

COMMERCIAL LAND LEASE AGREEMENT

This Commercial Land Lease Agreement (the “**Lease**”) is made on 30th of October 2019 (the “**Effective Date**”) by Canbud D1726KC Inc., on behalf of itself and its subsidiary, whose address is 120 Adelaide Street West, Suite 2500, Toronto, ON, M5H 1T1 (collectively referred to as the “**Tenant**”) to Mahshid SERAJI and Homayon ZEHTAB hereinafter referred to as “**MSHK**” whose address is 17260 Keele St., Kettleby Ontario, Canada (the “**Landlord**”).

WHEREAS, the Landlord is the owner of certain commercial farmland available for lease.

AND WHEREAS, the Landlord desires to lease the commercial farmland consisting of approximately 100 acres including three buildings known municipally as 17260 Keele St. Kettleby, Ontario L0G 1J0, Canada (the “**Fields**”).

Simultaneously with the execution of the within Agreement, the parties have executed a Definitive Agreement; both these agreements are to be applied together

NOW THEREFORE, in consideration for the above recitals and mutual promises and benefits contained herein, the Parties agree to the following terms and conditions described below.

1. **DESCRIPTION OF THE PROPERTY**

The Fields shall consist of approximately 100 acres cleared and tillable farm and three buildings. The Landlord shall provide schematic map of the land acreage, a legal description of the land (lot, concession, roll number) and proof of ownership (“**Fields & Ownership Documents**”) upon mutual acceptance of this Lease.

2. **TERM COMMENCEMENT, RENEWAL AND TERMINATION**

The initial term of the Lease (the “**Initial Term**”) shall be for 3-years commencing January 1st, 2020 (the “**Commencement Date**”) and ending on the December 31st, 2023 (the “**Termination Date**”), unless the Tenant gives written notice of non-renewal no less than one hundred twenty (120) days prior to the end of the second year of the Initial Term. Upon such termination, the Tenant shall be liable for the payment of Base Rent for only the remaining years in the Term. If Tenant takes possession of the Fields on November 15th, 2019, then Tenant will pay utilities starting from November 15th, 2019 providing that any usage prior to November 15th, 2019 shall be responsible of Landlord.

Tenant may renew the Lease for another 3-year term (the “**Renewal Term**”) by giving no less than ninety (90) days prior to the end of the Initial Term.

3. **BASE RENT**

The initial lease (rent) price for the Lands shall be CAD\$5,000 (five thousand Canadian dollars) per month plus applicable HST and utilities, payable monthly. The term starts in January 2020. First months’ rent plus HST and a security deposit of 2 months plus HST that can be applied to the last 2 months under the lease provided no damage to the buildings apart from normal wear and tear. The security deposit of two month’s rent plus

HST will be paid upon signing the land lease agreement. First month's rent plus HST will be paid on January 1st, 2020. MSHK shall sign a one-page landowner consent letter (subject to review of terms and conditions being reasonable to the Landlord) for hemp license application with Health Canada.

4. **PROFIT SHARING**

MSHK shall be paid ten (10) percent of the Net Income from the operations of Canbud/Newco in each respective calendar year from January to December. The year end of each year is Dec 31st. Net Income (NI), also called Net Earnings or Net Profit, is calculated as sales minus cost of goods sold, selling, general and administrative expenses, operating expenses, depreciation, interest, taxes, and other expenses resulting from the cultivation and sale of Hemp/CBD on the subject Lands. Canbud/Newco will provide company books at the end of each fiscal year upon request.

5. **USE**

Tenant intends to use the Fields to cultivate, harvest and process industrial hemp CBD crops in compliance with its industrial hemp license to be issued from Health Canada under the Cannabis Act and the Industrial Hemp Regulations. The Tenant intends to let its parent Company or its parent company subsidiary to utilize the three buildings for operations of drying facilities and housing its mobile 40-foot retrofitted container unit respectively.

6. **INDUSTRIAL HEMP LICENSE**

Tenant shall apply for an Industrial Hemp License for the Fields from Health Canada (the "**Hemp License**") and the Landlord shall sign Health Canada's Declaration of Landowner's Consent (the "**Landowner's Declaration**") for the submission of such Hemp License application. Tenant shall apply for the hemp license within 7 (seven) business days after Landlord signs the Health Canada's Landowner's Consent letter. Tenant shall be responsible for all costs related to the Health Canada license.

7. **LANDLORD DUTIES**

MSHK shall be liable for ensuring title to the Lands are unencumbered and free of any liens during and throughout the lease term as it may be extended except for mortgages and governmental agreement or any agreement or instrument that does interfere with the Business other than the exceptions referenced. If the land is liened then MSHK shall use its best efforts to obtain a Non-Disturbance statement/agreement acknowledge by the lien holder(s) so that Canbud/Newco operations on the land is not stopped or hindered. In addition to the foregoing, MSHK shall be liable for ensuring property taxes and all other payments with respect to the Land are paid on a timely basis and to the extent that MSHK fails to comply with these obligations, Canbud/Newco shall have the right to attend to such compliance at expense of MSHK subject to qualification. Canbud/Newco will not be responsible for current property taxes however, in the event that property taxes increase due directly to the use of the lands by CanBud/Newco, CanBud/Newco will accept responsibility for the "additional" property tax increase only. Canbud/Newco will

be responsible, at its sole cost, for obtaining in a timely basis the necessary license to cultivate, harvest, process, and transport the hemp biomass.

8. **TENANT'S RIGHTS**

Subject to making all necessary repairs and remediation to the Lands and not causing any environmental hazards regarding the Lands, as part of the permitted uses of the Lands, Canbud/Newco shall be entitled to: (i) drill one or more water wells, and take all such other steps as Canbud/Newco deem necessary in its or their sole discretion, for proper irrigation of the Lands; (ii) construction and/or installation of such facilities, equipment and other item Canbud/Newco deem necessary in its or their sole discretion, for drying, storage and all other requirements and reasons in furtherance of the Business; (iii) take all other steps, and make all other uses of the Lands as Canbud/Newco shall deem advisable in its or their sole discretion in furtherance of the Business. In the event of termination or expiry of this Agreement for any reason, Canbud/Newco shall have the right, and shall be provided access, to dismantle and remove all non-permanent facilities, equipment and other items from the Lands subject to making all repairs for damage created by removal.

If heavy metals and other contamination are discovered upon soil test and operations during the lease term (provided the Canbud/Newco was not responsible in any way for such contamination) resulting in the land not being viable for hemp cultivation, then the land lease agreement and the definitive agreement are both terminated. On such termination Canbud/Newco has no further obligation to pay the remaining lease term, and Canbud/Newco shall have the right to dismantle and remove all non-permanent facilities, equipment and other items from the Lands subject to making all repairs for damage created by removal.

9. **RIGHT TO ASSIGNMENT AND SUBLEASE**

Tenant shall not sublet or assign lease the land to other party or allow any other party to use or occupy the lands without a written permission from the Landlord.

10. **TENANT'S INSURANCE**

The Tenant shall be responsible for applicable insurance (showing the Landlord as a loss payee) for its operations on the Fields.

11. **NON-DISTURBANCE**

MSHK shall be liable for ensuring title to the Lands are unencumbered and free of any liens during and throughout the lease term as it may be extended except for mortgages and governmental agreement or any agreement or instrument that does interfere with the Business other than the exceptions referenced. If the land is liened then MSHK shall use its best efforts to obtain a Non-Disturbance statement/agreement acknowledge by the lien holder(s) so that Canbud/Newco operations on the land is not stopped or hindered. In addition to the foregoing, MSHK shall be liable for ensuring property taxes and all other payments with respect to the Land are paid on a timely basis and to the extent that MSHK fails to comply with these obligations, Canbud/Newco shall have the right to attend to

such compliance at expense of MSHK subject to qualification. Canbud/Newco will not be responsible for current property taxes however, in the event that property taxes increase due directly to the use of the lands by CanBud/Newco, CanBud/Newco will accept responsibility for the “additional” property tax increase only.

Canbud/Newco will be responsible, at its sole cost, for obtaining in a timely basis the necessary license to cultivate, harvest, process, and transport the hemp biomass.

12. **MUTUAL ENVIRONMENTAL INDEMNITY**

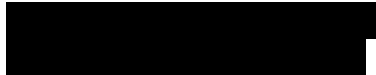
Landlord shall provide indemnity statement to indemnify Tenant and directors of Tenant companies from any environmental liabilities arising from past events or events not caused by Tenant operations on the land.

Tenant shall provide indemnity statement to indemnify Landlord from any environmental liabilities arising from events caused by Tenant operations on the land.

13. **NOTICES**

Prior to the Commencement Date, the addresses of the Landlord and the Tenant for service of notice or any other document hereunder shall be:

For the Landlord:



For the Tenant: 120 Adelaide Street West, Suite 2500
Toronto, Ontario M5H 1T1

and such notices or other documentation as aforesaid shall be deemed to be received by the party to whom it was delivered on the third business day after the date on which it was delivered.

14. **TIME OF ESSENCE**

Time shall be of the essence in all respects.

15. **SUCCESSORS AND ASSIGNS**

This Lease shall inure to the benefit of and be binding upon the Parties hereto, and their respective successors and permitted assigns and permitted sublessors.

16. **FACSIMILE / EMAIL TRANSMISSIONS**

This Lease may be delivered by facsimile machine or e-mail and signed on a facsimile copy. The originals will be delivered to the Landlord and Tenant once this Lease is fully executed.

17. **COMMISSION**

There is no commission paid to a real estate agent on this transaction.

18. **LEGAL ADVICE**

The Parties to this Lease acknowledge that the Landlord has recommended that they obtain advice from their legal counsel prior to signing this Lease. The Parties further acknowledge that no information provided by the Landlord or its agent is to be construed as expert legal or tax advice.

19. **NO REPRESENTATION**

Tenant shall not sublease any part of the Fields without the consent of the Landlord in writing, said consent not to be unreasonably withheld.

20. **MODIFICATION**

No modification or amendment to this Lease will be binding upon the Parties unless made in writing and signed by a duly authorized representative of both Parties.

21. **INFORMAL DISPUTE RESOLUTION**

In the case of any disputes under this Lease, the Parties shall first attempt in good faith to resolve their dispute informally by working together promptly to address problems and escalate issues as reasonably required.

22. **COMPLIANCE WITH LAWS**

The Tenant will comply in all material respects with all applicable laws, rules, regulations and orders of any governmental authorities.

23. **GOVERNING LAW**

This Lease will be governed by, and construed in accordance with, the substantive laws of the Province of Ontario and the federal laws of Canada applicable therein. Each of the Parties irrevocably submits to the nonexclusive jurisdiction of the courts of Ontario for the purpose of any suit, action or other proceeding arising out of this Lease of the subject matter hereof.

24. **ENTIRE AGREEMENT**

This Lease constitutes the entire agreement between the Parties and supersedes all previous agreements, negotiations or understandings, whether written or oral, between the Parties pertaining to the subject matter hereof.

IN WITNESS WHEREOF, the Tenant has executed this Lease this 31st day of October 2019.

SIGNED, SEALED AND DELIVERED

TENANT: CANBUD D1726KC INC.

CANBUD D1726KC INC.

Per: “Robert Tjandra” (signed)
Robert Tjandra, Director
On behalf of itself and its subsidiary
I have the authority to bind the corporation

IN WITNESS WHEREOF, the Landlord has executed this Lease this day 31st of October 2019.

SIGNED, SEALED AND DELIVERED

LANDLORD: MAHSHID SERAJI

“Mahshid Seraji” (signed)
Mahshid Seraji

LANDLORD: HOMAYON ZEHTAB

“Homayon Zehtab” (signed)
Homayon Zehtab