) would adversely affect the structural integrity, quality of building materials, or overall efficiency of operating systems of the Construction Work; or (iv) would violate any Legal Requirement. Without limiting the foregoing, Lender agrees that the Loan Parties may make minor changes in the Plans and Specifications without Lender's prior written consent, provided that such changes do not violate any of the conditions specified herein (including Section 7.1(b)).

(b) The Loan Parties shall submit any proposed Change Order with respect to the Plans and Specifications to Lender at least ten (10) Business Days prior to the commencement of construction relating to such proposed change. Requests for any change which requires consent of the Lender shall be accompanied by working drawings and a written description of the proposed change, submitted on a change order form acceptable to Lender, signed by Borrower and, if required by Lender, also by General Contractor for the same. At its option, as a condition to Lender's approval of a proposed Change Order, Lender may require the Loan Parties to provide: (i) evidence satisfactory to Lender of the cost and time necessary to complete the proposed change; and (ii) Additional Borrower Equity to bring the Loan In-Balance. Each Loan Party acknowledges that Lender's review of any changes and required consent may result in delays in construction and Lender shall have no liability for any such delays or for its refusal to provide such consent.

(c) Borrower shall maintain and make available to Lender and its construction consultant a Change Order log showing all changes to the Plans and Specifications since inception. If requested by Lender and not otherwise provided pursuant to this Section, the Loan Parties shall provide an explanation of any change order and the need therefor.

7.6 Prohibited Contracts. Without Lender's prior written consent, which may be granted or withheld in Lender's sole and absolute discretion, no Loan Party shall contract for any materials, furnishings, equipment, fixtures or other parts or components of the Construction Work, if (a) any third party shall retain any ownership interest in such items after their delivery to the Property or (b) such components are purchased or installed under any security agreement or other

arrangements wherein the seller reserves or purports to reserve the right to remove or to repossess any such items or to consider them personal property after their incorporation in the work of construction.

7.7 Contractor Information; Contracts. Within ten (10) days of Lender's written request, the Loan Parties shall deliver to Lender from time to time in a form acceptable to Lender: (a) a list detailing the name, address and phone number of each Contractor previously employed or to be employed or used the Construction Work together with the dollar amount, including changes, if any, of each Construction Contract, and the portion thereof, if any, paid through the date of such list; (b) full, complete, and accurate copies of each Construction Contract, including any changes thereto; (c) a cost breakdown of the projected total cost of completing Construction Work, and that portion, if any, of each cost item which has been incurred; and (d) an annotated Construction Schedule detailing the progress of the Construction Work and the projected sequencing and completion time for uncompleted work, all as of the date of such schedule. Lender may contact any such Contractor or material supplier to discuss the status, course and issues relating to the construction of the Improvements (and by this provision Borrower authorizes such Contractors to cooperate and discuss with Lender such matters).

7.8 Major Construction Contracts. No Loan Party shall (a) enter into, or authorize the General Contractor to enter into, any Major Contract with any Contractor, (b) enter into, or authorize the General Contractor to enter into, any material amendment or modification of any Major Contract or (c) waive any material default or right under any Major Contract, in each case, without the prior written approval of Lender, not to be unreasonably withheld, conditioned or delayed. The Loan Parties shall cause each Major Contract to provide that the Contractor party thereto will attorn to and perform for Lender (or Lender's designee) subject only to receiving payment within sixty (60) days of sums past due. No Loan Party shall terminate, or authorize the General Contractor to terminate, any Major Contract other than as a result of a material default by the Contractor party thereto. The Loan Parties shall provide prompt notice to Lender of any termination of any Major Contract. The Loan Parties shall enforce all Major Contracts to which it is a party.

7.9 Retention. Each Construction Contract must include a provision for Retainage. The term "Retainage" means the right to retain from each payment of sums due under the relevant Construction Contract an amount equal to 10% of such sums (excluding, to the extent approved by Lender, general conditions of any general contract); however, a Construction Contract (excluding a Construction Contract with any General Contractor) may include provision for payment of the retainage due to such Contractor if the following conditions are satisfied: (a) such Contractor has completed its work, as verified by Lender's construction consultant, with no punch-list items remaining, (b) the General Contractor has certified that such work is complete in accordance with the Plans and Specifications, (c) such Contractor has no sub-contractors, (d) such work has been complete for at least thirty (30) days and (e) such Contractor has delivered a final lien waiver for all work performed and materials supplied by it conditioned only on payment of the required retention. Lender will not withhold its consent to a disbursement for payment of Retainage if all conditions to disbursement in this Agreement are satisfied and the foregoing conditions are also satisfied.

7.10 Construction Consultant. Lender reserves the right to employ a construction consultant and any other consultants necessary, in Lender's reasonable judgment, to review requests for disbursements, inspect all Construction Work and the periodic progress of the same. The Loan parties shall make available to Lender and any such construction consultant on reasonable notice during business hours, all documents and other information (including, without limitation, receipts, invoices, lien waivers and other supporting documentation to substantiate the costs to be paid with the proceeds of any request for disbursement) which any contractor or other Person entitled to payment for work in connection with the Improvements is required to deliver to the Loan Parties and shall use its best efforts to obtain any further documents or information reasonably requested by Lender or such construction consultant in connection with any Loan advance or the administration of this Agreement. Each Loan Party acknowledges and agrees that (a) the construction consultant has been retained by Lender to act as a consultant and only as a consultant to Lender in connection with the Construction Work, and the construction consultant shall have no responsibilities or duties to Borrower, and shall be employed solely for the benefit of Lender, (b) the construction consultant shall in no event or under any circumstance have any power or authority to make any decision or to give any approval or consent or to do any other act or thing which is binding upon Lender and any such purported decision, approval, consent, act or thing by the construction consultant on behalf of Lender shall be void and of no force or effect, (c) notwithstanding the recommendations of the construction consultant, Lender reserves the right to make any and all decisions required to be made by Lender under this Agreement and to give or refrain from giving any and all consents or approvals required to be given by Lender under this Agreement and to accept or not accept any matter or thing required to be accepted by Lender under this Agreement, without in any instance being bound or limited in any manner or under any circumstance whatsoever by any opinion expressed or not expressed, or advice given or not given, or information, certificate or report provided or not provided, by the construction consultant to Lender or any other Person with respect thereto, (d) Lender reserves the right in its sole and absolute discretion to disregard or disagree, in whole or in part, with any opinion expressed, advice given or information, certificate or report furnished or provided by the construction consultant to Lender or any other Person, and (e) Lender reserves the right in its sole and absolute discretion to replace the construction consultant with another consultant at any time and without prior notice to or approval by the Loan Parties. Any and all reports, advice or other information provided by any such construction consultant to Lender or otherwise produced by or in the possession of the construction consultant shall be confidential and the Loan Parties shall have no right to obtain or review same, but in the event Lender does make such information or portions thereof available to the Loan Parties, each Loan party shall rely thereon at its own risk. No default of any Loan Party will be waived by an inspection by Lender or its construction consultant.

7.11 Information. During the period commencing on the date hereof and ending on the day immediately preceding the Completion Date, as soon as available and in any event within ten (10) Business Days after the end of each calendar month occurring during such period, the Loan Parties shall deliver to Lender a certificate of an authorized officer of each Loan Party, in form and substance reasonably satisfactory to Lender, setting forth in reasonable detail: (a) Borrower's total sources of funds and uses thereof during such month (specifically identifying any uses of contingency funds permitted to be advanced by Lender); (b) the aggregate amounts paid during such month to the General Contractor and/or Contractors; (c) variations from the Construction Schedule, including, without limitation, the estimated Completion Date, and the

reasons therefor; (d) if the amounts paid to the General Contractor and/or Contractors during such month are at variance from the amounts scheduled to be paid pursuant to the applicable request for disbursement, the reasons for such variance; and (e) the status of construction generally and of the Government Approvals necessary for the construction and operation of the Property.

7.12 Construction Budget. The initial Approved Construction Budget is attached hereto as **Exhibit B-2**. So long as no Event of Default exists, the Loan Parties may revise the Approved Construction Budget from time to time to (a) reallocate Cost Savings from one line item to another line item in the Approved Budget as follows: (i) Cost Saving from any “Soft Costs” (as shown in the most recent Approved Construction Budget) may be reallocated to any line item for other “Soft Costs” (as shown in the most recent Approved Construction Budget), except, however, that no allocation from line items for interest expense, taxes or insurance premiums may be made without Lender’s consent; and (ii) Cost Saving from any Hard Costs (as shown in the most recent Approved Construction Budget) may be reallocated to any line item for other Hard Costs (as shown in the most recent Approved Construction Budget) and (b) make Permitted Contingency Allocations. All other revisions and amendments to the Approved Construction Budget require the prior written approval of Lender, which approval may be conditioned on Borrower providing Additional Borrower Equity to bring the Loan In-Balance. Borrower may allocate funds from the “contingency” line item to any other line item subject to the following restrictions: (x) Borrower may freely use 50% of the contingency line item and (y) after Borrower has allocated 50% of the initial amount of the contingency line item, the remaining amount of contingency (expressed as a percentage of the original contingency line item) must be at least one-half of the remaining work to be completed (expressed as a percentage of the total work), except that when the remaining work to be completed is 20% or less than the total work, then Borrower may freely allocate contingency without restriction. Any allocation of contingency in compliance with this Section 7.12 is a “**Permitted Contingency Allocation**”. If Borrower has the unilateral right to amend the Approved Construction Budget under this Section and desires to do so, then Borrower shall give a written notice to Lender attaching the proposed revised Approved Construction Budget and indicating in detail the specific changes. Such revision to the Approved Construction Budget shall, for purposes of determining whether a requested disbursement from the Construction/Reserve Account is in compliance with the Approved Construction Budget, be effective ten (10) days after received by Lender or at such sooner time as Lender may elect.

7.13 Lender’s and Construction Consultant’s Actions for their Own Protection Only. The authority herein conferred upon Lender and/or its construction consultant and any action taken by Lender and/or its construction consultant in making inspections, procuring sworn statements and waivers of lien, approving Construction Contracts and approving Plans and Specifications will be taken by Lender and its construction consultant for their own protection only, and neither Lender nor its construction consultant shall be deemed to have assumed any responsibility to any Loan party or any other party with respect to any such action herein authorized or taken by Lender and/or its construction consultant or with respect to the Construction Work, performance of Construction Contracts by any Contractors, or prevention of claims for mechanics’ liens. Any review, investigation or inspection conducted by Lender and/or its construction consultant or any other architectural or engineering consultants retained by Lender to verify independently any Loan Party’s satisfaction of any conditions precedent to advances under this Agreement, Borrower’s performance of any of the covenants, agreements and obligations of

Borrower under this Agreement, or the validity of any representations and warranties made by any Loan Party hereunder (regardless of whether or not the party conducting such review, investigation or inspection should have discovered that any of such conditions precedent were not satisfied or that any such covenants, agreements or obligations were not performed or that any such representations or warranties were not true), shall not affect (or constitute a waiver by Lender of) (a) any representations, warranties or obligations of any Loan Party under this Agreement or any other Loan Document or Lender's reliance thereon or right to require the performance thereof, or (b) Lender's reliance upon any certifications of any Loan Party or the Contractors required under this Agreement or any other facts, information or reports furnished to Lender by any Loan Party hereunder.

7.14 Sign and Publicity. If Lender requests, the Loan Parties shall permit Lender, at Lender's cost and expense, to have a customary sign or signs erected on the Property in a conspicuous location indicating that the financing for the Property has been provided by Lender, provided that (a) such sign or signs comply with Legal Requirements, and (b) the location of the sign or signs does not interfere with the Construction Work. The Loan Parties shall include in any public announcement or media release concerning the general development of the Property a statement that Lender has provided the financing for the Property. In addition, Lender shall have the right to publicize the making of the Loan.

7.15 Construction Representations. The Loan Parties represent and warrant to Lender as follows:

(a) All Government Approvals necessary in connection with the Construction Work as contemplated by the Loan Documents, have been duly obtained, were validly issued, are in full force and effect, are not subject to appeal, are held in the name of Borrower, are free from conditions or requirements, and are assignable to and assumable by the successors in interest and transferees of Borrower and run with the land.

(b) The Government Approvals to be obtained after the Effective Date are required solely in connection with later stages of development, construction of the Construction Work and are not customarily obtained until a later stage of development or construction or after commercial operation is about to commence within the Property, and shall be obtained on or prior to the date when so required. The Loan Parties have no reason to believe that any Government Approval that has not yet been obtained by Borrower, but which will be required in the future, will not be granted in due course, on or prior to the date when required and free from any condition or requirement.

(c) The Property, if constructed in accordance with the Plans and Specifications, will conform to and comply with all covenants, conditions, restrictions and reservations in the Government Approvals and all other Legal Requirements.

(d) The Loan Parties have no reason to believe that Lender will not be entitled, without undue expense or delay, to the benefit of each such Government Approval with respect to the Property upon the exercise of remedies under the Loan Documents.

(e) Borrower has delivered or cause to be delivered to Lender a true and complete copy of each Government Approval heretofore obtained with respect to the Property, as the same shall be supplemented during the course of obtaining additional Government Approvals as construction of the Construction Work proceeds.

(f) There is no proceeding pending or threatened that seeks, or may be expected, to rescind, terminate, modify, amend or suspend any Government Approval required for the completion of the Construction Work.

(g) The information set forth in each application and other written material submitted by Borrower and to the applicable Governmental Authority in connection with each such Government Approval is accurate and complete in all respects.

ARTICLE VIII INSURANCE; CASUALTY, CONDEMNATION AND RESTORATION

Borrower covenants and agrees that, on or after the date hereof, until payment in full of the Obligations, Borrower and Guarantor shall obtain and maintain in effect, at their sole expense, the following policies of insurance in form and substance satisfactory to Lender, each of which shall be issued by companies authorized to do business in the state there the Property is located with a financial strength and claims paying ability rating of A or better by S&P or A- VII (7) or better by AM Best, and shall otherwise be approved by Lender.

8.1 Title Insurance. If applicable, the Title Policy, together with any endorsements, reinsurance and co-insurance agreements which Lender may require, insuring Lender, in the principal amount of the Loan, that the Security Instrument constitutes a valid first priority Lien on the Property, subject only to matters approved by Lender in writing. During the term of the Loan, the Loan Parties shall deliver to Lender, within five (5) days of Lender's written request, such other endorsements to the Title Policy as Lender may reasonably require.

8.2 Property Insurance. "Special Form" property insurance coverage and plantation/horticultural insurance extended to include the cultivation of crops and coverage for plants, in the three stages of growth. Coverage shall include but not be limited to, coverage for fire, wind, hail, collapse, sinkhole, course of construction (if applicable), and terrorism for an amount not less than 100% of the replacement cost of the Collateral (including the Property, Crops and any machinery and equipment) (exclusive of costs for foundations, underground utilities and footings) without deduction for physical depreciation. Such all-risk all coverages policy shall contain a lender loss payable endorsement, and not less than the following: (a) an agreed amount endorsement waiving any coinsurance provisions; (b) a deductible not to exceed \$50,000 unless approved in advance by the Lender; (c) ordinance or law coverage including (i) loss in value to the undamaged portion of the building(s) to full replacement value, (ii) demolition costs with a limit per loss of 10% of the value of the building(s) affected by loss, and (iii) increased costs of construction with a limit per loss of 20% of the value of the building(s) affected by loss; (d) machinery and equipment breakdown with coverage including, but not limited to, loss or damage from electrical injury, machinery and equipment breakdown, and explosion of steam boilers, air conditioning equipment, high pressure piping, pressure vessels or similar apparatus;

and (e) business income and loss rents coverage in amount equal to the estimated net operating income for the Real Property and Cultivation of Crops for a period of twelve (12) months, which may be amended from time to time by Lender, with a one hundred-eighty (180)-day extended period of indemnity. In addition, each Loan Party shall obtain (a) if any portion of the Improvements is currently or at any time in the future located in a federally designated “special flood hazard area, flood hazard insurance equal to the lesser of (1) the outstanding principal balance of the Loan or (2) the maximum amount of such insurance available under the National Flood Insurance Program, or such greater amount as Lender shall require in its discretion; and (b) earthquake insurance in amounts satisfactory to Lender in its discretion, provided that Lender shall not require earthquake insurance unless the property is located in an area with a high degree of seismic activity and a Probable Maximum Loss (PML) of greater than 20%, provided that the insurance required pursuant to the foregoing shall be on terms consistent with the comprehensive all risk insurance required under this Article VIII.

8.3 Liability Insurance. A commercial general liability policy written on a primary and non-contributory basis insuring against claims for personal injury, bodily injury, death or property damage occurring upon, in or about the Real Property, to be on “occurrence” form with limits not less than \$1,000,000 per occurrence and \$2,000,000 general aggregate. Coverage must include premise liability, products liability, and completed operations (if applicable), independent contractors and contractual liability for all legal contracts. If applicable, a non-owned and hired auto liability policy with a combined single limit of than \$1,000,000 per occurrence. If applicable, a workers compensation and employer’s liability policy with limits not less than statutory limits for worker’s compensation with employer’s liability limits of \$1,000,000 each accident, each disease and each employee. If applicable, a pollution legal liability insurance policy with limits not less than \$2,000,000 per occurrence and \$4,000,000 general aggregate. For any project under renovation or construction, Additional Insured endorsements shall be issued using CG 2010 1185 or its equivalent (CG 2010 and GC 2037 for versions newer than 1185).

8.4 Umbrella or Excess Liability Insurance. A commercial umbrella or excess liability policy with limits not less than \$5,000,000. This policy shall schedule the following policies as “underlying”: Commercial General Liability, Automobile Liability and Employer’s Liability. The coverage shall be as broad as all underlying policies and shall not contain any additional exclusions not found on the underlying coverage.

8.5 Builder’s Risk Insurance. A policy of builder’s risk insurance on an “all risks” basis including all perils required in Section 8.2 and covering 100% of the insurable completed value of all Construction Work, including Hard Costs, recurring Soft Costs, delay in use losses, and delay in completion coverage, insuring the Improvements (including all buildings under construction), machinery, equipment, supplies, fences, scaffolding, construction forms, signs, temporary structures, cribbing, false work, foundations, underground pipes and wiring and all other property of any nature which is to be used in fabrication, erection, installation and completion of the project until it is completed and accepted by the owner, including materials in storage and while in transit.

8.6 General Insurance Requirements. The following additional requirements are also applicable:

(a) Insurance premiums on all policies must be paid annually in advance, except for the builders risk and building insurance policies that are subject to permitted insurance premium financing which Lender has approved in writing in accordance with the terms of this Agreement. All outstanding premiums for the current policy term are to be paid prior to the Effective Date;

(b) No insurance policy required hereunder shall be permitted to provide for premium assessments to be made against Lender;

(c) The Loan Parties shall provide the following prior to the Effective Date: (i) an Acord 25, Acord 25S or equivalent certificate of liability insurance and (ii) an Acord 28 or equivalent certificate of property insurance, which shall name all Loan Parties as named insureds and include coverage for all Real Property and *cultivation of crops*; and shall provide endorsements to each policy reflecting the foregoing designations in accordance with Section 6.25;

(d) Each policy shall be endorsed to contain not less than a thirty (30) day notice to Lender of written cancellation or material change and not less than ten (10) days prior notice to Lender of cancellation for non-payment of premium;

(e) Prior to the Effective Date and prior to the renewal date of each insurance policy required hereunder, the Loan Parties shall provide certificates of insurance providing evidence that the policies have been renewed;

(f) Lender may, at any time, request and be provided, complete copies of the insurance policies providing the coverage required hereunder or copies of specific endorsements supporting the certificates of insurance;

(g) Lender to be named (i) the first mortgagee and lender loss payee with respect to the property insurance coverage, and (ii) an additional insured with respect to general liability and umbrella or excess liability insurances, as follows:

Pelorus Fund REIT, LLC ISAOA, ATIMA
6259 Riverside Avenue, Suite 280
Riverside, CA 92506

(h) A waiver of subrogation shall be provided on all policies of insurance waiving rights of recovery against Lender;

(i) The limits of insurance contained herein are minimum limits established by Lender and shall not be construed to mean that Lender represents or warrants that the required limits contained herein are adequate for protection to the Loan Parties; and

(j) All policies required pursuant to this Article VIII or the other Loan Documents shall be issued by companies authorized to do business in the state there the applicable property is located with a financial strength and claims paying ability rating of A-VIII or better by AM Best.

8.7 Restoration Proceeds.

(a) Any and all awards, compensation, reimbursement, damages, proceeds, settlements, and other payments or relief paid or to be paid, together with all rights and causes of action relating to or arising from, (i) any insurance policy maintained by or on behalf of a Loan Party following any damage, destruction, casualty or loss to all or any portion of the Property (a “**Casualty**”, and such proceeds, “**Insurance Proceeds**”) or (ii) any temporary or permanent taking or voluntary conveyance of all or part of the Property, or any interest therein or right accruing thereto or use thereof, as the result of, or in settlement of, any condemnation or other eminent domain proceeding by any Governmental Authority whether or not the same shall have actually been commenced (a “**Taking**”, and such proceeds, “**Condemnation Proceeds**”, and together with Insurance Proceeds, collectively, “**Restoration Proceeds**”) are hereby assigned to Lender as additional collateral security hereunder subject to the Lien of the Security Instrument and the Security Agreement to be applied in accordance with this Article VIII. Lender shall be entitled to receive and collect all Restoration Proceeds, and the Loan Parties shall instruct and cause the issuer of each policy of insurance described herein and any applicable Governmental Authority to deliver to Lender all Restoration Proceeds. The Loan Parties shall execute such further assignments of the Restoration Proceeds as Lender may from time to time reasonably require. Notwithstanding the foregoing, if the Restoration Proceeds, less the amount of Lender’s costs and expenses (including attorneys’ fees and costs) incurred in collecting the same (the “**Net Restoration Proceeds**”), are \$100,000 or less (the “**Restoration Proceeds Threshold**”), provided no Event of Default then exists, Lender shall make such Net Restoration Proceeds available to the Loan Parties. All Insurance Proceeds received by a Loan Party or Lender in respect of business interruption coverage, and all Condemnation Proceeds received with respect to a temporary Taking available to a Loan Party, shall be deposited in a segregated escrow account with Lender or its servicer, as applicable, and Lender shall estimate the number of months required for the Loan Parties to restore the damage caused such Casualty or replace cash flow interrupted by such temporary Taking, as applicable, and shall divide the aggregate proceeds by such number of months, and, provided no Event of Default then exists, shall disburse a monthly installment thereof to the Loan Parties each such month. Subject to Lender’s rights under Section 8.7, provided no Event of Default has occurred and is continuing and the Restoration has been completed in accordance with this Agreement, any Net Restoration Proceeds available to the Loan Parties for Restoration, to the extent not used by the Loan Parties in connection with, or to the extent they exceed the cost of such Restoration and any costs incurred by Lender, shall be paid to the Loan Party entitled thereto.

(b) Lender shall be entitled at its option to participate in any compromise, adjustment or settlement in connection with (i) any insurance policy claims relating to any Casualty, and (ii) any Taking in an amount in controversy, in either case, in excess of the Restoration Proceeds Threshold, and the Loan Parties shall within ten (10) Business Days after request therefor reimburse Lender for all reasonable out-of-pocket expenses (including reasonable attorneys’ fees and disbursements) incurred by Lender in connection with such participation. No Loan Party shall make any compromise, adjustment or settlement in connection with any such claim in excess of the Restoration Proceeds Threshold or if an Event of Default then exists without the prior written approval of Lender. No Loan Party shall make any compromise, adjustment or settlement in connection with any claim unless same is commercially reasonable.

(c) If and to the extent Restoration Proceeds are not required to be made available to the Loan Parties to be used for the Restoration of the Improvements affected by the Casualty or Taking, as applicable, pursuant to this Agreement, Lender shall be entitled, without any Loan Party's consent, to apply such Restoration Proceeds or the balance thereof, at Lender's option either (i) to the full or partial payment or prepayment of the Obligations; provided that such payment or prepayment shall not require any defeasance of the Loan, or (ii) to the Restoration of all or any part of such Improvements affected by the Casualty or Taking, as applicable.

8.8 Restoration. The Loan Parties shall restore and repair the Property, the other Collateral, or any part thereof, now or hereafter damaged or destroyed by any Casualty or affected by any Taking; provided, however, that if the Casualty is not insured against or insurable, the Loan Parties shall so restore and repair even though no Insurance Proceeds are received. Notwithstanding anything to the contrary set forth in Section 8.7, Lender agrees that Lender shall make the Net Restoration Proceeds (other than business interruption Insurance Proceeds, which shall be held and disbursed as provided in Section 8.7) available to the Loan Parties for restoration and repair of the Property or the other Collateral affected by the Casualty or Taking (a "**Restoration**"), as applicable, on the following terms and subject to the Loan Parties' satisfaction of the following conditions; provided, that Lender shall have the right to waive any of the following conditions in its discretion:

(a) At the time of such Casualty or Taking, as applicable, and at all times thereafter there shall exist no Event of Default;

(b) The Property affected by the Casualty or Taking, as applicable, shall be capable of being restored (including replacements) to substantially the same condition, utility, quality and character, as existed immediately prior to such Casualty or Taking, as applicable, in all material respects with a fair market value and projected cash flow of the Property equal to or greater than prior to such Casualty or Taking, as applicable;

(c) the Loan Parties shall demonstrate to Lender's reasonable satisfaction their ability to pay the Obligations coming due during such repair or restoration period (after taking into account proceeds from business interruption insurance carried by the Loan Parties);

(d) (i) in the event of a Casualty, the Casualty resulted in an actual or constructive loss of less than 30% of the fair market value of the Property and less than 30% of the usable area of the Property and (ii) in the event of a Taking, the Taking resulted in an actual or constructive loss of less than 15% of the fair market value of the Property and less than 15% of the usable area of the Property, less than 15% of the land constituting the Property is taken, such land is located along the perimeter or periphery of the Property, and no portion of the Improvements is the subject of such Taking;

(e) The Loan Parties shall have provided to Lender all of the following, and collaterally assigned the same to Lender pursuant to assignment documents acceptable to Lender: (i) an architect's contract with an architect reasonably acceptable to Lender and complete plans and specifications for the Restoration of the Property lost or damaged to the condition, utility and value prior to the applicable Casualty; (ii) fixed-price or guaranteed maximum cost construction contracts with contractors reasonably acceptable to Lender for completion of the Restoration work

in accordance with the aforementioned plans and specifications; (iii) such additional funds (if any) as are necessary from time to time, in Lender's reasonable opinion, to complete the Restoration (which funds shall be held by Lender as additional collateral securing the Obligations and shall be disbursed, if at all, pursuant to this Article V); and (iv) copies of all permits and licenses necessary to complete the Restoration in accordance with the plans and specifications and all Legal Requirements;

(f) The Loan Parties shall commence such work within one hundred-twenty (120) days after such Casualty or Taking, as applicable, and shall diligently pursue such work to completion;

(g) Lender shall be satisfied that the Restoration will be completed on or before the earliest to occur of (i) the date six (6) months prior to the Maturity Date, (ii) such time as may be required under applicable Legal Requirements in order to repair and restore the Property to the condition it was in immediately prior to such Casualty or such Taking, as applicable, (iii) the expiration of the business interruption insurance coverage referred to above, and (iv) the earliest date required pursuant to the terms of any Lease; and

(h) the Property and the use thereof after the Restoration will be in compliance with all applicable Legal Requirements.

8.9 Disbursement.

(a) Each disbursement by Lender of such Restoration Proceeds shall be funded subject to conditions and in accordance with disbursement procedures which a commercial construction lender would typically establish in the exercise of sound banking practices, including requiring lien waivers and any other documents, instruments or items which may be reasonably required by Lender and generally consistent with the conditions applicable to disbursements from the Construction Reserve Account.

(b) In no event shall Lender be obligated to make disbursements of Restoration Proceeds in excess of an amount equal to the costs actually incurred from time to time for work in place as part of the Restoration, as determined by Lender, less, as to each contractor, subcontractor or materialman engaged in a Restoration, an amount equal to the greater of (i) 10% of the costs actually incurred for work in place as part of such Restoration, as reasonably determined by Lender, and (ii) the amount actually withheld by Borrower (the "**Casualty Retainage**"). The Casualty Retainage shall not be released until Lender reasonably determines that the Restoration has been completed in accordance with the provisions of this Agreement and that all approvals necessary for the re-occupancy and use of the Property have been obtained from all appropriate Governmental Authorities, and Lender receives evidence satisfactory to Lender that the costs of the Restoration have been paid in full or will be paid in full out of the Casualty Retainage.

8.10 Change in Insurance Requirements. Lender may at any time amend these insurance requirements due to (a) new information not known by Lender on the Effective Date which poses a material risk to the Property or the other Collateral or (b) changed circumstances after the Effective Date which in the reasonable judgment of Lender makes such change necessary.

Promptly following the receipt of a notice from Lender, the Loan Parties will make such modifications to the terms of any insurance policy as Lender specifies.

8.11 Notification of Loss. The Loan Parties shall promptly notify Lender of any single loss or event likely to give rise to any claim against an insurer for an amount in excess of \$50,000 covered by any insurance policies required hereunder.

8.12 Specified Insurance Claims.

(a) All awards, compensation, reimbursement, damages, proceeds, settlements, and other payments related to the insurance claims described on Schedule 8.12 (the “Specified Insurance Claim Proceeds”) are hereby assigned to Lender as additional collateral security hereunder subject to the Lien of the Security Agreement. To the extent any Loan Party receives the Specified Insurance Claim Proceeds or checks in respect thereof, such Loan Party shall promptly deliver to Lender such Specified Insurance Claim Proceeds or checks. All Specified Insurance Claim Proceeds received by a Loan Party shall be deposited in a segregated escrow account with Lender or its servicer, as applicable.

(b) The Borrower hereby authorizes the Lender to, in Lender’s sole discretion, at any time following the occurrence and during the continuance of an Adverse Tax Event, to disburse all or any portion of the Specified Insurance Claim Proceeds held by Lender or its servicer to pay all or any portion of the delinquent tax obligations of the Loan Parties. The authorization hereby granted is irrevocable, and no prior notice to or further direction or authorization from Any Loan Party is necessary for Lender to make such disbursements.

(c) Provided (i) no Event of Default has occurred and is continuing (ii) all delinquent tax obligations of the Loan Parties have been paid in full (together with any penalties thereon) including any amounts that were due or to become due under any Approved Payment Plan, then any Specified Insurance Claim Proceeds that have not otherwise been applied in accordance with this Section 8.12, shall be paid to the Loan Party entitled thereto. For the avoidance of doubt, following an Event of Default, in connection with the acceleration of the Obligations and the Lender’s exercise of remedies in connection therewith, the Lender is authorized to apply all or any portion of the Specified Insurance Claim Proceeds to repay the Obligations or otherwise dispose of such collateral.

**ARTICLE IX
EVENTS OF DEFAULT AND REMEDIES**

9.1 Events of Default. The occurrence of any one or more of the following, whatever the reason therefor, shall constitute an Event of Default hereunder:

(a) Payment. (i) Borrower shall fail to pay any portion of the principal amount of the Loan as and when the same shall become due and payable, (ii) Borrower shall fail to pay any accrued interest on the Loan or any other amount payable under the this Agreement or the other Loan Documents within five (5) days following the date when and as the same shall become due and payable, provided that the foregoing grace period shall not apply to amounts payable on the Maturity Date.

(b) Other Covenants. Any Loan Party shall fail to perform any other covenant or agreement to be performed by such Loan Party under this Agreement or the other Loan Documents, and such failure shall continue for more than ten (10) days after the earlier of (i) receipt of written notice by Lender, and (ii) Borrower's or any Guarantor's knowledge thereof (provided that such ten (10)-day cure period shall not apply to any of the occurrences set forth in any other lettered paragraph of this Section 9.1.

(c) Liens, Attachments, Condemnation. (i) The recording of any mechanic's lien or claim of lien against in the Property or any other Collateral if such lien or claim of lien is not removed or bonded and contested in accordance with Section 6.3; (ii) the condemnation, seizure or appropriation of, or the occurrence of a material uninsured casualty with respect to, any material portion of the Property or any other Collateral; or (iii) the sequestration or attachment of, or any levy or execution upon, any of the Property, any other Collateral, or any substantial portion of the other assets of any Loan Party, which sequestration, attachment, levy or execution is not released, expunged or dismissed prior to the earlier of sixty (60) days or the sale of the assets affected thereby.

(d) Representations and Warranties. Any representation or warranty made by any Loan Party in this Agreement or any of the other Loan Documents or in any certificate, agreement, instrument or other document made or delivered pursuant to or in connection with any of the Loan Documents shall have been false or misleading in any material respect when made.

(e) Dissolution. Any Loan Party is terminated, dissolved or liquidated; or all or substantially all of the assets of Borrower or Guarantor are sold or otherwise transferred or disposed of without Lender's written consent.

(f) Insolvency. (i) Any Loan Party is the subject of an order for relief by any bankruptcy court, or is unable or admits in writing its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors; or (ii) any Loan Party applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of such Loan Party, and the appointment continues undischarged or unstayed for thirty (30) days; or (iii) any Loan Party institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, custodianship, conservatorship, liquidation, rehabilitation or similar proceedings relating to it or to all or any part of its property under the applicable Legal Requirements of any jurisdiction; or any similar proceeding is instituted without the consent of any Loan Party and continues undismitted or unstayed for sixty (60) days; or (iv) any judgment, writ, attachment, execution or similar process is issued or levied against all or any part of the property of any Loan Party and is not released, vacated or fully bonded within sixty (60) days after its issue or levy.

(g) Property Taxes. Any failure to pay Property Taxes prior to delinquency as required by Section 6.3.

(h) Insurance Policies. If the insurance policies required hereunder or under any Loan Document are not kept in full force and effect, or if copies of the certificates evidencing

the insurance policies (or certified copies of the insurance policies if requested by Lender) are not delivered to Lender within thirty (30) days after written request therefor or if any required insurance premium financing is not paid when due in accordance with the terms of such financing.

(i) Violation of Legal Requirements. The failure of any Loan Party to comply with any material Legal Requirement, including any State Cannabis Law, or if any Loan Party engages in any Restricted Cannabis Activity or fails to maintain a Regulatory License.

(j) Restraint of Operations. Any Loan Party shall be enjoined, restrained, or in any way prevented by court order or other Governmental Authority from continuing to conduct all or any material part of its business affairs, the effect of which has a Material Adverse Effect on such Loan Party, for more than thirty (30) consecutive Business Days.

(k) Other Proceedings. Any Loan Party or any officer, director, member or manager thereof shall have been found guilty of an act of fraud or violation of any State Cannabis Law.

(l) Prohibited Contracts. Borrower shall fail to cure any breach or default of Section 7.8 Major Construction Contracts that is not cured within five (5) Business Days after notice from Lender.

(m) Violation of Legal Requirements. The failure of any Loan Party to comply with any Legal Requirement, including any State Cannabis Law, or if any Loan Party engages in any Restricted Cannabis Activity or fails to maintain a Regulatory License.

(n) Restraint of Operations. Any Loan Party shall be enjoined, restrained, or in any way prevented by court order or other Governmental Authority from continuing to conduct all or any material part of its business affairs for more than thirty (30) consecutive Business Days.

(o) Other Proceedings. Borrower, any Guarantor, or any officer, director, member or manager thereof shall have been found guilty of an act of fraud or violation of any State Cannabis Law.

(p) Retirement, Incapacity, Withdrawal or Death. In Lender's sole discretion, the death, incapacity or retirement of any of the Key Persons from active participation in the Loan Parties' business activities, including James R. Blink ceasing to be the Chief Executive Officer of the Loan Parties; provided, that the Loan Parties shall have a period of sixty (60) days following such event to (i) designate a replacement with reasonably comparable qualifications and that is approved by the Lender in writing (such approval not to be unreasonably withheld), (ii) appoint such replacement to the same role of the former Key Person at the Loan Parties (unless otherwise consented to in writing by the Lender) and (iii) to cause such designated replacement to be joined as a Limited Guarantor under this Agreement.

(q) Certain Covenants. Any Loan Party shall fail to strictly comply with the provisions of Sections 3.1(b), 6.6, 6.7, 6.9, 6.10, 6.11, 6.12, 6.13, 6.20, 6.21, 6.24 or Article VII.

(r) Adverse Tax Event. Any Adverse Tax Event occurs and is not cured within five (5) Business Days after any Loan Party's knowledge thereof or any Loan Party's receipt of notice from the Lender.

(s) IRS Priority Lien. Any Lien is recorded against any Loan Party by a taxing authority other than those filings specified on Schedule P-1 that is not released five (5) Business Days after any Loan Party's knowledge thereof or any Loan Party's receipt of notice from the Lender.

(t) Specified Insurance Claim Proceeds. The Specified Insurance Claim Proceeds are not deposited with Lender for any reason within two (2) Business Days of the payment thereof.

(u) Material Adverse Effect. Any Material Adverse Effect shall occur.

(v) Loss of Priority; Enforceability. The failure at any time of (i) the Security Instrument to be a valid first priority Lien upon the Property or any portion thereof, (ii) the Security Agreement or Security Instrument to be a valid first priority Lien upon the Collateral described therein (other than the Property), subject only to Permitted Encumbrances, or (iii) the Pledge Agreement to be a valid first priority Lien upon the Collateral described therein. Any Loan Document shall fail to remain in full force and effect or any action, and be valid, binding an enforceability in accordance with its terms, or any action is taken to discontinue or to assert the invalidity or unenforceability of any Loan Document.

(w) Inspection. Any of Lender, its representatives or its construction consultant is not permitted, at all reasonable times, to enter upon the Property, inspect the Improvements and the construction thereof and all materials, fixtures and articles used or to be used in connection therewith, and to examine all detailed plans, shop drawings and specifications which relate to the Improvements and such default remains uncured for a period of ten (10) days after notice thereof from Lender to Borrower.

(x) In-Balance. If the Loan is Out-of-Balance and Borrower does not cause the Loan to be In-Balance within ten (10) Business Days after Lender's written demand.

(y) Construction Documents. Borrower (or General Contractor on behalf of Borrower) shall fail to furnish to Lender, its construction consultant or their authorized representatives, within ten (10) days after requested, copies of such plans, drawings and specifications, or other Construction Documents, or copies of any invoices, subcontracts, or bills of sale relating to the Construction Work, and, in any of the foregoing cases such failure continues for a period of ten (10) days after notice thereof from Lender to Borrower.

(z) General Contractor Bankruptcy. The bankruptcy or insolvency of the General Contractor and failure of Borrower to procure a contract with a new general contractor (such agreement and manager to be satisfactory to Lender in its sole discretion) within forty-five (45) days after the occurrence of such bankruptcy or insolvency.

(aa) Unsatisfactory Work. Borrower shall fail to cause any Unsatisfactory Work to be corrected to the satisfaction of Lender and its construction consultant within ten (10) Business Days after notice of such disapproval, provided that, if such Unsatisfactory Work cannot reasonably be corrected within such ten (10)-day period, then so long as Borrower shall have commenced to cause the correction of such Unsatisfactory Work within such ten (10)-day period and thereafter diligently and expeditiously proceeds to cause the correction of the same, such ten (10)-day period shall be extended for such time as is reasonably necessary for Borrower in the exercise of due diligence to cause the correction of such Unsatisfactory Work, but in no event beyond the date that is sixty (60) days after the applicable notice of disapproval.

(bb) Completion. (i) The failure to Complete the Construction Work on or before the Completion Date, or (ii) work on the Construction Work is, at any time, discontinued (other than in connection with a Force Majeure Event) or abandoned for more than ten (10) Business Days, or a delay (other than in connection with a Force Majeure Event) in the work on the Construction Work shall occur so that the same cannot, in Lender's sole judgment, be completed on or before the Completion Date.

(cc) Cessation of Construction. Cessation of the work of construction prior to the completion of the Improvements for a continuous period of thirty (30) days or more except as a result of a Force Majeure Event; or the obtaining by any Person of any order or decree in any court of competent jurisdiction enjoining the construction of the Improvements which order or decree is not vacated within thirty (30) days after the granting of such order or decree; or the obtaining by any Person of any order or decree in any court of competent jurisdiction enjoining Construction Work which order or decree is not vacated within thirty (30) days after the granting of such order or decree.

(dd) Operating Lease. The Operating Lease shall no longer be in effect for any reason whatsoever other than the termination thereof pursuant to Section 9.8, including, without limitation, expiration of the Operating Lease by its terms absent renewal or extension of the Operating Lease or the prior written consent of Lender.

(ee) Cross Default. Any default under the terms of any loan agreement, promissory note, deed of trust, mortgage, lease, conditional sale contract or other agreement, document or instrument evidencing, governing or securing any Indebtedness owing by any Loan Party or any Affiliate of any Loan Party to Lender or any Affiliate of Lender (each, a "**Cross-Defaulted Loan**") shall, at Lender's option, constitute an Event of Default under this Agreement.

(ff) Permits; Utilities; Insurance. (i) The neglect, failure or refusal of Borrower to keep in full force and effect any material permit, license, consent or approval required for the Construction Work that is not fully reinstated within thirty (30) days after Lender gives Borrower notice of the lapse of effectiveness of such material permit, license, consent or approval; or (ii) the curtailment in availability to the Property of utilities or other public services necessary for the full occupancy and utilization of the Improvements that is not restored to full availability within thirty (30) days after Lender gives Borrower notice of such curtailment of availability; or (iii) the failure by Borrower to maintain any insurance required under this Agreement that is not cured within five (5) days after Lender gives Borrower notice of such lapse.

(gg) Other Default. The occurrence of any other event, circumstance or condition that constitutes an “Event of Default” under any of the other Loan Documents, beyond the expiration of any applicable grace or cure periods, if any, specified for such breach or default therein, as the case may be.

9.2 Remedies upon Default. Upon the occurrence and during the continuance of an Event of Default, all or any one or more of the rights, powers and other remedies available to Lender against any Loan Party under any Loan Document, or at law or in equity may be exercised by Lender at any time and from time to time (including the right to accelerate and declare the outstanding Obligations to be immediately due and payable), without notice or demand, whether or not all or any portion of the Obligations shall be declared due and payable, and whether or not Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Loan Documents with respect to all or any portion of the Property or other Collateral. In addition to the foregoing, upon an Event of Default and at all times thereafter, the Lender may take any or all of the following actions, at the same or different times:

(i) terminate any remaining commitment to make the Loan or portion thereof, whereupon such commitment shall terminate immediately;

(ii) declare the Loan to be due and payable in whole or in part, whereupon the principal of the Loan so declared to be due and payable, together with accrued interest thereon and all fees (including, for the avoidance of doubt, the Minimum Interest Payment or the Exit Fee) and other accrued Obligations (whether of Borrower, any Guarantor, hereunder, or under any other Loan Document), shall become due and payable immediately, in each case without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Borrower and Guarantor;

(iii) charge interest on the Obligations at the Default Interest Rate;

(iv) appoint a receiver for the property of the Loan Parties or the Collateral, or a chief restructuring officer for the operation of any Loan Party, and each Loan Party hereby consents to such rights and such appointment and hereby waive any objection Borrower or such Guarantor may have thereto or the right to have a bond or other security posted by Lender in connection therewith; and

(v) exercise any and all rights and remedies provided to the Lender under the Loan Documents or at law or equity, including all remedies provided under the applicable UCC.

Notwithstanding the foregoing or anything contained herein to the contrary, the outstanding Obligations shall be accelerated and immediately due and payable, without any election by Lender upon the occurrence of an Event of Default described in Section 9.1(f) in each case without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Loan Parties.

9.3 Remedies Cumulative. The rights, powers and remedies of Lender under this Agreement shall be cumulative and not exclusive of any other right, power or remedy which Lender may have against any Loan Party pursuant to this Agreement or the other Loan Documents executed by or with respect to any Loan Party, or existing at law or in equity or otherwise. Lender's rights, powers and remedies may be pursued singly, concurrently or otherwise, at such time and in such order as Lender may determine in Lender's discretion. No delay or omission to exercise any remedy, right or power accruing upon an Event of Default shall impair any such remedy, right or power or shall be construed as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of any Event of Default shall not be construed to be a waiver of any subsequent Event of Default or to impair any remedy, right or power consequent thereon. Any and all of Lender's rights with respect to the Property and the other Collateral shall continue unimpaired, and each Loan Party shall be and remain obligated in accordance with the terms hereof, notwithstanding (a) the release or substitution of Property or any other Collateral at any time, or of any rights or interest therein, or (b) any delay, extension of time, renewal, compromise or other indulgence granted by Lender upon the occurrence of any Event of Default with respect to the Property, any other Collateral or otherwise hereunder. Notwithstanding any other provision of this Agreement, Lender reserves the right to seek a deficiency judgment or preserve a deficiency claim, in connection with the foreclosure of the Property or any other Collateral pursuant to any Loan Document, to the extent necessary to foreclose on other parts of the Property or any other Collateral.

9.4 Lender Appointed Attorney-In-Fact. Each Loan Party hereby irrevocably and unconditionally constitutes and appoints Lender as such Loan Party's true and lawful attorney-in-fact, with full power of substitution, at any time after the occurrence and during the continuance of an Event of Default to execute, acknowledge and deliver any documents, agreements or instruments and to exercise and enforce every right, power, remedy, option and privilege of such Loan Party under all Loan Documents, and do in the name, place and stead of such Loan Party, all such acts, things and deeds for and on behalf of and in the name of such Loan Party under any Loan Document, which such Loan Party could or might do or which Lender may deem necessary or desirable to more fully vest in Lender the rights and remedies provided for under the Loan Documents and to accomplish the purposes thereof. The foregoing powers of attorney coupled with an interest and irrevocable.

9.5 Lender's Right to Perform. If any Loan Party fails to perform any covenant or obligation contained herein for a period of five (5) Business Days after such Loan Party's receipt of notice thereof from Lender, Lender may, but shall have no obligation to, perform, or cause performance of, such covenant or obligation, and the expenses of Lender incurred in connection therewith shall be payable by Borrower to Lender upon demand, together with interest thereon at the Default Interest Rate. Notwithstanding the foregoing, Lender shall have no obligation to send notice to Borrower or any other Loan Party of any such failure. At the option of Lender, Lender may apply any amounts in any Reserve Account towards the performance of any such obligation or covenant.

9.6 Affiliate Agreements. Following the foreclosure or deed or assignment in lieu of foreclosure of any Collateral constituting an interest in a Borrower, Lender, its nominee or designee or the purchaser at any foreclosure sale (a "**Successor Owner**") shall have the right to terminate any Indebtedness, contract or agreement, with any other Loan Party or any of their

respective Affiliates or Subsidiaries (each a “**Formerly Related Party**”) that would be binding on such Borrower or Successor Owner (including, without limitation, pursuant to Section 10.11), provided that if any such Indebtedness, contract or agreement is so terminated, then all contracts, agreements or Indebtedness owing by any Formerly Related Party to such Borrower shall likewise be terminated. Each Loan Party makes this agreement on behalf of itself and its Subsidiaries and its and their respective Affiliates and shall take all such action as may be required to cause such parties to abide by such agreement, including without limitation joining in or executing and delivering an acknowledgment of, and agreement to, this Section. This Section shall survive any such foreclosure or deed in lieu of foreclosure of any Collateral.

9.7 Borrower Cooperation. Prior to the consummation of any foreclosure or assignment in lieu of foreclosure of the Pledge Agreement, the Loan Parties shall cooperate with Lender and any prospective Successor Owner in identifying any and all liabilities that any Borrower is subject to, including in respect of any employees of any such Person. This Section shall survive any such foreclosure or deed or assignment in lieu of foreclosure of any Collateral.

9.8 Operating Lease. Notwithstanding anything to the contrary herein or in any other Loan Documents or in the Operating Lease, upon conveyance of all or any portion of the Property by foreclosure or deed in lieu of foreclosure, Lender may, at its sole option and regardless of whether Opco is in default or in compliance with the terms of the Operating Lease, terminate the Operating Lease without payment of any termination fee, penalty or other amount, such termination to be effective upon such conveyance or such later date as Lender shall determine in its sole discretion. In addition, upon acceleration of the Loan, Lender may, at its sole option and regardless of whether Opco is in default or in compliance with the terms of the Operating Lease, deliver a termination notice to Borrower terminating the Operating Lease without payment of any termination fee, penalty or other amount, such termination to be immediately effective upon the conveyance of the Property relating to such Operating Lease by foreclosure or deed in lieu of foreclosure.

9.9 Lender’s Right to Complete Construction. Following the occurrence and during the continuance of an Event of Default, Lender, in person or by agent, may take possession of the Property and complete the Construction Work and equipping of the Improvements pursuant to the Plans and Specifications and the other Construction Documents and do anything in its sole judgment to fulfill the obligations of Borrower hereunder, including, without limitation, either the right to avail itself of and procure performance of existing Construction Documents or let any Construction Documents with the same contractors or others and to employ watchmen to protect the Property from injury. All sums expended by Lender in connection with the foregoing shall become part of the Obligations. Without restricting the generality of the foregoing and for the purposes aforesaid, during the continuance of an Event of Default, Borrower hereby appoints and constitutes Lender its lawful attorney-in-fact with full power of substitution in the Property to complete construction of the Construction Work in the name of Borrower; to use unadvanced funds remaining under the Loan or which may be reserved, or escrowed or set aside for any purposes hereunder at any time (including in the Construction Reserve Account), or to advance funds in excess of the Loan Amount (and all such amounts shall be payable by Borrower together with interest at the Default Interest Rate), to complete the Construction Work; to make changes in the Construction Documents which shall be necessary to complete the Improvements in substantially the manner contemplated by the Plans and Specifications; to retain or employ new general

contractors, subcontractors, architects, engineers and inspectors as shall be required for said purposes; to pay, settle or compromise all existing bills and claims and Liens against the Property and take any other steps relating to clearing title to the Property from any Liens, or to avoid such bills and claims becoming Liens against the Property or security interest against fixtures or equipment, or as may be necessary or desirable for the completion of the Construction Work or for the clearance of title; to execute all applications and certificates in the name of Borrower which may be required by any of the Construction Documents; to do any and every act which Borrower might do in its own behalf; and to prosecute and defend all actions or proceedings in connection with the Property or fixtures or equipment; to take action and require such performance as it deems necessary under any bonds furnished in connection with the Construction Work and to make settlements and compromises with surety or sureties thereunder, and in connection therewith, to execute instruments of release and satisfaction; it being understood and agreed that this power of attorney shall be a power coupled with an interest and cannot be revoked.

WHETHER OR NOT LENDER ELECTS TO EMPLOY ANY OR ALL OF THE REMEDIES AVAILABLE UPON THE OCCURRENCE OF AN EVENT OF DEFAULT, LENDER SHALL NOT BE LIABLE FOR THE CONSTRUCTION OF OR FAILURE TO CONSTRUCT, COMPLETE OR PROTECT THE IMPROVEMENTS OR FOR PAYMENT OF ANY EXPENSES INCURRED IN CONNECTION WITH THE EXERCISE OF ANY REMEDY AVAILABLE TO LENDER OR FOR THE PERFORMANCE OR NON-PERFORMANCE OF ANY OTHER OBLIGATION OF ANY LOAN PARTY.

ARTICLE X LOAN GUARANTY

10.1 Full Guaranty. Guarantor hereby agrees that it is jointly and severally liable for, and, as a primary obligor and not merely as surety, absolutely and unconditionally and irrevocably guarantees to Lender, the prompt payment and performance when due, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter, of the Obligations and all costs and expenses including, without limitation, all court costs and reasonable attorneys' and paralegals' fees (including allocated costs of in-house counsel and paralegals) and expenses paid or incurred by Lender in endeavoring to collect all or any part of the Obligations from, or in prosecuting any action against, Borrower, any Loan Party or any other guarantor of all or any part of the Obligations (such costs and expenses, together with the Obligations, collectively the "**Guaranteed Obligations**"). Guarantor further agrees that the Guaranteed Obligations may be extended or renewed in whole or in part without notice to or further assent from it, and that it remains bound upon its guarantee notwithstanding any such extension or renewal.

10.2 Limited Guaranty and Indemnity.

(a) The Limited Guarantor shall jointly and severally indemnify Lender and hold Lender harmless from and against any and all Damages to Lender (including the legal and other expenses of enforcing the obligations of Limited Guarantor under this Article X) resulting from or arising out of any of the following that (x) occurs with the actual knowledge of the Limited Guarantor and in respect of which the Limited Guarantor has failed to use reasonable efforts to prevent such occurrence, (y) occurs at the direction of the Limited Guarantor, or (z) occurs with the consent of the Limited Guarantor:

- (i) any intentional or grossly negligent physical waste at the Property committed or permitted by any Borrower Related Party;
- (ii) forfeiture of the Property or any portion thereof as a result of actual or purported criminal activity of a Borrower Related Party;
- (iii) any fraud, material misrepresentation, gross negligence or willful misconduct by any Borrower Related Party in connection with the Loan;
- (iv) any willful misconduct in connection with the Loan by any Borrower Related Party (including (A) any refusal to comply with Section 12.14 hereof and (B) entering into, amending, modifying or terminating any Material Contract in violation of the Loan Documents);
- (v) any misappropriation or misapplication of funds by any Borrower Related Party;
- (vi) any distributions made by Loan Party in violation of the terms of the Loan Documents;
- (vii) without limiting any liability pursuant to Sections 10.2(b)(i) and (ii), any Indebtedness, Lien or Transfer of Collateral in violation of the Loan Documents;
- (viii) any breach by any Loan Party of any representation or covenant regarding environmental matters contained in this Agreement or in the Environmental Indemnity Agreement;
- (ix) any failure of any Loan Party to comply with State Cannabis Laws or the revocation of any license or permit required to operate the Cannabis Business;
- (x) any failure to pay Property Taxes, or Insurance Premiums, failure to obtain and maintain the fully paid for Policies in accordance with Article VIII hereof or failure to pay the amount of any insurance deductible following a Casualty or other insurance claim unless (A) cash flow from the Property received during the period in question is insufficient to cover such charges (assuming such cash flow is first applied to such payments) or (B) funds to pay for such charges were, at the time in question, available in applicable Reserve Accounts and Lender failed to pay (or make such funds available to pay) such charges;
- (xi) the removal or disposal of all or any portion of the Collateral by, or on behalf of, any Borrower Related Party unless such Collateral is replaced with property of a comparable quality and value;
- (xii) any Borrower Related Party fails to permit on-site inspections of Collateral as required by, and in accordance with, the terms and provisions of the Loan Documents;
- (xiii) (A) any failure of a Required SPE to be, and to at all times have been, a Special Purpose Entity, regardless of whether such failure to have been a Special

Purpose Entity prior to the date hereof has been disclosed to Lender, and (B) any and all liabilities, contingent or otherwise, arising from or related to (x) the actions, conduct and/or operating history of any Loan Party (or any Person merged into any Loan Party) prior to the Effective Date and (y) any ownership of assets prior to the Effective Date that do not constitute a portion of the Collateral;

(xiv) any fees or commissions paid by any Loan Party to any affiliate in violation of the Loan Documents;

(xv) any involuntary bankruptcy of any Loan Party, provided that for this purpose “Damages” shall be limited to the amount by which such costs and expenses exceed the costs and expenses Lender would have incurred in an uncontested foreclosure on the Collateral;

(xvi) any transfer taxes resulting from Lender’s exercise of remedies following an Event of Default;

(xvii) any opposition by any Borrower Related Party to any motion filed by Lender for relief from the automatic stay in any bankruptcy proceeding of any Borrower Related Party;

(xviii) any litigation or other legal proceeding that is asserted by any Borrower Related Party and that delays, opposes, impedes, obstructs or otherwise interferes with or frustrates the efforts of Lender to exercise its rights and remedies, other than litigation that is brought in good faith and is not frivolous in nature; and/or

(xix) (A) any obligation of a Loan Party to indemnify any Person that, immediately prior to any acquisition of title to any Collateral pursuant to a UCC foreclosure sale, a UCC strict foreclosure, an assignment in lieu of foreclosure or other enforcement action under the Loan Documents (collectively, an “**Equity Collateral Enforcement Action**”; and the date on which an Equity Collateral Enforcement Action is consummated, an “**Equity Collateral Transfer Date**”), was an Affiliate of any Loan Party, to the extent such obligation continues to be the obligation of the transferee at such Equity Collateral Enforcement Action and is not expressly waived in writing by the Persons covered by such indemnification obligation and (B) any obligation of any Loan Party accruing prior to, on or after the Equity Collateral Transfer Date to pay (1) legal fees to legal counsel engaged by any Borrower Related Party prior to the Equity Collateral Transfer Date, (2) amounts due under any contract between any Borrower Related Party, on the one hand, and any Affiliate of any Borrower Related Party, on the other hand (unless such contract is assumed in writing by the Person acquiring the Collateral on or after the Equity Collateral Transfer Date) or (3) amounts due under any contract between any Borrower Related Party, on the one hand, and any Person not Affiliated with any Borrower Related Party, on the other hand, that has been entered into without the prior written approval of Lender to the extent such prior written approval was required under the Loan Documents (unless such contract was assumed in writing by the Person acquiring the Collateral on or after the Equity Collateral Transfer Date) and/or following the completion of any Equity Collateral Enforcement Action, any accounts payable of any Borrower Related Party or any income

tax or indemnity liability of any Borrower Related Party to third parties or to other Borrower Related Parties;

(b) In addition to the foregoing, and without limiting any other provision of this Agreement or the other Loan Documents, the Loan and all Debt shall be fully recourse to the Limited Guarantor in the event any of the following (x) occurs with the actual knowledge of the Limited Guarantor and in respect of which the Limited Guarantor has failed to use reasonable efforts to prevent such occurrence, (y) occurs at the direction of the Limited Guarantor, or (z) occurs with the consent of the Limited Guarantor:

(i) any voluntary Transfer of the Property (or any portion thereof) or any transfer of any direct or indirect equity interests in any Loan Party, in each case, in violation of the Loan Documents;

(ii) any Indebtedness in violation of the Loan Documents;

(iii) the filing of any voluntary Bankruptcy Action by or against any Loan Party or Limited Guarantor (or the filing of any involuntary Bankruptcy Action against any Loan Party or Limited Guarantor if any Borrower Related Party colluded with, solicited, caused to be solicited or joined other creditors in such filing or opposed Lender's motion for relief from the stay in such Bankruptcy Action);

(iv) if any Loan Party or Limited Guarantor makes an assignment for the benefit of creditors or if any Borrower Related Party consents to, acquiesces in or joins in an application for an appointment of a custodian, receiver or trustee for any Loan Party, any Limited Guarantor or any portion of the Collateral;

(v) any failure of a Required SPE to be, and to at all times have been, a Special Purpose Entity, which failure results in the substantive consolidation of such Required SPE with any other Person in a Bankruptcy Action; and/or

(vi) Borrower, Guarantor or any Affiliate of the foregoing asserting, claiming, seeking or otherwise alleging that the Pledge Agreement and/or any of the other Loan Documents are invalid or unenforceable, and/or asserting, claiming or otherwise alleging any other equitable argument, remedy or relief against the enforcement of the Pledge Agreement and/or any of the other Loan Documents as a result of Lender also being the beneficiary under the Security Instrument.

(c) Limited Guarantor shall indemnify Lender and hold Lender harmless from and against any and all Damages to Lender (including the legal and other expenses of enforcing the obligations of Limited Guarantor under this Article X) resulting from any failure by any Loan Party to have paid any Taxes when due and payable.

10.3 Guaranty of Payment. This Loan Guaranty is a guaranty of payment and performance and not of collection. Guarantor waives any right to require Lender to sue Borrower, any Guarantor, any other guarantor of, or any other Person obligated for all or any part of the

Guaranteed Obligations (each, an “**Obligated Party**”), or otherwise to enforce its payment against any Collateral securing all or any part of the Guaranteed Obligations.

10.4 No Discharge or Diminishment of Loan Guaranty.

(a) Except as otherwise provided for herein, the obligations of Guarantor hereunder are unconditional and absolute and not subject to any reduction, limitation, impairment or termination for any reason (other than the indefeasible payment in full of the Guaranteed Obligations), including: (i) any claim of waiver, release, extension, renewal, settlement, surrender, alteration, or compromise of any of the Guaranteed Obligations, by operation of law or otherwise; (ii) any change in the corporate existence, structure or ownership of Borrower or any other Obligated Party liable for any of the Guaranteed Obligations; (iii) any insolvency, bankruptcy, reorganization or other similar proceeding affecting any Obligated Party, or their assets or any resulting release or discharge of any obligation of any Obligated Party; or (iv) the existence of any claim, setoff or other rights which any Guarantor may have at any time against any Obligated Party, Lender or any other Person, whether in connection herewith or in any unrelated transactions.

(b) The obligations of Guarantor hereunder are not subject to any defense or setoff, counterclaim, recoupment, or termination whatsoever by reason of the invalidity, illegality, or unenforceability of any of the Guaranteed Obligations or otherwise, or any provision of applicable law or regulation purporting to prohibit payment by any Obligated Party, of the Guaranteed Obligations or any part thereof.

(c) Further, the obligations of any Guarantor hereunder are not discharged or impaired or otherwise affected by: (i) the failure of Lender to assert any claim or demand or to enforce any remedy with respect to all or any part of the Guaranteed Obligations; (ii) any waiver or modification of or supplement to any provision of any agreement relating to the Guaranteed Obligations; (iii) any release, non-perfection, or invalidity of any indirect or direct security for the obligations of Borrower for all or any part of the Guaranteed Obligations or any obligations of any other Obligated Party liable for any of the Guaranteed Obligations; (iv) any action or failure to act by the Lender with respect to any collateral securing any part of the Guaranteed Obligations; or (v) any default, failure or delay, willful or otherwise, in the payment or performance of any of the Guaranteed Obligations, or any other circumstance, act, omission or delay that might in any manner or to any extent vary the risk of such Guarantor or that would otherwise operate as a discharge of any Guarantor as a matter of law or equity (other than the indefeasible payment in full of the Guaranteed Obligations).

10.5 Defenses Waived. To the fullest extent permitted by applicable law, Guarantor hereby waives any defense based on or arising out of any defense of Borrower or any Guarantor or the unenforceability of all or any part of the Guaranteed Obligations from any cause, or the cessation from any cause of the liability of Borrower, any Guarantor or any other Obligated Party, other than the indefeasible payment in full of the Guaranteed Obligations. Without limiting the generality of the foregoing, Guarantor irrevocably waives acceptance hereof, presentment, demand, protest and, to the fullest extent permitted by law, any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against any Obligated Party, or any other Person. Guarantor confirms that it is not a surety under any state law and shall not raise any such law as a defense to its obligations hereunder. Lender may, at its election, foreclose on any Collateral held by

it by one or more judicial or nonjudicial sales, accept an assignment of any such Collateral in lieu of foreclosure or otherwise act or fail to act with respect to any collateral securing all or a part of the Guaranteed Obligations, compromise or adjust any part of the Guaranteed Obligations, make any other accommodation with any Obligated Party or exercise any other right or remedy available to it against any Obligated Party, without affecting or impairing in any way the liability of such Guarantor under this Loan Guaranty, except to the extent the Guaranteed Obligations have been paid in full. To the fullest extent permitted by applicable law, Guarantor waives any defense arising out of any such election even though that election may operate, pursuant to applicable law, to impair or extinguish any right of reimbursement or subrogation or other right or remedy of any Guarantor against any Obligated Party or any security.

10.6 Rights of Subrogation. No Guarantor will assert any right, claim or cause of action, including, without limitation, a claim of subrogation, contribution or indemnification that it has against any Obligated Party, or any collateral, until the Loan Parties and the Guarantors have fully performed all their obligations to the Lender.

10.7 Reinstatement; Stay of Acceleration. If at any time any payment of any portion of the Guaranteed Obligations (including a payment effected through exercise of a right of setoff) is rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy, or reorganization of Borrower or otherwise (including pursuant to any settlement entered into by Lender in its discretion), Guarantor's obligations under this Loan Guaranty with respect to that payment shall be reinstated at such time as though the payment had not been made and whether or not the Lender is in possession of this Loan Guaranty. If acceleration of the time for payment of any of the Guaranteed Obligations is stayed upon the insolvency, bankruptcy or reorganization of Borrower, all such amounts otherwise subject to acceleration under the terms of any agreement relating to the Guaranteed Obligations shall nonetheless be payable by the Guarantors forthwith on demand by the Lender.

10.8 Information. Guarantor assumes all responsibility for being and keeping itself informed of Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks that Guarantor assumes and incurs under this Loan Guaranty, and agrees that the Lender shall not have any duty to advise any Guarantor of information known to it regarding those circumstances or risks.

10.9 Taxes. Each payment of the Guaranteed Obligations will be made by Guarantor without withholding for any Taxes, unless such withholding is required by law. If any Guarantor determines, in its sole discretion exercised in good faith, that it is so required to withhold Taxes, then such Guarantor may so withhold and shall timely pay the full amount of withheld Taxes to the relevant Governmental Authority in accordance with applicable law. If such Taxes are Indemnified Taxes, then the amount payable by such Guarantor shall be increased as necessary so that, net of such withholding (including such withholding applicable to additional amounts payable under this Section), Lender receives the amount it would have received had no such withholding been made.

10.10 Maximum Liability. Notwithstanding any other provision of this Loan Guaranty, the amount guaranteed by Guarantor hereunder shall be limited to the extent, if any, required so that

its obligations hereunder shall not be subject to avoidance under Section 548 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act, Uniform Voidable Transactions Act or similar statute or common law. In determining the limitations, if any, on the amount of any Guarantor's obligations hereunder pursuant to the preceding sentence, it is the intention of the parties hereto that any rights of subrogation, indemnification or contribution which such Guarantor may have under this Loan Guaranty, any other agreement or applicable law shall be taken into account.

10.11 Contribution.

(a) To the extent that any Guarantor shall make a payment under this Loan Guaranty (a "**Guarantor Payment**") which, taking into account all other Guarantor Payments then previously or concurrently made by any other Guarantor, exceeds the amount which otherwise would have been paid by or attributable to such Guarantor if each Guarantor had paid the aggregate Guaranteed Obligations satisfied by such Guarantor Payment in the same proportion as such Guarantor's "Allocable Amount" (as defined below) (as determined immediately prior to such Guarantor Payment) bore to the aggregate Allocable Amounts of each of the Guarantors as determined immediately prior to the making of such Guarantor Payment, then, following indefeasible payment in full in cash of the Guarantor Payment, the indefeasible payment in full of the Guaranteed Obligations and the termination of this Agreement, such Guarantor shall be entitled to receive contribution and indemnification payments from, and be reimbursed by, each other Guarantor for the amount of such excess, pro rata based upon their respective Allocable Amounts in effect immediately prior to such Guarantor Payment.

(b) As of any date of determination, the "**Allocable Amount**" of any Guarantor shall be equal to the excess of the fair saleable value of the property of such Guarantor over the total liabilities of such Guarantor (including the maximum amount reasonably expected to become due in respect of contingent liabilities, calculated, without duplication, assuming each other Guarantor that is also liable for such contingent liability pays its ratable share thereof), giving effect to all payments made by other Guarantors as of such date in a manner to maximize the amount of such contributions.

(c) This Section 10.11 is intended only to define the relative rights of the Guarantors, and nothing set forth in this Section 10.11 is intended to or shall impair the obligations of the Guarantors, jointly and severally, to pay any amounts as and when the same shall become due and payable in accordance with the terms of this Loan Guaranty.

(d) The parties hereto acknowledge that the rights of contribution and indemnification hereunder shall constitute assets of the Guarantor or Guarantors to which such contribution and indemnification is owing.

(e) The rights of the indemnifying Guarantors against other Guarantors under this Section 10.11 shall be exercisable upon the indefeasible payment in full of the Guaranteed Obligations and the termination of this Agreement.

10.12 Liability Cumulative. The liability of each Loan Party as a Guarantor under this Article IX is in addition to and shall be cumulative with all liabilities of each Loan Party to the Lender under this Agreement and the other Loan Documents to which such Loan Party is a party or

in respect of any obligations or liabilities of the other Loan Parties, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

ARTICLE XI SECONDARY MARKET TRANSACTIONS

11.1 General. Each Loan Party hereby acknowledges that Lender currently has, and shall continue to have in the future, the absolute and unconditional right at any time after the date hereof and at any time during the term of the Loan, without giving any notice to or requiring any consent or approval from any Loan Party, any Affiliate of any Loan Party, any party to any Loan Document or any other Person, the right in one or more transactions to: (a) sell or securitize the Loan or portions thereof in one or more transactions through the issuance of securities, which securities may be rated by the Rating Agencies; (b) sell, pledge or otherwise transfer the Loan or any portion thereof one or more times (including selling or assigning its duties, rights or obligations hereunder or under any Loan Document in whole, or in part, to a servicer and/or a trustee); (c) sell participation interests in the Loan one or more times; (d) re-securitize the securities issued in connection with any securitization; and/or (e) further divide the Loan into two or more separate notes or components and/or reallocate a portion of the Loan to a mezzanine loan to be secured by direct and/or indirect Equity Interests in Borrower (the transactions referred to in clauses (a) through (e) above, each a “**Secondary Market Transaction**” and collectively “**Secondary Market Transactions**”). With respect to any Secondary Market Transaction described in clause (e) above, (i) such notes, note components and mezzanine loans may be assigned different principal amounts and interest rates, so long as immediately after the effective date of such modification, the aggregate amount of, and the weighted average of the interest rates payable under, the Loan and such component note(s) or mezzanine loan, equal the maximum outstanding Loan amount and Applicable Interest Rate, respectively, immediately prior to such modification, and (ii) Borrower agrees to (A) modify its organizational structure to create one or more new Special Purpose Entities to be the mezzanine borrower(s) (and to be otherwise satisfactory to Lender) and cause the same and any other owners of direct or indirect Equity Interest in any Loan Party to enter into such agreements deemed reasonably necessary by Lender to evidence and secure such mezzanine loan, and (B) execute and deliver to Lender such amendments to the Loan Documents, title insurance endorsements, legal opinions and other customary loan documentation as Lender may reasonably require in connection therewith), including, without limitation, delivery of a substantive non-consolidation legal opinion in form and substance reasonably satisfactory to Lender. The indemnity obligations of the Loan Parties under the Loan Documents shall also apply with respect to any purchaser, transferee, assignee, servicer, participant or investor. Notwithstanding the foregoing, (x) in no event shall any Secondary Market Transaction, or any documents or information delivered by any Loan Party in connection therewith, modify or increase the liability, or impair or diminish the rights, of any Loan Party hereunder or under any other Loan Document, and (y) any such Secondary Market Transaction shall not result in the incurrence by any Loan Party of any cost or expense other than legal fees that may be incurred by the Loan Parties in connection with its review of any required documentation related to the applicable Secondary Market Transaction.

(a) **Register.** Borrower shall maintain at one of its offices in Modesto, California a copy of each assignment delivered to it and a register for the recordation of the names

and addresses of the Lenders, and the commitments of, and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the “**Register**”). The entries in the Register shall be conclusive absent manifest error, and Borrower and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(b) **Participations.** Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of Borrower, maintain a register on which it enters the name and address of each participant and the principal amounts (and stated interest) of each participant’s interest in the Loans or other obligations under the Loan Documents (the “**Participant Register**”); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any participant or any information relating to a participant’s interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

11.2 Borrower Cooperation. Each Loan Party shall cooperate, and shall cause each Affiliate of any Loan Party, any Indemnitor, any party to any Loan Document or any other Person (to the extent possible), associated or connected with the Loan or the Property, or the other Collateral to cooperate in all respects with Lender in connection with any Secondary Market Transaction. Each Loan Party shall execute and deliver, and shall cause each Affiliate of any Loan Party, any party to any Loan Document or any other Person (to the extent possible), associated or connected with the Loan or the Property or the other Collateral to execute and deliver, to Lender such documents, instruments, certificates, financial statements, assignments and other writings (including, without limitation, delivery of a substantive non-consolidation legal opinion in form and substance reasonably satisfactory to Lender), do such other acts and provide such information, and participate in such meetings and discussions, in each case that are necessary or desirable to facilitate the consummation of each Secondary Market Transaction, including, without limitation, to (a) split the Loan into two or more loans evidenced by and pursuant to separate sets of Note and other related loan documents, or (b) to modify the terms and provisions of the Loan Documents, in each case to the full extent required by Lender to facilitate any Secondary Market Transaction, provided that any such splitting or modification of the Loan will not adversely affect or diminish the rights of any Loan Party or any other party to the any Loan Document as presently set forth in the Loan Documents and will not increase the monetary obligations and liabilities or materially increase the non-monetary obligations under the Loan Documents of any Loan Party or any other party to the any Loan Document.

11.3 Dissemination of Information. If Lender determines at any time to participate in a Secondary Market Transaction, then Lender shall have the absolute and unconditional right without giving any notice to or obtaining the prior consent or approval of any Loan Party, any Affiliate of any Loan Party, any party to any Loan Document or any other Person to disclose,

deliver and to share with any potential purchaser, transferee, assignee, servicer, participant or investor in such securities (individually, an “Investor” and collectively, the “Investors”), any Rating Agency rating such securities, any organization maintaining databases on the underwriting and performance of commercial loans, trustee, counsel, accountant, and each prospective Investor, all documents and information which Lender now has or may hereafter acquire relating to the Loan, any Loan Party, any direct or indirect equity owner of any Loan Party and the Property, which shall have been furnished by any such Person or otherwise furnished in connection with the Loan, as Lender in its discretion determines necessary or desirable.

11.4 Change of Payment Date. At any time prior to securitization of the Loan by Lender, Lender shall have the right to change the Payment Date to a date other than as set forth herein (such new date, the “New Payment Date”) on thirty (30) days of notice to Borrower, provided that any such change in the Payment Date: (a) shall not modify the amount of regularly scheduled monthly principal and interest payments, except that the first payment of principal and interest payable on the New Payment Date shall be accompanied by interest at the Applicable Interest Rate for the period from the Payment Date in the month in which the New Payment Date first occurs to the New Payment Date, and (b) shall extend the Maturity Date to the New Payment Date occurring in the calendar month set forth in the definition of Maturity Date.

11.5 Cross Default. Notwithstanding anything contained in the this Agreement or any Cross-Defaulted Loan document to the contrary, any Cross-Defaulted Loan sold, participated, or otherwise transferred to a third party (“Loan Sale”) shall not be cross-defaulted or cross-collateralized with any other Cross-Defaulted Loan not sold or transferred as part of the same Loan Sale.

ARTICLE XII MISCELLANEOUS

12.1 Performance by Lender. If any Loan Party defaults in or fails to perform any of its obligations under the Loan Documents, then Lender shall have right, but not the obligation, and without limitation upon any of Lender’s other rights pursuant thereto, to perform the same, and Borrower agrees to pay to Lender, upon demand, all reasonable costs and expenses incurred by Lender in connection therewith, including reasonable attorneys’ fees, together with interest thereon from the date of expenditure at the Default Interest Rate.

12.2 Actions. Lender shall have the right, but not the obligation, to commence, appear in and defend any action or proceeding purporting to affect the rights or duties of the parties hereunder or the payment of any funds, and, in connection therewith, Lender may pay necessary expenses, employ counsel and pay reasonable attorneys’ fees and fees of expert witnesses. Borrower agrees to pay to Lender, upon demand, all costs and expenses incurred by Lender in connection therewith, including, without limitation, attorneys’ fees and fees of expert witnesses, together with interest from the date of expenditure at the Default Interest Rate.

12.3 Nonliability of Lender. Each Loan Party acknowledges and agrees that:

(a) By accepting or approving anything required to be provided to Lender pursuant to the Loan Documents, including, without limitation, any certificate, financial statement,

survey, appraisal or insurance Policy, Lender shall not be deemed to have warranted or represented the sufficiency, effectiveness or legal effect of any term or provision thereof, and such acceptance or approval thereof shall not constitute a warranty or representation to anyone with respect thereto by Lender;

(b) Lender neither undertakes nor assumes any responsibility or duty to any Loan Party to select, review, inspect, supervise, pass judgment upon or inform any Loan Party of any matter in connection with the Property, the other Collateral or the Loan;

(c) The relationship of Borrower and Lender under the Loan Documents is, and shall at all times remain, solely that of borrower and lender, and Lender neither undertakes nor assumes any responsibility or duty to Borrower, any Loan Party or to any other Person with respect to the Property, the other Collateral for the Loan, except as expressly provided in the Loan Documents; and, notwithstanding any other provision of the Loan Documents: (i) Lender is not, and shall not be construed as, a partner, joint venturer, alter ego, manager, controlling person or other business associate or participant of any kind of any Loan Party or any Affiliate of Borrower, and Lender does not intend to ever assume such status; (ii) Lender's activities in connection with the Loan Documents shall not be "outside the scope of the activities of a lender of money" within the meaning of California Civil Code Section 3434, as amended or recodified from time to time, and Lender does not intend to ever assume any responsibility to any Person for the quality, suitability, safety or condition of the Property or any other Collateral; and (iii) Lender shall not be deemed responsible for or a participant in any acts, omissions or decisions of Borrower, any Loan Party or any Affiliate of Borrower;

(d) Lender shall not be directly or indirectly liable or responsible for any loss, claim, cause of action, liability, indebtedness, damage or injury of any kind or character to any Person or property arising from any construction on, or occupancy or use of, the Property or any portion thereof, whether caused by, or arising from: (i) any defect in any building, structure, grading, fill, landscaping or other Improvements thereon or in any on-site or off-site improvement or other facility therein or thereon; (ii) any act or omission of any Loan Party, any Affiliate, agent, employee, independent contractor, licensee or invitee of any Loan Party; (iii) any accident in, on or around the Property or any portion thereof, or any fire, flood or other casualty or hazard thereon; (iv) the failure of any Loan Party, any of Borrower's or any other Loan Party's licensees, employees, invitees, agents, independent contractors or other representatives to maintain any of the Property in a safe condition; and (v) any nuisance made or suffered on any part of the Property, except to the extent caused by Lender's gross negligence or willful misconduct;

(e) Borrower shall be solely responsible for all aspects of its business and conduct in connection with the Property;

(f) If a claim or adjudication is made that Lender or its agents, has acted unreasonably or unreasonably delayed acting in any case where by law or under any Loan Document, then Lender or such agent, as the case may be, has an obligation to act reasonably or promptly, and each Loan Party agrees that neither Lender nor its agents, shall be liable for any monetary damages, and the Loan Parties' sole remedies shall be limited to commencing an action seeking injunctive relief or declaratory judgment. The parties hereto agree that any action or proceeding to determine whether Lender has acted reasonably shall be determined by an action

seeking declaratory judgment. Furthermore, notwithstanding anything to the contrary in this Agreement, all Lender actions may be in the sole and absolute discretion of Lender during the continuation of an Event of Default;

(g) Lender shall not be liable to any Loan Party or any other parties for: (i) errors, acts or failures to act of others, including other entities, banks, communications carriers or clearinghouses, through which Borrower's transfers may be made or information received or transmitted, and no such entity shall be deemed an agent of Lender, (ii) any loss, liability or delay caused by a Force Majeure Event; or (iii) any special, consequential, indirect or punitive damages, whether or not (A) any claim for these damages is based on tort or contract, or (B) Lender or any Loan Party knew or should have known the likelihood of these damages in any situation. Lender makes no representations or warranties other than those expressly made in this Agreement, if any.

12.4 No Third Parties Benefited. This Agreement is made for the purpose of setting forth certain rights and obligations of the Loan Parties and Lender in connection with the Loan. It is made for the sole protection of the Loan Parties and Lender, and Lender's successors and assigns. No other person shall have any rights of any nature hereunder or by reason hereof.

12.5 Indemnity. Each Loan Party, jointly and severally, hereby agrees to indemnify, defend and hold Lender, Pelorus Fund REIT, LLC, a Delaware limited liability company, each of its respective Affiliates, and its and its Affiliates' respective directors, officers, managers, agents, advisors, representatives and employees harmless from, any and all Liabilities and Costs which Lender or any such Person may suffer or incur as a direct or indirect consequence of: (a) Lender's making of the Loan, except for violations of banking laws or regulations by Lender; (b) any Loan Party's failure to perform any of its obligations as and when required by this Agreement or any of the other Loan Documents, including, without limitation, any failure, at any time, of any representation or warranty of any Loan Party to be true and correct and any failure by any Loan Party to satisfy any condition; (c) any claim or cause of action of any kind by any Person to the effect that Lender is in any way responsible or liable for any act or omission by any Loan Party, whether on account of any theory of derivative liability, breach of fiduciary duty by any Loan Party or an Affiliate, breach of contract by any Loan Party or an Affiliate or otherwise, including, without limitation, any claim or cause of action for fraud, misrepresentation, tort or willful misconduct by any Loan Party or any Affiliate or any cause of action brought by any Loan Party's direct or indirect investors; or (d) any claim or cause of action of any kind by any Person which would have the effect of denying Lender the full benefit or protection of any provision of this Agreement or the Loan Documents. Notwithstanding the foregoing, no Loan Party shall be obligated to indemnify Lender with respect to any intentional tort or act of gross negligence which Lender is personally determined by the judgment of a court of competent jurisdiction (sustained on appeal, if any) to have committed. Borrower shall pay any indebtedness arising under this indemnity to Lender immediately upon demand by Lender together with interest thereon from the date such indebtedness arises at the Default Interest Rate. The Loan Parties' duty to defend and indemnify Lender shall survive the release and cancellation of the Note, the release and reconveyance of the Security Instrument, the termination of this Agreement, the termination of any other Loan Document.

12.6 Binding Effect; Assignment. This Agreement shall be binding upon, and shall inure to the benefit of, the Loan Parties and Lender and their respective successors and assigns,

except that no Loan Party may assign its rights or delegate any of its duties under this Agreement or any of the other Loan Documents without the prior written consent of Lender, which may be granted or withheld in Lender's sole and absolute discretion. Each Loan Party recognizes that this Agreement does not provide for an ordinary loan and that Lender would not make the Loan except in reliance upon Borrower's expertise and reputation, Lender's knowledge of Borrower, and Lender's understanding that this Agreement is more in the nature of an agreement involving personal services than a standard loan where Lender would rely on security which already exists.

12.7 Joint and Several Obligations. The obligations of each of the Loan Parties under this Agreement are joint and several with, and separate, independent and distinct from, the obligations of Borrower, any other Loan Party or any other person. This Agreement may be enforced against any Guarantor without attempting to collect from Borrower, any other Guarantor or any other person, and without attempting to enforce the rights of Lender in any of the security for the Loan. Lender may join any Guarantor in any suit in connection with the Loan Documents or proceed against any one or more Guarantor in a separate action. Lender shall have the right to exercise its remedies in such order as it determines in its sole discretion.

12.8 Counterparts; Electronic Signatures. This Agreement may be executed in any number of counterparts, each of which shall be effective only upon delivery and thereafter shall be deemed an original, and all of which shall be taken to be one and the same instrument, for the same effect as if all parties hereto had signed the same signature page. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more additional signature pages. An electronic facsimile (including .pdf of an executed counterpart of this Agreement) shall constitute an original for all purposes. The electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. The parties agree that any electronically signed document (including this Agreement) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed, and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or "printouts," if introduced as evidence in any proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither Borrower nor Lender shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, "electronic signature" means a manually signed original signature that is then transmitted via the internet as a "pdf" (portable document format) or other replicating image attached to an e-mail message, and "electronically signed document" means a document transmitted via e-mail containing an electronic signature.

12.9 Amendments; Waiver in Writing . No modification, amendment, extension, discharge, termination or waiver of any provision of this Agreement, the Note or any other Loan Document, or consent to any departure by any Loan Party therefrom, shall in any event be effective unless the same shall be in a writing signed by the party against whom enforcement is sought, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. Except as otherwise expressly provided herein, no notice to or demand on any

Loan Party shall entitle any Loan Party to any other or future notice or demand in the same, similar or other circumstances.

12.10 Costs and Expenses. Borrower shall pay to Lender, upon demand the following:

(a) The attorneys' fees and other third party expenses incurred by Lender or its successors and assigns in connection with the negotiation, preparation, execution, delivery, modification and administration of this Agreement and any other Loan Document and any matter related thereto; Lender shall inform Borrower of the attorneys' fees and expenses incurred by Lender in connection with the negotiation, preparation, execution and delivery of this Agreement and the other Loan Documents on or before the Effective Date; provided that Borrower has previously paid to Lender a third party fee deposit in the amount of Eighty Five Thousand Three Hundred Dollars (\$85,300) and such deposit shall be applied toward satisfaction of such fees and expenses incurred by Lender in connection with the negotiation, preparation, execution and delivery of this Agreement and other Loan Documents on or before the Effective Date;

(b) The attorneys' fees and expenses incurred by any loan participant or its respective successors and assigns in connection with the modification and administration of this Agreement and any other Loan Document and any matter related thereto;

(c) The costs and expenses of Lender, any loan participant or their respective successors and assigns in connection with the enforcement of this Agreement and any other Loan Document and any matter related thereto, including, without limitation, the fees and expenses of any legal counsel, independent public accountants and other outside experts retained by Lender; and

(d) All costs, expenses, fees, premiums and other charges relating or arising with respect to the Loan Documents or any transactions contemplated thereby or in the compliance with any of the terms and conditions thereof, including, without limitation, recording fees, filing fees, release or reconveyance fees, title insurance premiums, external or in-house appraisal or cost engineering fees (including inspections), auditor fees and environmental consultant fees. Each Loan Party recognizes and agrees that formal written Appraisals of the Property or the other Collateral by a licensed independent appraiser may be required by Lender's internal procedures and/or federal regulatory reporting requirements on an annual and/or specialized basis and that Lender may, at its option, require inspection of the Property or the other Collateral, or any portion thereof by an independent supervising architect and/or cost engineering specialist at least every eighteen (18) months, and Borrower shall promptly pay the costs and expenses of all such Appraisals and inspections. If any of the services described in this Section are provided by an employee of Lender, Borrower shall reimburse Lender its standard charge for such services.

All sums paid or expended by Lender, any loan participant or their respective successors and assigns in accordance with this Agreement and the other Loan Documents shall be considered to be a part of the Loan. All such sums, together with all amounts to be paid by Borrower to Lender pursuant to this Agreement and the other Loan Documents, shall bear interest from the date of expenditure at the Default Interest Rate, and shall be immediately due and payable by Borrower upon demand.

12.11 Tax Service. Lender is authorized to secure, at Borrower's expense, a tax service contract which shall provide tax information on the Property to Lender for the term of the Loan.

12.12 Survival. This Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the execution and delivery of this Agreement and the execution and delivery by Borrower to Lender of the Note and the other Loan Documents, and shall continue in full force and effect so long as any portion of the Obligations is outstanding and unpaid. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party. All covenants, promises and agreements in this Agreement contained, by or on behalf of Borrower, shall inure to the benefit of the respective successors and assigns of Lender. Nothing in this Agreement or in any other Loan Document, express or implied, shall give to any Person other than the parties and the holder(s) of the Note, the Security Instrument and the other Loan Documents, and their legal representatives, successors and assigns, any benefit or any legal or equitable right, remedy or claim hereunder.

12.13 Notices. All notices and other communications required or permitted under this Agreement or any other Loan Document must be in writing and must be personally delivered; mailed by U.S. registered or certified mail, return receipt requested, postage prepaid; sent by nationally recognized private courier service; or transmitted by email (provided that a copy of such notice or other communication is also delivered by another permitted means of delivery), delivered or addressed to the appropriate party at its respective address set forth below:

If to Borrower: 217 Daly Avenue
Modesto, CA 95354
Attn: James Robert Blink
Email: [REDACTED]

with a copy to : Maynard, Cooper & Gale, P.C.
1901 Sixth Avenue North, Suite 1700
Birmingham, AL 35203
Attn: David Kinman
Email: [REDACTED]

and with a copy to: Osler, Hoskin & Harcourt LLP
1055 West Hastings Street, Suite 1700
The Guinness Tower
Vancouver, BC V6E 2E9
Attn: Martha Martindale
Email: [REDACTED]

If to Guarantor: 2489 Bellevue Avenue
West Vancouver, BC V7V 1E1
Attn: Stephanie Wesik
Email: [REDACTED]

If to Lender: Pelorus Fund REIT, LLC
124 Tustin Avenue, Suite 200
Newport Beach, CA 92663
Attn: Lee Scholtz
Email: [REDACTED]

with a copy to: K&L Gates LLP
599 Lexington Avenue
New York, NY 10022
Attn: Alan Schacter, Esq.
Email: [REDACTED]

Any party may change its address by giving written notice to the other party in accordance with this Section 12.13. If any notice or other communication is given by registered or certified mail it will be deemed effective seventy-two (72) hours after it is deposited in the U.S. mail, postage prepaid; or if given by any other permitted means, when received at the address listed above.

12.14 Further Assurances. Each Loan Party shall, at its sole cost and expense, do such further acts and execute and deliver such further documents as Lender from time to time may require for the purpose of assuring and confirming to Lender the rights hereby created, for carrying out the intention or facilitating the performance of the terms of any Loan Document, or for assuring the validity of any Lien under any Loan Document.

12.15 Governing Law. The parties hereto acknowledge and agree that the state of California has a substantial relationship to the parties and the underlying transactions embodied hereby. In all respects, including, without limitation, performance of this Agreement and the obligations arising hereunder, this Agreement shall be governed by, and construed in accordance with, the internal laws of the state of California applicable to contracts made and to be performed in such state, without regard to its principal of conflict of laws.

12.16 Severability of Provisions. Any provision in any Loan Document that is held by a court of competent jurisdiction to be inoperative, unenforceable or invalid shall be inoperative, unenforceable or invalid without affecting the remaining provisions, and to this end the provisions of all Loan Documents are declared to be severable.

12.17 Headings. Article, section and subparagraph headings in this Agreement are included for convenience of reference only and are not part of this Agreement for any other purpose.

12.18 Time of the Essence; Delay Not a Waiver. Time is of the essence of this Agreement and each and every provision hereof. Neither any failure nor any delay on the part of Lender in insisting upon strict performance of any term, condition, covenant or agreement, or exercising any right, power, remedy or privilege under any Loan Document, or any other instrument given as security therefor, shall operate as or constitute a waiver thereof, nor shall a single or partial exercise thereof preclude any other future exercise, or the exercise of any other right, power, remedy or privilege. In particular, and not by way of limitation, by accepting payment after the due date of any amount payable under any Loan Document, Lender shall not be

deemed to have waived any right either to require prompt payment when due of all other amounts due under any Loan Document, or to declare a default for failure to effect prompt payment of any such other amount.

12.19 Construction of Agreement. Both the Loan Parties, on the one hand, Borrower and Lender, on the other, have cooperated in the drafting and negotiation of this Agreement, and any ambiguities which may be contained herein shall not be construed against any such party.

12.20 Brokers. Each Loan Party hereby represents that, except for Luminous Capital Inc., it has dealt with no financial advisors, brokers, underwriters, placement agents, agents or finders in connection with the transactions contemplated by this Agreement. The Loan Parties, jointly and severally, shall indemnify, defend and hold Lender harmless from and against any and all claims, liabilities, costs and expenses of any kind (including Lender's attorneys' fees and expenses) in any way relating to or arising from a claim by any Person that such Person acted on behalf of any Loan Party or Lender in connection with the transactions contemplated herein. The provisions of this Section 12.20 shall survive the expiration and termination of this Agreement and the payment of the Loan.

12.21 Lender's Discretion. Whenever pursuant to this Agreement or any other Loan Document, Lender exercises any right, option or election given to Lender to approve or disapprove, or consent or withhold consent, or any arrangement or term is to be satisfactory to Lender or is to be in Lender's discretion, the decision of Lender to approve or disapprove, consent or withhold consent, or to decide whether arrangements or terms are satisfactory or not satisfactory or acceptable or not acceptable to Lender in Lender's discretion, shall (except as is otherwise specifically herein provided) be in the sole and absolute discretion of Lender.

12.22 Preferences. Lender shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by Borrower to any portion of the obligations of Borrower hereunder. To the extent Borrower makes a payment or payments to Lender for Borrower's benefit, which payment or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the obligations hereunder or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by Lender.

12.23 Waiver of Notice. No Loan Party shall be entitled to any notices of any nature whatsoever from Lender except with respect to matters for which this Agreement or the other Loan Documents specifically and expressly provide for the giving of notice by Lender to Borrower and except with respect to matters for which any such Loan Party is not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice (in which case only such Loan Party(ies) shall be entitled to such notice). Each Loan Party hereby expressly waives the right to receive any notice from Lender with respect to any matter for which this Agreement or the other Loan Documents does not specifically and expressly provide for the giving of notice by Lender to such Loan Party.

12.24 Offsets, Counterclaims and Defenses. Any assignee of Lender's interest in and to the Loan Documents shall take the same free and clear of all offsets, counterclaims or defenses which are unrelated to the Loan, and the Loan Documents which any Loan Party may otherwise have against any assignor, and no such unrelated counterclaim or defense shall be interposed or asserted by any Loan Party in any action or proceeding brought by any such assignee upon, the Loan Documents and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by each Loan Party.

12.25 Waiver of Marshalling of Assets Defense. To the fullest extent that each Loan Party may now or hereafter legally do so, each such Loan Party waives all rights to a marshalling of the assets of such Loan Party, and of the Collateral, or to a sale in inverse order of alienation upon foreclosure of the interests hereby created, and irrevocably agrees not to assert any right under any laws pertaining to the marshalling of assets, the sale in inverse order of alienation, homestead exemption, the administration of estates of decedents, or any other matters whatsoever to defeat, reduce or affect the right of Lender under the Loan Documents to a sale of the Property or other Collateral for the collection of the Obligations without any prior or different resort for collection, or the right of Lender or any trustee under the Security Instrument to the payment of the Obligations in preference to every other claimant whatsoever.

12.26 Submission to Jurisdiction; Waiver of Right to Trial by Jury.

(a) THE PARTIES ACKNOWLEDGE AND AGREE THAT THE STATE OF CALIFORNIA HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND TO THE UNDERLYING TRANSACTION EMBODIED HEREBY, AND IN ALL RESPECTS, INCLUDING MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS AND ANY LEGAL REQUIREMENTS OF THE UNITED STATES OF AMERICA, EXCEPT THAT AT ALL TIMES THE PROVISIONS FOR THE CREATION, PERFECTION AND ENFORCEMENT OF THE LIENS AND SECURITY INTERESTS CREATED PURSUANT HERETO AND PURSUANT TO THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY AND CONSTRUED ACCORDING TO THE LAW OF THE STATE IN WHICH THE APPLICABLE COLLATERAL IS LOCATED, IT BEING UNDERSTOOD THAT, TO THE FULLEST EXTENT PERMITTED BY THE LAW OF SUCH STATE, THE LAW OF THE STATE OF CALIFORNIA SHALL GOVERN THE CONSTRUCTION, VALIDITY AND ENFORCEABILITY OF ALL LOAN DOCUMENTS AND ALL OF THE OBLIGATIONS ARISING HEREUNDER OR THEREUNDER. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF BORROWER AND LENDER, HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS AGREEMENT AND THE NOTE, AND THIS AGREEMENT AND THE NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST ANY LOAN PARTY OR LENDER ARISING OUT OF OR RELATING TO THIS AGREEMENT OR

ANY OTHER LOAN DOCUMENT MAY BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, AND, IN EITHER INSTANCE, EACH OF THE LOAN PARTIES AND LENDER WAIVES ANY OBJECTIONS WHICH IT MAY NOW OR HEREAFTER HAVE BASED ON VENUE AND/OR FORUM NON CONVENIENS OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND EACH OF THE LOAN PARTIES AND LENDER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUIT, ACTION OR PROCEEDING. BORROWER AGREES THAT SERVICE OF ANY AND ALL PROCESS WHICH MAY BE SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING IN ANY FEDERAL OR STATE COURT IN LOS ANGELES, CALIFORNIA, MAILED OR DELIVERED TO BORROWER IN THE MANNER PROVIDED HEREIN SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON BORROWER, IN ANY SUCH SUIT, ACTION OR PROCEEDING IN THE STATE OF CALIFORNIA.

(c) TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE LOAN PARTIES AND LENDER, HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (i) ARISING UNDER THIS AGREEMENT OR THE NOTE, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION THEREOF, OR (ii) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS AGREEMENT OR THE NOTE (EACH AS NOW OR HEREAFTER MODIFIED) OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH LOAN PARTY HEREBY AGREES AND CONSENTS THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF ANY RIGHT THEY MIGHT OTHERWISE HAVE TO TRIAL BY JURY.

(d) In the event Section 12.26(c) set forth immediately above is not enforceable, the parties elect to proceed under the following California judicial reference provision:

(i) With the exception of the items specified in Section 12.26(d)(ii), below, any controversy, dispute or claim (each, a “**Claim**”) between the parties arising out of or relating to this Agreement or any other Loan Document, will be resolved by a reference proceeding in California in accordance with the provisions of Sections 638 et seq. of the California Code of Civil Procedure (“**CCP**”), or their successor sections, which shall constitute the exclusive remedy for the resolution of any Claim, including whether the Claim is subject to the reference proceeding. Except as otherwise provided in the Loan Documents, venue for the reference proceeding will be in the state or federal court in the county or district where the real property involved in the action, if any, is located or in the state or federal court in the county or district where venue is otherwise appropriate under applicable law (the “**Court**”).

(ii) The matters that shall not be subject to a reference proceeding are the following: (i) nonjudicial foreclosure of any security interests in real or personal

property, (ii) exercise of self-help remedies (including, without limitation, set-off), (iii) appointment of a receiver and (iv) temporary, provisional or ancillary remedies (including, without limitation, writs of attachment, writs of possession, temporary restraining orders or preliminary injunctions). This reference provision does not limit the right of any party to exercise or oppose any of the rights and remedies described in clauses (i) and (ii) or to seek or oppose from a court of competent jurisdiction any of the items described in clauses (iii) and (iv). The exercise of, or opposition to, any of those items does not waive the right of any party to a reference pursuant to this reference provision as provided herein.

(iii) The referee shall be a retired judge or justice selected by mutual written agreement of the parties. If the parties do not agree within ten (10) days of a written request to do so by any party, then, upon request of any party, the referee shall be selected by the presiding judge of the Court (or his or her representative). A request for appointment of a referee may be heard on an ex parte or expedited basis, and the parties agree that irreparable harm would result if ex parte relief is not granted. Pursuant to CCP § 170.6, each party shall have one peremptory challenge to the referee selected by the presiding judge of the Court (or his or her representative).

(iv) The parties agree that time is of the essence in conducting the reference proceedings. Accordingly, the referee shall be requested, subject to change in the time periods specified herein for good cause shown, to (i) set the matter for a status and trial-setting conference within fifteen (15) days after the date of selection of the referee, (ii) if practicable, try all issues of law or fact within one hundred twenty (120) days after the date of the conference and (iii) report a statement of decision within twenty (20) days after the matter has been submitted for decision.

(v) The referee will have power to expand or limit the amount and duration of discovery. The referee may set or extend discovery deadlines or cutoffs for good cause, including a party's failure to provide requested discovery for any reason whatsoever. Unless otherwise ordered based upon good cause shown, no party shall be entitled to "priority" in conducting discovery, depositions may be taken by either party upon seven (7) days written notice, and all other discovery shall be responded to within fifteen (15) days after service. All disputes relating to discovery which cannot be resolved by the parties shall be submitted to the referee whose decision shall be final and binding.

(vi) Except as expressly set forth herein, the referee shall determine the manner in which the reference proceeding is conducted including the time and place of hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except that when any party so requests, a court reporter will be used at any hearing conducted before the referee, and the referee will be provided a courtesy copy of the transcript. The party making such a request shall have the obligation to arrange for and pay the court reporter. Subject to the referee's power to award costs to the prevailing party, the parties will equally share the cost of the referee and the court reporter at trial.

(vii) The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, enter equitable orders that will be binding on the parties and rule on any motion which would be authorized in a court proceeding, including without limitation motions for summary judgment or summary adjudication. The referee shall issue a decision at the close of the reference proceeding which disposes of all claims of the parties that are the subject of the reference. Pursuant to CCP § 644, such decision shall be entered by the Court as a judgment or an order in the same manner as if the action had been tried by the Court and any such decision will be final, binding and conclusive. The parties reserve the right to appeal from the final judgment or order or from any appealable decision or order entered by the referee. The parties reserve the right to findings of fact, conclusions of laws, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

(viii) If the enabling legislation which provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by reference procedure will be resolved and determined by arbitration. The arbitration will be conducted by a retired judge or justice, in accordance with the California Arbitration Act §1280 through §1294.2 of the CCP as amended from time to time. The limitations with respect to discovery set forth above shall apply to any such arbitration proceeding.

(ix) THE PARTIES RECOGNIZE AND AGREE THAT ALL CONTROVERSIES, DISPUTES AND CLAIMS RESOLVED UNDER THIS JUDICIAL REFERENCE PROVISION WILL BE DECIDED BY A REFEREE AND NOT BY A JURY. AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS, HIS OR HER OWN CHOICE, EACH PARTY KNOWINGLY AND VOLUNTARILY, AND FOR THE MUTUAL BENEFIT OF ALL PARTIES, AGREES THAT THIS JUDICIAL REFERENCE PROVISION WILL APPLY TO ANY CONTROVERSY, DISPUTE OR CLAIM BETWEEN OR AMONG THEM ARISING OUT OF OR IN ANY WAY RELATED TO, THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS.

12.27 Additional Cannabis Terms.

(a) Federal Cannabis Law Acknowledgement. Each party to this Agreement acknowledges that, although State Cannabis Laws have legalized certain cultivation, distribution, sale and possession of cannabis and related products and other Cannabis Businesses, the nature and scope of Federal Cannabis Laws may result in circumstances where activities permitted under State Cannabis Laws may contravene Federal Cannabis Laws. It is acknowledged that, as of the Effective Date, State Cannabis Laws contravene Federal Cannabis Laws. Accordingly, for the purposes of this Agreement and the other Loan Documents, each representation, warranty, covenant and other provision in this Agreement or any other Loan Document will be subject to the following: (i) no representation, warranty, covenant or other agreement is made, or deemed to be made, with respect to compliance with, or application of, any Federal Cannabis Law to the extent

such Federal Cannabis Law relates, directly or indirectly, to the unlawful nature of Cannabis Businesses; and (ii) engagement in any activity that is permitted by State Cannabis Laws but contravenes Federal Cannabis Laws will not, in and of itself, be deemed to be non-compliance with Legal Requirements. Nothing contained in this Agreement shall require any Loan Party to violate any provision of any State Cannabis Laws.

(b) Change in Cannabis Law.

(i) Restricted Cannabis Activity. If any Change in Cannabis Law results in the business activities of any Loan Party becoming Restricted Cannabis Activities, such Change in Cannabis Law will be deemed to have had a Material Adverse Effect and the Obligations will immediately become due and payable in full.

(ii) Ongoing Compliance. This Agreement and the other Loan Documents are subject to strict requirements for ongoing regulatory compliance by the parties hereto, including, without limitation, requirements that the parties take no action in violation of either any State Cannabis Laws or the guidance or instruction of any applicable state regulatory body (together with any successor or regulator with overlapping jurisdiction, the “**Regulator**”). The parties acknowledge and understand that Federal Cannabis Laws, State Cannabis Laws and/or the requirements of the Regulator are subject to change and are evolving as the marketplace for state-compliant cannabis businesses continues to evolve. If necessary or desirable to comply with the requirements of Federal Cannabis Laws permitting or authorizing the Cannabis Business, State Cannabis Laws and/or the Regulator that do not constitute a Change in Cannabis Law, upon notice from one party to the other (the “**Compliance Notice**”), the parties hereby agree to (and to cause their respective affiliates and related parties and representatives to) use their respective commercially reasonable efforts to take all actions reasonably requested to ensure compliance with such Legal Requirements and/or the Regulator, including, without limitation, negotiating in good faith to amend, restate, amend and restate, supplement, or otherwise modify this Agreement and the other Loan Documents to reflect terms that most closely approximate the parties original intentions. To the extent a mutual agreement with respect to the foregoing is not achieved within ten (10) Business Days following receipt of the Compliance Notice, or if a Change in Cannabis Law shall otherwise occur, the Obligations shall immediately become due and payable in full.

(c) No Right of Rescission. No party hereto shall have any right of rescission or amendment arising out of or relating to any non-compliance with Federal Cannabis Laws existing on the Effective Date, and no party shall seek to enforce the provisions hereof in federal court unless and until the parties have reasonably determined that State Cannabis Laws are fully compliant with Federal Cannabis Laws.

12.28 California Provisions. The parties hereto agree that the terms of this Section 12.28 shall apply with respect to the Property:

(a) Agreements related to Takings

(i) Any implied covenant in this Agreement restricting the right of Lender to make an election to apply Net Restoration Proceeds to payment of the Obligations under Section 8.7 is waived.

(ii) Each Loan Party hereby waives the provisions of any law prohibiting Lender from making an election to apply Net Restoration Proceeds to payment of the Indebtedness under Section 8.7, including, without limitation, the provisions of the California Code of Civil Procedure commencing with Section 1265.210.

(iii) Each Loan Party hereby unconditionally and irrevocably waives to the extent permitted under applicable law, all rights of a property owner under Section 1265.225(a) of the California Code of Civil Procedure or any successor statute providing for the allocation of condemnation proceeds between a property owner and a lien holder, to the extent the same are contrary to the provisions of this Agreement.

(b) CCP Section 726.5. In the event that any portion of the Property is determined to be “environmentally impaired” (as “environmentally impaired” is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an “affected parcel” (as “affected parcel” is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting Lender’s rights and remedies under this Agreement or any trustee’s rights and remedies under the applicable Security Instrument, Lender may elect to exercise its right under California Code of Civil Procedure Section 726.5(a) to (1) waive its lien on such environmentally impaired or affected portion of the Property and (2) exercise (i) the rights and remedies of an unsecured creditor, including reduction of its claim against any Loan Party to judgment, and (ii) any other rights and remedies permitted by law. For purposes of determining Lender’s right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), the owner of the Property shall be deemed to have willfully permitted or acquiesced in a release or threatened release of hazardous materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of hazardous materials was knowingly or negligently caused or contributed to by any lessee, authorized occupant or authorized user of any portion of the Property and the owner of the Property knew or should have known of the activity by such lessee, authorized occupant or authorized user which caused or contributed to the release or threatened release. All costs and expenses, including, but not limited to, attorneys’ fees, incurred by Lender in connection with any action commenced under this Section 12.28(b), including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the Property is environmentally impaired, plus interest thereon at the rate specified in the Note until paid, shall be added to the indebtedness secured by the Security Instrument(s) and shall be due and payable to Lender upon its demand made at any time following the conclusion of such action.


(c) Additional Provision Regarding Application of Payments. Borrower agrees that, if Lender accepts a guaranty of only a portion of the obligations under the Loan Documents, Borrower waives its right under California Civil Code Section 2822(a), to designate the portion of the Obligation which will be satisfied by a guarantor’s partial payment.

[Remainder of Page Intentionally Blank; Signatures on Following Page]

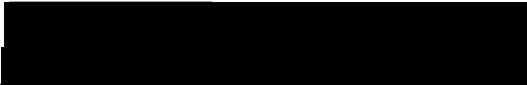
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

BORROWER:

DALVI, LLC,
a California limited liability company


By: 
Name: James Robert Blink
Title: CEO

LYFTED FARMS, INC.,
a California corporation

By: 
Name: _____
Title: CEO

GUARANTOR:

TRANSCANNA HOLDINGS INC.,
a corporation incorporated under the British
Columbia Business Corporations Act

By: 
Name: _____ K
Title: President


LIMITED GUARANTOR:


Name: James R. Blink

[Signatures Continue on Following Page]

LENDER:

PELORUS FUND REIT, LLC,
a Delaware limited liability company

By: 
Name: Dan Leimel
Title: CEO

[END OF SIGNATURES]

SCHEDULE 1(a)
LOAN DOCUMENTS

1. Loan Documents. The documents listed in this Schedule 1(a), and amendments, modifications and supplements thereto which have received the prior written consent of Lender, together with any documents executed in the future that are approved by Lender and that recite that they are “Loan Documents” for purposes of this Agreement are collectively referred to herein as the Loan Documents.
 - 1.1 This Agreement.
 - 1.2 The Note.
 - 1.3 The Security Instrument.
 - 1.4 The Completion Guaranty.
 - 1.5 The Environmental Indemnity Agreement.
 - 1.6 The Pledge Agreement.
 - 1.7 The Collateral Assignment of Contracts dated as of the Effective Date by the Loan Parties in favor of the Lender.
 - 1.8 The Assignment of Construction Documents.
 - 1.9 The Information Certificate.
 - 1.10 The Security Agreement.
 - 1.11 The Fund Control Agreement.
 - 1.12 The Control Agreements.
 - 1.13 The Affiliate Debt Subordination Agreement, dated as of the Effective Date, by and among the Lender, the subordinated noteholders party thereto, and acknowledged by the Borrower.
 - 1.14 The Broker Fee Subordination Agreement
 - 1.15 The Operating Lease.
 - 1.16 The Debenture Subordination Agreement to be entered into by and among the Lender, the subordinated creditor party thereto, and acknowledged by the Borrower.
 - 1.17 The Existing Indebtedness Agreement to be executed by the holders of the Existing Indebtedness party thereto in favor of Lender.

1.18 The Warrant.

2. Additional Documents.

- 2.1 Uniform Commercial Code – National Financing Statement – Form UCC-1 of even date herewith, by Loan Party, as debtor, in favor of Lender, as secured party, to be filed with the Secretary of State of the State of California.
- 2.2 The Opinion of Borrower’s and Guarantor’s legal counsel, Warren Law Group, dated of even date herewith.
- 2.2 The Opinion of Guarantor’s legal counsel, Osler, dated of even date herewith.

SCHEDULE 1(b)
EXCLUDED SUBSIDIARIES

1. GF Group Inc., a California corporation
2. Tres Ojos Naturals LLC, a California limited liability company
3. Transcana Management Inc., a California corporation
4. TCM Distribution Inc., a California corporation

SCHEDULE 2
DESCRIPTION OF PLANS AND SPECIFICATIONS

To be provided pursuant to Schedule 3.1(e).

SCHEDULE 2.6
CONDITIONS TO EFFECTIVE DATE

(a) Borrower Loan Documents. Each Loan Party (and any other party thereto) shall have executed, acknowledged (if appropriate) and delivered to Lender each of the Loan Documents set forth on **Schedule 1**, each in form and substance acceptable to Lender, together with each of the other Loan Documents and all other documents to be executed and/or delivered by or on behalf of Borrower, Guarantor or any other party pursuant to this Agreement or as Lender shall otherwise reasonably require.

(b) Property Documents. Lender shall have received each of the following additional documents with respect to the Property, in form and substance acceptable to Lender:

(i) *Appraisal*. An Appraisal of the Property acceptable to Lender in its sole discretion;

(ii) *Title Policy*. Title Policy, together with any endorsements, reinsurance and co-insurance agreements which Lender may require, insuring Lender in the maximum amount of the Loan, that the Security Instrument constitutes a valid first priority Lien upon the Property, subject only to such title exceptions as Lender shall approve in its sole discretion, and otherwise in such form and substance as shall be acceptable to Lender and Lender's counsel. Such Title Policy shall at all times expressly insure against all mechanics' liens;

(iii) *Property Reports*. Such environmental assessments, studies, reports and investigations on the Property, and/or the soils or groundwaters thereof, prepared by environmental consultants satisfactory to Lender and in form and substance acceptable to Lender and Lender's counsel in the sole discretion of such Persons;

(iv) *Survey*. A current ALTA survey of the Property certified in favor of Lender and otherwise in a form acceptable to Lender and Lender's counsel in the sole discretion of such Persons; and

(v) *Other Required Documents*. Such other documents with respect to the Property as are required pursuant to this Agreement or as Lender shall otherwise require.

(c) Organizational Documents. Lender shall have received such corporate, partnership and limited liability company documents with respect to Borrower and its constituent entities and Guarantor as Lender shall require, including evidence of authorization and incumbency of all Persons executing the Loan Documents on behalf of Borrower and Guarantor, as applicable;

(d) Performance. Borrower shall have performed, in all material respects, all agreements and covenants to be performed by Borrower under this Agreement or the other Loan Documents on or before the Effective Date;

(e) Material Adverse Effect. No change shall have occurred which could have a Material Adverse Effect, as determined by Lender in its sole discretion;

(f) Litigation, Other Proceedings. There shall not have been instituted or threatened any litigation or proceeding in any court or by or before any Governmental Authority affecting or threatening to affect Borrower, any Member, any Guarantor, the Property, or any other Collateral, as determined by Lender in its sole discretion, which has a Material Adverse Effect upon the value of the Property or any other Collateral or Lender's right or ability to receive payment in full of all amounts payable by Borrower to Lender under this Agreement or the other Loan Documents;

(g) Perfection of Liens. The Security Instrument, the Financing Statements and any other recordable Loan Documents shall have been recorded or filed, as applicable, and Lender shall have a valid, perfected first priority Lien on Borrower's interest in the Property and on all of the Collateral subject to the Loan Documents;

(h) No Event of Default. On the Effective Date, no Event of Default or Default shall exist (including, without limitation, no Lien shall exist against the Property (or any portion thereof) in violation of Section 4.1);

(i) Consents and Approvals. Any Government Approvals and any other licenses, permits, consents and approvals of Governmental Authorities, and all corporate, partnership and limited liability company action necessary to enable the Loan Parties to enter into the financing transactions contemplated by this Agreement shall have been obtained and/or taken by such Loan Party (including, without limitation, any required consents of any Members);

(j) Government Approvals. Lender shall have received confirmation of the Regulatory Licenses.

(k) Insurance. Lender shall have received evidence that Borrower has obtained all insurance policies and associated coverage amounts required under Article VIII, in each case satisfactory to Lender and issued by insurance companies acceptable to Lender, shall have been delivered to Lender, together with such certificates of insurance and binders as Lender shall require;

(l) Representations and Warranties. All representations and warranties of Borrower contained in this Agreement or the other Loan Documents shall be true and correct;

(m) Opinions of Counsel. Lender shall have received opinions of counsel for Borrower dated as of the Effective Date as to such matters as Lender shall require, in form and substance satisfactory to Lender and Lender's counsel;

(n) Due Diligence. Lender shall have completed its review of the Property and the other Collateral, including, without limitation, any contracts and agreements relating to the Property, and Lender shall have completed such other real estate and legal due diligence investigations as Lender deems necessary, and such review and investigations shall provide Lender with resulting information which, in Lender's sole discretion, is satisfactory to permit Lender to enter into this Agreement and to make the Loan;

(o) Budgets. Lender shall have reviewed and approved any and all improvement and operating budgets for the Loan Parties (including, without limitation, with respect to the Property and the budgets for the Construction Work), and Borrower's proposed sources and uses of funds for the Loan proceeds and the Initial Borrower Equity;

(p) Financial Statements. Lender shall have received such financial statements and other financial information on Borrower, Guarantor and Members as Lender shall require, and such financial statements and other financial information shall be in form and substance acceptable to Lender;

(q) Initial Borrower Equity. Borrower shall have caused the Initial Borrower Equity to be deposited into the Closing Reserve Account.

(r) Existing Indebtedness Payoff Letters. Borrower shall have caused the holders of the Existing Indebtedness to execute and deliver payoff letters in form and substance acceptable to Lender.

(s) Affiliate Fees. Borrower shall have disclosed to Lender, and Lender shall have approved, all Affiliate Fees which have been or will be reimbursed or paid to or paid on behalf of Borrower, any Guarantor or any Affiliate thereof in connection with the acquisition or financing of the Property, including, without limitation, amounts paid by Seller or any affiliate of Seller. All Affiliate Fees shall be deducted from the calculation of the capitalization costs of the financing transaction contemplated by this Agreement for determining the maximum principal amount of the Loan and the required Initial Borrower Equity contribution. Without limitation on the foregoing, all Affiliate Fees shall be subordinate to the Loan and shall be terminable by Lender upon the occurrence of an Event of Default;

(t) Information Certificate. The Loan Parties shall have disclosed to Lender, and Lender shall have approved, all information required to be disclosed on the Information Certificate; and

(u) Loan-to-Value Ratio. The Loan-to-Value Ratio after giving pro forma effect to the Loan on the Effective Date, shall not exceed 75%.

(v) Construction Related Documents.

(i) *Construction Documents*. Lender shall have reviewed and approved the Construction Documents together with (x) a schedule showing (A) all subcontracts awarded as of the date of the Post-Effective Date, including names, types of work, subcontract amounts and percentage retainage provided in said subcontracts, (B) the amount of general conditions and an estimate of value for each subcontract not awarded as of such date, and (C) a total overall schedule of values, (y) copies of such financial statements of the Contractors as Lender may require, including balance sheets and profit and loss statements, and (z) a copy of the standard form of subcontract to be used by the General Contractor, which form shall not prohibit an assignment of the subcontract to Lender or require the subcontractor's consent thereto and shall be used for all subcontracts;

(ii) [Reserved].

(iii) *Plan and Cost Review.* Lender shall have reviewed and approved its construction consultant's report. Lender shall have received evidence of General Contractor's buyout of subcontracts representing fifty percent (50%) of the cost to construct the Construction Work set forth in the Approved Construction Budget;

(iv) *Third-Party Certificates.* Lender shall have received: (A) certificates of Borrower's General Contractor (such certificates to be limited to the portion of the Construction Work for which the General Contractor was responsible) in favor of Lender in form satisfactory to Lender, and (B) a certificate of the General Contractor in favor of Lender certifying that the Construction Schedule and the Approved Construction Budget are realistic and can be adhered to in completing the Improvements in accordance with the Plans and Specifications;

(v) *Major Contracts.* Lender shall have received a schedule of the identity of the Major Contractors representing at least fifty percent (50%) of the cost of the completion of the Construction Work and copies of the executed Major Contracts (and all modifications thereto with respect thereto), together with a certificate of an authorized officer of Borrower certifying that (A) copies of the Major Contracts attached to such certificate are in full force and effect without any default by any party thereto, and (B) copies of the Major Contracts attached to such certificate are true, correct and complete in all respects;

(vi) *Lien Waivers.* Lender shall have received sworn partial waivers of liens covering all work and materials performed or supplied prior to the Post-Effective Date from (A) Contractors, and (B) materialmen, suppliers and other vendors, together with copies of checks and bank transfers;

(vii) *Government Approvals.* Lender shall have received copies of all permits, certificates, licenses and approvals required under all applicable Legal Requirements for the Construction Work together with a written statement from Borrower to Lender detailing any special requirements of the any Governmental Authority with respect to the Construction Work, known or contemplated by Borrower, which have been or will be imposed by such Governmental Authority as a condition to the approval of the Construction Work, together with an explanation of the manner in which Borrower intends to comply with such requirements; and

(viii) *Additional Construction Documents.* Lender shall have received such additional documents and information relating to the design and construction of the Property as required by Lender and consistent with the requirements set forth in this schedule and customarily required by construction lenders for projects similar to the Property.

(w) Debenture Subordination Agreement. Lender shall have received an executed copy a Debenture Subordination Agreement, by and among the Lender, the subordinated creditor party thereto, and acknowledged by the Borrower, executed in respect of the Debenture, in form and substance acceptable to Lender.

(x) Other Documents. Lender shall have received and approved such other documents, materials or information as Lender or its counsel shall require.

SCHEDULE 3.1(c)

ADDITIONAL CONDITIONS TO DISBURSEMENT FROM THE CONSTRUCTION RESERVE ACCOUNT

In addition to the conditions set forth in Section 3.2, each of the following must be satisfied (or waived by Lender in its sole discretion) as a condition to Lender's obligation to make any disbursement from the Construction Reserve Account.

(a) Borrower Certification. Lender shall have received a true and accurate certification from Borrower stating as follows:

(i) That the Construction Work to be funded by the requested disbursement, to the extent the same have been completed, have been completed in a good and workmanlike manner and in accordance with all applicable Legal Requirements and the Plans and Specifications,

(ii) Identifying each Person engaged to supply materials or labor in connection with the Construction Work to be funded by the requested disbursement, which identification may be provided by submission of contractors' invoices so long as such invoice identifies all Persons entitled to payment by or on behalf of Borrower for such materials and/or labor;

(iii) That each such Person has been paid in full or will be paid in full for the improvements, materials or services, to be funded by the requested disbursement upon or promptly after such disbursement; and

(iv) That the costs incurred are consistent with the Approved Construction Budget.

(b) Plans and Specifications. Lender shall have received and approved updated Plans and Specifications that are composed of construction drawings that are at least 90% complete.

(c) Execution of Contracts. Borrower shall deliver evidence satisfactory to Lender that (A) within one (1) month of the date hereof, forty percent (40%) of Construction Contracts for the Construction Work have been executed on terms satisfactory to Lender and its construction consultant and based on construction drawings for the Construction Work that are 90% complete, and (B) within two (2) months of the date hereof, Construction Contracts for the following major trades have been executed on terms satisfactory to Lender and its construction consultant: (i) irrigation, HVAC, and electrical.

(d) Contracts. As to any disbursement requesting funds to pay a third party, (i) Borrower or Construction Manager, as applicable, shall have entered into a Construction Contract governing such payment and its construction consultant, and such Construction Contract shall have been assigned to the Lender, (ii) if such Construction Contract is a Major Contract or a Material Construction Agreement, Lender shall have approved such Major Contract or Material

Construction Agreement and (iii) if such Construction Contract is not a Major Contract or a Material Construction Agreement, Lender shall have, if required by Lender, received a copy of such Construction Contract and shall have confirmed that it in reasonable, arms-length form. If any payment is to be made to a Design Professional, then Lender shall have received a copy of the contract with the Design Professional and shall have received, if required by Lender, a consent and attornment agreement in form and substance acceptable to Lender.

(e) Bonding/Subguard. Lender shall have confirmed that a subguard policy is in place in form and substance acceptable to Lender/Lender shall have confirmed that the following contractors are bonded in a manner acceptable to Lender: Lender shall have confirmed that the Construction Manager has secured a payment and performance bond in form and substance acceptable to Lender from bonding companies satisfactory to Lender, each containing a dual obligee rider naming Lender as an obligee.

(f) Title Policy Endorsements.

(i) The Lien of the Security Instrument shall continue to be insured by the Title Policy as a senior priority Lien against the Property; and

(ii) Lender shall have received such endorsements to the Title Policy as Lender may require, each in form and substance acceptable to Lender, (1) insuring the Security Instrument and each and every disbursement of Loan proceeds made on and/or prior to the date of such endorsement as a first priority lien subject only to the Permitted Encumbrances, (2) insuring Lender against all mechanic's liens, material suppliers' liens, and/or stop notice claims; (3) increase the coverage under the Title Policy to the full principal amount then-advanced under the Loan; (4) insure that, since the date of the Title Policy or the most recent endorsement thereto, there has been no change in the status of title to the Property; and (5) change the effective date of the Title Policy to the date of the disbursement being made by Lender (or such other recent date as may be approved by Lender).

(g) Invoices. In connection with any Construction Work, Lender shall have received an application for payment from the Construction Manager in the form of AIA G702 (with G703 attached) (or substantial equivalent) in detail reasonably acceptable to Lender, together with copies of bills and invoices for the total amount expended, incurred or due for any requested disbursement items. In addition, as to any disbursement to fund payment to a Major Contractor, Lender may require an AIA G702 and G703 (or substantial equivalent) from such Major Contractor. Advances for Hard Costs shall be limited to the amount actually payable to the Contractor under the Construction Contract (including, without limitation, the provisions therein for the withholding and payment of retainage). Advances for Soft Costs shall be limited to amounts then due under the applicable contract or otherwise then due and payable, on the basis of invoices, statements or other evidence thereof acceptable to Lender.

(h) Lien Waivers. Lender shall have received lien waivers from each Person to be paid with the requested disbursement, as applicable, which lien waivers may be conditioned only on payment from the requested disbursement.

(i) Photographs. Lender shall have received photographs of all completed work items;

(j) Inspection. Lender shall have received a report from its construction consultant verifying the progress of the construction and conformance of the Construction Work with Plans and Specifications, in form and substance reasonably acceptable to Lender. If required by Lender, Borrower shall have furnished to Lender evidence that all required inspections by governmental authorities have been satisfactorily completed.

(k) Force Majeure. No Force Majeure Event shall be continuing.

(l) Budget Reconciliation. Lender shall have received a statement detailing the costs incurred in connection with the subject work and materials through the date of the disbursement request compared to the Approved Construction Budget. Lender shall not be obligated to disburse more than the amount shown in the Approved Construction Budget (as amended from time to time as set forth herein) for any item of project costs. Lender and Borrower may agree that, as to hard costs, a sufficiently detailed AIA G703 (or substantial equivalent) will satisfy this requirement.

(m) Offsite Materials. If any request for disbursement includes the cost of materials stored at a location other than the Property (“**Offsite Materials**”), then such request for disbursement shall include each of the following: (i) evidence that the Offsite Materials have been purchased by Borrower, are segregated from other materials in the facility (or placed in a bonded warehouse or other secured facility), are safely and suitably stored, and have been appropriately marked to indicate Borrower’s ownership thereof and Lender’s security interest therein; (ii) evidence that the Offsite Materials are insured as required by Lender including without limitation for the full value thereof against theft, destruction or other casualty, and Lender as loss payee and additional insured as evidenced by endorsements to such policies satisfactory to Lender; (iii) to the extent required by Lender, the construction consultant shall have verified that the Offsite Materials comply with the Plans and Specifications and are of suitable quality for ultimate incorporation into the Improvements and are free from any apparent defect, and (iv) at Lender’s request, a security agreement, financing statement and/or subordination agreement in form and substance satisfactory to Lender executed by the supplier of the Offsite Materials, and/or such other persons as Lender determines may have an interest in or claim to the Offsite Materials, together with such other additional documentation and evidence as Lender may reasonably require to assure itself that it has a perfected first priority lien on the Offsite Materials.

(n) Onsite Materials. If any request for disbursement includes the cost of materials stored on the Property (“**Onsite Materials**”), then such request for disbursement shall include each of the following: (i) evidence that the Onsite Materials have been purchased by Borrower are safely and suitably stored; (ii) evidence that the Onsite Materials are insured as required by Lender, including without limitation for the full value thereof against theft, destruction or other casualty, and Lender as loss payee and additional insured as evidenced by endorsements to such policies satisfactory to Lender; (iii) to the extent required by Lender, the construction consultant shall have verified that Onsite Materials comply with the Plans and Specifications and are of suitable quality for ultimate incorporation into the Improvements and are free from any

apparent defect; and (iv) evidence that the Onsite Materials are stored in an area on the Property for which adequate security is provided against theft and vandalism.

(o) Deposits. With respect to any disbursement to be made for an advance deposit for materials, machinery and/or fixtures, (i) the deposit must not represent more than 20% of the total contract cost of the subject materials, machinery and/or fixtures, (ii) the deposit is paid to a Person who is based in the United States, (iii) [reserved] and (iv) Borrower shall have delivered to Lender a copy of the applicable contract pursuant to which such deposit is to be delivered, and Lender shall have otherwise approved such deposit; and

(p) Permits. To the extent not previously delivered to Lender, copies of all permits, certificates, licenses and approvals required under applicable Legal Requirements for the construction of the Improvements as of the date of the requested advance.

(q) Executed Lease. Lender shall have received a copy of the executed lease agreement between Propco and Opco in form and substance reasonably acceptable to Lender.

(r) Other Information. Lender shall have received any other document, material or information as Lender shall reasonably request.

(s) Final Advance For Construction Costs. Lender's obligation to disburse any final advance for any Construction Work on the Property shall be subject to receipt by Lender of the following in addition to the foregoing items:

(i) Evidence satisfactory to Lender that final completion of the Construction Work has been achieved (including completion of any punch-list items).

(ii) Lender shall have received a certificate of Completion from the Architect and the Construction Manager in the form of AIA G704 (or substantial equivalent) indicating no remaining punch list items.

(iii) A Certificate of Occupancy with respect to the Property issued by the relevant Governmental Authority applicable to the Property.

(iv) To the extent in Borrower's, or Construction Manager's possession, copies of all operating manuals, warranties and other material documentation relating to the Property, the Improvements and any fixtures, furniture and equipment used in accordance therewith.

(v) Final unconditional lien waivers from all Contractors who supplied materials or worked on the Construction Work and evidence that all claims of lien that may have been recorded or notice thereof served on Lender have either been paid in full and released, or Borrower has posted or caused to be posted an appropriate surety bond or other assurances (including, without limitation, title insurance) to discharge or insure over the same.

(vi) If requested by Lender, an ALTA as-built survey or other satisfactory evidence (which includes an appropriate professional seal) showing that (A)

the Improvements have been built in accordance with the Plans and Specifications and do not encroach on any easement or public or private right of way, (B) the Improvements have been constructed within the boundaries of the Property, and (C) the Improvements have been constructed within the setback lines as required by applicable zoning ordinances and do not encroach upon any other lot or property.

(vii) If requested by Lender, “as-built” Plans and Specifications of the Improvements, showing the final specifications of all Improvements.

(viii) Satisfactory evidence of continuing insurance coverage in accordance with this Agreement.

(ix) If requested by Lender, executed AIA Form G704 (Certificate of Substantial Completion), executed AIA Form G706 (Contractor’s Affidavit of Payments of Debts and claims, AIA Form G706A (contractor’s Affidavit of Release of liens), AIA Form G707 (Consent of Surety of Final payment).

(x) If requested by Lender, a notice of completion duly recorded in the official records of the county where the Property is located.

SCHEDULE 3.1(e)
ADDITIONAL CONDITIONS TO ALL OTHER DISBURSEMENTS

In addition to the conditions set forth in Section 3.2, each of the following must be satisfied (or waived by Lender in its sole discretion) as a condition to Lender's obligation to make any disbursement from the Construction Reserve Account, Delinquent Payroll Payment Plan Reserve Account, the Closing Reserve Account, and the Accounts Payable Reserve Account.

(a) Perfection of Liens. Lender shall have received updated Lien search results with a through date that includes the Effective Date showing no Liens on record prior to the Effective Date other than those filings specified on Schedule P-1;

(b) Loan Fees. Lender shall have received any remaining unpaid portion of the Loan Origination Fee and any other fees or other amounts then due to Lender under this Agreement and the other Loan Documents, and all expenses of Lender incurred as of such date (including, without limitation, all attorneys' and appraisers' fees, environmental review costs, cost engineering expenses, title insurance premiums and endorsement charges), shall have been paid by Borrower

(c) Payoff of Existing Indebtedness. All Existing Indebtedness shall have been repaid or shall be repaid using such disbursement in the amount necessary to complete the Payoff of Existing Indebtedness

(d) Payment of all Real Estate Taxes. All real estate taxes that are due or past due shall have been paid or shall be paid using such disbursement.

(e) Affiliate Debt Subordination Agreement. The Borrower shall have delivered to Lender the missing signatures of noteholders intended to be subject to the Affiliate Debt Subordination Agreement, dated as of the Effective Date, by and among the Agent, the subordinated noteholders party thereto, and the Borrower.

(f) Certificated Shares and Stock Powers. The Borrower shall have delivered to Lender (or its designee) original stock certificates and stock powers in respect of the Equity Interests of Lyfted Farms, Inc. in form and substance acceptable to Lender.

(g) Payoff Letters. The Lender shall have received executed payoff letters in respect of the Existing Indebtedness setting forth the payoff amount of such Existing Indebtedness as of the date such Existing Indebtedness will be repaid using distributions from the Closing Reserve Account, which payoff letters shall be in form and substance reasonably acceptable to the Lender.

(h) Additional Legal Opinions. The Lender shall have received legal opinions as to margin regulations and the Investment Company Act of 1940 in form and substance acceptable to Lender.

(i) Plans and Specifications. The Lender shall have reviewed and approved the Plans and Specifications, together with any required Government Approvals related thereto (to the

extent any tenant has any rights of consent or approval with respect to any Plans and Specifications, Borrower shall obtain all such consents and approvals prior to submitting such Plans and Specifications to Lender and shall deliver to Lender, together with the Plans and Specifications, a certification that all such consents and approvals have been obtained).

(j) Guarantor Shareholder Voting Agreement. The Lender shall have received a shareholder voting agreement by and among the holder of the Warrants, Broker, Limited Guarantor, Stephanie Wesik, and Arnie Johansson in form and substance acceptable to Lender.

(k) General Contractor's Consent. General Contractor shall have executed and delivered the consent required pursuant to the terms of the Assignment of Construction Documents, in form and substance reasonably acceptable to Lender.

SCHEDULE 4.1

ORGANIZATION IDENTIFICATION NUMBERS OF THE LOAN PARTIES

Each Loan Party's federal employer identification number (i.e., FEIN) or local equivalent is:

Loan Party	FEIN
Dalvi, LLC	83-3802078
Lyfted Farms, Inc.	81-3883061
Transcanna Holdings Inc.	No FEIN; BN 787411719

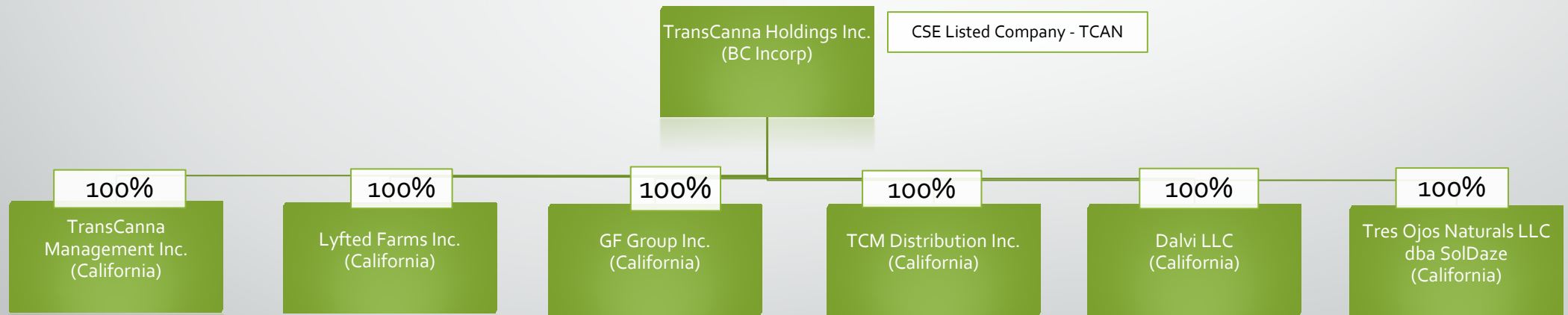
Each Loan Party's organizational identification number (assigned by the secretary of state of such Person) or local equivalent is:

Loan Party	Organizational Identification Number
Dalvi, LLC	201905910323
Lyfted Farms, Inc.	C3942754
Transcanna Holdings Inc.	BC1139107

SCHEDULE 4.3
BORROWER ORGANIZATIONAL CHART

[See Attached]

TransCanna Corporate Org Chart



SCHEDULE 4.9
OUTSTANDING TAXES
[See attached]

	Est. Outstanding Tax Liabilities
IRS Payroll Taxes (2020-Q1 2022)	665,626
State Payroll Taxes (2020-Q1 2022)	193,945
Estimated Unpaid IRS and CA State Taxes Q2 2022	100,000
CDTFA Estimated Remaining Payments	170,000
	\$ 1,129,571

SCHEDULE 4.15

LEASES

- 1) That certain Lease dated as of January 1, 2022 between Propco, as lessor, and Opco, as lessee, as the same may be amended, restated, replaced, supplemented or otherwise modified in accordance herewith (the “**Operating Lease**”).

SCHEDULE 4.23

REGULATORY LICENSES

Opco Licenses:

217 Daly ave.

- C11-0001234LIC Distribution
- CCL20-0002139-LIC Indoor Cultivation
- Stanislaus County Development Agreement
- Stanislaus County Use Permit No. PLN2019-0086

5271 Jerusalem ct. Suites 3,4,5,6,7

- C1118-0000289-LIC Indoor Cultivation
- Stanislaus County Development Agreement
- Stanislaus County Use Permit No. PLN2019-0094

5266 Jerusalem ct. Suite 5

- CCL180000624-LIC Distribution
- Stanislaus County Development Agreement
- Stanislaus County Use Permit No. PLN2019-0095

5266 Jerusalem ct. Suite 4 & 6

- CCL18-0000294-LIC Nursery
- Stanislaus County Development Agreement
- Stanislaus County Use Permit No. PLN2019-0095

SCHEDULE 4.28
COST BASIS OF PROPERTY

[See Attached]

Total Cost Basis

Purchase Price	\$	15,000,000
Spent to Date	\$	2,000,000
To be Spent	\$	3,876,928
Total Project Cost	\$	20,876,928

SCHEDULE 6.24

ACCOUNTS

Loan Party	Financial Institution(s) where Accounts Maintained	Account Numbers	Descriptions of Accounts
Dalvi, LLC	[REDACTED]	[REDACTED]	[REDACTED]
Lyfted Farms, Inc.	[REDACTED]	[REDACTED]	[REDACTED]
Transcanna Holdings Inc.	[REDACTED]	[REDACTED]	[REDACTED]

SCHEDULE 6.25

POST-EFFECTIVE DATE OBLIGATIONS

- 1) The Borrower shall cause the \$80,000 payment required under the Borrower's payment plan with the State of California to be paid no later than the due date agreed to in writing by the Lender (as such date may be extended by the Lender in its sole discretion) and shall deliver Lender evidence reasonable satisfactory to Lender of such payment having been made.
- 2) Within 5 days of the Effective Date (or such later date as may be agreed in writing by Lender in its sole discretion) the Borrower shall cause Wild Horse to execute and deliver that certain Existing Indebtedness Agreement in favor of Lender.
- 3) The Loan Parties shall within 30 days of the Effective Date (or such later date as may be agreed in writing by Lender in its sole discretion) provide Lender with insurance endorsements (i) listing Lender as additional insured and lender loss payee (as its interests may appear), and (ii) providing for waiver of subrogation, thirty (30) days' notice of cancellation, and primary and non-contributory endorsements, in each case in form and substance satisfactory to Lender.
- 4) Guarantor shall within 30 days of the Effective Date (or such later date as may be agreed in writing by Lender in its sole discretion) deliver to the Lender fully executed Control Agreements for each of the Guarantor's deposit accounts in form and substance reasonably acceptable to Lender.
- 5) The Loan Parties shall within 30 days of the Effective Date (or such later date as may be agreed in writing by Lender in its sole discretion) deliver to Lender a landlord waiver in respect of each of the leased properties of the Loan Parties, which shall be in form and substance reasonably acceptable to the Lender.
- 6) The Borrower shall within 30 days of Effective Date (or such later date as may be agreed in writing by Lender in its sole discretion) deliver to Lender the following licenses and permits:
 - a) Stanislaus County Commercial Cannabis Activity Permits for addresses 217 Daly Avenue, Modesto, CA 95354, 5266 Jerusalem Court, Modesto, CA 95356, and 5271 Jerusalem Court Modesto, CA 95356.
 - b) Stanislaus County Permit Amendment for 5271 Jerusalem Court Modesto, CA 95356.
 - c) Building Permits for Interior Improvements for 5271 Jerusalem Court Modesto, CA 95356 and 5266 Jerusalem Court, Modesto, CA 95356.
- 7) The Borrower shall within 3 days of the Effective Date (or such later date as may be agreed in writing by Lender in its sole discretion) provide Lender with a copy of the financing agreement for the builders risk insurance premiums, which shall be in form and substance acceptable to Lender.

SCHEDULE 7.1
COMPLETION DATES

[See Attached]

SCHEDULE 8.12

SPECIFIED INSURANCE CLAIMS

Insurer: Golden Bear
DOL: 4/20/22
Claim # 22-0339

SCHEDULE P-1

PERMITTED EXISTING UCC-1 FILINGS

- 1) That certain Notice of State tax lien U220184654028 filed on April 1, 2022 by the State of California Department of Tax and Fee Administration against Lyfted Farms, Inc.

SCHEDULE P-2

EXISTING INDEBTEDNESS

- 1) That certain promissory note dated February 23, 2021 executed by Dalvi, LLC in favor of Wild Horse Properties, LP in an original principal amount of \$2,000,000.
- 2) That certain promissory note dated March 21, 2019 executed by Dalvi, LLC in favor of Cool Swang, LLC in the original principal amount of \$6,750,000.

EXHIBIT A

FORM OF DISBURSEMENT REQUEST

PELORUS FUND REIT, LLC

124 Tustin Avenue, Suite 200

Newport Beach, CA 92663

Attn: Lee Scholtz

Email: [REDACTED]

Re: _____ (“**Borrower**”)
Loan # _____ (“**Loan**”)

Ladies and Gentlemen:

Pursuant to the terms of that certain Loan Agreement dated as of July 29, 2022 (the “**Loan Agreement**”), and the representations, warranties and covenants set forth therein and herein, Borrower hereby submits a disbursement request for the amount of \$[_____]. Initially capitalized terms used but not defined herein shall have the same meanings as in the Loan Agreement

This disbursement request (this “**Request**”) shall be deemed to be a representation by Borrower and the person/entity signing this Request in its capacity as authorized representative of Borrower (in the case of the person/entity signing this Request, to person’s/entity’s knowledge) that: (a) no Event of Default or Default has occurred or will exist upon the making of the disbursement requested herein; (b) the representations and warranties contained in the Loan Agreement and in the other Loan Documents are, as of the date hereof, true, correct and complete in all material respects; (c) all information set forth in this Request and on any exhibit attached hereto is true, correct and complete in all material respects; and (d) all conditions precedent to the disbursement to be made in connection with this Request as required under the Loan Agreement and the other Loan Documents have been satisfied.

The following is an itemized statement of the costs incurred or due for which disbursement is requested, together with a reconciliation of costs incurred relative to each applicable Approved Budget.

ITEM	TOTAL AMOUNT INCURRED LESS PRIOR DISBURSEMENTS
1)	
2)	
TOTAL DISBURSEMENT REQUEST	

This Request is submitted as of _____, 20__.

[BORROWER], a [_____]

By: _____

Name: _____

Title: _____

EXHIBIT B-1

INITIAL APPROVED ANNUAL BUDGET

[SEE ATTACHED]

	2022					2023											SUSD																	
	Oct Aug	Nov Sep	Dec Oct	Jan Nov	Feb Dec	Jan Jan	Feb Feb	Mar Mar	Apr Apr	May May	Jun Jun	Jul Jul	Aug Aug	Sep Sep	Oct Oct	Nov Nov	2023 TOTALS																	
REVENUES																																		
Product/branded Flower Sales	25,000	50,000	50,000	50,000	127,257	254,513	381,770	381,770	509,026	509,026	509,026	636,283	636,283	636,283	636,283	636,283	\$ 5,853,303																	
TOTAL REVENUES	347,539	138,184	768,139	819,010	1,159,906	727,589	1,142,813	2,225,090	1,198,892	1,608,063	2,677,195	963,323	3,003,548	795,482	1,510,244	2,353,862	18,766,006																	
Direct Cost of Good Sold	(71,291)	(2,393)	(138,762)	(157,935)	(210,758)	(131,110)	(217,441)	(406,511)	(217,933)	(392,678)	(489,596)	(174,632)	(559,395)	(143,787)	(275,141)	(440,000)	(3,459,739)																	
TOTAL GROSS MARGIN	u	\$	115,191	\$	629,377	\$	661,075	\$	949,147	\$	596,279	\$	925,371	\$	1,818,579	\$	880,969	\$	815,385	\$	2,187,599	\$	788,691	\$	2,444,153	\$	651,695	\$	1,235,103	\$	1,913,862	\$	15,306,263	
Total Gross Margin %																		82%																
OPERATING EXPENSES																																		
Advertising and promotion	1,500	1,500	5,000	5,000	10,000	25,451	38,177	38,177	50,903	50,903	50,903	63,628	63,628	63,628	63,628	\$ 582,555																		
Amortization - intangible assets	16,789	16,789	16,789	16,789	16,789	16,789	16,789	16,789	16,789	16,789	16,789	16,789	16,789	16,789	16,789	16,789	\$ 201,468																	
Amortization - Lease asset	13,062	13,062	13,062	13,062	13,062	13,062	13,062	13,062	13,062	13,062	13,062	13,062	13,062	13,062	13,062	13,062	\$ 156,743																	
Amortization - Property, plant and equipment	103,284	110,105	117,830	122,056	122,056	122,056	122,056	122,056	122,056	122,056	122,056	122,056	122,056	122,056	122,056	122,056	\$ 1,464,672																	
Consulting	20,014	20,014	14,514	14,514	14,514	10,314	10,314	10,314	10,314	10,314	10,314	10,314	10,314	10,314	10,314	10,314	\$ 127,868																	
Excise tax	1,500	1,500	37,317	1,500	64,685	58,123	1,500	36,910	169,534	6,185	1,500	93,643	1,500	1,000	84,911	1,500	\$ 521,491																	
Insurance	3,340	3,340	3,340	3,340	3,340	3,340	3,340	3,340	9,423	9,423	9,423	9,423	9,423	9,423	9,423	9,423	\$ 88,747																	
Investor relations	4,391	4,391	4,391	4,391	4,391	4,391	4,391	4,391	4,391	4,391	4,391	4,391	4,391	4,391	4,391	4,391	\$ 52,802																	
Legal fees	11,820	5,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	\$ 12,000																	
Management fees	3,991	3,991	3,991	3,991	3,991	3,991	3,991	3,991	3,991	3,991	3,991	3,991	3,991	3,991	3,991	3,991	\$ 47,802																	
Meals and entertainment	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	\$ 12,000																	
Office and miscellaneous	13,167	15,301	15,301	15,301	13,167	13,167	13,167	13,167	13,167	13,167	13,167	13,167	13,167	13,167	15,301	13,167	\$ 164,408																	
Professional fees	5,000	5,000	5,000	42,500	42,500	42,500	42,500	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	\$ 210,000																	
Regulatory and transfer fees	1,200	1,200	1,440	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,440	1,200	\$ 19,440																	
Rent and utilities	103,526	103,526	111,526	135,526	135,526	319,952	319,952	319,952	319,952	319,952	319,952	319,952	319,952	319,952	319,952	319,952	\$ 3,602,208																	
Repairs and maintenance	49,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	\$ 120,000																	
Salaries and benefits	236,140	236,890	236,890	244,873	279,290	289,002	320,564	328,547	339,992	346,092	352,192	363,637	363,637	363,637	363,637	363,637	\$ 4,073,862																	
Share-based compensation	1,000	1,000	1,000	1,000	1,000	33,417	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	\$ 48,269																	
Travel	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	\$ 12,000																	
TOTAL OPERATING EXPENSES (2)	\$	585,724	\$	553,608	\$	999,991	\$	637,043	\$	737,610	\$	869,295	\$	924,604	\$	929,897	\$	1,092,275	\$	935,526	\$	936,941	\$	1,072,906	\$	963,244	\$	963,244	\$	1,020,448	\$	972,264	\$	11,518,615

EXHIBIT B-2

INITIAL APPROVED CONSTRUCTION BUDGET

[SEE ATTACHED]

Item	Cost	Contractor/Company	Manager
CSM Refrigeration for rooms 6-9	\$472,850.00	Cold Storage Contractor	Cold Storage Contractor
CSM Demo Package	\$13,900.00	Cold Storage Contractor	Cold Storage Contractor
CSM C02 construction for rooms 6-9	\$57,600.00	Cold Storage Contractor	Cold Storage Contractor
CSM Veg Room Refrigeration	\$59,800.00	Cold Storage Contractor	Cold Storage Contractor
CSM Electrical for Veg Room	\$66,000.00	Cold Storage Contractor	Cold Storage Contractor
CSM General Other	\$42,800.00	Cold Storage Contractor	Cold Storage Contractor
CSM Dehumidifiers in final 4 rooms 6-9. (26 in total)	\$366,990.00	Cold Storage Contractor - Ordered through Hawthorne	Cold Storage Contractor
CSM Power upgrades and electrical for rooms 6-9	\$587,800.00	Cold Storage Contractor	Cold Storage Contractor
CSM 3 Processing rooms, storage, sprinklers, etc	\$763,298.00	Cold Storage Contractor	Cold Storage Contractor
CSM Install Line panels in grow rooms	\$104,924.00	Cold Storage Contractor	Cold Storage Contractor
Equipment for rooms 6-9 and Veg room	\$161,525.00	Brett quote from Growers Choice	Lyfted Facilities Team
New Line - Rooms 203, 204, 202 and other ancillary Sealing/Water proofing	\$119,925.00	A Step Above Painting, Inc	Lyfted Facilities Team
New Line - Epoxy floor work rooms 104, 103, Nursery, Processing	\$96,820.00	A Step Above Painting, Inc	Lyfted Facilities Team
Cultivation - C02	\$45,037.00	Praxair Distribution, Inc.	Lyfted Facilities Team
Tables for rooms 6-9	\$253,724.00	Innovative Growers Equipment	Lyfted Facilities Team
Cultivation - Irrigation	\$539,028.00	Irrigation Design and Construction, LLC	Lyfted Facilities Team
Security	\$41,675.00	Bay Alarm Company	Lyfted Facilities Team
Building Gates/Parking/Fence	\$63,128.00	Town and Country Fence/gate quotes	Lyfted Facilities Team
Fire Doors	\$35,990.00	R&S Erection Tri-County	Lyfted Facilities Team
Completion of P1 final two rooms	\$15,500.00	Hanging Humidifiers and Fans Labor	Lyfted Facilities Team
Total	\$3,908,314.00		

EXHIBIT C
FORM OF COMPLIANCE CERTIFICATE
[SEE ATTACHED]

COMPLIANCE CERTIFICATE

[_____, 20__]

THE UNDERSIGNED HEREBY CERTIFIES AS FOLLOWS:

1. I am a duly appointed and authorized officer of **TRANSCANNA HOLDINGS INC.**, a corporation incorporated under the British Columbia British Corporations Act ("**Holdings**").

2. I have reviewed the terms of that certain Loan Agreement, dated as of July 29, 2022 (as it may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "**Loan Agreement**"; the terms defined therein and not otherwise defined herein being used herein as therein defined), by and among **BORROWER, GUARANTOR, JAMES R. BLINK** solely in his individual capacity as a Limited Guarantor, and **PELORUS FUND REIT, LLC**, a Delaware limited liability company (together with its successors and/or assigns, "**Lender**"), and I have made, or have caused to be made under my supervision, a review in reasonable detail of the transactions and condition of the Borrower and Holdings during the accounting period covered by the attached financial statements.

3. Based on the examination described in paragraph 2 above, the financial statements attached hereto fairly present, in all material respects, the financial condition of Borrower and Holdings as of the last day of the accounting period covered by such financial statements.

4. **Annex A** sets forth (i) calculations in reasonable detail demonstrating that the Borrower's and Holdings' compliance with Section 5.1(e) of the Loan Agreement.

5. The examination described in paragraph 2 above did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes an Event of Default or Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate, except as set forth in **Annex B** to this Certificate, describing in detail, the nature of the condition or event, the period during which it has existed and the action which the Borrower or Holdings has taken, is taking, or proposes to take with respect to each such condition or event.

[remainder of page intentionally left blank]

The foregoing certifications, together with the computations set forth in the **Annex A** hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered as of the date first set forth above pursuant to Section 5.1(e) of the Loan Agreement.

TRANSCANNA HOLDINGS INC.,
a corporation incorporated under the British
Columbia Business Corporations Act

By: _____
Name: _____
Title: _____

ANNEX A TO
COMPLIANCE CERTIFICATE

FOR THE REPORTING PERIOD ENDING **[mm/dd/yy]**.

[see attached]

ANNEX B TO
COMPLIANCE CERTIFICATE

DEFAULTS OR EVENTS OF DEFAULT

EXHIBIT D

DEFINITION OF “SPECIAL PURPOSE ENTITY” AND RELATED DEFINED TERMS

“**Special Purpose Entity**” means a Person, other than an individual, which, since the date of its formation and at all times prior to, on and after the date thereof, has complied with and shall at all times comply with the following requirements:

(a) Was, is and will be formed solely for the purpose of (i) in the case of Borrower, acquiring, developing, owning, holding, selling, leasing, transferring, exchanging, financing, managing and operating the Property, and transacting the Cannabis Business and, if applicable the Support Business and any lawful business that is incident, necessary and appropriate to accomplish the foregoing; or (ii) in the case of any applicable Required SPE Entity, acting as the general partner or managing member (as applicable) of Borrower;

(b) Has not been, is not, and will not be engaged in any business unrelated to (i) in the case of Borrower, acquiring, developing, owning, holding, selling, leasing, transferring, exchanging, financing managing and operating the Property, and transacting the Cannabis Business and, if applicable the Support Business and any lawful business that is incident, necessary and appropriate to accomplish the foregoing, or (ii) in the case of any applicable Required SPE Entity, acting as the general partner or managing member (as applicable) of Borrower;

(c) Has not had, does not have and will not have any assets other than (i) in the case of Borrower, those related to the Property, the Cannabis Business and the Support Business, or (ii) in the case of any applicable Required SPE Entity, its ownership interest in Borrower;

(d) Has not engaged in, sought or consented to, and will, to the fullest extent permitted by law, not engage in, seek or consent to, (i) any dissolution, winding up, liquidation, consolidation, merger, or sale of all or substantially all of its assets, (ii) except as permitted under the terms of this Agreement, any transfer of partnership or membership interests (if such entity is a general partner in a limited partnership or a member in a limited liability company), or (iii) any amendment of its limited partnership agreement, articles of incorporation, articles of organization, certificate of formation or operating agreement (as applicable) with respect to the matters set forth in this definition without the written consent of Lender;

(e) Has been, is, and intends to remain solvent and has paid and intends to continue to pay its debts and liabilities (including, as applicable, shared personnel and overhead expenses) from its assets as the same have or shall become due, and has maintained, is currently maintaining and will endeavor to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations, provided that the foregoing shall not require any owner of Borrower to make any additional capital contribution;

(f) Has not failed, and will not fail, to correct any known misunderstanding regarding the separate identity of such entity;

(g) Has maintained and will maintain its accounts, financial statements, books, and records separate from any other Person and has not permitted, and will not permit, its assets to be

listed as assets on the financial statement of any other entity (provided that Borrower's assets may be included in a consolidated financial statement of its Affiliates provided that (i) appropriate notation shall be made on such consolidated financial statements to indicate the separateness of Borrower and such Affiliates and to indicate that Borrower's assets and credit are not available to satisfy the debts and other obligations of such Affiliates or any other Person, and (ii) such assets shall be listed on Borrower's own separate balance sheet);

(h) Has filed and will file its own tax returns, except to the extent that it (i) has been or is required to file consolidated tax returns by law, or (ii) is treated as a disregarded entity for federal or state tax purposes;

(i) Other than as provided in this Agreement, (i) has not commingled, and will not commingle, its funds or assets with those of any other Person and (ii) has not participated and will not participate in any cash management system with any other Person;

(j) Has held and will hold its assets in its own name;

(k) Has maintained and will maintain an arm's-length relationship with its Affiliates;

(l) Has paid and will pay its own liabilities and expenses, including the salaries of its own employees (if any), out of its own funds and assets, and has maintained and will maintain a sufficient number of employees (if any) in light of its contemplated business operations, provided that the foregoing shall not require any owner of Borrower to make any additional capital contributions;

(m) Has observed and will observe in all material respects all partnership, corporate or limited liability company formalities, as applicable;

(n) Has not had, and will not have, any Indebtedness other than Permitted Indebtedness;

(o) Except in connection with the Loan Documents, has not assumed or guaranteed or become obligated for, and will not assume or guarantee or become obligated for, the debts of any other Person (except to the extent Required SPE Entity is liable for the debts and obligations of Borrower by virtue of being the general partner of Borrower) and has not held out and will not hold out its credit as being available to satisfy the obligations of any other Person except as permitted pursuant to this Agreement;

(p) Has not acquired and will not acquire obligations or securities of its partners, members or shareholders or any other Affiliate (other than the securities of Borrower held by any applicable Required SPE Entity);

(q) Has allocated and will allocate, fairly and reasonably, any overhead expenses that are shared with any Affiliate, including paying for shared office space and services performed by any employee of an Affiliate;

(r) Has maintained and used, now maintains and uses, and will maintain and use, separate stationery, invoices and checks bearing its name, and all stationery, invoices, and checks

utilized by such Person or utilized to collect its funds or pay its expenses have borne and shall bear its own name and have not borne and shall not bear the name of any other entity unless such entity is clearly designated as being such Person's agent;

(s) Has not pledged and will not pledge its assets for the benefit of any other Person other than Lender in connection with the Loan;

(t) Has conducted and will conduct its business in its name or in a name franchised or licensed to it by an entity other than an Affiliate of Borrower, and has held itself out and identified itself, and will hold itself out and identify itself, as a separate and distinct entity under its own name or in a name franchised or licensed to it by an entity other than an Affiliate of Borrower and not as a division or part of any other Person, except in each case for services rendered under a business management services agreement with an Affiliate that complies with the terms contained in clause (x) below, so long as the manager, or equivalent thereof, under such business management services agreement holds itself out as an agent of Borrower;

(u) Has maintained and will maintain its assets in such a manner that it will not be costly or difficult to segregate, ascertain or identify its individual assets from those of any other Person;

(v) Has not made and will not make loans to any Person or hold evidence of Indebtedness issued by any other Person or entity (other than cash and investment-grade securities issued by an entity that is not an Affiliate of or subject to common ownership with such entity) except that Borrower, from time to time in the ordinary course of business, may agree with tenants under Leases of all or any portion of the Property to make certain tenant improvement allowances available to such tenants;

(w) Has not identified and will not identify its constituent partners, members or shareholders (as applicable), or any Affiliate of any of them, as a division or part of it, and has not identified itself, and shall not identify itself, as a division of any other Person;

(x) Has not entered into or been a party to, and will not enter into or be a party to, any transaction with its partners, members, shareholders or Affiliates except (i) in the ordinary course of its business and on terms which are intrinsically fair, commercially reasonable and are no less favorable to it than would be obtained in a comparable arm's-length transaction with an unrelated third party, and (ii) in connection with this Agreement;

(y) Has not had and will not have any obligation to indemnify, and has not indemnified and will not indemnify, its partners, officers, directors, managers or members, as the case may be, unless such an obligation was and is fully subordinated to the Obligations and will not constitute a claim against such Person in the event that cash flow in excess of the amount required to pay the Obligations is insufficient to pay such obligation;

(z) Except as provided in the Loan Documents, does not and will not have any of its obligations guaranteed by any Affiliate;

(aa) If such entity is a limited partnership or a limited liability company (other than a limited liability company described in clause (cc) below without giving effect to the reference

therein to this clause (aa)), has had, now has and will have as its only general partner or managing member (as applicable), a Special Purpose Entity that is a corporation or a limited liability company described in clause (cc) below (without giving effect to the reference therein to this clause (aa)) that owns at least one percent (1%) of the equity of the limited partnership or limited liability company, and has organizational documents providing that such entity may not liquidate without the consent of Lender (such entity, a “**Required SPE Entity**”);

(bb) If such entity is a corporation, has had, now has and will have at least one (1) Independent Director, and has not caused or allowed, and will not cause or allow, the board of directors of such entity to take any Bankruptcy Action (or to collude with, or otherwise assist, solicit, or cause to be solicited an involuntary Bankruptcy Action) or any other action requiring the unanimous affirmative vote of one hundred percent (100%) of the members of its board of directors unless at least (1) Independent Director shall have participated in such vote and all of the directors have participated in such vote;

(cc) If such entity is a limited liability company, it either complies with clause (aa) above, or it has been, now is, and will be a limited liability company formed under the laws of the State of Delaware that will have an operating agreement which provides that as long as any portion of the Debt remains outstanding: (i) the company shall have at least one (1) Independent Manager that shall be a duly-appointed “manager” of the limited liability company within the meaning of Section 18-101(10) of the Delaware Limited Liability Company Act (the “**Act**”), and the limited liability company shall not take any Bankruptcy Action (or to collude with, or otherwise assist, solicit, or cause to be solicited an involuntary Bankruptcy Action) unless (A) such Bankruptcy Action is approved by the prior unanimous written consent of all members and managers thereof (including any Independent Manager), and (B) at the time of such action such limited liability company has at least one (1) manager who is an Independent Manager (provided that the managers shall only have the rights and duties expressly set forth in the limited liability company agreement); (ii) upon the occurrence of any event that causes the last member of the limited liability company to cease to be a member of such limited liability company (other than upon an assignment by such member of all of its limited liability company interest in such limited liability company and the admission of the transferee in accordance with the limited liability company agreement), (A) the person acting as Independent Manager of such limited liability company shall, without any action of any Person and simultaneously with such member ceasing to be a member of such limited liability company, automatically be admitted as the “Special Member” (an Independent Manager in such capacity, a “**Special Member**”) and shall preserve and continue the existence of such limited liability company without dissolution, and (B) without limiting the provisions of the foregoing clause (A), upon the occurrence of any event that causes the last remaining member of the limited liability company to cease to be a member of the limited liability company or that causes the sole member to cease to be a member of the limited liability company (other than upon continuation of the limited liability company without dissolution upon an assignment by the member of all of its limited liability company interest in the limited liability company and the admission of the transferee in accordance with the limited liability company agreement), to the fullest extent permitted by law, the personal representative of such member shall be authorized to, and shall, within ninety (90) days after the occurrence of the event that terminated the continued membership of such member in such limited liability company, agree in writing to continue the limited liability company without dissolution and to the admission of the personal representative or its nominee or designee, as the case may be, as a substitute member of such limited liability

company, effective as of the occurrence of the event that terminated the continued membership of such member in such limited liability company; (iii) no Special Member may resign or transfer its rights as Special Member unless (A) a successor Special Member has been admitted to such limited liability company as a Special Member, and (B) such successor Special Member has also accepted its appointment as an Independent Manager and executed a counterpart to the limited liability company agreement; provided, however, the Special Member shall automatically cease to be a member of the limited liability company upon the admission to the limited liability company of a substitute member; (iv) the Special Member shall be a member of the limited liability company that has no interest in the profits, losses and capital of the limited liability company and has no right to receive any distributions of limited liability company assets; pursuant to Section 18-301 of the Act, a Special Member shall not be required to make any capital contributions to the limited liability company and shall not receive a limited liability company interest in the limited liability company; (v) a Special Member, in its capacity as Special Member, may not bind the limited liability company; (vi) except as required by any mandatory provision of the Act, a Special Member, in its capacity as Special Member, shall have no right to vote on, approve or otherwise consent to any action by, or matter relating to, the limited liability company, including the merger, consolidation or conversion of the limited liability company; (vii) to implement the admission to the limited liability company of each Special Member, each Person acting as an Independent Manager shall execute a counterpart to the limited liability company agreement; (viii) prior to its admission to the limited liability company as Special Member, each Person acting as an Independent Manager shall not be a member of the limited liability company; (ix) such limited liability company shall be dissolved, and its affairs shall be wound up only upon the first to occur of the following (but subject to clause (ii) above): (A) the termination of the legal existence of the last remaining member of such limited liability company or the occurrence of any other event which terminates the continued membership of the last remaining member of such limited liability company in such limited liability company unless the business of such limited liability company is continued in a manner permitted by its limited liability company agreement or the Act, or (B) the entry of a decree of judicial dissolution of the limited liability company under Section 18-802 of the Act; (x) neither the bankruptcy of any member of the limited liability company or the Special Member shall cause such member or Special Member, respectively, to cease to be a member of such limited liability company and upon the occurrence of such an event, the business of such limited liability company shall continue without dissolution; (xi) in the event of dissolution of such limited liability company, such limited liability company shall conduct only such activities as are necessary to wind up its affairs (including the sale of the assets of such limited liability company in an orderly manner), and the assets of such limited liability company shall be applied in the manner, and in the order of priority, set forth in Section 18-804 of the Act; and (xii) to the fullest extent permitted by law, except as otherwise expressly provided in the limited liability company agreement, each member of the limited liability company and the Special Members shall irrevocably waive any right or power that they might have to cause such limited liability company or any of its assets to be partitioned, to cause the appointment of a receiver for all or any portion of the assets of such limited liability company, to compel any sale of all or any portion of the assets of such limited liability company pursuant to any applicable Legal Requirements or to file a complaint or to institute any proceeding at law or in equity to cause the dissolution, liquidation, winding up or termination of such limited liability company;

(dd) The organizational documents of such entity shall further provide that: (i) such entity shall not be permitted take any action which, under the terms of any organizational

documents of such entity, requires a unanimous written consent of the board of directors or managers of such entity unless at the time of such action there shall be at least one (1) Independent Director serving in such capacity as required by the terms hereof; (ii) no Independent Director or Independent Manager may be removed or replaced except for Cause; (iii) any resignation, removal or replacement of any Independent Director or Independent Manager shall not be effective without five (5) Business Days prior written notice to Lender accompanied by a statement as to the reasons for such removal, the identity of the proposed replacement Independent Director or Independent Manager, and a certificate that the replacement Independent Director or Independent Manager satisfies the applicable terms and conditions of the definition of “Independent Director/Independent Manager”; (iv) to the fullest extent permitted by applicable Legal Requirements, including Section 18-1101(c) of the Act and notwithstanding any duty otherwise existing at law or in equity, the Independent Director or Independent Manager shall consider only the interests of the constituent owners of such entity and such entity (including such entity’s creditors) in acting or otherwise voting on a Bankruptcy Action (which such fiduciary duties to the owners of such entity and such entity’s creditors, in each case, shall be deemed to apply solely to the extent of their respective economic interests in such entity exclusive of (A) all other interests, (B) the interests of other affiliates of the owners of such entity and such entity, and (C) the interests of any group of affiliates of which the owners of such entity or such entity is a part); (v) other than as provided in clause (iv) above, to the fullest extent permitted by law the Independent Director(s) or Independent Manager shall not have any fiduciary duties to any owners of such entity, any directors of such entity, or any other Person; (vi) the foregoing shall not eliminate the implied contractual covenant of good faith and fair dealing under applicable Legal Requirements; and (vii) to the fullest extent permitted by applicable Legal Requirements, including Section 18-1101(e) of the Act, an Independent Director or Independent Manager shall not be liable to such entity, any owners of such entity, or any other Person bound by the limited liability company agreement for breach of contract or breach of duties (including fiduciary duties), unless the Independent Director or Independent Manager acted in bad faith or engaged in willful misconduct;

(ee) Has complied and will comply with all of the terms and provisions contained in its organizational documents;

(ff) The statement of facts contained in its organizational documents are true and correct and will remain true and correct;

(gg) Has and will have an express acknowledgment in its organizational documents that Lender is an intended third-party beneficiary of the “special purpose/separateness/bankruptcy remote” provisions (as applicable) of such organizational documents;

(hh) Has not and will not consent to any other Person (i) operating its business in the name of such Special Purpose Entity, (ii) acting in the name of such Special Purpose Entity, (iii) using such Special Purpose Entity’s stationery or business forms, (iv) holding out its credit as being available to satisfy the obligations of such Special Purpose Entity, (v) having contractual liability for the payment of any of the liabilities of such Special Purpose Entity (except pursuant to the limited extent provided under the Loan Documents), or (vi) failing to at all times specify to all relevant third parties that it is acting in a capacity other than as the applicable Special Purpose Entity; and

(ii) With respect to Borrower, has a limited liability company operating agreement that provides that (A) Guarantor acts as a “special manager” of Borrower that is a “manager” within the meaning of Section 18-101(10) of the Act solely for the purpose of such manager’s approval being required for the commencement of a Bankruptcy Action with respect to Borrower, and (B) the limited liability company shall not take any Bankruptcy Action (or to collude with, or otherwise assist, solicit, or cause to be solicited an involuntary Bankruptcy Action) unless such Bankruptcy Action is approved by the Guarantor in such capacity as manager of the limited liability company.

“Cause” means, with respect to an Independent Director or Independent Manager, (a) acts or omissions by such Person that constitute willful disregard of such Person’s duties under the applicable agreements, (b) that such Person has engaged in or has been charged with, or has been convicted of, fraud or other acts constituting a crime under any law applicable to such Person, (c) that such Independent Director or Independent Manager is unable to perform his or her duties as an Independent Director or Independent Manager due to death, disability, or incapacity, (d) that such Independent Director or Independent Manager no longer meets the definition of “Independent Director” or “Independent Manager” or (e) that the fees charged by such Person are materially more than is otherwise customary in the market.

“Independent Director” or “Independent Manager” means, of any Special Purpose Entity, or if such Special Purpose Entity is a limited partnership, the general partner of such Special Purpose Entity, an individual who has prior experience as an independent director, independent manager or independent member with at least three years of employment experience and who is provided by CT Corporation, Corporation Service Company, National Registered Agents, Inc. (or its affiliate NRAI Entity Services, LLC), Wilmington Trust Company, Stewart Management Company, Lord Securities Corporation or, if none of those companies is then providing professional Independent Directors or Independent Managers, another nationally-recognized company approved by Lender, in each case that is not an Affiliate of the Borrower Parties and that provides professional Independent Directors and Independent Managers and other corporate services in the ordinary course of its business, and which individual is duly appointed as an Independent Manager or Independent Director, or as a member of the board of directors or board of managers of such corporation or limited liability company, as applicable, and for the five-year period prior to his or her appointment as an Independent Director has not been and during the continuation of his or her serving as an Independent Director will not be, any of the following:

(a) a member (other than a Special Member), manager, director, trustee, officer, employee, attorney, or counsel of any of the Borrower Parties or their Affiliates (provided that such person may be an Independent Director or Independent Manager of Borrower as long as they are not a member, manager, director, trustee, officer, employee, attorney, or counsel of any other Borrower Party or Affiliate of a Borrower Party, except that a Person who otherwise satisfies the definition of Independent Director or Independent Manager other than this subparagraph (a) by reason of being the independent director or independent manager of a “special purpose entity” that is an Affiliate of Borrower shall not be disqualified from serving as an Independent Director or Independent Manager of Borrower if such Person is either (i) a professional Independent Director or Independent Manager, or (ii) the fees that such individual earns from serving as independent director or independent manager of Affiliates of Borrower in any given year constitute in the aggregate less than five percent (5%) of such individual’s annual income for that year);

(b) a creditor, customer, supplier, service provider (including provider of professional services) or other Person who derives any of its purchases or revenues from its activities with any Borrower Party or any Affiliate of a Borrower Party (other than an Independent Manager or Independent Director provided by a nationally-recognized company that routinely provides professional Independent Directors or Independent Managers and other corporate services to any Borrower Party or any Affiliate of a Borrower Party in the ordinary course of business);

(c) a direct or indirect legal or beneficial owner in any Borrower Party or any Affiliate of a Borrower Party;

(d) a member of the immediate family of any member, manager, employee, attorney, customer, supplier or other Person referred to above; and

(e) a Person Controlling or under the common Control of anyone listed in clauses (a) through (d) above.

EXHIBIT E

DEFERRED MAINTENANCE AND ENVIRONMENTAL REMEDIATION

None.