

COMMERCIAL LAND LEASE AGREEMENT

This Commercial Land Lease Agreement (the “**Lease**”) is made on this 23rd day of October 2019 (the “**Effective Date**”) by Canbud D2385NR 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 Ella Murphy whose address is 2385 Northey’s Road, Lakefield, Ontario, Canada K0L 2H0 (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 fifty-five (55) acres known municipally as 2385 Northey’s Road, Lakefield Ontario, K0L 2H0 Canada (the “**Fields**”).

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 fifty-five (55) acres cleared and tillable farm. 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 three (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 first term. Upon such termination, the Tenant shall not be liable for the payment of Base Rent for any remaining years in the Term or Renewal Term.

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

3. **BASE RENT**

In consideration for the Landlord leasing the Fields, the Tenant will pay CAD \$500 (five hundred Canadian dollars) per month excluding HST and utilities, payable monthly at the 1st of the month. The term starts in January 2020. Utilities will be paid monthly based on Tenant usage shown by increase to the recorded usage prior to lease beginning at start of lease term indicated by previous year bills and accounts. Utility payments will be due one week prior to due date on bill. Late payment charges will apply at 5% and lease can be terminated by Landlord if payment is not made within 30 days. Tenant shall pay the deposit of CAD \$1,000. (one thousand Canadian dollars) within two weeks after signing the agreement. If Health Canada does not issue the hemp license due to matters not caused by or related to the Tenant then this lease agreement is deemed terminated, and there will be no further obligations from both the Tenant and the Landlord. Furthermore, the deposit is forfeited.

4. **PROFIT SHARING**

In addition to the land lease stated in clause 2.4 above, ELM shall be paid ten (10) percent of the net profit from the operations of newco in each respective calendar year from January to December. The year end of each year is December 31st. Net profit is defined as free cashflow from operations less all operating expenses and applicable taxes.

5. **USE**

Tenant intends to use the Fields to cultivate, harvest and process industrial hemp CBD crops in compliance with its industrial hemp licence to be issued from Health Canada under the Cannabis Act and the Industrial Hemp Regulations.

6. **INDUSTRIAL HEMP LICENCE**

Tenant shall apply for an Industrial Hemp Licence for the Fields from Health Canada (the “**Hemp Licence**”) and the Landlord shall sign Health Canada’s Declaration of Landowner’s Consent (the “**Landowner’s Declaration**”) for the submission of such Hemp Licence application.

7. **LANDLORD DUTIES**

Landlord shall be liable for ensuring title to the Fields are un-encumbered and free of any liens during and throughout the Term and Renewal Term. In addition to the foregoing, Landlord shall be liable for ensuring property taxes and all other payments with respect to the Fields are timely made. Tenant agrees that all new permits, consents and zoning for the Fields, as required to operate the business, are obtained and maintained. Tenant agrees to assume costs for any new permits, consents and zoning if required. Landlord agree the Fields to be the acreage size of approximately fifty-five (55) acres. Landlord will be compensated for any farming activities performed by Landlord if and when required by Tenant.

8. **TENANT’S RIGHTS**

As part of the permitted uses of the Fields, the Tenant shall be entitled to: (i) drill one water well providing it does not affect the landowners private well already on the premises, and take all such other steps as the Tenant deems necessary for proper irrigation of the Fields; (ii) construction and/or installation of such facilities, equipment and other items, 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 Fields as the Tenant shall deems advisable in furtherance of the business. In the event of termination or expiry of the Lease for any reason, the Tenant shall have the right, and shall be provided access, to dismantle and remove all non-permanent facilities, equipment and other items from the Fields.

9. **RIGHT TO ASSIGNMENT AND SUBLEASE**

Not applicable.

10. **TENANT’S INSURANCE**

The Tenant shall be responsible for applicable insurance for its operations on the Fields.

11. **LANDLORD'S INSURANCE**

Not applicable

12. **NON-DISTURBANCE**

So long as Tenant is in compliance with all terms and obligations set forth in this Lease, Tenant's possession of the Fields under this Lease shall not be disturbed or interfered with by the Landlord. If the Fields are under a lien, then Landlord shall provide a non-disturbance agreement from the lender. The Landlord has the legal right to use the non-leased portion of land for own personal use and business.

13. **LANDLORD'S ENVIRONMENTAL INDEMNITY**

To the fullest extent permitted by law, Landlord agrees to promptly indemnify, protect, defend and hold harmless Tenant and Tenant's subcontractors, officers, directors, shareholders, employees, agents, successors and assigns from and against any and all claims, damages, judgments, suits, causes of action, losses, liabilities, penalties, fines, expenses and costs (including, without limitation, clean-up, removal, remediation and restoration costs, sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees and court costs) which arise or result from the presence of environmental and hazardous materials on, in, under or about the Fields caused by Landlord or any of Landlord's subcontractors, officers, directors, shareholders, employees, agents, successors and assigns before, during and after the Term or Renewal Term.

The obligations of Landlord hereunder shall survive the expiration or termination of the Initial Term or Renewal Term. The indemnification obligations of Landlord created by this section shall be in addition to the indemnification obligations set forth elsewhere herein or provided by applicable law.

14. **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: Ella Murphy
2385 Northey's Road
Lakefield Ontario K0L 2H0
Email: [REDACTED]

For the Tenant: 120 Adelaide Street West, Suite 2500
Toronto, ON, M5H 1T1
Email: [REDACTED]

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.

15. **TIME OF ESSENCE**

Time shall be of the essence in all respects.

16. **SUCCESSORS AND ASSIGNS**

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

17. **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.

18. **COMMISSION**

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

19. **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.

20. **NO REPRESENTATION**

Tenant shall not sublease any part of the Fields without the consent of the Landlord in writing at discretion of Landlord.

21. **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.

22. **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.

23. **COMPLIANCE WITH LAWS**

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

24. **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.

25. **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 19th day of October 2019.

SIGNED, SEALED AND DELIVERED

TENANT: Canbud D2385NR Inc.

CANBUD D2385NR 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 23rd day of October 2019.

SIGNED, SEALED AND DELIVERED

Landlord: Ella Murphy

"Ella Murphy" (signed)
Ella Murphy