



PRIVILEGED AND CONFIDENTIAL

June 29, 2018

Robert Shumake
Robert S. Shumake Living Trust 1994
Louis Armstrong & Associates, LLC
3500 Via Real
Carpinteria, CA 93013

RE: Acquisition from Robert S. Shumake Trust of its Louis Armstrong & Associates, LLC.
Interest in Commercial property located at 3500 Via Real Carpinteria, CA 93013.

Dear Robert,

Greengro Technologies (publicly traded OTC: GRNH) ("GT" or "Purchaser") is pleased to provide the Robert S. Shumake Living Trust 1994 ("Shumake Trust") (collectively the "Parties") with our Letter of Intent ("LOI"). This LOI sets forth the principal terms and conditions whereby GT will acquire Shumake Trust's interest in commercial property known as 3500 Via Real, Carpinteria, CA ("Business" or "Farm") pursuant Shumake Trust's right as successor in interest to Louis Armstrong & Associates, Inc., ("LAA") rights under LAA Operating Agreement ("LAA Operating Agreement") and Purchase Agreement dated March 17, 2017.

1. Purpose:

- a. Whereas, Members of LAA, Jason Q. Wilson Trust, dated October 18, 2007, G Boys, LLC, Michael DeSalvo, and 2017 Lonestar Properties, Inc. have entered into binding agreements with Pacific First Capital Group ("PFCG") to sell all their respective shares in LAA ("Binding Sale Term Sheet"); and
- b. Whereas the Shumake Trust has not entered into a Binding Sale Term Sheet, and has exercised its exclusive option to purchase the membership interest of all LAA Members, 87.5%, pursuant to Section 5.3 of the LAA Operating Agreement, and Shumake is not subject to the PFCG Binding Agreement; and
- c. Whereas GT, has agreed to provide the capital funds needed to the Shumake Trust to purchase all the membership interest of LAA along with its interest in the Farm.
- d. LAA has the proper Licenses in place for the farm to cultivate Marijuana. LAA will takes all steps necessary to obtain an extension of the current License beyond its expiration on 9-26-2018. All parties are aware of the potential conflict with the Carpinteria residents' complaints about the smell created by the cannabis plants

being grown in green houses. Notwithstanding the above, GT and LAA will work together to collectively apply for a State License.

2. Purchase Price: GT will purchase LAA's interest in the Farm for the appraised value estimated to be over \$40M. Purchase prices shall be no more than \$40M (includes the \$6M mortgage assumed). GT will pay the purchase amount as follows:

a. **Down payment:** One Million Dollars (\$1,000,000) in cash from initial amount to be raised of a minimum of \$4,000,000 ("Initial Traunch"), which funds shall be raised through GT or a PPM. GT will file its Form S-1 within 90 days of the completion of all required SEC filings: i.e. two years of audited financials and all current interim filings. The remaining balance of the Initial Traunch, \$3,000,000, will be allocated as follows:

- i Service mortgage;
- ii Retrofit the 200,000 sq. ft. of greenhouses;
- iii Cover operational overhead;
- iv Payroll existing team of employees, which team LAA/Licensee will leave in place;
- v Make additional infrastructure/site improvements to ensure that Farm meets appraised standards.

b. **Monthly Payments:** \$6,000,000 of the purchase price will be used to pay off any existing underlying mortgage by making payments of One Hundred Fifty Thousand Dollars in cash or immediately available tradeable stock payable monthly until the underlying Welty Mortgage is paid off, commencing 30 days after Down Payment has been paid;

- i. The parties acknowledge that there is an underlying owner financed mortgage of \$6M ("Welty Mortgage"); and
- ii. That the Welty Mortgage holds a first lien position on the Farm; and
- iii. The parties will both work together to raise the capital needed (estimated at \$6M) to pay off the Welty Mortgage ("Welty Payoff") within the first 18 months; and
- iv. The parties agree that the capital to be obtained may be in the form of cash or debt, and to that end, GT will be allowed to use the Farm as collateral to secure debt for the Welty Payoff for an amount not to exceed \$6M;
- v. Any debt transaction which involves using the Farm as collateral must be approved by LAA.

c. **Outstanding Balance:** The Shumake Trust / LAA will self-finance the remaining purchase balance after the Welty mortgage is paid off as follows: GT will pay Ten Million Dollars (\$10,000,000) per year payable in quarterly equal installments until purchase price has been fully paid which will be no later than 6 years after the execution of the purchase agreement. Upon mutual agreement, a portion of the purchase price may be with GT common stock, which would be included on the Form S-1 filing.

3. **Time Frame:** The parties shall negotiate in good faith and work towards the signing of a definitive purchase agreement with a closing to occur on or before the end of 90 days from the execution of this LOI by both parties.
4. **Due Diligence:** This proposal is subject to successful completion of business, legal, accounting, and business due diligence by the Purchaser satisfactory to it in its sole discretion within the next 90 days. The Purchaser's obligation to complete the purchase will be subject to: (i) the execution of a mutually satisfactory Purchase and Sale Agreement (the "Purchase Agreement") on terms consistent with this LOI and as outlined below or as otherwise negotiated and containing representations, warranties, covenants, and conditions customary in acquisitions of this type, (ii) acceptable appraisal of the Farm, and (iii) title work reflecting marketable title to the Farm. The Purchaser and their respective representatives, advisors, consultants and/or lenders will have full access to appropriate management and all information relating to the business, operations and properties of the Company and financial, legal, accounting, tax, and other matters relating to the business and operations of the Company in order for the Purchaser to conduct its due diligence. The business and operations of the Company will be conducted in the usual and ordinary course in accordance with good business practices between the date of this LOI and the closing. The parties agree to use their reasonable best efforts to negotiate in good faith the execution of the Purchase Agreement as soon as reasonably and practically possible.
5. **Indemnification:** The Purchase Agreement will provide that the Sellers will jointly and severally indemnify, defend and hold harmless Purchaser against damages, losses or expenses (including but not limited to costs, losses, liabilities, third party claims, and reasonable attorney's fees) resulting from a: (i) breach of Seller's representations and warranties, (ii) failure by Seller to perform any Seller covenant or agreement in the Purchase Agreement or in any closing documents or other instruments furnished by Seller pursuant to the Purchase Agreement, and (iii) third party claims or liabilities arising before closing, and any other matters which may arise in the course of our due diligence review. The Purchaser's limit of liability will be determined as a condition of closing not to exceed a certain amount to be mutually agreed by the parties.
6. **Transaction Expenses:** The Purchaser on the one hand, and the Company and the Seller, on the other, will each be responsible for their own fees and expenses and those of their respective accountants, bankers, counsel, and other advisors.
7. **Good Faith Negotiations:** The parties hereto will negotiate in good faith and use their commercially reasonable efforts to arrive at a mutually acceptable and definitive Purchase Agreement with respect to the proposed Transaction set forth herein.
8. **Governing Law:** This Letter shall be governed by and construed under the laws of the State of California, without giving effect to the principles of conflict of laws.
9. **Confidentiality:** The parties will treat the matters set forth herein (including the Purchaser's interest in the Purchase) as strictly private and confidential and the parties will not, directly or indirectly, disclose the existence of discussion between the parties regarding a possible Purchase, the fact that the Company received this Letter, or any of the contents of this Letter, to anyone other than the advisors of the parties, unless otherwise authorized in writing by the Purchaser and the Seller.

We would like to thank you for the opportunity to put forth this Letter. The provisions of this letter constitute a non-binding expression of interest and are not intended, and shall not be construed, to constitute a binding obligation of GT. We are prepared to dedicate the necessary time and resources to expeditiously complete the proposed transaction and are enthusiastic about the potential to work with you and the Company on this exciting opportunity.

This Letter contains the entire understanding between the Parties and supersedes all previous agreements, if any, between the parties concerning the same or substantially similar subject matter. This LOI may be amended, supplemented or otherwise modified only in a writing signed by duly authorized representatives of each Party. This Letter maybe executed in counterparts, each of which shall be deemed an original and all of which together, shall constitute one and the same document. If the foregoing terms and conditions are acceptable, please sign and return this Letter to the undersigned.

GREENGRO TECHONOLOGIES



James Hays, CEO

Date: June 29, 2018

ROBERT S. SHUMAKE LIVING TRUST
1994



Robert Shumake, Trustee

Date: 6/29/18