

SUBLEASE  
(AGRICULTURAL – NET)

THIS SUBLEASE (this "**Sublease**") is made as of January 1, 2019 (the "**Effective Date**"), by and between 360 ESPINOSA ROAD, LLC, a California limited liability company ("**Sublandlord**"), and 360 ESPINOSA ROAD II, LLC, a California limited liability company ("**Subtenant**").

RECITALS

A. Pursuant to that certain Lease (Single Tenant – Agricultural – Net) between Growers Transplanting, Inc., a California corporation ("**Master Landlord**"), as "Landlord", and Sublandlord, as "Tenant," dated as of June 21, 2018 (as amended to date, the "**Master Lease**"), Master Landlord leases to Sublandlord certain premises (the "**Master Premises**") consisting of that certain real property and related appurtenances located at 360 Espinosa Road in the County of Monterey ("**County**"), State of California ("**State**"), as shown on attached Exhibit A.

B. Subtenant wishes to sublease from Sublandlord, and Sublandlord wishes to sublease to Subtenant, that portion of the Master Premises depicted on attached Exhibit A, consisting of (i) "Greenhouse Building A," of approximately 62,400 square feet ("**Greenhouse A**"), (ii) "Greenhouse Building B," of approximately 58,500 square feet ("**Greenhouse B**"), (iii) the pad house/breezeway between Greenhouse A and Greenhouse B, of approximately 7,020 square feet (the "**AB Pad House**"), (iv) "Greenhouse Building C," of approximately 64,740 square feet ("**Greenhouse C**"), (v) "Greenhouse Building D," of approximately 68,250 square feet ("**Greenhouse D**"), (vi) the pad house/breezeway between Greenhouse C and Greenhouse D, of approximately 8,580 square feet ("**CD Pad House**"), collectively, the "**Greenhouses**"), and (vii) that portion of the metal warehouse building ("**Warehouse**"), of approximately 6,203 square feet (the "**Warehouse Space**") (as the same may be modified from time to time, items (i) through (vii) above are collectively called the "**Improvements**"), and (viii) the land on which the Improvements are located (the "**Land**"). Collectively, the Land and Improvements are hereinafter referred to as the "**Premises**."

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by the parties, Sublandlord and Subtenant hereby agree as follows:

ARTICLE 1:  
BASIC LEASE PROVISIONS

Section 1.1 Premises. Sublandlord hereby subleases the Premises to Subtenant, and Subtenant hereby subleases the Premises from Sublandlord, on all of the terms and conditions of this Sublease. Subtenant's sublease of the Premises shall include the right, subject to the later terms hereof, to non-exclusive use of certain common accessways, security gates, utilities, and other shared facilities as more fully described herein.

Section 1.2 Sublease Term: The term of this Sublease (the "**Term**") shall be sixty (60) months, commencing on January 1, 2019 (the "**Commencement Date**"), and will end at midnight on December 31, 2023 (the "**Expiration Date**").

Section 1.3 Permitted Use: Subtenant shall use the Premises only for the planting, cultivation, propagation, growth, harvesting, and sale of plants, flowers, crops and/or trees, and the production, sale and shipping of medicinal products therefrom. (See Article 5)

Section 1.4 Base Rent Payable by Subtenant: See Base Rent schedule attached hereto as Exhibit B. (See also Section 4.1)

Section 1.5 Broker: The broker representing Sublandlord in this Sublease is Charles "Chuck" Allen ("**Broker**"). Broker's commission shall be paid by Sublandlord in accordance with a separate written agreement between Sublandlord and Broker.

Section 1.6 Security Deposit: \$551,386.00 (two months' Base Rent), payable by Subtenant upon execution and delivery of this Sublease. (See Section 4.7)

Section 1.7 Prepayment of Base Rent: Subtenant will prepay one (1) months' Base Rent in the amount of \$275,693.00, payable by Subtenant upon execution and delivery of this Sublease, which will be applied to Base Rent first coming due under this Lease.

Section 1.8 Guarantors. Simon Yu, William Hin, and Cannabis Strategic Ventures, a Nevada corporation, each agree to personally guarantee the terms of the Sublease (see Section 22.5).

Section 1.9 Address for Payments and Notices:

SUBLANDLORD:

360 ESPINOSA ROAD, LLC  
370 Espinosa Road  
Salinas, California 93907  
Attn: Real Estate Administrator

SUBTENANT:

360 ESPINOSA ROAD II, LLC  
360 Espinosa Road  
Salinas, California 93907  
Attn: Simon Yu

Section 1.10 Master Lease. Subtenant acknowledges and agrees that this Sublease is subject and subordinate to the Master Lease, a copy of which (with the economic terms redacted) has been provided to and reviewed by Subtenant prior to the date hereof. Master Landlord has consented to this Sublease, and Subtenant acknowledges receipt of a copy of such consent.

## ARTICLE 2: TERM

Section 2.1 Sublease of Premises. Sublandlord hereby subleases the Premises to Subtenant, and Subtenant hereby subleases the Premises from Sublandlord, on the terms and conditions set forth herein. Sublandlord and Subtenant stipulate and agree that any statement of square footage set forth

in this Sublease is a reasonable approximation, and that rent is not subject to adjustment whether or not such square footage is correct.

Section 2.2 Site Plan. The purpose of Exhibit A is to show the approximate location of the Master Premises and the Premises, and such Exhibit is not meant to and shall not constitute an agreement, representation or warranty as to the Premises or Improvements or amenities, or the precise area or specific location thereof.

### ARTICLE 3: TERM; POSSESSION

Section 3.1 Term. The Term, Commencement Dates and Expiration Dates of this Sublease are as specified in Section 1.2. This Sublease shall be effective and binding on Sublandlord and Subtenant upon mutual execution and delivery of this Sublease notwithstanding that the Commencement Dates (and the start of the Term) may be a later date. Promptly following request by Sublandlord, the parties shall memorialize on a form provided by Sublandlord the actual Commencement Dates and Expiration Dates.

Section 3.2 Delivery of Premises. Sublandlord shall use commercially reasonable efforts to deliver possession to Subtenant ("**Delivery**") of the Premises promptly after full execution and delivery of this Sublease. If despite such efforts Sublandlord, for any reason whatsoever, is delayed in Delivery, such delay shall not be a default by Sublandlord, render this Sublease void or voidable, or otherwise render Sublandlord liable for losses or damages of any kind. However, Subtenant shall not be liable for any Rent until Delivery of the Premises has occurred. Notwithstanding the foregoing, Sublandlord has no obligation to deliver actual physical possession of any portion of the Premises to Subtenant until Subtenant has satisfied the Delivery Requirements specified in attached Exhibit C, and Subtenant's failure to satisfy the Delivery Requirements shall not delay the determination of the Delivery date for the Premises.

Section 3.3 Acceptance of Premises. Subtenant shall accept the Premises in its "as is," "where is" and "with all faults" condition and configuration on the Delivery Date as provided in Section 3.2. By taking possession of the Premises, it will conclusively be deemed that Subtenant has inspected the Premises and facilities serving the Premises and found them to be in good order and satisfactory condition and in conformity with the provisions of this Sublease in all respects. Subtenant acknowledges that neither Sublandlord, nor any agent, employee, representative or contractor of Sublandlord has made any representations or warranties of any kind with respect to the condition or use of the Premises or facilities serving the Premises (or with respect to the suitability or fitness of either for any purpose), or has agreed to or shall be obligated to undertake any modifications, alterations, or improvements of the Premises or facilities serving the Premises.

## ARTICLE 4: RENT

Section 4.1 Base Rent. Subtenant shall pay Sublandlord Base Rent in the amount stated or determined in accordance with attached Exhibit B on or before the first day of each month, commencing on the Commencement Date (subject to Section 1.7 above).

Section 4.2 Direct Expenses.

(a) Subtenant to Pay Subtenant's Share of Direct Expenses. Commencing on the Commencement Date and continuing throughout the Term, Subtenant shall pay to Sublandlord, as additional rent, Subtenant's Share (as hereinafter defined) of Direct Expenses (as hereinafter defined).

(b) Definitions.

(i) Direct Expenses. The term "**Direct Expenses**" shall mean any and all costs and expenses incurred or payable by Sublandlord pursuant to (i) Section 5.1 (Use), (ii) Section 5.5 (Entry Road), (iii) Section 5.6 (Water Well), (iv) Section 5.8 (Additional Facilities), (v) Section 5.9 (Management Fee), (vi) Section 6 (Utilities), (vii) Section 7.1(b)(Service Contracts), (viii) Section 7.2 (Sublandlord Repair Obligations), (ix) Section 8.1 (Property Taxes), (x) Section 8.5 (Cannabis Taxes), (xi) Section 10.1 (Insurance), and (xii) attached Exhibit F (Rules and Regulations).

(ii) Subtenant's Share. Except as otherwise expressly set forth herein to the contrary, the term "**Subtenant's Share**" shall mean a fraction, the numerator of which is the square footage of the Premises (or portion thereof as to which Delivery has occurred) and the denominator of which is the leased and occupied square footage of the Master Premises (plus, with respect to certain items of Direct Expenses attributable to both the Premises and Adjacent Properties, as hereinafter defined, the leased and occupied square footage of the Adjacent Properties). Notwithstanding the foregoing, if a particular item of Direct Expenses is attributable entirely to Subtenant or to the Premises, as determined by Sublandlord, or is submetered to the Premises, then Subtenant's Share as to such item (or the submetered amount, as applicable) shall mean one hundred percent (100%), and (ii) if a particular item of Direct Expenses is attributable entirely to other portions of the Master Premises or to the Adjacent Properties, as determined by Sublandlord, then Subtenant's Share as to such item shall mean zero percent (0%), and (iii) if Sublandlord determines that any premises (including the Premises) within the Master Premises or Adjacent Properties incurs a non-proportional benefit from any Direct Expense, or is the non-proportional cause of any such Direct Expense, Sublandlord may allocate a greater percentage of such Direct Expense to such premises and adjust Subtenant's Share as to such Direct Expense accordingly. Sublandlord's determinations hereunder shall be in Sublandlord's sole and absolute discretion and shall be conclusive and binding on Subtenant so long as made in good faith. Without limitation on the foregoing, Sublandlord shall have the right but not the obligation, from time to time, to equitably allocate some or all of the Direct Expenses among different tenants or subtenants of the Master Premises and/or Adjacent Properties ("**Cost Pools**"). Such Cost Pools may include, but shall not be

limited to, the tenants or subtenants of the Master Premises and/or Adjacent Properties using the same for the Cannabis Use (as hereinafter defined) and the non-Cannabis Use tenants or subtenants of the Master Premises and/or Adjacent Properties.

(c) Direct Expense Estimates. Within 120 days after the commencement of each Expense Recovery Period thereafter (as defined below), Sublandlord shall give Subtenant a written estimate (the "**Estimate**") of the amount of Direct Expenses that Sublandlord anticipates will be incurred or payable during the applicable Expense Recovery Period (which Estimate may include, at Sublandlord's election, monthly or seasonal variations in certain Direct Expenses). Subject to Sections 4.2(d), 4.2(h), 6.2, and 8.5 below, Subtenant shall pay Subtenant's Share of the estimated amounts set forth in the Estimate for the month in question to Sublandlord, in advance, together with Base Rent, commencing on the Commencement Date. If Sublandlord has not furnished the Estimate for any Expense Recovery Period prior to the start thereof, Subtenant shall continue to pay Direct Expenses in the amounts established for the prior Expense Recovery Period, if any; provided that when the new Estimate is delivered to Subtenant, Subtenant shall, at the next monthly payment date pay any accrued Direct Expenses based upon the new Estimate (and any overpayment shall be refunded to Subtenant by Sublandlord within 30 days after delivery of such new Estimate). For purposes hereof, "**Expense Recovery Period**" shall mean every twelve-month period during the Term (or portion thereof for the first and last lease years) commencing January 1 and ending December 31.

(d) Direct Payments. Sublandlord may elect, by notice to Subtenant from time to time, to require Subtenant to pay Subtenant's Share of certain Direct Expenses, at the time such payment would otherwise be due to Sublandlord, directly to the applicable service or utility provider, insurer, contractor, or governmental authority, in which case Subtenant shall provide proof of such payment to Sublandlord within five (5) days after making such payment. In such event, the Estimate of Direct Expenses payable to Sublandlord as provided herein shall be adjusted, if necessary, to reflect such direct payment by Subtenant. If such payments directly to the applicable service or utility provider, insurer, contractor, or governmental authority are advance payments based on estimates, such payments shall be reconciled annually in accordance with Section 4.2(e) below. In that regard, if Sublandlord elects to require Subtenant to pay Property Taxes (as defined in Section 8.3) and/or Cannabis Taxes (as defined in Section 8.3) directly to the taxing authority monthly in advance (which Sublandlord shall have the right to do, subject to Section 8.5 below), the monthly payment shall be an amount equal to the amount of the estimated installment of the applicable taxes divided by the number of months remaining before the month in which said installment becomes delinquent. Similarly, if Sublandlord elects to require Subtenant to pay Sublandlord's insurance premiums (if any) directly to the insurer monthly in advance (which Sublandlord shall have the right to do), the monthly payment shall be an amount equal to the amount of the estimated installment of insurance premiums divided by the number of months remaining before the month in which said installment becomes delinquent. When the actual amount of the applicable tax bill or insurance premium is known, the amount of such monthly advance payments shall be adjusted as required to provide the funds needed to pay the applicable taxes or premiums.

(e) Annual Statement; Reconciliation. Within 120 days after the end of each Expense

Recovery Period, or as soon thereafter as reasonably practicable, Sublandlord shall furnish to Subtenant a statement (the "**Statement**") showing the actual or prorated Direct Expenses for the period in question. Any delay or failure by Sublandlord in delivering the Statement shall not constitute a waiver of Sublandlord's right to require Subtenant to pay Direct Expenses pursuant hereto. If any such Statement shows that Subtenant has underpaid Direct Expenses for the applicable Expense Recovery period, then Subtenant shall pay to Sublandlord, within 30 days of receipt of the Statement, the amount of such underpayment. If any such Statement reflects that Subtenant has overpaid Direct Expenses for such Expense Recovery Period, Sublandlord shall refund the overpayment to Subtenant within thirty (30) days after such applicable Statement is delivered to Subtenant. Should Subtenant fail to object in writing to Sublandlord's determination of actual Direct Expenses within ninety (90) days following delivery of a Statement, Sublandlord's determination of Direct Expenses for the applicable Expense Recovery Period set forth on the Statement shall be conclusive and binding on Subtenant and any future claims by Subtenant to the contrary shall be barred.

(f) Subtenant's Audit Rights. Subtenant shall have the right (but not more than once during any Expense Recovery Period) to cause a certified public accountant selected by Subtenant to audit Direct Expenses on a non-contingency basis by inspecting Sublandlord's general ledger of Direct Expenses. To exercise such right, Subtenant must give notice to Sublandlord of Subtenant's intent to audit within ninety (90) days after Subtenant's receipt of Sublandlord's Statement setting forth the Direct Expenses for the applicable Expense Recovery Period. Such audit shall be conducted at Subtenant's sole cost and expense (except as otherwise provided hereinbelow) during normal business hours at the office of Sublandlord or its management agent where the records are maintained, must be commenced within such ninety (90) day period and must be completed (with results delivered to Sublandlord) within sixty (60) days after the commencement of the audit. Subtenant's rent shall be appropriately credited for any overstatement in Direct Expenses paid by Subtenant. If such audit that Subtenant delivers to Sublandlord reflects an understatement of Direct Expenses, Subtenant shall reimburse Sublandlord the amount of such underpayment. All of the information obtained by Subtenant and/or its auditor in connection with such audit, as well as any compromise, settlement, or adjustment reached between Sublandlord and Subtenant as a result thereof, shall be held in strict confidence and, except as may be required pursuant to litigation, court order or applicable law, shall not be disclosed to any third party by Subtenant or its auditor or any of their officers, agents or employees. Sublandlord may require Subtenant's auditor to execute a separate confidentiality agreement reasonably acceptable to Sublandlord affirming the foregoing as a condition precedent to any audit.

(g) Post-Termination Obligations. Even though the Sublease has terminated and the Subtenant has vacated the Premises, when the final determination is made of Direct Expenses for the Expense Recovery Period in which the Sublease terminates, Subtenant shall pay to Sublandlord any underpayment of estimated Direct Expenses, or Sublandlord shall pay to Subtenant any overpayment of estimated Direct Expenses, as the case may be, made by Subtenant for such last Expense Recovery Period as calculated pursuant to the provisions above, such payment to be made within 30 days after Sublandlord's delivery to Subtenant of the Statement for Direct Expenses.

(h) Estimate Increases. If, at any time during any Expense Recovery Period, any one or more of the Direct Expenses are increased to a rate(s) or amount(s) in excess of the rate(s) or amount(s) used in calculating the estimated expenses for the Expense Recovery Period in question, then the estimate of Direct Expenses shall be increased for the month in which such rate(s) or amount(s) becomes effective and for all succeeding months by an amount equal to the increase. Sublandlord shall give Subtenant written notice of the amount or estimated amount of the increase, the month in which the increase will become effective, and the month for which the payments are due. Subtenant shall pay the increase to Sublandlord as a part of Subtenant's monthly payments of estimated expenses as provided above, commencing with the later of (i) the month in which such increase is effective, and (ii) the date which is thirty (30) days after Subtenant's receipt of such revised estimate.

Section 4.3 Time and Manner of Payment. “**Additional Rent**” means Subtenant's Share of Direct Expenses and all other sums (exclusive of Base Rent and the Security Deposit) that Subtenant is required to pay Sublandlord under or pursuant to this Sublease. Additional Rent and Base Rent are collectively referred to in this Sublease as “**Rent.**” Rent shall be payable at Sublandlord's address or at such other place as Sublandlord may designate in writing. Subtenant shall pay and be liable for all rental, sales and use taxes (but excluding Sublandlord's net income taxes), if any, imposed upon or measured by Base Rent or Additional Rent under applicable statutes, codes, ordinances, orders, rules and regulations of the City, County, or State, and any other federal, state, municipal or other governmental entity, agency or authority with jurisdiction over the Premises or the operations thereon (collectively, “**Laws**”). Base Rent and recurring monthly charges of Additional Rent shall be due and payable in advance on the first day of each calendar month without notice or demand. All other items of Rent shall be due and payable by Subtenant on or before ten (10) business days after Sublandlord delivers to Subtenant a statement or invoice therefor. All payments of Rent shall be by good and sufficient check or by other means (such as automatic debit or electronic transfer, cashier's check, but not money order or cash) acceptable to Sublandlord. Sublandlord's acceptance of less than the correct amount of Rent shall be considered a payment on account of the earliest Rent due. No endorsement or statement on a check or letter accompanying a check or payment shall be considered an accord and satisfaction, and Sublandlord may accept the check or payment without prejudice to its right to recover the balance or pursue other available remedies. Subtenant's covenant to pay Rent is independent of every other covenant in this Sublease.

Section 4.4 Absolute Net Sublease. All costs, expenses and obligations of every kind and nature whatsoever arising from or with respect to the use and occupancy of the Premises and the appurtenances thereto by Subtenant or anyone claiming by, through or under Subtenant which may arise or become due during or with respect to the Term hereof shall be paid and performed by Subtenant, including, without limitation, all terms, covenants, conditions and payment obligations imposed on the owner or occupant of the Premises under any of the easements, covenants, conditions, restrictions, maintenance agreements, conditional use permits, and any other agreement now or hereafter affecting the Premises or title to the Premises (collectively, the “**Restrictions**” and, together with Laws, “**Applicable Requirements**”). Except as otherwise expressly set forth in this Sublease, Subtenant assumes, during the Term, the sole responsibility for the condition, use, operation, maintenance and management of the Premises, and neither Master Landlord nor

Sublandlord nor any of either of their members, successors, assigns, employees, agents, representatives, affiliates, lenders and constituents (collectively, the "**Sublandlord Parties**") shall have any responsibility in respect thereof.

Section 4.5 Early Termination Right.

(a) If, despite Subtenant's best efforts to obtain same, Subtenant is unable to obtain a State License for the Cultivation Use (as defined in Section 5.1(b)) (the "**State License**") within 120 days after the Effective Date (the "**Outside Authorization Date**"), Subtenant shall have a one-time option (the "**Termination Option**") to terminate and cancel this Sublease, effective as of the date that is thirty (30) days after the Outside Authorization Date (the "**Early Termination Date**"), by delivering to Lessor, on or before ten (10) days after the Outside Authorization Date, written notice of Lessee's exercise of the Termination Option (the "**Early Termination Notice**"). The Early Termination Notice shall include a description of the efforts that Subtenant made to obtain the State License. If Subtenant fails to timely provide the Early Termination Notice, the Termination Option shall automatically become void and of no force or effect. The Termination Option may not be exercised at any time that Subtenant is in default under this Sublease beyond applicable notice and cure periods.

(b) If Subtenant properly and timely exercises the Termination Option, then this Sublease will terminate as of midnight, California time, on the Early Termination Date and Subtenant shall surrender the Premises on such date in the condition required under Section 15.3 of this Sublease. If Subtenant fails to so surrender the Premises, then Lessee shall be deemed in holdover under Section 15.1 of this Sublease until all such surrender obligations have been performed. Subtenant shall perform all of its obligations under this Sublease through the Early Termination Date.

(c) In consideration to Sublandlord for granting the Termination Option, if Subtenant exercises the Early Termination Option, (A) Sublandlord shall be entitled to retain all Base Rent payable by Subtenant under this Sublease through the Early Termination Date, as well as the entire Security Deposit, and the Cannabis Taxes Prepayment (as defined in Section 8.5), and (B) Subtenant shall pay to Sublandlord, concurrently with the Early Termination Notice, a termination fee in the amount of two (2) months' Base Rent (i.e., \$551,386.00).

Section 4.6 No Other Termination. Except as provided in Section 4.5, Section 5.1(d)(iv), and Section 1 of attached Exhibit F, Subtenant's obligations hereunder shall be unconditional and irrevocable under any and all circumstances, and shall not be subject to cancellation, termination, modification or repudiation by Subtenant, except as expressly set forth in this Sublease. Except as expressly set forth in this Sublease, Subtenant shall perform all obligations hereunder without notice, demand, counterclaim, set-off, deduction, defense or recoupment, and without abatement, suspension, deferment, diminution or reduction for any reason, including, without limitation (i) any past, present or future claims which Subtenant may have against Sublandlord or any other person or entity, (ii) any defect in the Premises or any portion thereof, or in the title, condition, design, construction, habitability or fitness for a particular use thereof, (iii) any damage to or destruction or



loss of all or part of the Premises, (iv) any non-compliance with Applicable Requirements, (v) any interference with or interruption of use or occupancy of the Premises, (vi) any sale of the Premises, (vii) any action, omission or breach on the part of Sublandlord under this Sublease or under any other agreement between Sublandlord (or any of the Sublandlord Parties) and Subtenant, (viii) insolvency, bankruptcy or similar proceedings, (ix) the impossibility or illegality of performance by Sublandlord or Subtenant, or (x) any action or inaction of any court, administrative agency or other governmental authority; it being the intention of the parties hereto that all Rent payable by Subtenant hereunder shall continue to be payable in all events in the manner and at the times herein provided.

**Section 4.7 Security Deposit.** Upon execution of this Sublease, Subtenant shall deposit with Sublandlord the sum stated in Section 1.6 (the “**Security Deposit**”), to be held by Sublandlord as security for the full and faithful performance of Subtenant’s obligations under this Sublease. Upon any default by Subtenant, Sublandlord may apply all or part of the Security Deposit as full or partial compensation. If any portion of the Security Deposit is so applied, Subtenant shall within five (5) days after written demand by Sublandlord deposit cash with Sublandlord in an amount sufficient to restore the Security Deposit to its original amount. Sublandlord shall not be required to keep the Security Deposit separate from its general funds, and Subtenant shall not be entitled to interest on the Security Deposit. In no event may Subtenant utilize all or any portion of the Security Deposit as a payment toward any rental sum due under this Sublease. Any unapplied balance of the Security Deposit shall be returned to Subtenant or, at Sublandlord’s option, to the last assignee of Subtenant’s interest in this Sublease within thirty (30) days following the termination of this Sublease and Subtenant’s vacation of the Premises. Subtenant waives the provisions of California Civil Code §1950.7, or any similar or successor laws now or hereafter in effect, which (i) establish the time frame by which a landlord must refund collateral or security for performance of a tenant’s obligations under a lease, and/or (ii) provide that a landlord may claim from collateral or security for performance of a tenant’s obligations under a lease only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by the tenant or to clean the Premises. In that regard, Subtenant agrees that Sublandlord may, in addition, claim those sums specified hereinabove and/or those sums reasonably necessary to compensate Sublandlord for any loss or damage caused by Subtenant’s breach of this Sublease or the acts or omission of Subtenant or any of Subtenant’s Agents (as hereinafter defined).

## ARTICLE 5: USES

### Section 5.1 Use.

(a) **General** Subtenant shall use the Premises only for the purposes stated in Section 1.3 and for no other use whatsoever. Except as otherwise provided in this Sublease, Subtenant shall, at Subtenant’s sole expense, fully, diligently and in a timely manner, comply with all Applicable Requirements, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Sublandlord’s consultants which relate in any manner to the Premises, without regard to whether said Applicable Requirements are now in effect or become effective after the Commencement Date. Subtenant shall, within ten (10) days after receipt of Sublandlord’s written request, provide Sublandlord with copies of all permits and other documents, and other information

evidencing Subtenant's compliance with any Applicable Requirements specified by Sublandlord, and shall immediately upon receipt, notify Sublandlord in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Subtenant or the Premises to comply with any Applicable Requirements. In addition, Subtenant shall provide Sublandlord with copies of its business license, certificate of occupancy and/or any similar document within ten (10) days of request therefor. Subtenant shall not do or permit anything to be done in or about the Premises that will in any way interfere with the rights or quiet enjoyment of adjacent owners or occupants, or permit any public or private nuisance, or commit any waste at or to the Premises. Without limitation on the foregoing, Subtenant acknowledges that Master Landlord and/or Sublandlord may, after the Effective Date, (i) enter into one or more reciprocal easement agreements and/or maintenance and cost-sharing agreements with other property owners or users relating to the improvement, use, maintenance, repair, and replacement of access roads (the "**REA**", whether one or more), (ii) create and/or enter into a water district and/or water agreements with other property owners or other tenants or occupants relating to the improvement, use, maintenance, repair, and replacement of water and water well facilities (the "**Water Agreement**", whether one or more), and/or (iii) enter into one or more conditional use permit agreements with applicable governmental authorities respecting Cultivation Use of the Premises and/or Master Premises (the "**Use Permit**", whether one or more). Subtenant will be bound and will abide by the provisions of the REA, Water Agreement, and Use Permit (including, without limitation, the obligation to pay Subtenant's Share of any costs imposed by virtue of the REA, Water Agreement, or Use Permit), and in the event of any conflict between the REA, the Water Agreement, or the Use Permit with this Sublease, the document imposing the more restrictive provisions on Subtenant shall control.

(b) Cultivation Use. The State of California has enacted the Compassionate Use Act of 1997, SB 420, the Attorney General Guidelines of 2008, the Medical Marijuana Regulatory and Safety Act permitting and/or regulating cannabis businesses (as the same may be amended from time to time, and together with other state and local laws, regulations and ordinances enacted or promulgated permitting and/or regulating cannabis businesses, as the same may be amended from time to time, collectively, the "**Cannabis Law**"). Subtenant has indicated that one of the agricultural uses considered by Subtenant for the Premises may be for cultivating cannabis and manufacturing cannabis products for or on behalf of individuals for whom Subtenant is legally allowed to do so, to the extent permitted by the Cannabis Law (the "**Cultivation Use**"). Subject to the terms of attached Exhibit F, Sublandlord shall reasonably cooperate (at no out-of-pocket cost to Sublandlord) with Subtenant to obtain such approvals and permits as may be required by the State of California, the County in which the Premises are located or, if applicable, any local government agencies with jurisdiction over the Premises, that are necessary to the Cultivation Use (for example, executing standard authorization and inspection forms required by applicable governmental authorities authorizing the operation of Cultivation Use at the Premises and/or permitting them to enter and inspect the Premises).

(c) Acknowledgment. Notwithstanding the foregoing or anything to the contrary set forth in this Sublease, Subtenant acknowledges and agrees that Sublandlord makes no representations or warranties as to whether the Cultivation Use is or will be permissible on the

Premises under current or future Laws. Prior to execution of this Sublease, Subtenant acknowledges and agrees that Subtenant has conducted all investigations and inquiries with governmental authorities and third parties to determine the feasibility and permissibility under all Laws and regulations of any use of the Premises intended by Subtenant including, without limitation, the Cultivation Use. Subtenant shall be solely responsible for investigating all Laws that may apply to the use of the Premises and determining which uses are permissible for the Premises and is not relying in any way on any statements or information provided by Sublandlord in connection therewith. Subtenant understands, acknowledges and agrees that Sublandlord makes no assurances as to (i) Subtenant's ability to conduct any activities on the Premises including, without limitation, the Cultivation Use, (ii) Subtenant's ability to obtain financing for Subtenant's use of the Premises, (iii) Subtenant's ability to obtain insurance for Subtenant's operations on the Premises, or (iv) the type of operations (or the effect on Subtenant or the Premises thereof) to be performed by adjacent owners or occupants. However, subject to the later provisions hereof, and provided that Subtenant is continuing to comply with Cannabis Law and all other Law, Sublandlord shall not allege a default by Subtenant under this Sublease merely because the Cultivation Use may be prohibited by current federal Law.

(d) Governmental Use Action.

(i) If either Subtenant or Sublandlord receives a cease and desist letter, or any other form of notice from any governmental entity or authority declaring that Subtenant's use of the Premises is in violation of any Law (a "**Governmental Use Action**"), the Parties agree to immediately notify the other of such notice. If the Governmental Use Action includes a cease and desist or similar order to stop using the Premises for the then-current use (a "**Stop Order**"), Subtenant shall fully comply at its sole cost and expense with the Stop Order (and any other requirements, demands or instructions in the Governmental Use Action) within the time period set forth in the Governmental Use Action (or immediately if there is no specified time period). If the Governmental Use Action requires or permits Subtenant to cure the Stop Order or other specified violation by taking particular action, Subtenant shall promptly (and before recommencing the proscribed use if the Governmental Use Action included a Stop Order) commence and diligently prosecute such cure to completion by taking and completing such action within the time required by the Governmental Use Action (or promptly if there is no specified time period), at its sole cost and expense.

(ii) So long as Sublandlord determines that neither Master Landlord nor Sublandlord are exposed to the imminent risk of damages, liability, seizure of property or prosecution as a result thereof, and provided that Subtenant is not otherwise in default under this Sublease, Sublandlord will reasonably cooperate (at no out-of-pocket cost to Sublandlord) with Subtenant in responding to the Governmental Use Action, including meeting with Subtenant to determine whether curative administrative remedies or hearings are available and appropriate, and to discuss other responsive strategies.

(iii) Notwithstanding anything to the contrary set forth herein, if Master Landlord or Sublandlord are exposed to the imminent risk of damages, liability, seizure of property or

prosecution as a result of the Governmental Use Action, the Governmental Use Action shall be deemed an incurable Default, and Sublandlord shall be immediately entitled to exercise all rights and remedies pursuant to Article 13, including, without limitation, terminating this Sublease; provided, however, if such Governmental Use Action would otherwise permit Subtenant to terminate this Sublease as described in Section 5.1(d)(iv) below, Sublandlord's damages shall be limited to two (2) months Base Rent (at the then-current rate) plus the entire Security Deposit and the Cannabis Taxes Prepayment.

(iv) If a Governmental Use Action that includes a Stop Order occurs, and if (A) such Governmental Use Action is solely a result of either (i) the enactment of new state or local laws that expressly prohibit the Premises and surrounding properties from being used for the Cultivation Use, or (ii) the implementation of changes in current federal law enforcement practices that are intended to forcibly and directly prohibit the Premises and surrounding properties from being used for the Cultivation Use, and (B) such Stop Order is not withdrawn, revoked, or rescinded within sixty (60) days thereafter, and (C) Subtenant is exposed to the imminent risk of damages, liability, seizure of property or prosecution as a result of failing to comply with the Stop Order, then Subtenant shall have the right to terminate and cancel this Sublease by written notice to Lessor given after such 60-day period and on or before the 90<sup>th</sup> day after the Stop Order. Subtenant's termination right under this Section 5.1(d)(iv) shall not apply if the Stop Order has resulted from Subtenant's failure to comply with applicable Cannabis Law requirements, or from Subtenant's failure to take all required actions to maintain its licenses and permits, or from Subtenant's failure to perform its obligations under this Sublease. If Subtenant properly and timely exercises such termination right, then this Sublease will terminate as of midnight, California time, on the date of Subtenant's termination notice, and Subtenant shall surrender the Premises on such date in the condition required under Section 15.3 of this Sublease. If Subtenant fails to so surrender the Premises, then Lessee shall be deemed in holdover under Section 15.1 of this Sublease until all such surrender obligations have been performed. In consideration to Sublandlord for granting the termination right described hereinabove, if Subtenant exercises the termination right, (X) Sublandlord shall be entitled to retain all Base Rent payable by Subtenant under this Sublease through the date of termination, as well as the entire Security Deposit and the Cannabis Taxes Prepayment, and (B) Subtenant shall pay to Sublandlord, concurrently with its termination notice, a termination fee in the amount of two (2) months' Base Rent (based on the then-current Base Rent).

**Section 5.2 Civil Code Disclosure.** Pursuant to California Civil Code § 1938, Sublandlord hereby states that the Premises have not undergone inspection by a Certified Access Specialist ("CASp") (defined in California Civil Code §55.52(a)(3)). Pursuant to California Civil Code §1938, Sublandlord hereby provides the following notification to Subtenant: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs

necessary to correct violations of construction related accessibility standards within the premises." If Subtenant requests to perform a CASp inspection of the Premises, Subtenant shall, at its cost, retain a CASp approved by Sublandlord (provided that Sublandlord may designate the CASp, at Sublandlord's option) to perform the inspection of the Premises at a time agreed upon by the parties. Subtenant shall provide Sublandlord with a copy of any report or certificate issued by the CASp (the "**CASp Report**") and Subtenant shall, at its cost, promptly complete any modifications necessary to correct violations of construction related accessibility standards identified in the CASp Report, which modifications will be completed as may be provided in this Sublease. Subtenant shall keep the information in the CASp Report confidential in accordance with the confidentiality provisions set forth in this Sublease.

**Section 5.3 Signs.** Subtenant shall have no right to maintain signs in any location on or about the Premises without Sublandlord's prior written consent, which may be withheld in Sublandlord's sole discretion if such signs are visible from the exterior of the Premises (but otherwise shall not be unreasonably withheld). The size, design, graphics, material, style, color and other physical aspects of any permitted sign shall be subject to Sublandlord's written determination, as determined solely by Sublandlord, prior to installation, that such signage is in compliance with Applicable Requirements. If Sublandlord consents to a sign, Subtenant shall be responsible for all costs thereof. If Subtenant fails to maintain such sign in good condition, or if Subtenant fails to remove same upon termination of this Sublease and repair and restore any damage caused by the sign or its removal, Sublandlord may do so at Subtenant's expense. Sublandlord shall have the right to temporarily remove any signs in connection with any repairs or maintenance. The term "sign" shall include all signs, designs, monuments, displays, advertising materials, logos, banners, projected images, pennants, decals, pictures, notices, lettering, numerals or graphics.

**Section 5.4 Hazardous Materials.**

(a) **Definition.** For purposes of this Sublease, the term "**Hazardous Materials**" means (i) any "hazardous material" as defined in Section 25501(o) of the California Health and Safety Code, (ii) hydrocarbons, polychlorinated biphenyls or asbestos, and (iii) any toxic or hazardous materials, substances, wastes or materials as defined pursuant to any other applicable Laws.

(b) **No Use of Hazardous Materials.** Subtenant shall not cause or permit any Hazardous Materials to be brought upon, stored, used, generated, released or disposed of on, under, from or about the Premises (including without limitation the soil and groundwater thereunder) without the prior written consent of Sublandlord, which consent may be given or withheld in Sublandlord's sole and absolute discretion. Notwithstanding the foregoing, Subtenant shall have the right, without obtaining prior written consent of Sublandlord, to utilize within the Premises Hazardous Materials directly related to Subtenant's Permitted Use of the Premises provided that (1) the use, storage and disposal of such Hazardous Materials shall comply with all Applicable Requirements, and are in customary amounts for the applicable Permitted Use, (2) Subtenant gives Sublandlord prior written notice with regard to its proposed use of such Hazardous Materials, (3) Sublandlord may require Subtenant obtain such reasonable insurance covering Subtenant's use of such Hazardous Materials as is reasonably consistent with the requirements or practices of landlords of similar properties in the

general geographic area of the Premises, and (4) Sublandlord may place reasonable conditions on Subtenant's storage, use and disposal of any such Hazardous Materials.

(c) Inspection. Sublandlord and its agents shall have the right, but not the obligation, to inspect, sample and/or monitor the Premises and/or the soil or groundwater thereunder at any time to determine whether Subtenant is complying with the terms of this Section 5.4, and in connection therewith Subtenant shall provide Sublandlord with reasonable access to all facilities, records and personnel related thereto during normal business hours. If Subtenant is not in compliance with any of the provisions of this Section 5.4, or in the event of a release of any Hazardous Material on, under, from or about the Premises caused or permitted by Subtenant, its agents, employees, contractors, licensees, subtenants or business invitees (collectively, "**Subtenant's Agents**"), Sublandlord and its agents shall have the right, but not the obligation, without limitation upon any of Sublandlord's other rights and remedies under this Sublease, to immediately enter upon the Premises in the case of emergency and otherwise upon reasonable prior notice and to discharge Subtenant's obligations under this Section 5.4 at Subtenant's expense, including without limitation the taking of emergency or long-term remedial action. Sublandlord, at Subtenant's expense, shall have the right, but not the obligation, to join and participate in any legal proceedings or actions initiated in connection with any claims arising out of the storage, generation, use, release and/or disposal by Subtenant or its Subtenant's Agents on, under, from or about the Premises.

(d) Remediation; Indemnity. If the presence of any Hazardous Materials on, under, from or about the Premises caused or permitted by Subtenant results in (i) injury to any person, (ii) injury to or any contamination of the Premises, or (iii) injury to or contamination of any real or personal property wherever situated, Subtenant, at its expense, shall promptly take all actions necessary to return the Premises and any other affected real or personal property to the condition existing prior to the introduction of such Hazardous Materials and to remedy or repair any such injury or contamination, including without limitation, any cleanup, remediation, removal, disposal, neutralization or other treatment of any such Hazardous Materials. Notwithstanding the foregoing, Subtenant shall not, without Sublandlord's prior written consent, which consent may be given or withheld in Sublandlord's sole and absolute discretion, take any remedial action in response to the presence of any Hazardous Materials on, under, from or about the Premises or any other affected real or personal property or enter into any similar agreement, consent, decree or other compromise with any governmental agency with respect to any Hazardous Materials claims; provided however, Sublandlord's prior written consent shall not be necessary in the event that the presence of Hazardous Materials on, under, from or about the Premises or any other affected real or personal property (i) imposes an immediate threat to the health, safety or welfare of any individual and (ii) is of such a nature that an immediate remedial response is necessary and it is not possible to obtain Sublandlord's consent before taking such action. To the fullest extent permitted by law, Subtenant shall indemnify, hold harmless, protect and defend (with attorneys reasonably acceptable to Sublandlord), Sublandlord, the Sublandlord Parties and the Premises from and against any and all liabilities, losses, damages, diminution in value, judgments, fines, demands, claims, recoveries, deficiencies, costs and expenses (including without limitation reasonable attorneys' fees, court costs and other professional expenses), whether foreseeable or unforeseeable, arising directly or indirectly out of the use, generation, storage, treatment, release, on- or off-site disposal or transportation of Hazardous

Materials on, into, from, under or about the Premises and any other real or personal property used by Subtenant or Subtenant's Agents. Such indemnity obligation shall specifically include, without limitation, the cost of any required or necessary repair, restoration, cleanup or detoxification of the Premises and any other affected real or personal property, the preparation of any closure or other required plans, whether such action is required or necessary during the Term or after the expiration of this Sublease and any loss of rental due to the inability to lease the Premises or any other real or personal property as a result of such Hazardous Materials, the remediation thereof or any repair, restoration or cleanup related thereto. If it is at any time discovered that Subtenant or Subtenant's Agents may have caused or permitted the release of any Hazardous Materials on, under, from or about the Premises or any other real or personal property, Subtenant shall, at Sublandlord's request, immediately prepare and submit to Sublandlord a comprehensive plan, subject to Sublandlord's reasonable approval, specifying the actions to be taken by Subtenant to return the Premises, and other affected real or personal property to the condition existing prior to the introduction of such Hazardous Materials. Upon Sublandlord's approval of such plan, Subtenant shall, at its expense, and without limitation of any rights and remedies of Sublandlord under this Sublease or at law or in equity, immediately implement such plan and proceed to cleanup, remediate and/or remove all such Hazardous Materials in accordance with all applicable Laws and as required by such plan and this Sublease.

(e) Disclosure. Sublandlord hereby discloses to Subtenant that the Premises and Master Premises has been used for agricultural purposes for some time, including the use of pesticides, fertilizers, fungicides, and other chemicals, and contains above-ground fuel tank(s), electric transformer(s), and propane tank(s), all of which may be or contain Hazardous Materials. Subtenant hereby waives all claims against Sublandlord with respect to such Hazardous Materials as well as any other pre-existing Hazardous Materials located at, in, or under the Premises. The provisions of this Section 5.4 shall expressly survive the expiration or sooner termination of this Sublease.

Section 5.5 Entry Road. The entry road shown on attached Exhibit A is for the shared common or joint use, convenience or benefit of Master Landlord, Subtenant, Sublandlord and its permittees, and other tenants or subtenants of the Master Premises or portions thereof, and its or their employees, agents, servants, suppliers, customers and other invitees. The manner in which the entry road is maintained and operated shall be at the discretion of Sublandlord. Sublandlord reserves the right to close temporarily, make alterations or additions to, or change the entry road, provided that, in connection therewith, Sublandlord shall perform such closures, alterations, additions or changes in a commercially reasonable manner and, in connection therewith, shall use commercially reasonable efforts to minimize any material interference with Subtenant's use of and access to the Premises. Subtenant shall pay Subtenant's Share of the costs incurred or payable by Sublandlord with respect to the entry road, in accordance with Section 4.2.

Section 5.6 Water Well. Notwithstanding anything to the contrary set forth in this Sublease, the water well, pump house, and water tanks located at the Premises (together with all related facilities and equipment, the "**Well**"), and the water therefrom, shall be for the shared use of Master Landlord, Subtenant, Sublandlord (and its designees), other tenants and subtenants of the Master Premises, and

owners or occupants of adjacent properties ("**Adjacent Properties**") now or hereafter serviced by the Well.

(a) Reservations. Sublandlord hereby reserves for itself and its designees (including owners or lessees of the Adjacent Properties) easements over, on and under the Premises for access to the Well (including the pumping equipment, the water pump and common pipelines to carry water, pressure tanks, and the electrical equipment necessary to operate the pump), and other Shared Facilities (as hereinafter defined) and for the installation, use, repair, replacement, and maintenance of water pipes and related facilities to and from the Well and other Shared Facilities. Nothing in this Sublease is intended to limit the rights of any person or entity pursuant to any recorded agreements relating to the use, maintenance or installation of the Well or other Shared Facilities on the Premises, Master Premises, or Adjacent Properties. Subtenant shall not obstruct access to the Well.

(b) Well Maintenance. Sublandlord shall use commercially reasonable efforts to maintain the Well at all times during the Term in operational condition, including performing (or causing to be performed) maintenance and repairs (including replacement as necessary) to the Well and Well equipment, including without limitation piping and casing, water pump, common water pipelines, pressure tanks, and electrical equipment necessary to operate the pump. Subtenant shall pay Subtenant's Share of the costs incurred or payable by Sublandlord with respect to the Well and Well equipment, in accordance with Section 4.2.

(c) Control and Use of Well and Well Water. Subtenant shall not interfere with the operation, configuration, maintenance or condition of the Well. Each of Subtenant and Sublandlord (and its permittees) shall have the right to access and use the Well and the water therefrom, provided that (i) Subtenant's use shall in no event exceed the amounts of water reasonably necessary to utilize the Premises for the Permitted Use, and (ii) if from time to time the amount of available water from the Well becomes insufficient to serve the water needs of the Master Landlord, Sublandlord, and other persons or entities entitled to use the Well or Well water, Sublandlord may require Subtenant to proportionately reduce the amount of water that Subtenant draws from the Well (in such amounts as determined by Sublandlord, which determination shall be conclusive so long as made in good faith).

Section 5.7 Fencing and Security Measures. Subtenant shall, to the extent required by Applicable Laws or Cannabis Laws, implement and install safety and security measures, including fencing and security gates (the "**Security Gates**") and security cameras and security guards (collectively, the "**Security Facilities**") in, on and around the Premises. Subtenant shall provide Sublandlord with the means necessary to enable it and its designees or other authorized persons to access the Premises through the Security Gates without requiring the use of procedures (other than sign-in and identification procedures) that would place unreasonable restraints on their access to the Premises. The cost of installation and maintenance of the Security Gates and Security Facilities shall be paid by Subtenant. All security measures shall be implemented and operational within thirty (30) days after Delivery of Premises.

Section 5.8 Additional Facilities. If Sublandlord has installed or caused to be installed within 12 months prior to the date of this Sublease, or hereafter elects (which Sublandlord shall have the right,



but not the obligation, to do) to install or cause to be installed, at the Premises or Master Premises or any of the Adjacent Properties, a potable water system (the "**Potable Water System**"), a septic system and bathroom facilities ("**Bathroom Facilities**"), and/or additional systems or facilities at the Master Premises, Premises, or Adjacent Properties to satisfy Applicable Requirements related in any way to use of the Premises for the Permitted Use, including, but not limited to water recycling, detention, or re-use facilities, shared trash, recycling, or waste areas, and gas or electric upgrades (the "**Use Related Facilities**" and, together with the Potable Water System and Bathroom Facilities, the "**Additional Facilities**"), then to the extent that Sublandlord grants Subtenant the right to utilize the Additional Facilities (and whether or not Subtenant elects to use the Additional Facilities), Subtenant shall pay Subtenant's Share of the cost of design, permitting, construction, installation, maintenance, repair, and replacement of the Additional Facilities in accordance with Section 4.2. Nothing herein shall require or obligate Sublandlord to install any Additional Facilities.

Section 5.9 Management Fee. At Sublandlord's election, Direct Expenses shall include a commercially reasonable overhead/management fee for Sublandlord's administrative and operational activities, whether provided by Sublandlord or any of its affiliates or a separate property manager.

## ARTICLE 6: UTILITIES

Section 6.1 Utilities. Subject to Section 6.2 below, Subtenant shall be responsible for and shall promptly pay, directly to the appropriate supplier, for all water, gas, electricity, sewer, heat, light, power, telephone, telecommunications service, refuse pickup, janitorial service, landscape maintenance, and all other utilities, materials and services furnished to Subtenant or the Premises or used by Subtenant in, on or about the Premises during the Term, together with any taxes thereon. If any such utilities or services are not separately metered or assessed to Subtenant or the Premises (and in that regard, Subtenant acknowledges and agrees that gas, electricity, heat, boilers, and other utility facilities located on the Master Premises that currently serve, and which are expected to continue to serve, both the Premises, Master Premises, and/or Adjacent Properties, are currently not separately metered), Sublandlord shall make a determination of Subtenant's Share of the cost of such utilities and services and Subtenant shall pay such amount, as an item of Additional Rent, within ten (10) days after receipt of Sublandlord's statement or invoice therefor. Alternatively, Sublandlord may elect to include such cost as part of Direct Expenses, in which event Subtenant shall pay Subtenant's Share of such costs in the manner set forth in Section 4.2 (subject to Section 6.2 below). Sublandlord shall have the right (but not the obligation), from time to time, to cause any or all utilities to the Premises to be separately metered or submetered (or to install E-Mon D-Mon meters or similar utility usage measurement devices), and Subtenant shall cooperate fully with Sublandlord in connection therewith. If any lights, machines or equipment are used by Subtenant at the Premises which materially adversely affect any of the shared utility facilities described above, modifications to address such affect, and the cost thereof, including the additional cost of increased operation and maintenance, shall be paid by Subtenant, as an item of Additional Rent, within ten (10) days after receipt of Sublandlord's statement or invoice therefor. Subtenant shall be responsible for obtaining, contracting for and maintaining its own monthly phone and data service to the Premises.

Section 6.2 Escrow Agreement and Utility Prepayment. Concurrently with the execution and delivery of this Sublease, Subtenant and Sublandlord shall enter into an Escrow Agreement in the

form of attached Exhibit G (the "**Escrow Agreement**") with an escrow agent mutually acceptable to Sublandlord and Subtenant ("**Escrow Agent**"), and Subtenant shall deposit with Escrow Agent the amount of \$57,094.00 (the "**Utility Prepayment**"). Subtenant shall provide Sublandlord with evidence of payment of all utilities ten (10) days prior to the due date thereof ("**Utility Payment Document**"). Pursuant to the Escrow Agreement, Sublandlord may notify Escrow Holder (with a copy to Subtenant) upon failure of Subtenant to provide any Utility Payment Document (the "**Notice of Failure to Pay**"). The Notice of Failure to Pay shall include the amount due and date due. If Subtenant does not provide Escrow Holder with the Utility Payment Document within two (2) days of receipt of the Notice of Failure to Pay, Escrow Holder shall pay the applicable Utility payment (the amount stated in the Notice of Failure to Pay) to the applicable utility provider, as directed by Sublandlord. So long as Subtenant replenishes the escrow as provided below, such payment shall be deemed made on behalf of Subtenant under this Sublease. If Subtenant fails to timely replenish the escrow as provided below, Subtenant shall be deemed in default under this Sublease and the Escrow Agreement. Any utility bills or charges for which Subtenant is obligated under this Sublease that are not covered by the Utility Prepayment shall be paid by Subtenant pursuant to Section 6.1 above. Each time the Utility Prepayment is utilized, Subtenant shall restore the Utility Prepayment to its original amount (or such greater amount as Sublandlord may estimate will be incurred for utility charges payable by Subtenant over the succeeding six month period) within ten (10) days thereafter. If this Sublease is terminated due to Subtenant's default, the entire then-remaining Utility Prepayment Amount shall be released to Sublandlord and added to the Security Deposit (and shall thereafter be applied in accordance with the Security Deposit provisions of this Sublease). Utility charges for which Subtenant is obligated under this Sublease that are payable with the Utility Prepayment shall not be included in monthly Direct Expenses charged to Subtenant under Section 4.2.

## ARTICLE 7: MAINTENANCE AND REPAIR

### Section 7.1 Subtenant's Maintenance and Repair.

(a) General. Except for matters that are expressly made Sublandlord's obligation as set forth in Section 7.2 below, Subtenant at its sole expense shall maintain and make all repairs and replacements (collectively, "**repairs**") necessary to keep the Premises and every part thereof, whether structural or non-structural, in at least as good condition as existed on the Commencement Date (or on any later date that Alterations, as defined in Section 7.3, may be installed), whether or not the portion of the Premises requiring repairs, or the means of repairing the same, are reasonably or readily accessible to Subtenant, and whether or not the need for such repairs occurs as a result of Subtenant's use, any prior use, the elements or the age or construction of the Premises or any portion thereof, including, but not limited to the following systems, equipment and/or elements: plumbing, heating, ventilating, cooling, electrical, lighting, boilers, pressure vessels, water wells, pumps, irrigation, drainage lines and areas, sewers and fire protection, fixtures, walls (interior and exterior), ceilings, roofs, floors and flooring, slabs, windows, doors, glass, landscaping, driveways, parking lots, fences, retaining walls, signs, sidewalks and parkways located in, at, or on (or adjacent to) the Premises. Sublandlord may impose reasonable restrictions and requirements with respect to repairs, and the provisions of Section 7.3 and attached Exhibit C shall apply to repairs.

(b) Service Contracts. In discharging its obligations hereunder, Subtenant shall exercise and perform good maintenance practices, which shall specifically include the procurement and maintenance by Subtenant, at Subtenant's sole expense, of service or maintenance contracts (with copies to Sublandlord), in form and substance reasonably acceptable to Sublandlord, with contractors or service professionals designated by Sublandlord covering the following equipment and improvements, if any: (i) boiler and pressure vessels, (ii) landscaping and irrigation, (iii) heating, cooling and air conditioning systems and equipment, (iv) fire protection systems, (v) roofs and drains, and (vi) any other equipment reasonably required by Sublandlord. As part of its maintenance obligations hereunder, Subtenant shall, at Sublandlord's request, provide Sublandlord with copies of all maintenance schedules, reports and notices prepared by, for or on behalf of Subtenant. Notwithstanding the foregoing, Sublandlord reserves the right, upon notice to Subtenant, to procure and maintain any or all of such service/maintenance contracts, in which event Subtenant shall pay Subtenant's Share of the cost thereof (both the periodic monthly charges and any additional charges for necessary repair or replacement by such contractors or service professionals of the items in question), as part of Direct Expenses, in accordance with Section 4.2.

(c) Failure to Perform. If Subtenant fails to properly maintain and/or repair the Premises as herein provided following Sublandlord's notice and the expiration of the applicable cure period (or earlier if Sublandlord determines that such work must be performed prior to such time in order to avoid damage to the Premises or other detriment), then Sublandlord may elect, but shall have no obligation, to perform any repair or maintenance required hereunder on behalf of Subtenant and at Subtenant's expense, and Subtenant shall reimburse Sublandlord upon demand for all costs incurred, plus an administrative fee of fifteen percent (15%) thereof, upon submission of an invoice. Alternatively, should Sublandlord or its management agent agree to make a repair on behalf of

Subtenant and at Subtenant's request, Subtenant shall promptly reimburse Sublandlord as Additional Rent for all costs incurred (including the standard coordination fee of Sublandlord's management agent) upon submission of an invoice.

**Section 7.2 Sublandlord Repair Obligations.** Sublandlord shall keep the following shared systems, equipment and elements in at least as good a working condition and repair as existed on the Commencement Date, ordinary wear and tear and damage by uninsured casualty excepted: plumbing, electrical, gas, lighting, heating, boilers, pressure vessels, water tanks, wells, pumps, drainage lines and areas, septic systems, fire protection systems, entry roads, and Additional Facilities (if any are installed pursuant to Section 5.8), but only to the extent such items are located outside of the Premises and service both the Premises and the Master Premises, and/or Adjacent Properties. The cost thereof shall be paid by Subtenant, as an item of Additional Rent, within ten (10) days after receipt of Sublandlord's statement or invoice therefor. Alternatively, Sublandlord may elect to include such cost as part of Direct Expenses, in which event Subtenant shall pay Subtenant's Share of such costs in the manner set forth in Section 4.2. Except as otherwise expressly set forth herein, Sublandlord has no obligation, in any manner whatsoever, to repair or maintain the Premises or any part thereof, or any of the equipment therein. Subtenant expressly waives the benefit of any Laws now or hereafter in effect to the extent inconsistent with the terms of the foregoing. Nothing contained in this Section shall limit Sublandlord's right to reimbursement from Subtenant for maintenance, repair and replacement costs as provided elsewhere in this Sublease. Subtenant may not make repairs at Sublandlord's expense or by Rent offset. There shall be no abatement of rent and no liability of Sublandlord by reason of any injury to or interference with Subtenant's business arising from the making of any repairs, alterations or improvements to any portion of the Premises, and no related activity by Sublandlord or any of the Sublandlord Parties shall constitute an actual or constructive eviction.

**Section 7.3 Alterations.** Subtenant shall make certain improvements to the Premises (the "**Initial Improvements**") in accordance with Exhibit C attached hereto. Other than the Initial Improvements, Subtenant shall make no alterations, additions or improvements at or to the Premises (collectively, and including the Initial Improvements, "**Alterations**") without the prior written consent of Sublandlord. Sublandlord's consent shall not be unreasonably withheld as long as the proposed changes do not adversely affect the structural, electrical or mechanical components or systems of the Building, are not visible from the exterior of the Premises, utilize only building standard materials, and are in compliance with all Applicable Requirements. The provisions of Exhibit C shall apply to all Alterations. Without limiting the generality of the foregoing, Sublandlord may require Subtenant to use Sublandlord's designated structural, irrigation, roofing, and/or electrical contractors for work affecting the structural, irrigation, roofing, or electrical elements or systems of or serving the Premises. All contractors utilized by Subtenant must be approved in advance by Sublandlord, which approval shall not be unreasonably withheld provided the contractors are duly licensed, qualified, bondable, and carry insurance satisfactory to Sublandlord. Subtenant shall obtain all required permits for the work and shall perform the work in compliance with all Applicable Requirements, and Sublandlord shall be entitled to a supervision fee in the amount of five percent (5%) of the cost of the work. Any request for Sublandlord's consent shall be made in writing and shall contain architectural plans describing the work in detail reasonably satisfactory to Sublandlord. Sublandlord

may elect to cause its architect to review Subtenant's architectural plans, and the reasonable cost of that review shall be reimbursed by Subtenant. Subtenant shall, at its expense, furnish Sublandlord with as-built drawings within thirty (30) days after completion of the work. Unless Sublandlord otherwise agrees in writing, the Initial Improvements, and all later Alterations affixed to the Premises (excluding moveable trade fixtures and furniture) shall become the property of Sublandlord and shall be surrendered with the Premises at the end of the Term, except that Sublandlord may, by notice to Subtenant given within 90 days prior to the Expiration Date (or after any sooner termination of this Sublease), require Subtenant to remove by the Expiration Date, or immediately after any sooner termination date of this Sublease, all or any Alterations installed either by Subtenant or by Sublandlord at Subtenant's request. Subtenant shall repair any damage to the Premises arising from that removal and restore the affected area to its pre-Alteration condition, reasonable wear and tear excepted. For purposes of the foregoing, the following shall be considered Alterations (and not moveable trade fixtures): flooring, venting systems, sidewalls, air lines, gas lines, power panels, electrical distribution, security and fire protection systems, communication systems, lights and lighting fixtures, light deprivation curtain systems, HVAC equipment and systems, watering and irrigation systems, benching, plumbing, and fencing in or on the Premises.

Section 7.4 Mechanics' Liens. Subtenant shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by or for Subtenant. Upon request by Sublandlord, Subtenant shall promptly cause any such lien to be released by posting a bond in accordance with California Civil Code §3143 or any successor statute. If Subtenant fails, within twenty (20) days following the imposition of any lien, to cause the lien to be released of record by payment or posting of a proper bond, Sublandlord shall have, in addition to all other available remedies, the right to cause the lien to be released by any means it deems proper, including payment of or defense against the claim giving rise to the lien. All expenses so incurred by Sublandlord, including Sublandlord's attorneys' fees, shall be reimbursed by Subtenant promptly following Sublandlord's demand, together with an administrative fee of fifteen percent (15%) of such expenses. Subtenant shall give Sublandlord no less than ten (10) days' prior notice in writing before commencing construction of any kind on the Premises so that Sublandlord may post and maintain notices of non-responsibility on the Premises.

Section 7.5 Entry. Sublandlord and its designees shall at all times, after at least 24 hours' oral or written notice to Subtenant (except that no notice shall be required in the event of an emergency or to provide services), have the right to enter the Premises to inspect them, to protect the interests of Sublandlord in the Premises, to make repairs and renovations as reasonably deemed necessary by Sublandlord, and to submit the Premises to prospective or actual purchasers or encumbrance holders or to prospective tenants, all without being deemed to have caused an eviction of Subtenant and without abatement of rent except as provided elsewhere in this Sublease. Except in an emergency, Subtenant shall have the right to have an employee of Subtenant accompany the person(s) entering the Premises, provided Subtenant makes such employee available at the time Sublandlord or such other party desires to enter the Premises. Sublandlord shall at all times have and retain a key which unlocks all of the doors in the Premises, excluding Subtenant's vaults and safes, and Sublandlord shall have the right to use any and all means which Sublandlord may deem proper to open the doors in an emergency in order to obtain entry to the Premises, and any entry to the Premises obtained by

Sublandlord shall not under any circumstances be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or any eviction of Subtenant from the Premises. Sublandlord or Master Landlord shall have the right at any time to inspect Subtenant's licenses, approvals and compliance records relating to Subtenant's business at the Premises, copies of which shall be kept in a secured, but easily accessible lock box on the Premises.

## ARTICLE 8: TAXES

**Section 8.1 Property Taxes.** Subject to Section 8.5 below, from and after the Commencement Date, Subtenant shall pay all Property Taxes (as hereinafter defined) and Cannabis Taxes (as hereinafter defined) as part of Direct Expenses under Section 4.2. If the Premises are separately assessed for Property Taxes (either now or in the future), Subtenant's Share shall be 100% of the Property Taxes for the Premises shown on the applicable tax bill. If the tax bill(s) covering the Premises otherwise cover(s) additional land and/or improvements, then (i) Subtenant's Share of the portion of the tax bill covering "improvements" shall be the value of the Improvements to the total value of all building improvements (as such values are determined by Sublandlord, which determination shall be conclusive provided that it is made in good faith) covered under such tax bill(s) (but shall be 100% as to the portion of the Property Taxes attributable to any new construction by Subtenant), and (ii) Subtenant's Share of the portion of the tax bill covering "land" shall be the total square footage ratio of the land area of the Premises to the total square footage of all land covered by the tax bill(s).

**Section 8.2 Proration.** If at the beginning (measured from the Commencement Date) or end of the Term this Sublease shall be in effect for less than a full tax period, Property Taxes for that tax period shall be prorated based on the number of days this Sublease shall be in effect during such tax period, with Sublandlord to pay the portion thereof applicable to the period before the Commencement Date and after the expiration of the Term, respectively. If a partial tax period occurs at the end of the Term, the adjustment referred to above shall occur at the end of the Term or, if necessary, as soon thereafter as accurate information as to the Property Taxes for the tax period is known. It is agreed that nothing herein shall be deemed to impose upon Sublandlord an obligation to procure or attempt to procure a separate tax parcel for the Premises or to contest any tax bill rendered to it.

**Section 8.3 Definitions.**

(a) **“Property Taxes”** shall mean and include any form of taxes, assessments (general and special), levy, penalty, charge or tax imposed by any authority having a direct or indirect power to tax or charge on or with respect to this Sublease, the Master Premises, the Premises, or Subtenant's interest therein, or any part thereof, or the Improvements, or Subtenant's Alterations, including, without limitation, any City, County, State, or federal authority(ies), or any improvement or other district, with respect to any calendar year or part thereof included within the Term, whether such tax is: (1) determined by the area of the Master Premises or Premises or upon all or any portion of or in relation to the Master Premises or Premises; (2) upon or with respect to any legal or equitable interest of Sublandlord or Subtenant in the Premises or Master Premises or any part thereof; (3) upon this transaction or any document to which Subtenant is a party creating a transfer in any interest in

the Premises; (4) in lieu of or as a direct substitute in whole or in part of or in addition to any real property taxes on the Master Premises or Premises; (5) in consideration for services, such as police protection, fire protection, street, sidewalk and roadway maintenance, refuse removal or other services that may be provided by any governmental or quasi-governmental agency from time to time; (6) upon any leasehold estate in the Premises or measured by Rent from the Premises, including any increase caused by the transfer, sale or encumbrance of the Premises or Master Premises or any portion thereof, or (7) resulting from or attributable to a change in ownership (as defined by applicable Laws) of the Premises or the Master Premises or any of Sublandlord's interest therein. "**Property Taxes**" do not, however, include Sublandlord's federal or state income, franchise, inheritance or estate taxes.

(b) "**Cannabis Taxes**" shall mean and include all taxes, assessments (general and special), levies, penalties, and charges imposed on Subtenant, Sublandlord, Master Landlord, the Master Premises, or the Premises, by any authority having a direct or indirect power to tax or charge, including, without limitation, any City, County, State, or federal authority(ies), or any special assessment district, with respect to any calendar year or part thereof included within the Term, arising from or relating in any way (directly or indirectly) to cultivating, manufacturing, selling, or distributing cannabis or products containing cannabis or derivatives therefrom, regardless of how determined or calculated.

Section 8.4 Taxes and Assessments on Subtenant's Property. Subtenant shall be liable for and shall pay, at least ten (10) days before delinquency, all taxes and assessments levied against all personal property (whether or not owned by Subtenant) located in the Premises. When possible, Subtenant shall cause its personal property to be assessed and billed separately from the Premises. If any taxes on Subtenant's personal property are levied against Sublandlord or Sublandlord's property and if Sublandlord pays the same, or if the assessed value of Sublandlord's property is increased by the inclusion of a value placed upon the personal property of Subtenant and if Sublandlord pays the taxes based upon the increased assessment, Subtenant shall pay to Sublandlord the taxes so levied against Sublandlord or the proportion of the taxes resulting from the increase in the assessment. In calculating what portion of any tax bill which is assessed against Sublandlord separately, or Sublandlord and Subtenant jointly, is attributable to Subtenant's personal property, Sublandlord's good faith determination shall be conclusive.

Section 8.5 Escrow Agreement and Cannabis Taxes Prepayment. Concurrently with the execution and delivery of this Sublease, Subtenant shall deposit with Escrow Agent the amount of \$325,000 (the "**Cannabis Taxes Prepayment**"). Subtenant shall provide Sublandlord with evidence of payment of all Cannabis Tax Bills ten (10) days prior to the due date ("**Cannabis Payment Document**"). Pursuant to the Escrow Agreement, Sublandlord may notify Escrow Holder (with a copy to Subtenant) upon failure of Subtenant to provide any Cannabis Payment Document (the "**Notice of Failure to Pay**"). The Notice of Failure to Pay shall include the amount due and date due. If Subtenant does not provide Escrow Holder with the Cannabis Payment Document within two (2) days of receipt of the Notice of Failure to Pay, Escrow Holder shall pay the applicable Cannabis Taxes payment (the amount stated in the Notice of Failure to Pay) to the applicable governmental entity, as directed by Sublandlord. So long as Subtenant replenishes the escrow as provided below,

such payment shall be deemed made on behalf of Subtenant under this Sublease. If Subtenant fails to timely replenish the escrow as provided below, Subtenant shall be deemed in default under this Sublease and the Escrow Agreement. Any Cannabis Taxes that are not covered by the Cannabis Taxes Prepayment shall be paid by Subtenant pursuant to Section 6.1 above. Each time the Cannabis Taxes Prepayment is utilized, Subtenant shall restore the Cannabis Taxes Prepayment to its original amount (or such greater amount as Sublandlord may estimate will be incurred for Cannabis Taxes payable by Subtenant over the succeeding six month period), within ten (10) days thereafter. If this Sublease is terminated due to Subtenant's default, the entire then-remaining Cannabis Taxes Prepayment Amount shall be released to Sublandlord and added to the Security Deposit (and shall thereafter be applied in accordance with the Security Deposit provisions of this Sublease). Cannabis charges for which Subtenant is obligated under this Sublease that are payable with the Cannabis Taxes Prepayment shall not be included in monthly Direct Expenses charged to Subtenant under Section 4.2.

## ARTICLE 9: ASSIGNMENT AND SUBLETTING

Section 9.1 Sublandlord's Consent Required. Except as set forth in Section 9.2, Subtenant shall not assign, whether in one (1) transaction or a series of transactions, sublet, encumber, mortgage, hypothecate or pledge this Sublease or its interest in the Premises, or allow the Premises to be occupied, in whole or in part, by any other person or entity, or enter into franchise, license or concession agreements, or change ownership or voting control, or otherwise transfer (including any transfer by operation of Laws) all or any part of this Sublease or of Subtenant's interest in the Premises or Subtenant's business (collectively, "**Transfer**") without Sublandlord's prior written consent, which consent may be withheld in Sublandlord's sole and absolute discretion. For purposes of this Sublease, references to any Transfer shall be deemed to apply not only to a Transfer effected directly by Subtenant, but also to a Transfer by a Transferee at any level. Except as set forth in Section 9.2, no Transfer shall be valid or effective without Sublandlord's prior written consent and, at Sublandlord's election, such Transfer shall be void and of no force or effect, or an incurable default by Subtenant. Subtenant hereby represents and warrants to Sublandlord that as of the Effective Date it has not entered into any encumbrance, mortgage, hypothecation or other pledge which would result in an encumbrance or pledge of this Sublease or Subtenant's interest in the Premises. For purposes of this Article 9, the term "**control**" (including the terms "**controlled by**" and "**under common control with**") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any Person, whether through the ownership of voting securities or by contract or otherwise, and/or ownership of more than fifty percent (50%) of the outstanding voting capital stock of a corporation or more than fifty percent (50%) of the beneficial interests of any other entity. "**Person**" means an individual, partnership (whether general or limited), limited liability company, corporation, trust, estate, unincorporated association, nominee, joint venture or other entity.

Section 9.2 No Release. No Transfer shall relieve Subtenant or any Guarantor from its covenants and obligations under this Sublease. Any purported Transfer requiring Sublandlord's consent shall confer no rights whatsoever on any third party if Sublandlord's consent is not obtained. Consent by Sublandlord to any Transfer shall not constitute a waiver of the requirement for such consent to any subsequent Transfer. Sublandlord may collect and accept any one or more payments of Rent from



any person or party in possession or control of the Premises (or claiming the same) without the same constituting a consent to any transfer of possession or control of the Premises or an Transfer and Sublandlord may otherwise enforce any of the duties, obligations or covenants of the "Subtenant" hereunder, all without any release of Subtenant whatsoever and without any waiver or limitation of Sublandlord's rights and remedies under this Sublease or at Laws or in equity.

**Section 9.3 Sublease Requirements.** Without limitation on the consent requirements set forth above, any sublease, license, concession or other occupancy agreement entered into by Subtenant shall be subordinate and subject to the provisions of this Sublease, and if this Sublease is terminated during the term of any such agreement, Sublandlord shall have the right to: (i) treat such agreement as cancelled and repossess the subject space by any lawful means, or (ii) require that such transferee attorn to and recognize Sublandlord as its landlord (or licensor, as applicable) under such agreement. Sublandlord shall not, by reason of such attornment or the collection of sublease rentals, be deemed liable to the subtenant for the performance of any of Subtenant's obligations under the sublease arising prior to the attornment. If Subtenant is in default, Sublandlord is irrevocably authorized to direct any transferee under any such agreement to make all payments under such agreement directly to Sublandlord (which Sublandlord shall apply towards Subtenant's obligations under this Sublease) until such default is cured. In no event shall Sublandlord's enforcement of any provision of this Sublease against any Transferee be deemed a waiver of Sublandlord's right to enforce any term of this Sublease against Subtenant or any other Person.

**Section 9.4 Recapture.** Notwithstanding the foregoing provisions of this Article 9, if Subtenant seeks Sublandlord's consent to a Transfer, Sublandlord may either refuse such consent or may elect to terminate this Sublease effective on the date that the Transfer would have become effective by giving notice to Subtenant of such termination (the "**Recapture Notice**") within thirty (30) days after receiving Subtenant's request for consent to a Transfer. Sublandlord may thereafter, at its option, assign or re let any space so recaptured to any third party, including, without limitation, the proposed Transferee of Subtenant. If Sublandlord provides Subtenant with a Recapture Notice, Subtenant may elect, by notice to Sublandlord given within five (5) days after receipt of the Recapture Notice, to rescind Subtenant's request for consent to the Transfer, in which event Sublandlord shall not have the right to terminate the Sublease under this Section 9.5 with respect to such rescinded Transfer.

**Section 9.5 Transfer Premium.** In the event of a Transfer, Subtenant agrees that one hundred percent (100%) of any monetary amounts or other consideration paid by the Transferee with respect to the Transfer, however described, in excess of the Base Rent payable by Subtenant hereunder (or in the case of a Transfer of only a portion of the Premises, in excess of the Base Rent reasonably allocable to such portion), and such amounts shall be payable directly to Sublandlord by the Transferee or, at Sublandlord's option, by Subtenant. At Sublandlord's request, a written agreement shall be entered into by and among Subtenant, Sublandlord and the proposed Transferee confirming the requirements of this Section.

**Section 9.6 Rental Increase.** If a Transfer occurs, the Base Rent shall be increased, effective as of the date of the Transfer, to the greater of (a) Base Rent specified in Exhibit B, adjusted in accordance with the provisions of Exhibit B, or (b) a sum equal to the then fair market rental value of the

Premises, as agreed upon by Sublandlord and Subtenant. If Sublandlord and Subtenant are unable to agree upon the then fair market rental value of the Premises, then the fair market rental value may be determined by a qualified independent appraiser chosen by Sublandlord and reasonably approved by Subtenant. Thereafter, Base Rent shall be increased proportionately in accordance with the periodic adjustments to Base Rent as set forth in Exhibit B.

## ARTICLE 10: INSURANCE AND INDEMNITY

Section 10.1 Insurance. The insurance obligations of Sublandlord and Subtenant are set forth in attached Exhibit D. Subtenant shall pay for all insurance required or obtained under Exhibit D by Sublandlord, Master Landlord or Subtenant. Premiums for policy periods on any Sublandlord's or Master Landlord's insurance commencing prior to or extending beyond the Term shall be prorated to correspond to the Term, and payment for Sublandlord's or Master Landlord's insurance shall be made by Subtenant to Sublandlord within ten (10) days following receipt of Sublandlord's statement or invoice therefor. If Sublandlord's or Master Landlord's insurance covering the Premises otherwise cover(s) additional land and/or improvements, then Subtenant shall pay to Sublandlord Subtenant's Share of the premiums for such insurance in accordance with Section 4.2.

Section 10.2 Indemnity. Subtenant shall pay for, defend (with attorneys reasonably acceptable to Sublandlord), indemnify, protect and hold Sublandlord and Master Landlord harmless from any real or alleged damage or injury and from all claims, judgments, liabilities, penalties, costs and expenses, including attorneys' fees and costs (collectively, "**Costs**"), in any way connected to Subtenant's use of the Premises, Subtenant's activities in or about the Premises, or any repairs or Alterations that Subtenant may make or cause to be made on the Premises, or by any breach of this Sublease by Subtenant and any loss or interruption of business or loss of rent income resulting from any of the foregoing; provided, however, Subtenant shall not be liable for Costs to the extent such damage or injury is ultimately determined to be caused by the gross negligence or willful misconduct of Sublandlord. Notwithstanding the foregoing, Subtenant shall in all cases accept any tender of defense of any action or proceeding in which Sublandlord is named or made a party and shall, notwithstanding any allegations of gross negligence or willful misconduct on the part of Sublandlord, defend Sublandlord as provided herein until a final determination of gross negligence or willful misconduct is made. Costs shall also include all of Sublandlord's attorneys' fees, litigation costs, investigation costs and court costs and all other costs, expenses and liabilities incurred by Sublandlord or its counsel from the date Sublandlord first receives notice that any claim or demand is to be made or may be made. For purposes of this Section 10.2 and Section 10.3, "Sublandlord" includes Sublandlord and the Sublandlord Parties and lenders, and "Subtenant" includes Subtenant and its directors, officers, shareholders, members, and Subtenant's Agents. Subtenant's obligations under this Section 10.2 shall survive the termination of this Sublease.

Section 10.3 Waiver. Sublandlord shall not be liable to Subtenant for: (a) any damage to property of Subtenant, or of others, located in, on or about the Premises, regardless of cause, (b) the loss of or damage to any property of Subtenant or of others by theft or otherwise, (c) any injury or damage to persons or property resulting from fire, explosion, utility or service interruptions, falling items, steam, gas, electricity, water, rain or leaks from any part of the Premises or from the pipes, appliance

of plumbing works or from the roof, street or subsurface or from any other places or by dampness, criminal activity, or by any other cause of whatsoever nature, or (d) any injury or damage caused by other persons, occupants of adjacent property, or the public, or caused by operations in construction of any private, public or quasi-public work. Sublandlord shall in no event be liable for any consequential damages or loss of business or profits and Subtenant hereby waives any and all claims for any such damages. All property of Subtenant kept or stored on the Premises shall be so kept or stored at the sole risk of Subtenant and Subtenant shall hold Sublandlord harmless from any claims arising out of damage to the same, including subrogation claims by Subtenant's insurance carriers, unless such damage shall be caused by the willful misconduct of Sublandlord.

## ARTICLE 11:            DAMAGE

Section 11.1 Obligation to Rebuild. If the Premises and/or the Improvements or access thereto shall be destroyed or damaged by fire or other casualty, Subtenant may not terminate this Sublease, but instead shall promptly repair such damage or destruction in accordance with Subtenant's obligations under Section 7.1. In such event, however, Sublandlord shall make available to Subtenant, in accordance with customary construction draw procedures, all proceeds of Sublandlord's or Master Landlord's or Subtenant's insurance that may be paid to Master Landlord or Sublandlord with respect to such damage or destruction. Alternatively, Sublandlord may elect to repair the damage or destruction, in which event Sublandlord shall retain all of the proceeds from such insurance.

Section 11.2 No Abatement. Rent shall not be abated during any period of repair, reconstruction or restoration, and Subtenant shall not be entitled to any compensation or damages from Sublandlord for loss of use of any part of the Premises, Subtenant's personal property or any inconvenience or annoyance occasioned by such damage, repair, reconstruction or restoration.

Section 11.3 Waiver. The provisions of this Sublease, including this Article 11, constitute an express agreement between Sublandlord and Subtenant with respect to any and all damage to, or destruction of, all or any part of the Premises, and any Laws, including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code, with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between the parties, and any other similar Laws now or hereinafter in effect, shall have no application to this Sublease or any damage or destruction to all or any part of the Premises.

## ARTICLE 12: EMINENT DOMAIN

Section 12.1 Taking. "**Taking**," as used in this Article 12, means an appropriation or taking under the power of eminent domain by any governmental authority or a voluntary sale or conveyance in lieu of condemnation but under threat of condemnation. This Sublease sets forth the terms and conditions upon which this Sublease may terminate in the event of a taking. Accordingly, Sublandlord and Subtenant waive the provisions of the California Code of Civil Procedure Section 1265.130 and any successor or similar statutes permitting Sublandlord or Subtenant to terminate this Sublease as a result of a taking.

Section 12.2 Total Taking. In the event of a Taking of the entire Premises, this Sublease shall terminate and expire as of the date possession is delivered to the condemning authority and Sublandlord and Subtenant shall each be released from any liability under this Sublease after the date of such termination, but Rent for the last month of Subtenant's occupancy shall be prorated and Sublandlord shall refund to Subtenant any Rent paid in advance.

Section 12.3 Partial Taking. If there is a Taking of more than fifty percent (50%) of the Improvements, then either Sublandlord or Subtenant may terminate this Sublease as of the date Subtenant is required to vacate such portion of the Premises. The terminating party shall give notice of the termination to the other party within thirty (30) days after Subtenant receives notice from Sublandlord of the Taking.

Section 12.4 Award. The entire award in any such condemnation proceeding, whether for a total or partial Taking, or for diminution in the value of the subleasehold or for the leasehold or fee, shall belong to Sublandlord or Master Landlord. Without diminishing the rights of Sublandlord under the preceding sentence, Subtenant is entitled to recover from the condemning authority such compensation as may be separately awarded by the condemning authority to Subtenant in its own right for the taking of trade fixtures and equipment owned by Subtenant and for the expense of removing and relocating its trade fixtures and equipment, but only in the event that the compensation awarded to Subtenant is in addition to and does not diminish the compensation awarded to Sublandlord or Master Landlord as provided above.

Section 12.5 Continuation of Sublease. If Sublandlord and Subtenant elect not to terminate this Sublease after a Taking (or have no right to so terminate), and if Master Landlord elects not to terminate the Master Lease after a Taking, then as soon as reasonably possible Sublandlord shall, to the extent of available condemnation proceeds, restore the Premises as near as reasonably practicable to a complete unit of like quality and character as existed prior to the Taking and, thereafter, Base Rent shall be reduced on an equitable basis, taking into account the relative value of the portion of the Premises taken as compared to the portion remaining, and Sublandlord or Master Landlord shall be entitled to receive the total award or compensation.

## ARTICLE 13:            DEFAULTS AND REMEDIES

Section 13.1 Default by Subtenant. Any of the following constitutes a material breach of this Sublease by Subtenant ("**Default**"): (i) Subtenant fails to pay any monetary obligation for a period of three (3) days after notice from Sublandlord; or (ii) Subtenant fails to perform any other obligation of the Sublease for more than a reasonable time (not exceeding ten (10) days) after Sublandlord delivers notice to Subtenant (unless the failure complained of, other than a failure for the payment of money, cannot be cured within such ten (10)-day period, then Subtenant shall not be considered to be in Default of the Sublease so long as it commences to cure the Default within such ten (10)-day period and thereafter diligently and continuously prosecutes the cure to completion, but not more than sixty (60) days); or (iii) Subtenant vacates or abandons the Premises; or (iv) Subtenant makes a general assignment for the benefit of creditors; or (iv) a Governmental Use Action occurs under Section 5.1(d)(iii); or (v) the attachment or judicial seizure of substantially all of Subtenant's assets located at the Premises or Subtenant's interest in this Sublease (where the seizure is not discharged within thirty (30) days); or (vi) Subtenant or any Guarantor fails to pay its debts as they become due or admits in writing its inability to pay its debts, or makes a general assignment for the benefit of creditors; or (vii) any financial statements given to Sublandlord by Subtenant, any assignee of Subtenant, any Guarantor, or any Transferee of Subtenant are materially false or misleading; or (viii) Subtenant or any Guarantor of this Sublease declares bankruptcy or is otherwise declared insolvent and in the case of the Guarantor, Subtenant fails to provide to Sublandlord a Guarantee from a substitute guarantor which is acceptable to Sublandlord in its sole business judgment, taking into account Subtenant's financial obligations under the Sublease. In addition to all other rights or remedies of Sublandlord set forth in this Sublease, if a Default occurs, Sublandlord shall have all rights available to Sublandlord as may be permitted from time to time by the Laws of the State, without further notice or demand to Subtenant. In any case in which Sublandlord re-enters and occupies the Premises, by unlawful detainer proceedings or otherwise, Sublandlord, at its option, may repair, alter, subdivide or change the character of the Premises as Sublandlord deems best, re-let all or any part of the Premises and receive the rents therefor, and none of these actions shall constitute a termination of this Sublease, a release of Subtenant from any liability, or result in the release of any Guarantor. Sublandlord shall not be deemed to have terminated this Sublease or the liability of Subtenant to pay any Rent or other charges later becoming due by any re-entry of the Premises pursuant to this Section 13.1, or by any action in unlawful detainer or otherwise to obtain possession of the Premises, unless Sublandlord has first given Subtenant notice that it is terminating this Sublease. Any notice given by Sublandlord pursuant to this Section 13.1 shall be in lieu of, and not in addition to, any notice required by Section 1161 of the California Code of Civil Procedure or superseding statute.

### Section 13.2 Sublandlord's Remedies.

(a) Upon the occurrence of any Default by Subtenant, then in addition to any other remedies available to Sublandlord, Sublandlord may exercise the following remedies:

(i) Pursuant to Civil Code §1951.2, Sublandlord may terminate Subtenant's right to possession of the Premises by any lawful means, in which case this Sublease

shall terminate and Subtenant shall immediately surrender possession of the Premises to Sublandlord. Such termination shall not affect any accrued obligations of Subtenant under this Sublease. Upon termination, Sublandlord shall have the right to reenter the Premises and remove all persons and property. Sublandlord shall also be entitled to recover from Subtenant:

(1) The worth at the time of award of the unpaid Rent which had been earned at the time of termination;

(2) The worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such loss that Subtenant proves could have been reasonably avoided;

(3) The worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such loss that Subtenant proves could be reasonably avoided;

(4) Any other amount necessary to compensate Sublandlord for all the detriment proximately caused by Subtenant's failure to perform its obligations under this Sublease or which in the ordinary course of things would be likely to result from Subtenant's Default, including, but not limited to, the cost of recovering possession of the Premises, commissions and other expenses of reletting, including necessary repair, renovation, improvement and alteration of the Premises for a new tenant (to the extent attributable to what would have been the unexpired term), reasonable attorneys' fees, and any other reasonable costs; and

(5) At Sublandlord's election, all other amounts in addition to or in lieu of the foregoing as may be permitted by law. Any sum, other than Base Rent, shall be computed on the basis of the average monthly amount accruing during the period prior to Default. As used in subparagraphs (1) and (2) above, the "worth at the time of award" shall be computed by allowing interest at the rate of 10% per annum. As used in subparagraph (3) above, the "worth at the time of award" shall be computed by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus 1%.

(ii) Pursuant to California Civil Code §1951.4, Sublandlord may elect not to terminate Subtenant's right to possession of the Premises, in which event Sublandlord may continue to enforce all of its rights and remedies under this Sublease, including the right to collect all rent as it becomes due. Efforts by the Sublandlord to maintain, preserve or re-let the Premises, or the appointment of a receiver to protect the Sublandlord's interests under this Sublease, shall not constitute a termination of the Subtenant's right to possession of the Premises. In the event that Sublandlord elects to avail itself of the remedy provided by this subsection (ii), Sublandlord shall not unreasonably withhold its consent to an assignment or subletting of the Premises subject to the reasonable standards for Sublandlord's consent as are contained in this Sublease.

(b) The various rights and remedies reserved to Sublandlord in this Sublease or otherwise shall be cumulative and, except as otherwise provided by California Laws, Sublandlord

may pursue any or all of its rights and remedies at the same time. No delay or omission of Sublandlord to exercise any right or remedy shall be construed as a waiver of the right or remedy or of any breach or Default by Subtenant. The acceptance by Sublandlord of Rent shall not be a (i) waiver of any preceding breach or Default by Subtenant of any provision of this Sublease, other than the failure of Subtenant to pay the particular Rent accepted, regardless of Sublandlord's knowledge of the preceding breach or Default at the time of acceptance of Rent, or (ii) a waiver of Sublandlord's right to exercise any remedy available to Sublandlord by virtue of the breach or Default. The acceptance of any payment from a debtor in possession, a trustee, a receiver or any other person acting on behalf of Subtenant or Subtenant's estate shall not waive or cure a Default. No payment by Subtenant or receipt by Sublandlord of a lesser amount than the Rent required by this Sublease shall be deemed to be other than a partial payment on account of the earliest due stipulated rent, nor shall any endorsement or statement on any check or letter be deemed an accord and satisfaction and Sublandlord shall accept the check or payment without prejudice to Sublandlord's right to recover the balance of the rent or pursue any other remedy available to it. Subtenant hereby waives any right of redemption or relief from forfeiture under California Code of Civil Procedure Section 1174 or 1179, or under any successor statute, in the event this Sublease is terminated by reason of any Default by Subtenant. No act or thing done by Sublandlord or Sublandlord's agents during the Term shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept a surrender shall be valid unless in writing and signed by Sublandlord. No employee of Sublandlord or of Sublandlord's agents shall have any power to accept the keys to the Premises prior to the termination of this Sublease, and the delivery of the keys to any agent or employee shall not operate as a termination of the Sublease or a surrender of the Premises.

**Section 13.3 Right of Sublandlord to Perform.** Notwithstanding any other term or provision of this Sublease, if after the delivery of written notice to Subtenant and the expiration of any applicable cure period, Sublandlord performs work in lieu of or on behalf of Subtenant or if Sublandlord pays any charges on behalf of Subtenant (each of which Sublandlord shall have the right, but not the obligation, to do), then in addition to the costs incurred by Sublandlord to perform such work or pay such charges, Subtenant shall pay to Sublandlord a fee equal to fifteen percent (15%) of the amount so incurred by Sublandlord as reimbursement of Sublandlord's estimated costs of Sublandlord's actions.

**Section 13.4 Late Payments.** If Subtenant fails to pay any Rent when due, (a) the unpaid amount shall bear interest at the prime interest rate charged by Bank of America, N.A., plus five (5) percentage points (but in no event to exceed the maximum lawful rate) ("**Interest Rate**") from the date due until paid, and (b) Subtenant shall pay to Sublandlord a late charge of ten percent (10%) of the late Rent ("**Late Charge**"). Subtenant agrees that any Late Charge payable hereunder shall not constitute damages, and that Subtenant's payment of such Late Charge or Sublandlord's acceptance of such payment shall not result in a cure of any Default under this Sublease, or waiver by Sublandlord of any Default under this Sublease. Payment of a Late Charge shall be due on the same date that the next Rent payment is due. Sublandlord and Subtenant agree that the Late Charge represents a reasonable estimate of Sublandlord's costs and expenses and is fair compensation to Sublandlord for its loss resulting from Subtenant's late payment or failure to submit required documentation.

Section 13.5 Sublandlord's Default. If Sublandlord fails to perform any of the covenants, provisions or conditions it is required to perform under this Sublease within thirty (30) days after Sublandlord receives Notice from Subtenant (or if more than thirty (30) days is reasonably required because of the nature of the default, if Sublandlord fails to begin to cure the default within the thirty (30)-day period and thereafter fails to diligently prosecute such cure to completion), then Sublandlord shall be liable to Subtenant for all damages sustained by Subtenant as a direct result of Sublandlord's breach. Upon the occurrence and continuation of such default by Sublandlord, Subtenant may, at its option and without any obligation to do so, other than those obligations created in this Sublease, elect any one or more of the following remedies:

(1) Terminate and cancel this Sublease provided Sublandlord is in material default under the terms of this Sublease and provided that Subtenant has delivered a second notice to Sublandlord of such material default and such material default remains uncured for thirty (30) days after Sublandlord's receipt of such notice; or,

(2) Withhold payment or performance under the Sublease until such time as Sublandlord's default is cured; or,

(3) Cure Sublandlord's default and recover such costs, expenses, or damages in and by an action at law or by or by setoff of the Base and/or Additional Rent due under this Sublease; or,

(4) Pursue any other remedy available now or in the future in the State of California.

Section 13.6 Expenses and Legal Fees. Should either Sublandlord or Subtenant bring any action in connection with this Sublease which results in a judgment or an award, the prevailing party shall be entitled to recover as a part of the action (including any appeal therefrom) its reasonable attorneys' fees, and all other reasonable costs. The prevailing party for the purpose of this Section 13.6 shall be determined by the trier of the facts.

Section 13.7 Waiver of Jury Trial/Judicial Reference. THE PARTIES HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY LITIGATION ARISING OUT OF OR RELATING TO THIS LEASE. IF THE JURY WAIVER PROVISIONS OF THIS SECTION 13.7 ARE NOT ENFORCEABLE UNDER CALIFORNIA LAW, THEN THE FOLLOWING PROVISIONS SHALL APPLY. IT IS THE DESIRE AND INTENTION OF THE PARTIES TO AGREE UPON A MECHANISM AND PROCEDURE UNDER WHICH CONTROVERSIES AND DISPUTES ARISING OUT OF THIS LEASE OR RELATED TO THE PREMISES WILL BE RESOLVED IN A PROMPT AND EXPEDITIOUS MANNER. ACCORDINGLY, EXCEPT WITH RESPECT TO ACTIONS FOR UNLAWFUL OR FORCIBLE DETAINER OR WITH RESPECT TO THE PREJUDGMENT REMEDY OF ATTACHMENT, ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER PARTY HERETO AGAINST THE OTHER (AND/OR AGAINST ITS OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR SUBSIDIARIES OR AFFILIATED ENTITIES) ON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, SUBTENANT'S USE OR OCCUPANCY OF THE PREMISES AND/OR ANY CLAIM OF INJURY OR



DAMAGE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, SHALL BE HEARD AND RESOLVED BY A REFEREE UNDER THE PROVISIONS OF THE CALIFORNIA CODE OF CIVIL PROCEDURE, SECTIONS 638 — 645.1, INCLUSIVE (AS SAME MAY BE AMENDED, OR ANY SUCCESSOR STATUTE(S) THERETO) (THE "**REFEREE SECTIONS**"). ANY FEE TO INITIATE THE JUDICIAL REFERENCE PROCEEDINGS AND ALL FEES CHARGED AND COSTS INCURRED BY THE REFEREE SHALL BE PAID BY THE PARTY INITIATING SUCH PROCEDURE (EXCEPT THAT IF A REPORTER IS REQUESTED BY EITHER PARTY, THEN A REPORTER SHALL BE PRESENT AT ALL PROCEEDINGS WHERE REQUESTED AND THE FEES OF SUCH REPORTER – EXCEPT FOR COPIES ORDERED BY THE OTHER PARTIES – SHALL BE BORNE BY THE PARTY REQUESTING THE REPORTER); PROVIDED HOWEVER, THAT ALLOCATION OF THE COSTS AND FEES, INCLUDING ANY INITIATION FEE, OF SUCH PROCEEDING SHALL BE ULTIMATELY DETERMINED IN ACCORDANCE WITH SECTION 13.6 ABOVE. THE VENUE OF THE PROCEEDINGS SHALL BE IN THE COUNTY IN WHICH THE PREMISES ARE LOCATED. WITHIN TEN (10) DAYS OF RECEIPT BY ANY PARTY OF A WRITTEN REQUEST TO RESOLVE ANY DISPUTE OR CONTROVERSY PURSUANT TO THIS SECTION 13.7, THE PARTIES SHALL AGREE UPON A SINGLE REFEREE WHO SHALL TRY ALL ISSUES, WHETHER OF FACT OR LAW, AND REPORT A FINDING AND JUDGMENT ON SUCH ISSUES AS REQUIRED BY THE REFEREE SECTIONS. IF THE PARTIES ARE UNABLE TO AGREE UPON A REFEREE WITHIN SUCH TEN (10) DAY PERIOD, THEN ANY PARTY MAY THEREAFTER FILE A LAWSUIT IN THE COUNTY IN WHICH THE PREMISES ARE LOCATED FOR THE PURPOSE OF APPOINTMENT OF A REFEREE UNDER THE REFEREE SECTIONS. IF THE REFEREE IS APPOINTED BY THE COURT, THE REFEREE SHALL BE A NEUTRAL AND IMPARTIAL RETIRED JUDGE WITH SUBSTANTIAL EXPERIENCE IN THE RELEVANT MATTERS TO BE DETERMINED, FROM JAMS, THE AMERICAN ARBITRATION ASSOCIATION OR SIMILAR MEDIATION/ARBITRATION ENTITY. THE PROPOSED REFEREE MAY BE CHALLENGED BY ANY PARTY FOR ANY OF THE GROUNDS LISTED IN THE REFEREE SECTIONS. THE REFEREE SHALL HAVE THE POWER TO DECIDE ALL ISSUES OF FACT AND LAW AND REPORT HIS OR HER DECISION ON SUCH ISSUES, AND TO ISSUE ALL RECOGNIZED REMEDIES AVAILABLE AT LAW OR IN EQUITY FOR ANY CAUSE OF ACTION THAT IS BEFORE THE REFEREE, INCLUDING AN AWARD OF ATTORNEYS' FEES AND COSTS IN ACCORDANCE WITH THIS LEASE. THE REFEREE SHALL NOT, HOWEVER, HAVE THE POWER TO AWARD PUNITIVE DAMAGES, NOR ANY OTHER DAMAGES WHICH ARE NOT PERMITTED BY THE EXPRESS PROVISIONS OF THIS LEASE, AND THE PARTIES HEREBY WAIVE ANY RIGHT TO RECOVER ANY SUCH DAMAGES. THE PARTIES SHALL BE ENTITLED TO CONDUCT ALL DISCOVERY AS PROVIDED IN THE CALIFORNIA CODE OF CIVIL PROCEDURE, AND THE REFEREE SHALL OVERSEE DISCOVERY AND MAY ENFORCE ALL DISCOVERY ORDERS IN THE SAME MANNER AS ANY TRIAL COURT JUDGE, WITH RIGHTS TO REGULATE DISCOVERY AND TO ISSUE AND ENFORCE SUBPOENAS, PROTECTIVE ORDERS AND OTHER LIMITATIONS ON DISCOVERY AVAILABLE UNDER CALIFORNIA LAW. THE REFERENCE PROCEEDING SHALL BE CONDUCTED IN ACCORDANCE WITH CALIFORNIA LAW (INCLUDING THE RULES OF EVIDENCE), AND IN ALL REGARDS, THE REFEREE SHALL FOLLOW CALIFORNIA LAW APPLICABLE AT THE TIME OF THE REFERENCE PROCEEDING. THE PARTIES SHALL PROMPTLY AND DILIGENTLY COOPERATE WITH ONE ANOTHER AND THE REFEREE, AND SHALL PERFORM SUCH ACTS AS MAY BE NECESSARY TO OBTAIN A PROMPT AND EXPEDITIOUS RESOLUTION OF THE DISPUTE OR CONTROVERSY IN ACCORDANCE WITH THE TERMS OF THIS SECTION 13.7. IN THIS REGARD, THE PARTIES AGREE THAT THE PARTIES AND THE REFEREE SHALL USE BEST EFFORTS TO ENSURE THAT (A) DISCOVERY BE CONDUCTED FOR A PERIOD NO LONGER THAN SIX (6) MONTHS FROM THE DATE THE REFEREE IS APPOINTED, EXCLUDING MOTIONS REGARDING DISCOVERY, AND (B) A TRIAL DATE BE SET WITHIN NINE (9) MONTHS OF THE DATE THE REFEREE IS APPOINTED. IN

ACCORDANCE WITH SECTION 644 OF THE CALIFORNIA CODE OF CIVIL PROCEDURE, THE DECISION OF THE REFEREE UPON THE WHOLE ISSUE MUST STAND AS THE DECISION OF THE COURT, AND UPON THE FILING OF THE STATEMENT OF DECISION WITH THE CLERK OF THE COURT, OR WITH THE JUDGE IF THERE IS NO CLERK, JUDGMENT MAY BE ENTERED THEREON IN THE SAME MANNER AS IF THE ACTION HAD BEEN TRIED BY THE COURT. ANY DECISION OF THE REFEREE AND/OR JUDGMENT OR OTHER ORDER ENTERED THEREON SHALL BE APPEALABLE TO THE SAME EXTENT AND IN THE SAME MANNER THAT SUCH DECISION, JUDGMENT, OR ORDER WOULD BE APPEALABLE IF RENDERED BY A JUDGE OF THE SUPERIOR COURT IN WHICH VENUE IS PROPER HEREUNDER. THE REFEREE SHALL IN HIS/HER STATEMENT OF DECISION SET FORTH HIS/HER FINDINGS OF FACT AND CONCLUSIONS OF LAW. THE PARTIES INTEND THIS GENERAL REFERENCE AGREEMENT TO BE SPECIFICALLY ENFORCEABLE IN ACCORDANCE WITH THE CODE OF CIVIL PROCEDURE. NOTHING IN THIS SECTION 13.7 SHALL PREJUDICE THE RIGHT OF ANY PARTY TO OBTAIN PROVISIONAL RELIEF OR OTHER EQUITABLE REMEDIES FROM A COURT OF COMPETENT JURISDICTION AS SHALL OTHERWISE BE AVAILABLE UNDER THE CODE OF CIVIL PROCEDURE AND/OR APPLICABLE COURT RULES.

Section 13.8 Satisfaction of Judgment. The obligations of Sublandlord do not constitute the personal obligations of the individual partners, trustees, directors, officers, members or shareholders of Sublandlord or any of the Sublandlord Parties. Should Subtenant recover a money judgment against Sublandlord, such judgment shall be satisfied only from the interest of Sublandlord in the Premises and out of the rent or other income from such property receivable by Sublandlord, and no action for any deficiency may be sought or obtained by Subtenant.

Section 13.9 Security Interest. As further security for Subtenant's performance under this Sublease, Subtenant hereby grants Sublandlord a lien and security interest in all existing and after-acquired fixtures, equipment and furnishings placed in or relating to Subtenant's business at the Premises, and all proceeds thereof, and all of Subtenant's crops at the Premises. Notwithstanding the foregoing, Subtenant may freely use, replace and dispose of such property (provided Subtenant immediately replaces the same with similar property of comparable or better quality), in the ordinary course of Subtenant's business, until such time as Subtenant shall commit a Default; upon such Default, Subtenant's right to remove or use such property shall terminate, and all other parties shall be entitled to rely on written notification thereof given by Sublandlord without requiring any proof of such Default or any other matter. Subtenant agrees to execute such financing statements, collateral assignments, and other documents necessary to perfect a security interest, as Sublandlord may now or hereafter reasonably request, in recordable form. Sublandlord may at its election at any time execute such a financing statement and collateral assignment as Subtenant's agent and attorney-in-fact or file a copy of this Sublease or a UCC-1 as such financing statement and collateral assignment. Sublandlord shall be entitled hereunder to all of the rights and remedies afforded a secured party under the Uniform Commercial Code or other applicable law in addition to any of Sublandlord's rights provided by applicable law.

#### ARTICLE 14: SUBORDINATION, ATTORNMENMENT AND ESTOPPEL CERTIFICATE

Section 14.1 Subordination. This Sublease is subject and subordinate to (a) the lien of any deed of trust or the interest of any lease in which Sublandlord is the lessee (and to all advances made or to be

made upon the security of any of the foregoing), and (b) to matters of public record applicable to the Premises, including any Restrictions (the documents referred to in clauses (a) and (b), including amendments, are collectively referred to as the "**Agreements**"). Subtenant shall not violate the terms of the Agreements. Subtenant acknowledges that a beneficiary of a deed of trust or a lessor of Sublandlord may elect to cause the lien of the deed of trust or leasehold interest to be subordinate to this Sublease. Subject to such election, if the Agreements are not of record on the Effective Date, then this Sublease shall automatically become subordinate to the Agreements upon recordation so long as the Agreements do not prevent Subtenant from using the Premises for the Permitted Use. Subtenant agrees to execute and return to Sublandlord, within ten (10) days after Sublandlord's notice, an agreement in recordable form and otherwise in form requested by Sublandlord, subordinating this Sublease to the Agreement(s) in question. Upon request, Subtenant shall provide written consent to amendments to this Sublease requested by the holder of a deed of trust or similar financing instrument encumbering Sublandlord's fee interest in the Premises that do not alter the economic terms of this Sublease or materially diminish the rights or materially increase the obligations of Subtenant.

Section 14.2 Attornment. If any foreclosure proceedings are begun, or in the event of the exercise of the power of sale under any deed of trust encumbering the Premises, or should a lease in which Sublandlord is the lessee be terminated, then Subtenant shall attorn to the purchaser or lessor under such lease upon any foreclosure (or deed in lieu of such foreclosure), sale or lease termination and recognize the purchaser or lessor as the "Sublandlord" under this Sublease, provided that the purchaser or lessor shall acquire the Premises subject to this Sublease.

Section 14.3 Subtenant's Certificate. Subtenant shall, within ten (10) days after Sublandlord's request, execute (and cause all Guarantors to execute) and deliver to Sublandlord a notarized estoppel statement certifying: that none of the terms or provisions of this Sublease have been changed (or if they have been changed, stating how they have been changed); that this Sublease has not been canceled or terminated; the last date of payment of the Rent and the time period covered by such payment; and that Sublandlord is not in default under this Sublease (or, if Sublandlord is claimed to be in default, stating why), and such other information as may be requested by Sublandlord. Sublandlord may give any such statement by Subtenant to any prospective purchaser or encumbrancer of the Premises and such purchaser or encumbrancer may rely conclusively upon such statement as true and correct.

## ARTICLE 15:           END OF TERM

Section 15.1 Holding Over. This Sublease shall terminate without further notice upon the expiration of the Term (including as it may be extended), and any holding over by Subtenant after the expiration shall not constitute a renewal or extension of this Sublease, or give Subtenant any rights under this Sublease, except when in writing signed by both parties. If Subtenant holds over for any period after the expiration (or earlier termination) of the Term without the prior written consent of Sublandlord, such possession shall constitute a tenancy at sufferance only; such holding over with the prior written consent of Sublandlord shall constitute a month to month tenancy commencing on the first (1st) day following the termination of this Sublease. In either of such events, possession

shall be subject to all of the terms of this Sublease, except that the monthly Base Rent shall be the greater of (a) two hundred percent (200%) of Base Rent for the month immediately preceding the date of termination or (b) the then current fair market Base Rent for the Premises. If Subtenant fails to surrender the Premises upon the expiration of this Sublease despite demand to do so by Sublandlord, Subtenant shall indemnify and hold Sublandlord harmless from all loss or liability, including without limitation, any claims made by any succeeding tenant relating to such failure to surrender. Acceptance by Sublandlord of Rent after the termination shall not constitute a consent to a holdover or result in a renewal of this Sublease. The foregoing provisions of this Section are in addition to and do not affect Sublandlord's right of re-entry or any other rights of Sublandlord under this Sublease or at law.

**Section 15.2 Merger on Termination.** The voluntary or other surrender of this Sublease by Subtenant, or a mutual termination of this Sublease, shall terminate any or all existing subleases unless Sublandlord, at its option, elects in writing to treat the surrender or termination as an assignment to it of any or all subleases affecting the Premises.

**Section 15.3 Surrender of Premises; Removal of Property.** Upon the Expiration Date or upon any earlier termination of this Sublease, Subtenant shall quit and surrender possession of the Premises to Sublandlord in as good order, condition and repair as when received or as hereafter may be improved by Sublandlord or Subtenant, and shall, without expense to Sublandlord, remove or cause to be removed from the Premises all Subtenant's personal property and debris, and all Alterations that Sublandlord has required Subtenant to remove in accordance with Section 7.3. Subtenant shall repair all damage to the Premises resulting from the removal, which repair shall include the patching and filling of holes and repair of structural damage, provided that Sublandlord may instead elect to repair any structural damage at Subtenant's expense. If Subtenant shall fail to comply with the provisions of this Section 15.3, Sublandlord may make the removal and/or make any repairs, and the cost to Sublandlord shall be Additional Rent payable by Subtenant upon demand. If Subtenant fails to remove Subtenant's personal property from the Premises upon the expiration of the Term, Sublandlord may remove, store, dispose of and/or retain such personal property, at Sublandlord's option, in accordance with then applicable Laws, all at the expense of Subtenant. If requested by Sublandlord, Subtenant shall execute, acknowledge and deliver to Sublandlord an instrument in writing releasing and quitclaiming to Sublandlord all right, title and interest of Subtenant in the Premises.

## ARTICLE 16: NOTICES

Any notice, election, demand, consent, approval or other communication to be given or other document to be delivered by either party to the other may be delivered in person or by courier or overnight delivery service to the other party, or may be deposited in the United States mail, duly registered or certified, postage prepaid, return receipt requested, and addressed to the other party at the address set forth in Section 1.8, or if to Subtenant, at that address or, from and after the Commencement Date, at the Premises (whether or not Subtenant has departed from, abandoned or vacated the Premises), or may be delivered by facsimile provided that receipt thereof is telephonically confirmed. Either party may, by written notice to the other, served in the manner

provided in this Article, designate a different address. If any notice or other document is sent by mail, it shall be deemed served or delivered seventy-two (72) hours after mailing. If more than one person or entity is named as Subtenant under this Sublease, service of any notice upon any one of them shall be deemed as service upon all of them.

#### ARTICLE 17: RULES AND REGULATIONS

Subtenant shall observe faithfully and comply strictly with all rules and regulations as may be adopted (and noticed to Subtenant) by Sublandlord for the safety, care, security, good order, or cleanliness of the Premises. Subtenant's failure to keep and observe the rules and regulations shall constitute a default under this Sublease. However, in the case of any conflict between such rules and regulations and this Sublease, this Sublease shall be controlling.

#### ARTICLE 18: BROKER'S COMMISSION

Sublandlord shall be responsible for the payment of brokerage commissions to the Broker named in Section 1.5 in accordance with a separate written agreement between Sublandlord and Broker. Subtenant warrants that it has had no dealings with any other real estate broker or agent in connection with the negotiation of this Sublease, and shall indemnify, protect, defend and hold Sublandlord and the Premises harmless from any cost, expense or liability (including reasonable attorneys' fees) for any compensation, commissions or charges claimed by any other real estate broker or agent employed or claiming to represent or to have been employed by Subtenant in connection with the negotiation of this Sublease. If Subtenant fails to take possession of the Premises or if this Sublease otherwise terminates prior to the Expiration Date as the result of a Default by Subtenant, Sublandlord shall be entitled to recover from Subtenant the unamortized portion of any brokerage commission funded by Sublandlord in addition to any other damages to which Sublandlord may be entitled. This Article 18 shall survive the termination of this Sublease.

#### ARTICLE 19: TRANSFER OF SUBLANDLORD'S INTEREST

In the event of any transfer of Sublandlord's interest in the Premises, the transferor shall be automatically relieved of all obligations on the part of Sublandlord accruing under this Sublease from and after the date of the transfer, provided that any funds held by the transferor in which Subtenant has an interest shall be turned over, subject to that interest, to the transferee and Subtenant is notified of the transfer as required by law. No holder or beneficiary of a mortgage or deed of trust to which this Sublease is or may be subordinate, and no landlord under a so-called sale leaseback, shall be responsible in connection with the Security Deposit, unless the mortgagee or holder or beneficiary of the deed of trust or the landlord actually receives the Security Deposit. It is intended that the covenants and obligations contained in this Sublease on the part of Sublandlord shall, subject to the foregoing, be binding on Sublandlord, its successors and assigns, only during and in respect to their respective successive periods of ownership.

## ARTICLE 20: INTERPRETATION

Section 20.1 Gender and Number. Whenever the context of this Sublease requires, the words "Sublandlord" and "Subtenant" shall include the plural as well as the singular, and words used in neuter, masculine or feminine genders shall include the others.

Section 20.2 Headings. The captions and headings of the articles and sections of this Sublease are for convenience only, are not a part of this Sublease and shall have no effect upon its construction or interpretation.

Section 20.3 Joint and Several Liability. If more than one person or entity is named as Subtenant, the obligations imposed upon each shall be joint and several and the act of or notice from, or notice or refund to, or the signature of, any one or more of them shall be binding on all of them with respect to the tenancy of this Sublease, including, but not limited to, any renewal, extension, termination or modification of this Sublease.

Section 20.4 Successors. Subject to Article 9 and 19, all rights and liabilities given to or imposed upon Sublandlord and Subtenant shall extend to and bind their respective heirs, executors, administrators, successors and assigns. Nothing contained in this Section 20.4 is intended, or shall be construed, to grant to any Person other than Sublandlord and Subtenant and their successors and assigns any rights or remedies under this Sublease.

Section 20.5 Time of Essence. Time is of the essence with respect to the performance of every provision of this Sublease.

Section 20.6 Controlling Laws; Venue. This Sublease shall be governed by and interpreted in accordance with the Laws of the State of California. Sublandlord and Subtenant agree to submit to the exclusive jurisdiction and venue of the courts (or arbitration forums, as applicable) located in Monterey County with respect to any controversy, dispute, claim, action, litigation or similar proceeding arising under or related to this Sublease.

Section 20.7 Severability. If any term or provision of this Sublease, the deletion of which would not materially adversely affect the receipt of any material benefit by either party or the deletion of which is consented to by the party adversely affected, shall be held invalid or unenforceable to any extent, the remainder of this Sublease shall not be affected and each term and provision of this Sublease shall be valid and enforceable to the fullest extent permitted by Laws.

Section 20.8 Waiver and Cumulative Remedies. No breach by Subtenant of this Sublease shall be deemed to have been waived by Sublandlord unless the waiver is in a writing signed by Sublandlord. One or more waivers by Sublandlord of any breach of any term, covenant or condition contained in this Sublease shall not be a waiver of any subsequent breach of the same or any other term, covenant or condition. Consent to any act by Sublandlord shall not be deemed to render unnecessary the obtaining Sublandlord's consent to any subsequent act. The rights and remedies of Sublandlord

under this Sublease shall be cumulative and in addition to any and all other rights and remedies which Sublandlord may have.

**Section 20.9 Inability to Perform.** If either party shall be delayed or hindered in or prevented from the performance of any work or in performing any act required under this Sublease by reason of any cause beyond the reasonable control of that party, then the performance of the work or the doing of the act shall be excused for the period of the delay and the time for performance shall be extended for a period equivalent to the period of the delay. The provisions of this Section 20.9 shall not operate to delay the Commencement Date or excuse Subtenant from the prompt payment of Rent or from the timely performance of any other obligation under this Sublease within Subtenant's reasonable control.

**Section 20.10 Entire Agreement.** This Sublease and its exhibits cover in full each and every agreement of every kind between the parties concerning the Premises, and all preliminary negotiations, oral agreements, understandings and/or practices, except those contained in this Sublease, are superseded and of no further effect. Subtenant waives its rights to rely on any representations or promises made by Sublandlord or others which are not contained in this Sublease. No verbal agreement or implied covenant shall be held to modify the provisions of this Sublease, any statute, law, or custom to the contrary notwithstanding.

**Section 20.11 Quiet Enjoyment.** Upon the observance and performance of all the covenants, terms and conditions on Subtenant's part to be observed and performed, and subject to the other provisions of this Sublease, Subtenant shall peaceably and quietly hold and enjoy the Premises for the Sublease Term without hindrance or interruption by Sublandlord or any other person claiming by or through Sublandlord; subject, however, to (a) the rights of the parties as set forth in this Sublease, (b) any Agreements to which this Sublease is subordinate, and (c) disturbances, odors and similar inconveniences which are commonly associated with the general area in which the Premises are located and/or with tenants located in such general area.

**Section 20.12 Survival.** All covenants of Sublandlord or Subtenant which reasonably would be intended to survive the expiration or sooner termination of this Sublease, including without limitation any indemnification hereunder, shall so survive and continue to be binding upon and inure to the benefit of the respective parties and their successors and assigns.

## ARTICLE 21: EXECUTION AND RECORDING

**Section 21.1 Counterparts.** This Sublease may be executed in one or more counterparts, each of which shall constitute an original and all of which shall be one and the same agreement. Electronic or .pdf emailed signatures shall have the same force and effect as original ink signatures.

**Section 21.2 Corporate and Partnership Authority.** If Subtenant is a corporation, limited liability company, or partnership, each individual executing this Sublease on behalf of the corporation, limited liability company, or partnership represents and warrants that he is duly authorized to execute and deliver this Sublease on behalf of the corporation, limited liability company, or partnership, and

that this Sublease is binding upon the corporation, limited liability company, or partnership in accordance with its terms. Subtenant shall, at Sublandlord's request, deliver a certified copy of its board of directors' resolution, operating agreement certificate, or partnership agreement or certificate authorizing the execution of this Sublease.

Section 21.3 Execution of Sublease; No Option or Offer. The submission of this Sublease to Subtenant shall be for examination purposes only, and shall not constitute an offer to or option for Subtenant to lease the Premises. Execution of this Sublease by Subtenant and its return to Sublandlord shall not be binding upon Sublandlord, notwithstanding any time interval, until Sublandlord has in fact executed and delivered this Sublease to Subtenant, it being intended that this Sublease shall only become effective upon execution by Sublandlord and delivery of a fully executed counterpart to Subtenant.

Section 21.4 Recording. Under no circumstances shall this Lease be recorded. However, upon execution of this Sublease, Subtenant shall, at Sublandlord's request execute and acknowledge a "short form" memorandum of this Sublease in the form of attached Exhibit H-1 suitable for recording in the office of the County recorder (the "**Memorandum**"), and a quitclaim deed for the purposes of releasing the Memorandum, and any other rights of Subtenant in and to the Premises, in the form of attached Exhibit H-2 (the "**Quitclaim Deed**"). Sublandlord may cause the Memorandum to be recorded at such time as Sublandlord determines to be appropriate. In the event of a termination of this Sublease for any reason, Sublandlord shall be entitled to record the Quitclaim Deed.

Section 21.5 Amendments. No amendment or termination of this Sublease shall be effective unless in writing signed by authorized signatories of Subtenant and Sublandlord. No actions, policies, oral or informal arrangements, business dealings or other course of conduct by or between the parties shall be deemed to modify this Sublease in any respect.

Section 21.6 Executed Copy. Any fully executed photocopy, .pdf, or similar reproduction of this Sublease shall be deemed an original for all purposes.

Section 21.7 Attachments. All exhibits, amendments, riders and addenda attached to this Sublease are hereby incorporated into and made a part of this Sublease.

## ARTICLE 22: MISCELLANEOUS

Section 22.1 Nondisclosure of Sublease Terms. Subtenant acknowledges and agrees that the terms of this Sublease, as well as the identities of Sublandlord and Master Landlord (and their affiliates) are confidential and constitute proprietary information of Sublandlord. Disclosure of any of such terms or identities could adversely affect the ability of Sublandlord to negotiate other leases and impair Sublandlord's relationship with other tenants. Accordingly, Subtenant agrees that it shall not disclose, by public filings or otherwise, the terms and conditions of this Sublease ("**Confidential Information**") to any third party, either directly or indirectly, without the prior written consent of Sublandlord, which consent may be given or withheld in Sublandlord's sole and absolute discretion.



The foregoing restriction shall not apply to disclosures by Subtenant to Subtenant members, officers, directors, administrators, financial, legal, and space planning consultants or lenders, on a "need to know" basis (i.e., to the extent necessary to discharge their obligations to Subtenant) who agree to be bound by these confidentiality provisions, or to the extent that either: (i) Subtenant is required to disclose the Confidential Information in response to a subpoena or other regulatory, administrative or court order, or (ii) independent legal counsel to Subtenant delivers a written opinion to Sublandlord that Subtenant is required to disclose the Confidential Information to, or file a copy of this Sublease with, any governmental agency or any stock exchange; provided however, that in such event, Subtenant shall, before making any such disclosure (A) provide Sublandlord with prompt written notice of such required disclosure, (B) at Subtenant's sole cost, take all reasonable legally available steps to resist or narrow such requirement, including without limitation preparing and filing a request for confidential treatment of the Confidential Information and (C) if disclosure of the Confidential Information is required by subpoena or other regulatory, administrative or court order, Subtenant shall provide Sublandlord with as much advance notice of the possibility of such disclosure as practical so that Sublandlord may attempt to stop such disclosure or obtain an order concerning such disclosure. The form and content of a request by Subtenant for disclosure of the Confidential Information shall be provided to Sublandlord at least five (5) business days before its submission to the applicable governmental agency or stock exchange and is subject to the prior written approval of Sublandlord. Any press releases or announcements made by Subtenant in connection with the contents of this Sublease and/or any related documents shall be subject to the prior approval of Sublandlord, which may be withheld in Sublandlord's sole discretion.

**Section 22.2 Mortgagee Protection.** No act or failure to act on the part of Sublandlord which would otherwise entitle Subtenant to be relieved of its obligations hereunder or to terminate this Sublease shall result in such a release or termination unless (a) Subtenant has given notice by registered or certified mail to any beneficiary of a deed of trust or mortgage covering the Premises whose address has been furnished to Subtenant, and (b) such beneficiary is afforded a reasonable opportunity to cure the default by Sublandlord (which in no event shall be less than sixty (60) days), including, if necessary to effect the cure, time to obtain possession of the Building by power of sale or judicial foreclosure provided that such foreclosure remedy is diligently pursued. Subtenant agrees that each beneficiary of a deed of trust or mortgage covering the Premises is an express third party beneficiary hereof. Subtenant shall have no right or claim for the collection of any deposit from such beneficiary or from any purchaser at a foreclosure sale unless such beneficiary or purchaser shall have actually received and not refunded the deposit, and Subtenant shall comply with any written directions by any beneficiary to pay Rent due hereunder directly to such beneficiary without determining whether an event of default exists under such beneficiary's deed of trust.

**Section 22.3 Covenants and Conditions.** All of the provisions of this Sublease shall be construed to be conditions as well as covenants as though the words specifically expressing or imparting covenants and conditions were used in each separate provision.

**Section 22.4 Security Measures.** Subtenant hereby acknowledges that Sublandlord shall have no obligation whatsoever to provide guard service or other security measures for the benefit of the

Premises or Subtenant. Subtenant assumes all responsibility for the protection of Subtenant, Subtenant's Agents, and Subtenant's invitees, and their property, from acts of third parties.

Section 22.5 Guaranty of Sublease. As a material inducement to Sublandlord to enter into this Sublease, Subtenant shall cause to be delivered to Sublandlord (and it shall be a condition precedent to the effectiveness of this Sublease, for the benefit of Sublandlord, that Sublandlord be delivered) concurrently with the execution and delivery of this Sublease, a fully executed Guaranty of Sublease from the Guarantors set forth in Section 1.8, which Guaranty of Sublease shall be in the form of attached Exhibit E.

Section 22.6 Prior Sublease. Effective as of the mutual execution and delivery of this Sublease by Sublandlord and Subtenant, this Sublease shall entirely amend and restate in its entirety that certain Sublease between Sublandord and Subtenant dated as of November 30, 2018 covering the Premises.

[Signature Page Follows]

IN WITNESS WHEREOF, Sublandlord and Subtenant have executed this Sublease as of the date first written above, which shall be the Effective Date for all purposes.

SUBLANDLORD:

360 Espinosa Road, LLC,  
a California limited liability company

By: Charles Kosmont  
Printed Name: Charles Kosmont  
Its: Managing Member

SUBTENANT:

360 Espinosa Road II, LLC,  
a California limited liability company

By: Simon Yu  
Printed Name: Simon Yu  
Its: CEO



Exhibit B  
Base Rent Schedule

Base Monthly Rent:

<b>Months</b>	<b>Monthly Base Rent</b>
January 1, 2019 – February 28, 2019	No Charge
March 1, 2019 – April 30, 2019	\$275,693.00*  *If Subtenant is unable, despite Subtenant's best efforts, to obtain the State License (as defined in Section 4.5 of the Lease) by March 1, 2019, then Base Rent shall be reduced to \$68,923.25, for March and April 2019 only, until Subtenant obtains the State License, at which time the Base Rent shall revert to \$275,693.00 (prorated for any partial month).
May 1, 2019 – December 31, 2019	\$275,693.00**  ** Regardless of whether Subtenant has obtained the State License

On each anniversary of the Commencement Date (i.e., on each January 1 during the Term after the Commencement Date) (each such date is referred to as a "**Base Rent Adjustment Date**"), the Base Rent in effect immediately prior to the applicable Base Rent Adjustment Date shall be increased (which increase shall remain in effect for that month and each month thereafter until the next Base Rent Adjustment Date) by the greater of (i) two point five percent (2.5%), and (ii) the percentage increase in the Index (as defined below) from the Index published for the month that is thirteen (13) calendar months prior to such Base Rent Adjustment Date to the Index published for the month that is one (1) calendar month prior to the applicable Base Rent Adjustment Date.

As used hereinabove, "**Index**" means the United States Department of Labor, Bureau of Labor Statistics Consumer Price Index for All Urban Consumers, Subgroup "All Items" for the San Francisco – Oakland – San Jose region (1982-84=100). If the foregoing Index is not available, then the successor or substitute index published by the Bureau of Labor Statistics shall be used by Sublandlord as the Index. If the Bureau of Labor Statistics does not publish such successor or substitute index, a reliable governmental or other non-partisan publication evaluating substantially the same consumer information shall be used by Sublandlord for the Index. If Sublandlord uses any

Exhibit B

Sublandlord's Initials: ck

Subtenant's Initials: su

substitute or successor index or other publication, the same shall be converted to a basis of 100 if the basis used for such other index or publication is less than 100.

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Exhibit B

Subtenant's Initials: sy

Exhibit C

## ALTERATIONS AND REPAIRS PROVISIONS

## 1. CONDITION OF PREMISES; INITIAL IMPROVEMENTS

The Premises has been previously improved and are leased to Subtenant by Sublandlord on an "AS IS," "WHERE IS" and "WITH ALL FAULTS" basis. No obligation of Sublandlord exists with respect to construction within or about the Premises. The provisions of Section 7.3 of the Sublease and this Exhibit C shall govern Subtenant's design and construction of the Initial Improvements (as hereinafter defined), and any and all Alterations (as defined in the Sublease to which this Exhibit C is attached) to the Premises. The term "**Alterations**", as used in this Exhibit C, shall also include, except where the context clearly indicates otherwise, all repairs that are Subtenant's obligation under Section 7.1 of the Sublease.

Notwithstanding anything in the Sublease to the contrary, Sublandlord shall have no obligation to deliver physical possession of the Premises to Subtenant until Subtenant has satisfied all of the following requirements ("**Delivery Requirements**"): (i) delivered to Sublandlord evidence of the insurance coverage required by Exhibit C; and (ii) paid all amounts then due under the Sublease. In no event shall Subtenant's failure to meet the Delivery Requirements extend the Commencement Date, and Subtenant may be denied access to the Premises until such time that Delivery Requirements have been met. Prior to the commencement of any Alterations (which term, as used herein, shall include any repairs), Subtenant must (a) obtain Sublandlord's approval of the Final Plans (as defined in this Exhibit C), and (b) obtain all government permits and approvals required to perform such Alterations.

As used herein, the "**Initial Improvements**" shall mean the initial improvements to be constructed by Subtenant on the Premises sufficient to enable Subtenant to operate its proposed business at the Premises, which shall include without limitation those items set forth on attached Schedule 1. Promptly after execution of the Sublease, and regardless of whether Subtenant has obtained its licenses or use permits, Subtenant shall, at Subtenant's sole cost and expense, commence and diligently prosecute to completion all of the Initial Improvements in, to, and for the Premises accordance with this Exhibit C (the "**Premises Work**"), and in that regard Subtenant shall exercise reasonable diligence to assure that adequate construction crews are assigned to the work in question, that such work is not suspended for more than two (2) consecutive business days (weather delays and other force majeure events excepted), and that subcontractors are competent and comply with reasonable completion schedules. Subtenant shall expend approximately \$1,500,000, and with a minimum of \$1,100,000, on Initial Improvements to each Greenhouse..

## 2. DESIGN APPROVAL PROCEDURE

Sublandlord's Initials: ck

Exhibit C-1

Subtenant's Initials: su

(a) Preliminary Drawings. Subtenant shall submit to Sublandlord's representative drawings showing intended design character and finishes of the applicable Alterations ("**Preliminary Drawings**") meeting Sublandlord's standard requirements. Once Sublandlord approves the Preliminary Drawings, Subtenant shall promptly prepare the "**Final Working Drawings**" in accordance with Section 3(b) below.

(b) Final Working Drawings. Subtenant must engage an architect licensed in the State of California for the purpose of preparing the Final Working Drawings. Final Working Drawings must adhere to the approved Preliminary Drawings and meet Sublandlord's standard requirements. Subtenant shall submit Final Working Drawings for review (.pdf file to be "to-scale" / full size set) to Sublandlord's representative for approval. Once approved, Sublandlord will stamp "Approved Final Working Drawings" and return them to Subtenant's architect/designer who made the submittal.

(c) Code Compliance and Non-Responsibility of Sublandlord: Sublandlord will not check Subtenant's drawings for building code compliance. All Subtenant drawings shall, however, be subject an engineering and safety review by Sublandlord to assess the potential safety impact of Subtenant's Alterations, which review may include, without limitation, the examination of any penetrations through the roof or other structural elements of the Premises. Sublandlord's approval of Final Working Drawings is not a representation that the drawings are in compliance with the requirements of governmental authorities, and it shall be Subtenant's responsibility to (i) meet and comply with all Applicable Requirements, (ii) secure issuance of a building permit (and all other necessary permits) required in connection with the work, and (iii) pay for all fees assessed in connection with the permits. Sublandlord's approval of Final Working Drawings does not constitute Sublandlord's assumption of responsibility for their accuracy, sufficiency or efficiency and Subtenant shall be totally responsible for such matters. Subtenant shall pay all of Subtenant's design fees (including, without limitation, Subtenant's architect and sign designer).

### 3. CONSTRUCTION OF ALTERATIONS

(a) Commencement of Construction: Before Subtenant commences construction, Subtenant shall submit to Sublandlord evidence satisfactory to Sublandlord of Subtenant's (and Subtenant's contractor's) compliance with the insurance requirements set forth in Exhibit D attached to the Sublease.

(b) General Requirements:

(i) All construction on the Premises must be in conformity to the approved final plans. The improvements may be inspected by Sublandlord or its designee who shall have the right to correct all work which does not comply with the final plans, at Subtenant's cost, or to require Subtenant to correct all such work. No changes, modifications or alterations to the final plans may be made without the written consent of Sublandlord.

Sublandlord's Initials: ck

Exhibit C-2

Subtenant's Initials: SY



(ii) Subtenant shall engage only contractors who are bondable, licensed contractors (licensed in the state of California), possessing good labor relations, and capable of performing quality workmanship.

(iii) Subtenant shall perform or cause to be performed the work in compliance in all respects with all Applicable Requirements. Without limiting the foregoing, Subtenant acknowledges that it and its contractors, agents and employees shall comply with all Air Quality Laws, Water Quality Laws, drainage and Hazardous Materials Laws.

(iv) All required permits, approvals, licenses, authorizations and other permits in connection with the construction and completion of the Premises including, without limitation, building permits and conditional use permits, shall be obtained and all fees (both one-time and recurring) required in connection with the construction and completion of the Premises shall be paid for by Subtenant.

(v) Subtenant shall apply and pay for all utility services including, but not limited to, temporary utilities.

(vi) Subtenant shall cause its contractor to provide warranties for not less than one (1) year against defects in workmanship, materials and equipment, commencing upon Sublandlord's acceptance of the work.

(vii) Subtenant shall cause its general contractor and subcontractors during the construction to maintain the Premises and the job-site in a clean condition and to provide daily removal, cleanup and proper disposal of all trash, rubbish, refuse and construction debris and spoils generated by Subtenant's general contractor and subcontractors in dumpsters and other appropriate facilities.

(viii) Subtenant and/or Subtenant's general contractor shall provide all security deemed necessary by Subtenant to protect the work, including furniture, fixtures and inventory, during the conduct of the work. Neither Sublandlord nor any of the Sublandlord Parties shall provide or be responsible for any such security or protection.

(ix) Prior to Subtenant's commencement of construction, Subtenant shall obtain, or cause Subtenant's general contractor to obtain, payment and performance bonds reasonably satisfactory to Sublandlord covering the faithful performance of the contract for the construction of the applicable work and the payment of all obligations arising thereunder. Such bonds shall be for the mutual benefit of both Sublandlord and Subtenant, and shall be issued in the names of both Sublandlord and Subtenant as beneficiaries and obligees. Subtenant shall submit a copy of all such bonds, or other evidence satisfactory to Sublandlord that such bonds have been issued, to Sublandlord prior to commencement of the work.

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Exhibit C-3

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(c) Sublandlord's Right to Perform Work: Sublandlord shall have the right, but not the obligation, to perform (or cause third party service providers or contractors selected by Sublandlord perform), on behalf of and for the account of Subtenant, any and all work which Sublandlord determines, in its sole discretion, should be performed by Sublandlord for the best interest of the Premises, including, without limitation, work which pertains to structural components, wells, mechanical, heating, ventilating, air-conditioning, electrical, fire protection systems, roofing, and removal of unduly accumulated construction materials and debris. Subtenant shall reimburse Sublandlord for all costs incurred by Sublandlord in the exercise of such right.

(d) Notice of Completion: Within ten (10) days after the completion of Subtenant's Alterations, Subtenant shall deliver to Sublandlord a copy of a recorded Notice of Completion, executed by Subtenant and Subtenant's general contractor, prepared in accordance with statutory requirements and otherwise in a form reasonably acceptable to Sublandlord.

(e) As-Built Drawings: Within thirty (30) days after the completion of the work, Subtenant, at its expense, shall prepare and deliver to Sublandlord, in Sublandlord's required format, a complete set of the Final Plans marked "As-Built Drawings" which fully indicate the work as constructed.

Sublandlord's Initials: ck

Exhibit C-4

Subtenant's Initials: su

Schedule 1

Timing and Scope of Initial Improvements

**TENANT CAPITAL EXPENDITURE SCHEDULE.**

1. **Range B: \$1,100,000 to \$1,500,000 January 2019 through March 2019. Install fencing around the entire perimeter of the facility. Put in generators, new electrical, lighting, irrigation, circulation fans, blackout curtains and ventilation.**
2. **Range A: \$1,100,000 to \$1,500,000 April 2019 through June 2019. Install generators, new electrical, lighting, irrigation, circulation fans, blackout curtains and ventilation.**
3. **Range C: \$1,100,000 to \$1,500,000 July 2019 through September 2019. Install generators, new electrical, lighting, irrigation, circulation fans, blackout curtains and ventilation.**
4. **Warehouse: Approximately \$200,000 October 2019 through December 2019. Install generators, sprinklers, new electrical and lighting.**
5. **Range D: \$1,100,000 to \$1,500,000 January 2020 through March 2020. Install generators, new electrical, lighting, irrigation, circulation fans, blackout curtains and ventilation.**

Sublandlord's Initials:     Ck    

Exhibit D

Subtenant's Initials:     su

Exhibit D

**INSURANCE REQUIREMENTS**

1. **SUBTENANT'S INSURANCE.** Subtenant shall maintain in full force and effect a policy or policies of insurance as follows:

A. Commercial general liability insurance with coverage limits of not less than the combined single limit for bodily injury, personal injury, death and property damage liability per occurrence in the amount of \$5,000,000 or the current limit carried by Subtenant, whichever is greater, insuring against any and all liability of the insureds with respect to the Premises or arising out of the maintenance, use or occupancy of the Premises or related to the exercise of any rights of Subtenant pursuant to this Sublease, subject to increases in amount as Sublandlord may reasonably require from time to time. All such commercial general liability insurance shall include, but not be limited to, personal injury, blanket contractual liability, products/completed operations, broad form property damage liability and independent contractors liability. Each commercial general liability policy shall also include a severability of interests clause. Additionally, Subtenant shall be required to purchase and maintain automobile liability insurance covering all owned, nonowned and hired automobiles.

B. Worker's compensation coverage as required by Laws, including employer's liability coverage, with a limit of not less than One Million Dollars (\$1,000,000.00) and waiver by Subtenant's insurer of any right of subrogation against Sublandlord by reason of any payment pursuant to such coverage.

C. Business interruption or loss of income insurance in amounts sufficient to insure Subtenant's business operations for a period of not less than one (1) year.

D. Property insurance covering the Improvements, betterments, and Alterations at the Premises, in an amount not less than their full replacement cost (the "Premises Property Insurance"), and property insurance covering all of Subtenant's trade fixtures, merchandise and personal property in an amount not less than their full replacement value from time to time. All such insurance coverage shall provide protection against perils covered in the ISO "Causes of Loss – Special Form" (form CP 10 30) and sprinkler leakage. Any policy proceeds shall be used for the repair or replacement of the property damaged or destroyed.

F. Such additional insurance coverage and limits as Sublandlord deems reasonable and which are consistent with California insurance practices for protecting persons and property.

2. **INSURANCE DURING CONSTRUCTION.** Prior to the commencement of Subtenant's Alterations, Subtenant shall, at its sole cost and expense, obtain and, if required by Sublandlord,

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Exhibit D

Subtenant's Initials: su

cause its contractors to obtain and keep in full force throughout the construction of Subtenant's Alterations:

- A. Commercial general liability insurance as described in Section 1.A above.
- B. Workers compensation as described in Section 1.B above.
- C. A builder's risk policy covering those perils insured in the "Causes of Loss – Special Form" (form CP 10 30) in an amount acceptable to Sublandlord and sufficient to cover the full contract value of all Subtenant renovations and/or improvements.

3. **POLICY FORM.** All policies of insurance required of Subtenant herein shall be issued by insurance companies with a current A.M. Best's Rating of A or better and a Financial Rating of at least VIII, both as rated in the most current "Best's Rating Guide," and which are qualified to do business in the State of California. All such policies, except for the Worker's Compensation coverage, shall name and shall be for the mutual and joint benefit and protection of Master Landlord, Sublandlord and all entities controlling, controlled by, or under common control with Sublandlord, together with their respective owners, shareholders, partners, members, divisions, officers, directors, employees, representatives and agents, and all of their respective successors and assigns as additional insureds. The policies described in Parts C and D in Section 1 above shall also name Sublandlord as loss payee. Certified copies of the policy declaration page and the following endorsements shall be delivered to Sublandlord prior to Subtenant, its agents or employees entering the Premises for any purpose: (a) an endorsement confirming Sublandlord's and its relate parties additional insured status as provided herein, an endorsement evidencing waiver of subrogation as provided by this Exhibit D, and (b) an endorsement confirming that all policies required of Subtenant herein shall be endorsed to read that such policies are primary policies and any insurance carried by Sublandlord or Sublandlord's property manager shall be noncontributing with such policies. Thereafter, certified copies of the policy declaration page and all required endorsements for the renewal policies required hereby shall be delivered to Sublandlord within ten (10) days prior to the expiration of the term of each policy. Alternatively, Sublandlord may require certificates evidencing such insurance. All policies of insurance delivered to Sublandlord must contain a provision that the company writing the policy will endeavor to give to Sublandlord at least ten (10) days' prior notice of any cancellation or lapse or the effective date of any reduction in the amounts of insurance. No policy required to be maintained by Subtenant shall have a deductible greater than Ten Thousand Dollars (\$10,000.00) unless approved in writing by Sublandlord.

4. **BLANKET POLICIES.** Notwithstanding anything to the contrary contained in this Exhibit D, Subtenant's obligation to carry insurance may be satisfied by coverage under a so-called blanket policy or policies of insurance; provided, however, that the coverage afforded will not be reduced or diminished and the requirements set forth in this Sublease are otherwise satisfied by such blanket policy or policies.

Sublandlord's Initials: ck

Exhibit D

Subtenant's Initials: sy

5. **INCREASED PREMIUMS DUE TO USE OF PREMISES.** Subtenant shall not do any act in or about the Premises which will tend to increase the insurance rates upon the Premises of which the Premises are a part. Subtenant agrees to pay to Sublandlord, upon demand, the amount of any increase in premium for insurance resulting from Subtenant's use of the Premises, whether or not Sublandlord shall have consented to the act on the part of Subtenant. If Subtenant installs upon the Premises any electrical equipment which constitutes an overload of the electrical lines servicing the Premises, Subtenant, at its own expense, shall make whatever changes are necessary to comply with the requirements of the insurance underwriters and any appropriate governmental authority.

6. **SUBLANDLORD'S INSURANCE.** Sublandlord, from and after the Commencement Date, may at its election (but shall not be obligated to) maintain or cause to be maintained the following types of insurance in effect during the Term, with or without deductibles and in amounts and coverages as may be determined by Sublandlord in its discretion (subject, however, to reimbursement as set forth in the Sublease):

A. General liability for bodily injury and property damage arising from Sublandlord's ownership, management, use and/or operation of the Master Premises with coverage limits equal or greater to those Subtenant is required to maintain in accordance with Subtenant's insurance requirements set forth in Section 1 of this Exhibit D.

B. Property insurance, subject to standard exclusions (such as, but not limited to, earthquake and flood exclusions), covering the Premises. In addition, Sublandlord may, at its election, obtain insurance coverages for such other risks as Sublandlord or Master Landlord may from time to time deem appropriate, including earthquake and terrorism. The insurance described in clauses A and B above are collectively referred to as "**Sublandlord's Insurance**" and may be carried by inclusion within the coverage of any blanket policy or policies of insurance maintained by Sublandlord. If Sublandlord obtains the property insurance described above, then for so long as Sublandlord maintains the same, Subtenant shall not be required to maintain Premises Property Insurance under Section 1(d) above.

7. **WAIVER OF SUBROGATION.** Sublandlord and Subtenant each waive any rights each may have against the other on account of any loss or damage occasioned to Sublandlord, Master Landlord or Subtenant, as the case may be, their respective property, the Premises or its contents, or to other portions of the Project arising from any liability, loss, damage or injury caused by fire or other casualty for which property insurance is carried or required to be carried pursuant to the Sublease. The insurance policies obtained by Sublandlord and Subtenant pursuant to this Sublease shall contain a provision waiving any right of subrogation which the insurer may otherwise have against the other party. If Sublandlord contracts with a third party for the management of the Premises, the waiver of subrogation by Subtenant herein shall also run in favor of such third party.

8. **SUBTENANT'S FAILURE TO MAINTAIN INSURANCE.** If Subtenant refuses or neglects to secure and maintain insurance policies complying with the provisions of this Exhibit D, Sublandlord may secure appropriate insurance policies and Subtenant shall pay, upon demand, the

Exhibit D

Sublandlord's Initials: ck

Subtenant's Initials: su

cost of same to Sublandlord, together with an administrative fee of fifteen percent (15%) of such cost.

9. **SUFFICIENCY OF COVERAGE.** Neither Sublandlord nor any of Sublandlord's agents make any representation that the types of insurance and limits specified to be carried by Subtenant under the Sublease are adequate to protect Subtenant. If Subtenant believes that any such insurance coverage is insufficient, Subtenant shall provide, at its own expense, such additional insurance as Subtenant deems adequate. Nothing contained herein shall limit Subtenant's liability under the Sublease.

Sublandlord's Initials: ck

Exhibit D

Subtenant's Initials: sy

**Exhibit E****GUARANTEE OF SUBLEASE****ARTICLE 1. PARTIES**

Each of the undersigned, Simon Yu, William Hin, and Cannabis Strategic Ventures, a Nevada corporation (jointly and severally, "**Guarantor**"), whose addresses are hereinafter set forth, as a material inducement to and in consideration of 360 Espinosa Road, LLC, a California limited liability company (hereinafter "**Sublandlord**") entering into a written sublease dated January 1, 2019 (hereinafter, the "**Sublease**") with 360 Espinosa Road II, LLC, a California limited liability company (hereinafter "**Subtenant**"), of approximately even date herewith, for the sublease of certain premises located at 360 Espinosa Road, Salinas, Monterey County, California, 93907, and more particularly described in the Sublease, pursuant to the provisions of this Guarantee of Sublease (this "**Guarantee**") unconditionally guarantees and promises to and for the benefit of Sublandlord full payment and performance of each and all of the terms, covenants and conditions of the Sublease by Subtenant, all as more specifically set forth hereinafter.

**ARTICLE 2. GUARANTOR'S DUTIES****Section 2.1. Guarantee of Subtenant's Performance**

Guarantor hereby unconditionally guarantees to Sublandlord the full and complete performance of each and all of the terms, covenants and conditions of the Sublease as required to be performed by Subtenant, including, but not limited to, the payment of all rental, property taxes, operating expenses, and any and all other charges or sums, or any portion thereof, to accrue or become due from Subtenant to Sublandlord pursuant to the terms of the Sublease.

**Section 2.2. Subtenant's Failure to Perform**

2.2.1. **Payment of Rent.** In the event that Subtenant shall fail to pay any rental, property taxes, operating expenses, or any other sums or charges, or any portion thereof, accrued or due pursuant to the terms of said Sublease, including without limitation any obligations incurred by Subtenant as a result of a hold-over beyond the term of the Sublease, then upon written notice to Guarantor by Sublandlord as herein provided, Guarantor shall within five (5) business days pay to Sublandlord or Sublandlord's designated agent any and all such amounts as may be due and owing from Subtenant to Sublandlord by reason of Subtenant's failure to perform.

2.2.2. **Other Provisions.** In the event that Subtenant shall fail to perform any covenants, terms or conditions of the Sublease as required to be performed, other than as provided for in Section 2.2.1. above, then upon written notice to Guarantor by Sublandlord, as provided

Exhibit E

Sublandlord's Initials: ckSubtenant's Initials: SY



herein, Guarantor shall commence and complete performance of such conditions, covenants and terms within five (5) business days after the date of Sublandlord's notice to Guarantor of such failure by Subtenant to so perform, and in the event such performance by Guarantor cannot be completed within said five (5) business days, Guarantor shall commence performance within said time and shall diligently pursue completion thereof within a reasonable time duly set forth hereinafter.

2.2.3. Interest and Additional Damages. In addition to the payment of rental and other sums, and the performance of any and all other provisions, conditions and terms of the Sublease which may be required of Guarantor by reason of Subtenant's failure to perform, Guarantor agrees to pay to Sublandlord any and all reasonable and necessary incidental damages and expenses incurred by Sublandlord as a direct and proximate result of Subtenant's failure to perform. Guarantor further agrees to pay to Sublandlord interest on any and all sums due and owing Sublandlord, by reason of Subtenant's failure to pay same, at the highest rate as allowed by law at the time of payment thereof.

### **ARTICLE 3. SUBLANDLORD'S RIGHTS**

#### Section 3.1. Enforcement

Notwithstanding the provisions of Section 2.2.1. above, Sublandlord reserves the right, in the event of any failure of Subtenant to pay rental, property taxes, operating expenses and other sums which may become due and owing pursuant to the terms of the Sublease, to proceed against Subtenant or Guarantor, or both, and to enforce against Guarantor or Subtenant, or both, any and all rights that Sublandlord may have to said rental, property taxes, operating expenses and other sums accrued pursuant to the terms of the Sublease, without giving prior notice to Subtenant or Guarantor, and without making demands therefor on either of them. Guarantor understands and agrees that its liability under this Guarantee shall be primary (and joint and several with Subtenant) and that, in any right of action which may accrue to Sublandlord under the Sublease or this Guarantee, Sublandlord at its option may proceed against Guarantor without having taken any action or obtained any judgment against Subtenant.

#### Section 3.2. Guarantor's Waivers

In addition to any other waiver herein and except as otherwise specifically provided in this Guarantee, Guarantor hereby waives:

(a) any and all notices, presentments, notice of nonpayment or nonperformance;

(b) all defenses by reason of any disability of Subtenant;

(c) any and all rights it may have now or in the future, whether pursuant to California Civil Code § 2845 or otherwise, to require or demand that Sublandlord pursue any right or remedy

Exhibit E

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Subtenant's Initials: su

Sublandlord may have against Subtenant or any other third party;

(d) until such time as all obligations of Subtenant under the Sublease have been satisfied in full, any and all rights it may have for subrogation against, or reimbursement from, Subtenant with respect to any sums paid hereunder; and

(e) any and all right to the benefit of, or to participate in, any security held by Sublandlord now or in the future, or to require that such security be applied by Sublandlord either (i) prior to any action against Guarantor hereunder or (ii) as a credit or offset against sums owing hereunder.

#### **ARTICLE 4. ALTERATION, MODIFICATION, OR ASSIGNMENT**

##### Section 4.1. Effect of Extension, Modification, or Alteration of Sublease

Guarantor understands and agrees that notwithstanding the provisions of California Civil Code § 2819, the obligations of Guarantor under this Guarantee shall in no way be affected by any extension, modification or alteration of the Sublease, including, but not limited to, Subtenant entering into any sublease thereunder, or Subtenant's obligations under the Sublease and each of its provisions, and any such extension, modification or alteration of the Sublease, including Subtenant entering into any sublease thereunder, shall in no way release or discharge Guarantor from any obligations accruing under this Guarantee. The term "Sublease" shall include all amendments, modifications, alterations and extensions of the Sublease.

##### Section 4.2. Assignment

Guarantor understands and agrees that any assignment of the Sublease, or any rights or obligations accruing thereunder, shall in no way affect Guarantor's obligations under this Guarantee.

##### Section 4.3. Delay in Enforcement/Settlements

Guarantor understands and agrees that any failure or delay of Sublandlord to enforce any of its rights under the Sublease or this Guarantee shall in no way affect Guarantor's obligations under this Guarantee, nor shall any settlement or release with Subtenant or any third-party release or discharge Guarantor from its obligations hereunder.

#### **ARTICLE 5. SUBTENANT'S INSOLVENCY**

##### Section 5.1. Liability upon Subtenant's Insolvency

Guarantor understands and agrees that in the event Subtenant shall become insolvent or be adjudicated bankrupt, whether by voluntary or involuntary petition, or shall a petition for

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organization, arrangement, or similar relief be filed against it, or if a receiver of any part of its property or assets is appointed by any court, Guarantor will remain obligated to pay to Sublandlord the amount of all unpaid rent, property taxes, operating expenses, and any other sums accrued and thereafter accruing under the Sublease.

#### Section 5.2. Effect of Operation of Law

Any operation of any present or future debtor's relief act or similar act or law, or decision of any court, shall in no way abrogate or otherwise limit the obligation of Guarantor to perform any of the terms, covenants or conditions of this Guarantee.

### **ARTICLE 6. MISCELLANEOUS**

#### Section 6.1. Notices

Any and all notices required under this Guarantee shall be made in writing, and shall be personally delivered, sent by reputable courier or overnight delivery service, or mailed, first-class mail, postage prepaid, to the party who is designated to receive such notice at the address set forth after their respective signatures on this Guarantee, or at such other place as may be designated by said party upon written notice from time to time hereafter.

#### Section 6.2. Extent of Obligations

Notwithstanding anything to the contrary in this Guarantee, it is understood and agreed that this Guarantee shall extend to any and all obligations of Subtenant under the Sublease.

#### Section 6.3. Assignability

This agreement may be assigned in whole or in part by Sublandlord at any time to any successor to Sublandlord's interest in the leased premises and/or to any lender of Sublandlord.

#### Section 6.4. Successors and Assigns

The terms and provisions of this Guarantee shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

#### Section 6.5. Modification of Guarantee

This Guarantee constitutes the full and complete agreement between the parties hereto, and it is understood and agreed that the provisions hereof may only be modified by a writing executed by both parties hereto.

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Section 6.6. Number and Gender

As used herein the singular shall include the plural, and as used herein the masculine shall include the feminine and neuter genders.

Section 6.7. Captions/Headings

Any captions or headings used in this Guarantee are for reference purposes only and are in no way to be construed as part of this Guarantee.

Section 6.8. Invalidity

If any term, provision, covenant or condition of this Guarantee is held to be void, invalid, or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.

Section 6.9. Jurisdiction

The validity of this agreement and of any of its terms or provisions, as well as the rights and duties of the parties hereunder, shall be interpreted and construed pursuant to and in accordance with the laws of the State of California. Guarantor consents to the jurisdiction of any competent state or federal court in California where Sublandlord may elect to initiate an action to enforce its rights hereunder.

Section 6.10. Joint and Several

Should more than one party execute this instrument as Guarantor, then the obligations of each such party shall be joint and several.

Section 6.11. Attorneys' Fees

In the event it becomes necessary to enforce any of the terms and provisions of this Guarantee, whether or not suit be instituted, the prevailing party shall be entitled to its reasonable costs and expenses incurred with respect thereto, including, but not limited to, reasonable attorneys' fees, and such other costs and expenses as may be allowed by law.

Section 6.12. Guarantee of Payment and Performance

It is understood and agreed that this Guarantee is unconditional and continuing, and a guarantee of payment and performance and not of collection.

Section 6.13. WAIVER OF JURY TRIAL/JUDICIAL REFERENCE LANDLORD AND

Sublandlord's Initials: ck

Exhibit E

Subtenant's Initials: su

GUARANTOR HEREBY ACKNOWLEDGE AND AGREE THAT THE PROVISIONS OF SECTION 13.7 OF THE SUBLEASE SHALL BE INCORPORATED BY REFERENCE INTO THIS GUARANTEE, AND THAT ALL REFERENCES TO "SUBTENANT" IN THAT SECTION SHALL BE DEEMED TO REFER TO GUARANTOR FOR PURPOSES HEREOF.

**ARTICLE 7. EXECUTION**

IN WITNESS WHEREOF, the undersigned has executed this Guarantee and made it effective this 1st day of January, 2019.

*Simon Yu*

\_\_\_\_\_  
Simon Yu, personally

Address \_\_\_\_\_  
800 wilshire BLvd 2nd Floor  
\_\_\_\_\_  
Los angeles  
\_\_\_\_\_

*William Hin*

\_\_\_\_\_  
William Hin, personally

Address \_\_\_\_\_  
2111 Longbeach ave  
\_\_\_\_\_  
Los Angeles  
\_\_\_\_\_

Cannabis Strategic Ventures, a Nevada corporation

*Simon Yu*

By: \_\_\_\_\_

Printed Name: Simon Yu

Title: CEO

Address \_\_\_\_\_  
800 wilshire Blvd 2nd floor  
\_\_\_\_\_  
los angeles, ca 90017  
\_\_\_\_\_

Exhibit E

*Ck*  
Sublandlord's Initials: \_\_\_\_\_

*SY*  
Subtenant's Initials: \_\_\_\_\_

**Exhibit F****Rules and Regulations (including agreements regarding  
CUP and Shared Services)**

1. CUP Matters. Subtenant shall be responsible for obtaining and maintaining, at its sole cost and expense, a conditional use permit from the applicable governmental authorities for the Premises for the Cultivation Use, as may be required by Applicable Requirements ("CUP"). Sublandlord shall reasonably cooperate, and shall cause Master Landlord to reasonably cooperate (at no out of pocket cost to Sublandlord or Master Landlord) with application for and pursuit of the CUP promptly after the date of full execution and delivery of this Sublease (including causing the appropriate party to apply for the CUP); any costs incurred by Sublandlord or Master Landlord in connection with the CUP, whether incurred prior to or after execution of the Sublease, shall be paid by Subtenant. The parties shall keep each other reasonably apprised of the status of the CUP, and Sublandlord and Master Landlord shall have the right to contact the applicable governmental authorities regarding same. Subtenant shall be solely responsible, at its sole cost and expense, for performing all obligations owing under the CUP applicable to the Premises and for keeping the CUP in full force and effect throughout the Term (as the same may be extended), as the same relates to the Premises. Except as provided below, the Lease shall be in full force and effect regardless of whether Subtenant can operate its business at the Premises for the Cultivation Use. Any improvements to the Premises, Master Premises, or Adjacent Properties installed by Sublandlord (which Sublandlord shall have the right, but not the obligation, to do) in connection with obtaining or maintaining the CUP shall be included in Direct Expenses under Section 4.2 of the Sublease. If (and only if) the applicable governmental authorities issue a final, non-appealable, ruling denying Subtenant the CUP (and only if such denial was not caused by Subtenant's acts or omissions), Subtenant may terminate the Lease by written notice to Sublandlord given within 30 days after the date that Subtenant is prevented from utilizing the Premises for the Cultivation Use as a result of such ruling, in which event the parties shall have no further obligations to each other under this Lease (other than indemnity and other obligations intended to survive termination), and Subtenant shall not be entitled to reimbursement of any rent or other amounts paid. Neither Sublandlord nor Master Landlord shall have any liability to Subtenant arising from any denial of or delay in obtaining the CUP.

2. Waste Water. Subtenant shall be responsible for properly disposing of all waste water in accordance with all local, state, and federal rules, regulations, ordinances and laws. Subtenant acknowledges that the ditch behind range F is a federally recognized wetland, and Subtenant shall not violate any applicable environmental laws with respect thereto. A water filtration system shall be installed by Subtenant (which installation shall be governed by the provisions of Section 7.3 and Exhibit C of the Sublease), to the extent required by Applicable Requirements. Subtenant shall comply, at its sole cost and expense, with all Applicable Requirements relating to the design, permitting, installation, operation, and disposal of brine and other waste products, of such water filtration system.

ck  
Sublandlord Initials \_\_\_\_\_

Exhibit F

su  
Subtenant Initials \_\_\_\_\_

3. Septic. Bathroom facilities will be shared – currently, in the metal building between ranges B and C. Any damage caused to such facilities by Subtenant or its agents, employees, or contractors shall be Subtenant's responsibility.

4. Electricity. A maximum of 200 amps of existing power is currently available in Ranges A and B, and ranges C and D. This bill will be allocated as described in the Sublease. Submeters may be put in at a future date to more precisely determine usage. Any additional electricity and electrical infrastructure shall be at Subtenant's sole cost, risk, and expense.

5. Gas. Gas shall be allocated as per Section 6.1 of the Sublease. This covers boiler usage. Any additional gas or gas infrastructure requested by Subtenant shall be at Subtenant's sole cost, risk, and expense.

In the event of a conflict between the provisions of this Exhibit F and the provisions of the Sublease to which this Exhibit F is attached, whichever provisions impose the greater restrictions or obligation on Subtenant shall control.

Sublandlord Initials ck

Exhibit F

Subtenant Initials sy

**Exhibit G**

**Escrow Agreement (Utilities and Cannabis Taxes)**

[to be attached]

Sublandlord Initials CK

Exhibit G

Subtenant Initials SY



Exhibit H-1

Memorandum of Sublease

Recording requested by,  
and when recorded return to:

360 ESPINOSA ROAD II, LLC  
360 Espinosa Road  
Salinas, California 93907  
Attn: Simon Yu

---

Memorandum of Sublease

THIS MEMORANDUM OF SUBLEASE ("Memorandum") is executed as of \_\_\_\_\_ by and between 360 ESPINOSA ROAD, LLC, a California limited liability company ("Sublandlord"), and 360 ESPINOSA ROAD II, LLC, a California limited liability company ("Subtenant").

1. Sublandlord and Subtenant have entered into a Sublease (Single-Tenant Agricultural – Net) dated January 1, 2019 (the "Sublease") and are filing this Memorandum to provide record notice of the Sublease and the terms and conditions contained in the Sublease.
2. Pursuant to the Sublease, Subtenant subleases from Sublandlord, and Sublandlord subleases to Subtenant, the real property, improvements, and related appurtenances located at 360 Espinosa Road in the County of Monterey, State of California, as depicted on attached Exhibit A (the "Premises").
3. The Sublease is in effect. The term of this Sublease is sixty (60) months, commencing on January 1, 2019 and ending on December 31, 2023.
4. The provisions of the Sublease are incorporated into this Memorandum as if set out in full. In the event of any conflict or inconsistency between the terms of this Memorandum and the terms of the Sublease, the terms of the Sublease will govern and control for all purposes.

[Signature Page Follows]

Exhibit H-1

Sublandlord Initials \_\_\_\_\_

Subtenant Initials \_\_\_\_\_

Sublandlord and Subtenant have caused this Memorandum to be executed as of the date first written above.

SUBLANDLORD:

360 Espinosa Road, LLC,  
a California limited liability company

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Its: Managing Member

SUBTENANT:

360 Espinosa Road II, LLC,  
a California limited liability company

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Its: \_\_\_\_\_

Sublandlord Initials \_\_\_\_\_

Exhibit H-1

Subtenant Initials \_\_\_\_\_

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.
--

State of California )  
County of \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

Sublandlord Initials \_\_\_\_\_

Exhibit H-1

Subtenant Initials \_\_\_\_\_

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.
--

State of California )  
County of \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

Sublandlord Initials \_\_\_\_\_

Exhibit H-1

Subtenant Initials \_\_\_\_\_



Exhibit H-2

Quitclaim Deed

Recording requested by,  
and when recorded return to:

360 ESPINOSA ROAD, LLC  
370 Espinosa Road  
Salinas, California 93907  
Attn: Real Estate Administrator

---

Quitclaim Deed

360 ESPINOSA ROAD II, LLC, a California limited liability company ("360 II"), hereby REMISES, RELEASES, and forever QUITCLAIMS to 360 ESPINOSA ROAD, LLC ("360"), a California limited liability company, all of its right, title and interest, including, without limitation, all of its right, title, and interest under that certain Sublease between 360 and 360 II dated January 1, 2019, in and to the real property, improvements, and related appurtenances located at 360 Espinosa Road, Salinas, 93907 in the County of Monterey, State of California, depicted on attached Exhibit A.

Dated: \_\_\_\_\_

360 Espinosa Road II, LLC,  
a California limited liability company

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Its: \_\_\_\_\_

Exhibit H-2

Sublandlord Initials \_\_\_\_\_

Subtenant Initials \_\_\_\_\_

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

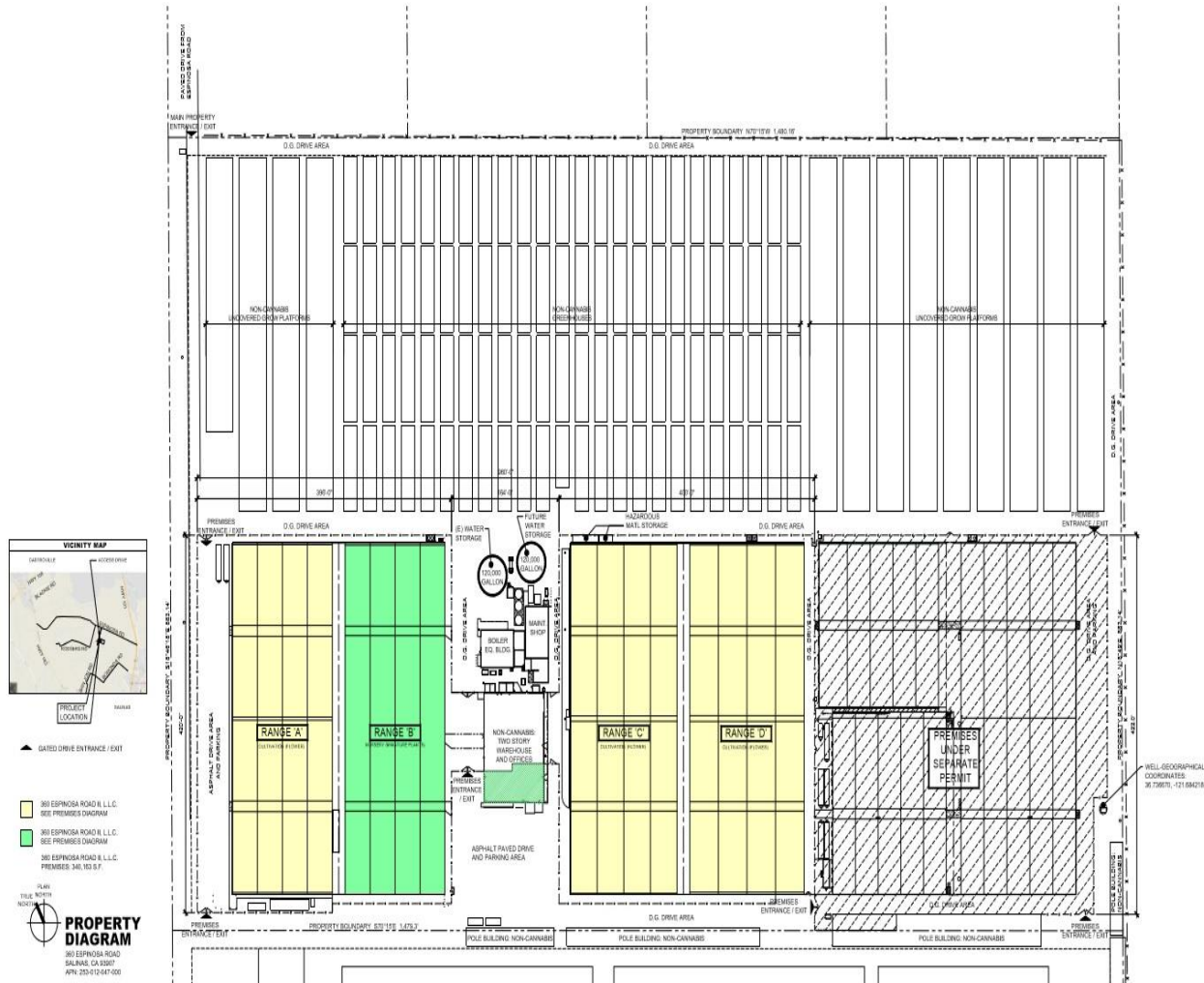
Signature \_\_\_\_\_

Sublandlord Initials \_\_\_\_\_

Exhibit H-2

Subtenant Initials \_\_\_\_\_

Exhibit A to Quitclaim Deed  
Description/Depiction of Real Property



Sublandlord Initials \_\_\_\_\_

Exhibit H-2

Subtenant Initials \_\_\_\_\_