
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 1-U

Current Report Pursuant to Regulation A

Date of Report: April 8, 2022
(Date of earliest event reported)

HIGHTIMES HOLDING CORP.

(Exact name of issuer as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

81-4706993

(I.R.S. Employer
Identification No.)

2110 Narcissus Ct.
Venice, California 90291

(Full mailing address of principal executive offices)

(844) 933-3287

(Issuer's telephone number, including area code)

Title of each class of securities issued pursuant to Regulation A: Class A voting Common Stock, par value \$0.0001 per share

This Current Report on Form 1-U is issued in accordance with Rule 257(b)(4) of Regulation A, and is neither an offer to sell any securities, nor a solicitation of an offer to buy, nor shall there be any sale of any such securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

ITEM 9. OTHER EVENTS

Entry into Membership Interest Purchase Agreement

On April 8, 2022, Hightimes Holding Corp., a Delaware corporation (the "Company" of "Hightimes"), entered into a Membership Interest Purchase Agreement (the "Purchase Agreement") with Courtney Zalewski, as manager of The Mezz La Brea, LLC, a California limited liability company ("The Mezz"), and the holders of a majority-interest of the issued and outstanding membership interests in The Mezz (collectively, "Sellers"). The Mezz operates a cannabis consumption lounge in West Hollywood, California, pursuant to a Commercial Cannabis License from the City of West Hollywood and a Cannabis Adult-Use and Medicinal License issued by the State of California. Under the Purchase Agreement, the Sellers agreed to sell all of their membership interests in The Mezz for an aggregate purchase price of \$6,000,000, which consideration was paid to the Sellers, on a pro rata basis, as follows: (i) \$1,500,000 in convertible promissory notes and (ii) \$4,500,000 of Hightimes Class A common stock. In accordance with the Purchase Agreement, the Company also entered into a consulting agreement (the "Management Services Agreement") and lock-up agreements with the Sellers, as well as other assignment agreements related to the assignment of the Sellers' membership interests. Closing on the Purchase Agreement remains subject to certain terms and conditions, including obtaining regulatory approvals from the City of West Hollywood and the California Department of Cannabis Control (the "CDCC") for the transfer control of The Mezz's cannabis licenses from the Sellers to Hightimes.

Pending receipt of the required regulatory approvals, the Company has entered into a Management Services Agreement, dated May 6, 2022, with The Mezz pursuant to which the Company will provide certain management and administrative support services to The Mezz. As consideration for the Company's performance under the Management Services Agreement, the Company will receive all of the income from The Mezz's operations, minus The Mezz's expenses, during the period the Management Services Agreement is in effect. The Management Services Agreement shall be effective from the date of signing until the CDCC approves the Company's request for a change of ownership reflecting the Company as the owner of The Mezz.

In furtherance of the terms of the Purchase Agreement, the Company also entered into an Amendment to Lease Agreement (the "Lease Amendment"), dated as of May 5, 2022, with Metro Star LLC, a California limited liability company, and Star Alliance LLC, a California limited liability company (Metro Star LLC and Star Alliance LLC are hereinafter collectively referred to as "Lessor") and Flore Flora LLC dba Flore, a California limited liability company, of which The Mezz is the sole member ("Flore"). The parties entered into the Lease Amendment to settle \$1,073,727 of back rent (the "Back Rent") owed by Flore to Lessor under a lease agreement originally dated April 5, 2019 (the "Lease Agreement"). Under the terms of the Lease Amendment, the Company agreed to pay \$200,000 to Lessor in full satisfaction of the Back Rent owed, and to pay, or cause The Mezz to pay, an additional security deposit in the amount of \$126,624 to Lessor as a security deposit, plus \$42,208 in rent for the month of May 2022.

A copy of the Purchase Agreement, the Management Services Agreement, the Lease Amendment and the Lease Agreement are attached as Exhibits 6.1, 6.2, 6.3 and 6.4 hereto and are incorporated herein by reference.

Extension of Regulation A+ Offering

On June 30, 2022, the Company elected to extend the Company's existing Regulation A+ offering (the "Offering") until as late as September 30, 2022. A copy of the updated subscription agreement for the extended Offering is attached as Exhibit 4.1 to this Current Report on Form 1-U and any summary of the terms of such document is subject to, and qualified in its entirety by, the full text of such document, which is incorporated herein by reference.

The Offering is presently paused pending the Company's completion of an audit of its 2019, 2020 and 2021 annual consolidated financial statements and preparation of unaudited consolidated financial statement for the six months ended June 30, 2020 and June 30, 2021, as well as the filing with the SEC of the Company's annual reports on Form 1-K for the years ended December 31, 2019, 2020 and 2021 and the Company's semi-annual reports on Form 1-SA for the six months ended June 30, 2020 and 2021.

SIGNATURES

Pursuant to the requirements of Regulation A, the issuer has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Hightimes Holding Corp.
a Delaware corporation

By: /s/ Adam E. Levin
Name: Adam E. Levin
Its: Executive Chairman of the Board
Date: July 6, 2022

3

Exhibits to Form 1-U

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
| 4.1 | Form of Subscription Agreement for the Regulation A+ Offering. |
| 6.1 | Membership Interest Purchase Agreement, dated April 8, 2022, between Hightimes Holding Corp. and the Sellers. |
| 6.2 | Management Services Agreement, effective May 6, 2022, between Hightimes Holding Corp. and The Mezz La Brea, LLC. |
| 6.3 | Amendment to Lease Agreement, dated as of May 5, 2022, between Hightimes Holding Corp., Flore Flora LLC, Star Alliance LLC and Metro Star LLC. |
| 6.4 | Flora Fore Lease Agreement, originally dated April 5, 2019, between Metro Star LLC and Star Alliance, as tenants in common, and Flore Flora LLC. |

4

FORM OF
HIGHTIMES HOLDING CORP.
SUBSCRIPTION AGREEMENT

NOTICE TO INVESTORS

THIS INVESTMENT INVOLVES A HIGH DEGREE OF RISK. THIS INVESTMENT IS SUITABLE ONLY FOR PERSONS WHO CAN BEAR THE ECONOMIC RISK FOR AN INDEFINITE PERIOD OF TIME AND WHO CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT. FURTHERMORE, INVESTORS MUST UNDERSTAND THAT SUCH INVESTMENT IS ILLIQUID AND IS EXPECTED TO CONTINUE TO BE ILLIQUID FOR AN INDEFINITE PERIOD OF TIME. NO PUBLIC MARKET EXISTS FOR THE SECURITIES.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “*SECURITIES ACT*”), OR ANY STATE SECURITIES OR BLUE SKY LAWS AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND STATE SECURITIES OR BLUE SKY LAWS. ALTHOUGH AN OFFERING STATEMENT HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE “*SEC*”), THAT OFFERING STATEMENT DOES NOT INCLUDE THE SAME INFORMATION THAT WOULD BE INCLUDED IN A REGISTRATION STATEMENT UNDER THE ACT. THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC, ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON THE MERITS OF THIS OFFERING OR THE ADEQUACY OR ACCURACY OF THE SUBSCRIPTION AGREEMENT OR ANY OTHER MATERIALS OR INFORMATION MADE AVAILABLE TO PROSPECTIVE INVESTOR IN CONNECTION WITH THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THE SECURITIES CANNOT BE SOLD OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT. IN ADDITION, THE SECURITIES CANNOT BE SOLD OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH APPLICABLE STATE SECURITIES OR “*BLUE SKY*” LAWS. INVESTORS WHO ARE NOT “*ACCREDITED INVESTORS*” (AS THAT TERM IS DEFINED IN SECTION 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT) ARE SUBJECT TO LIMITATIONS ON THE AMOUNT THEY MAY INVEST, AS SET OUT IN SECTION 4(g). THE COMPANY IS RELYING ON THE REPRESENTATIONS AND WARRANTIES SET FORTH BY EACH INVESTOR IN THIS SUBSCRIPTION AGREEMENT AND THE OTHER INFORMATION PROVIDED BY INVESTOR IN CONNECTION WITH THIS OFFERING TO DETERMINE THE APPLICABILITY TO THIS OFFERING OF EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PROSPECTIVE INVESTORS MAY NOT TREAT THE CONTENTS OF THE SUBSCRIPTION AGREEMENT, THE OFFERING CIRCULAR OR ANY OF THE OTHER MATERIALS PROVIDED BY THE COMPANY (COLLECTIVELY, THE “*OFFERING MATERIALS*”), OR ANY PRIOR OR SUBSEQUENT COMMUNICATIONS FROM THE COMPANY OR ANY OF ITS OFFICERS, EMPLOYEES OR AGENTS (INCLUDING “*TESTING THE WATERS*” MATERIALS) AS INVESTMENT, LEGAL OR TAX ADVICE. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND THE RISKS INVOLVED. EACH PROSPECTIVE INVESTOR SHOULD CONSULT THE INVESTOR’S OWN COUNSEL, ACCOUNTANTS AND OTHER PROFESSIONAL ADVISORS AS TO INVESTMENT, LEGAL, TAX AND OTHER RELATED MATTERS CONCERNING THE INVESTOR’S PROPOSED INVESTMENT.

1

THE OFFERING MATERIALS MAY CONTAIN FORWARD-LOOKING STATEMENTS AND INFORMATION RELATING TO, AMONG OTHER THINGS, THE COMPANY, ITS BUSINESS PLAN AND STRATEGY, AND ITS INDUSTRY. THESE FORWARD-LOOKING STATEMENTS ARE BASED ON THE BELIEFS OF, ASSUMPTIONS MADE BY, AND INFORMATION CURRENTLY AVAILABLE TO THE COMPANY’S MANAGEMENT. WHEN USED IN THE OFFERING MATERIALS, THE WORDS “*ESTIMATE*,” “*PROJECT*,” “*BELIEVE*,” “*ANTICIPATE*,” “*INTEND*,” “*EXPECT*” AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS, WHICH CONSTITUTE FORWARD LOOKING STATEMENTS. THESE STATEMENTS REFLECT MANAGEMENT’S CURRENT VIEWS WITH RESPECT TO FUTURE EVENTS AND ARE SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE THE COMPANY’S ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTAINED IN THE FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE ON WHICH THEY ARE MADE. THE COMPANY DOES NOT UNDERTAKE ANY OBLIGATION TO REVISE OR UPDATE THESE FORWARD-LOOKING STATEMENTS TO REFLECT EVENTS OR CIRCUMSTANCES AFTER SUCH DATE OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS.

SUBSCRIPTION AGREEMENT

This subscription agreement (this “**Subscription Agreement**” or the “**Agreement**”) is entered into by and between **Hightimes Holding Corp.**, a Delaware corporation (hereinafter the “**Company**”) and the undersigned (hereinafter the “**Investor**”) as of the date set forth on the signature page hereto. Any term used but not defined herein shall have the meaning set forth in the Offering Circular (as defined below).

RECITALS

WHEREAS, the Company desires to offer shares of Class A common stock, par value \$0.0001 per share (the “**Class A Common Stock**”) on a “*best efforts*” basis pursuant to Regulation A of Section 3(6) of the Securities Act of 1933, as amended (the “**Securities Act**”), pursuant to a Tier 2 offerings (the “**Offering**”), of a minimum of 454,545 shares of Class A Common Stock of the Company, at a purchase price of \$11.00 per share (the “**Per Share Purchase Price**”), for total gross proceeds of up to \$5,000,000 (the “**Minimum Offering**”), and for up to 4,545,450 shares of Class A Common Stock, at the Per Share Purchase Price, for total gross proceeds of up to \$50,000,000 (the “**Maximum Offering**”); and

WHEREAS, the Investor desires to acquire that number of shares of Class A Common Stock (the “**Shares**”) as set forth on the signature page hereto at the purchase price set forth herein; and

WHEREAS, the Offering will terminate on the first to occur of: (i) the date on which the Maximum Offering is completed, (ii) September 30, 2022 or (iii) such earlier date as the Company elects to terminate the Offering (in each case, the “**Termination Date**”).

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto do hereby agree as follows:

2

(a) The Investor hereby irrevocably subscribes for and agrees to purchase the number of Shares set forth on the signature page hereto at the Per Share Purchase Price, upon the terms and conditions set forth herein. The aggregate purchase price for the Shares with respect to each Investor (the “**Purchase Price**”) is payable in the manner provided in **Section 2(a)** below. The minimum number of Shares that the Investor may purchase is fifty shares for a subscription price of \$550.00.

(b) Investor understands that the Shares are being offered pursuant to the Form 1-A Regulation A+ Offering Circular dated March 12, 2018 and its exhibits as filed with and qualified by the Securities and Exchange Commission (the “**SEC**”) on March 12, 2018 and the FORM 1-A Post Qualification Offering Circular filed with the SEC on June 11, 2018, as amended on June 15, 2018, as further amended on June 25, 2018 and again qualified by the SEC on July 26, 2018 (collectively, the “**Offering Circular**”). The Investor is also urged to review the Company’s Offering Circular Supplement, filed on May 31, 2019, the Company’s Form 1-K Annual Report for its fiscal year ended December 31, 2018 and Form 1-SA Semi-Annual Report for the six month periods ended June 30, 2018 and June 30, 2019, which has been filed by the Company with the SEC pursuant to Rule 257(b)(1) and Rule 257(b)(3), respectively, of Regulation A+ and all Form 1-U Current Reports pursuant to Regulation A+ that has been filed by the Company with the SEC, including the Form 1-U Current Reports dated August 13, 2018, September 11, 2018, September 14, 2018, September 26, 2018, October 3, 2018, November 5, 2018, December 4, 2018, December 14, 2018, January 22, 2019, February 4, 2019, April 3, 2019, April 15, 2019, April 18, 2019, June 28, 2019, July 12, 2019, July 29, 2019, August 30, 2019, October 21, 2019, October 31, 2019, December 31, 2019, January 6, 2020, January 16, 2020, January 29, 2020, January 31, 2020, March 27, 2020, April 6, 2020, April 28, 2020, April 30, 2020, May 6, 2020, May 15, 2020, May 26, 2020, June 5, 2020, June 9, 2020, June 15, 2020, June 23, 2020, June 30, 2020, August 27, 2020, September 30, 2020, December 30, 2020, March 8, 2021, March 31, 2021, May 28, 2021, August 31, 2021, November 30, 2021, January 31, 2022 and April 1, 2022, as well as any subsequent Form 1-U Current Reports that the Company may file with the SEC (all such reports, together with the Offering Circular are hereinafter collectively referred to as the “**SEC Reports**”). By subscribing to the Offering, the Investor acknowledges that Investor has received and reviewed a copy of the SEC Reports and any other information required by Investor to make an investment decision with respect to the Shares. The Company will accept tenders of funds to purchase the Shares. The Company will close on investments on a “*rolling basis*,” pursuant to the terms of the Offering Circular. As a result, not all investors will receive their Shares on the same date.

(c) This subscription may be accepted or rejected in whole or in part, for any reason or for no reason, at any time prior to the Termination Date, by the Company at its sole and absolute discretion. In addition, the Company, at its sole and absolute discretion, may allocate to Investor only a portion of the number of the Shares that Investor has subscribed for hereunder. The Company will notify Investor whether this subscription is accepted (whether in whole or in part) or rejected. If Investor’s subscription is rejected, Investor’s payment (or portion thereof if partially rejected) will be returned to Investor without interest and all of Investor’s obligations hereunder shall terminate. In the event of rejection of this subscription in its entirety, or in the event the sale of the Shares (or any portion thereof) to an Investor is not consummated for any reason, this Subscription Agreement shall have no force or effect, except for **Section 5** hereof, which shall remain in full force and effect.

(d) The terms of this Subscription Agreement shall be binding upon Investor and its permitted transferees, heirs, successors and assigns (collectively, the “**Transferees**”); provided, however, that for any such transfer to be deemed effective, the Transferee shall have executed and delivered to the Company in advance an instrument in form acceptable to the Company in its sole discretion, pursuant to which the proposed Transferee shall acknowledge and agree to be bound by the representations and warranties of Investor and the terms of this Subscription Agreement. No transfer of this Agreement may be made without the consent of the Company, which may be withheld in its sole and absolute discretion.

3

2. Payment and Purchase Procedure. The Purchase Price shall be paid simultaneously with Investor’s subscription. Investor shall deliver payment for the aggregate purchase price of the Shares by check, credit card, ACH deposit or by wire transfer to an account designated by the Company in **Section 8** below. The Investor acknowledges that, in order to subscribe for Shares, he must fully comply with the purchase procedure requirements set forth in **Section 8** below.

3. Representations and Warranties of the Company. The Company represents and warrants to Investor that the following representations and warranties are true and complete in all material respects as of the date of each Closing: (a) the Company is a corporation duly formed, validly existing and in good standing under the laws of the State of Delaware. The Company has all requisite power and authority to own and operate its properties and assets, to execute and deliver this Subscription Agreement, the Shares and any other agreements or instruments required hereunder. The Company is duly qualified and is authorized to do business and is in good standing as a foreign corporation in all jurisdictions in which the nature of its activities and of its properties (both owned and leased) makes such qualification necessary, except for those jurisdictions in which failure to do so would not have a material adverse effect on the Company or its business; (b) The issuance, sale and delivery of the Shares in accordance with this Subscription Agreement have been duly authorized by all necessary corporate action on the part of the Company. The Shares, when issued, sold and delivered against payment therefor in accordance with the provisions of this Subscription Agreement, will be duly and validly issued, fully paid and non-assessable; (c) the acceptance by the Company of this Subscription Agreement and the consummation of the transactions contemplated hereby are within the Company’s powers and have been duly authorized by all necessary corporate action on the part of the Company. Upon the Company’s acceptance of this Subscription Agreement, this Subscription Agreement shall constitute a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors’ rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies and (iii) with respect to provisions relating to indemnification and contribution, as limited by the Company’s certificate of incorporation, bylaws and the Delaware General Corporate Law in general.

4. Representations and Warranties of Investor. By subscribing to the Offering, Investor (and, if Investor is purchasing the Shares subscribed for hereby in a fiduciary capacity, the person or persons for whom Investor is so purchasing) represents and warrants, which representations and warranties are true and complete in all material respects, as of the date of each Closing:

(a) **Requisite Power and Authority.** Investor has all necessary power and authority under all applicable provisions of law to subscribe to the Offering, to execute and deliver this Subscription Agreement and to carry out the provisions thereof. All actions on Investor’s part required for the lawful subscription to the offering have been or will be effectively taken prior to the Closing. Upon subscribing to the Offering, this Subscription Agreement will be a valid and binding obligation of Investor, enforceable in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors’ rights and (ii) as limited by general principles of equity that restrict the availability of equitable remedies.

(b) **Company Offering Circular and SEC Reports.** Investor acknowledges the public availability of the Company’s Offering Circular which can be viewed on the SEC Edgar Database, under the CIK number 0001714420. This Offering Circular is made available in the Company’s qualified offering statement on SEC Form 1-A, as amended, and was originally qualified by the SEC on March 12, 2018 and subsequently requalified on July 26, 2018. Such Offering Circular was amended and restated pursuant to a Form 1-A POS Offering Circular filed with the SEC on June 11, 2018, as amended on June 15, 2018 and as further amended on June 25, 2018 and again qualified by the SEC on July 26, 2018. And an Offering Circular Supplement was filed with the SEC on May 31, 2019. In addition, included in the SEC Reports are the Company’s Form 1-K Annual Report for its fiscal year ended December 31, 2017 and the Company’s Form 1-SA Semi-Annual Reports for the six month periods ended June 30, 2018 and June 30, 2019, each of which have been filed with the SEC, and the Company’s Form 1-U Current Reports filed with the SEC on August 13, 2018, September 11, 2018, September 14, 2018, September 26, 2018, October 3, 2018, November 5, 2018, December 4, 2018, December 14, 2018, January 22, 2019, February 4, 2019, April 3, 2019, April 15, 2019, April 18, 2019, June 28, 2019, July 12, 2019, July 29, 2019, August 30, 2019, October 21, 2019, October 31, 2019, December 31, 2019, January 6, 2020, January 16, 2020, January 29, 2020, March 27, 2020, April 6, 2020, April 28, 2020, April 30, 2020, May 6, 2020, May 15, 2020, May 26, 2020, June 5, 2020, June 9, 2020, June 15, 2020, June 23, 2020, June 30, 2020, August 27, 2020, September 30, 2020, December 30, 2020, March 8, 2021, March 31, 2021, May 28, 2021, August 31, 2021, November 30, 2021, January 31, 2022 and April 1, 2022, as well as any additional Form 1-U Current Reports the Company has filed with the SEC subsequent thereto. In the Company’s Offering Circular and other SEC Reports it makes clear the terms and conditions of the offering of Shares and the risks associated therewith are described. Investor has had an opportunity to discuss the Company’s business, management and financial affairs with directors, officers and management of the Company and has had the opportunity to review the Company’s operations and facilities. Investor has also had the opportunity to ask questions of and receive answers from the Company and its management regarding the terms and conditions of this investment. Investor acknowledges that except as set forth herein, no representations or warranties have been made to Investor, or to Investor’s advisors or representative, by the Company or others with respect to the business or prospects of the Company or its financial condition.

4

(c) **Investment Experience; Investor Determination of Suitability.** Investor has sufficient experience in financial and business matters to be capable of utilizing such information to evaluate the merits and risks of Investor's investment in the Shares, and to make an informed decision relating thereto. Alternatively, the Investor has utilized the services of a purchaser representative and together they have sufficient experience in financial and business matters that they are capable of utilizing such information to evaluate the merits and risks of Investor's investment in the Shares, and to make an informed decision relating thereto. Investor has evaluated the risks of an investment in the Shares, including those described in the section of the Offering Circular entitled "*Risk Factors*," and has determined that the investment is suitable for Investor. Investor has adequate financial resources for an investment of this character. Investor could bear a complete loss of Investor's investment in the Company.

(d) **No Registration.** Investor understands that the Shares are not being registered under the Securities Act on the ground that the issuance is exempt under Regulation A of Section 3(b) of the Securities Act, and that reliance on such exemption is predicated in part on the truth and accuracy of Investor's representations and warranties, and those of the other purchasers of the Shares, in the offering. Investor further understands that, at present, the Company is offering the Shares solely by members of its management. However, the Company reserves the right to engage the services of a broker/dealer who is registered with the Financial Industry Regulatory Authority ("FINRA"). Accordingly, until such FINRA registered broker/dealer has been engaged as a placement or selling agent, the Shares may not be "*covered securities*" under the National Securities Market Improvement Act of 1996, and the Company may be required to register or qualify the Shares under the securities laws of those states in which the Company intends to offer the Shares. In the event that Shares are so registered or qualified, the Company will notify the Investor and all prospective purchasers of the Shares as to those states in which the Company is permitted to offer and sell the Shares. In the event that the Company engages a FINRA registered broker/dealer as placement or selling agent, and FINRA approves the compensation of such broker/dealer, then the Shares will no longer be required to be registered under state securities laws on the basis that the issuance thereof is exempt as an offer and sale not involving a registrable public offering in such state, as the Shares will be "*covered securities*" under the National Securities Market Improvement Act of 1996. The Investor covenants not to sell, transfer or otherwise dispose of any Shares unless such Shares have been registered under the applicable state securities laws in which the Shares are sold, or unless exemptions from such registration requirements are otherwise available.

(e) **Illiquidity and Continued Economic Risk.** Investor acknowledges and agrees that there is no ready public market for the Shares and that there is no guarantee that a market for their resale will ever exist. The Company has no obligation to list any of the Shares on any market or take any steps (including registration under the Securities Act or the Securities Exchange Act of 1934, as amended) with respect to facilitating trading or resale of the Shares. Investor must bear the economic risk of this investment indefinitely and Investor acknowledges that Investor is able to bear the economic risk of losing Investor's entire investment in the Shares.

(f) **Accredited Investor Status or Investment Limits.** Investor represents that either:

- (i) that Investor is an "*accredited investor*" within the meaning of Rule 501 of Regulation D under the Securities Act; or
- (ii) that the Purchase Price, together with any other amounts previously used to purchase Shares in this offering, does not exceed Ten Percent (10%) of the greater of Investor's annual income or net worth (or in the case where Investor is a non-natural person, their revenue or net assets for such Investor's most recently completed fiscal year end).

Investor represents that to the extent it has any questions with respect to its status as an accredited investor, or the application of the investment limits, it has sought professional advice.

(g) **Stockholder Information.** Within five (5) days after receipt of a request from the Company, Investor hereby agrees to provide such information with respect to its status as a stockholder (or potential stockholder) and to execute and deliver such documents as may reasonably be necessary to comply with any and all laws and regulations to which the Company is or may become subject, including, without limitation, the need to determine the accredited investor status of the Company's stockholders. Investor further agrees that in the event it transfers any Shares, it will require the transferee of such Shares to agree to provide such information to the Company as a condition of such transfer.

(h) **Valuation; Arbitrary Determination of Per Share Purchase Price by the Company.** Investor acknowledges that the Per Share Purchase Price of the Shares to be sold in this offering was set by the Company on the basis of the Company's internal valuation and no warranties are made as to value. Investor further acknowledges that future offerings of securities of the Company may be made at lower valuations, with the result that Investor's investment will bear a lower valuation.

(i) **Domicile.** Investor maintains Investor's domicile (and is not a transient or temporary resident) at the address provided with Investors subscription.

(j) **Foreign Investors.** If Investor is not a United States person (as defined by Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended), Investor hereby represents that it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for the Shares or any use of this Subscription Agreement, including (i) the legal requirements within its jurisdiction for the purchase of the Shares, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any governmental or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale, or transfer of the Shares. Investor's subscription and payment for and continued beneficial ownership of the Shares will not violate any applicable securities or other laws of Investor's jurisdiction.

(k) **Fiduciary Capacity.** If Investor is purchasing the Shares in a fiduciary capacity for another person or entity, including without limitation a corporation, partnership, trust or any other entity, the Investor has been duly authorized and empowered to execute this Agreement and all other subscription documents. Upon request of the Company, Investor will provide true, complete and current copies of all relevant documents creating the Investor, authorizing its investment in the Company and/or evidencing the satisfaction of the foregoing.

5. Indemnity. The representations, warranties and covenants made by Investor herein shall survive the closing of this Subscription Agreement. Investor agrees to indemnify and hold harmless the Company and its respective officers, directors and affiliates, and each other person, if any, who controls the Company within the meaning of Section 15 of the Securities Act against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all reasonable attorneys' fees, including attorneys' fees on appeal) and expenses reasonably incurred in investigating, preparing or defending against any false representation or warranty or breach of failure by Investor to comply with any covenant or agreement made by Investor herein or in any other document furnished by Investor to any of the foregoing in connection with this transaction.

6. Governing Law; Jurisdiction; Waiver of Jury Trial. All questions concerning the construction, validity, enforcement and interpretation of the Offering Circular, including, without limitation, this Subscription Agreement, shall be governed by and construed and enforced in accordance with the internal laws of the State of California, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Subscription Agreement and any documents included within the Offering Circular (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, partners, members, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of Los Angeles. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of Los Angeles for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the documents included within the Offering Circular), and hereby irrevocably waives, and agrees not to assert in any action or proceeding, any claim that it is not personally subject to the

jurisdiction of any such court, that such action or proceeding is improper or is an inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Subscription Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. If any party hereto shall commence an action or proceeding to enforce any provisions of the documents included within the Offering Circular, then the prevailing party in such action or proceeding shall be reimbursed by the non-prevailing party for its reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding. IN ANY ACTION, SUIT, OR PROCEEDING IN ANY JURISDICTION BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY, THE PARTIES EACH KNOWINGLY AND INTENTIONALLY, TO THE GREATEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND EXPRESSLY WAIVES FOREVER TRIAL BY JURY.

7. Notices. Notice, requests, demands and other communications relating to this Subscription Agreement and the transactions contemplated herein shall be in writing and shall be deemed to have been duly given if and when (a) delivered personally, on the date of such delivery; or (b) mailed by registered or certified mail, postage prepaid, return receipt requested, in the third day after the posting thereof; or (c) emailed on the date of such delivery to the address of the respective parties as follows, *if to the Company, to* Hightimes Holding Corp., 10990 Wilshire Boulevard, Penthouse, Los Angeles, CA 90024-3898, Attention: Adam E. Levin, Chief Executive Officer. If to Investor, at Investor's address supplied in connection with this subscription, or to such other address as may be specified by written notice from time to time by the party entitled to receive such notice. Any notices, requests, demands or other communications by email shall be confirmed by letter given in accordance with (a) or (b) above.

8. Purchase Procedure. The Investor acknowledges that, in order to subscribe for Shares, he must, and he does hereby, deliver to the Company: (a) a fully completed and executed counterpart of the Signature Page attached to this Subscription Agreement; and (b) payment for the aggregate Purchase Price in the amount set forth on the Signature Page attached to this Agreement. Payment may be made by either check, wire, credit card or ACH deposits.

Please send checks to the Escrow Company. Please note on your check: "Hightimes Reg A+ offering"

Prime Trust
2300 West Sahara
Suite 1170
Las Vegas, NV 89102

Wire instructions to the Escrow Company:

Name and Address of Bank:
ABA # 122242869
Account# 0045181588
Prime Trust LLC
Prime Trust FBO PMB 899746
2300 w Sahara #1170
Las Vegas, NV 89102

For the benefit of: Hightimes Holding Corp.

9. Miscellaneous. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person or persons or entity or entities may require. Other than as set forth herein, this Subscription Agreement is not transferable or assignable by Investor. The representations, warranties and agreements contained herein shall be deemed to be made by and be binding upon Investor and its heirs, executors, administrators and successors and shall inure to the benefit of the Company and its successors and assigns. None of the provisions of this Subscription Agreement may be waived, changed or terminated orally or otherwise, except as specifically set forth herein or except by a writing signed by the Company and Investor. In the event any part of this Subscription Agreement is found to be void or unenforceable, the remaining provisions are intended to be separable and binding with the same effect as if the void or unenforceable part were never the subject of agreement. The invalidity, illegality or unenforceability of one or more of the provisions of this Subscription Agreement in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Subscription Agreement in such jurisdiction or the validity, legality or enforceability of this Subscription Agreement, including any such provision, in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by law. This Subscription Agreement supersedes all prior discussions and agreements between the parties, if any, with respect to the subject matter hereof and contains the sole and entire agreement between the parties hereto with respect to the subject matter hereof. The terms and provisions of this Subscription Agreement are intended solely for the benefit of each party hereto and their respective successors and assigns, and it is not the intention of the parties to confer, and no provision hereof shall confer, third-party beneficiary rights upon any other person. The headings used in this Subscription Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof. In the event that either party hereto shall commence any suit, action or other proceeding to interpret this Subscription Agreement, or determine to enforce any right or obligation created hereby, then such party, if it prevails in such action, shall recover its reasonable costs and expenses incurred in connection therewith, including, but not limited to, reasonable attorney's fees and expenses and costs of appeal, if any. All notices and communications to be given or otherwise made to Investor shall be deemed to be sufficient if sent by e-mail to such address provided by Investor on the signature page of this Subscription Agreement. Unless otherwise specified in this Subscription Agreement, Investor shall send all notices or other communications required to be given hereunder to the Company via e-mail at investors@hightimes.com. Any such notice or communication shall be deemed to have been delivered and received on the first business day following that on which the e-mail has been sent (assuming that there is no error in delivery). As used in this **Section 9**, the term "*business day*" shall mean any day other than a day on which banking institutions in the State of California are legally closed for business. This Subscription Agreement may be executed in one or more counterparts. No failure or delay by any party in exercising any right, power or privilege under this Subscription Agreement shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

10. Consent to Electronic Delivery of Notices, Disclosures and Forms. Investor understands that, to the fullest extent permitted by law, any notices, disclosures, forms, privacy statements, reports or other communications (collectively, "**Communications**") regarding the Company, the Investor's investment in the Company and the shares of Class A Common Stock (including annual and other updates and tax documents) may be delivered by electronic means, such as by e-mail. Investor hereby consents to electronic delivery as described in the preceding sentence. In so consenting, Investor acknowledges that e-mail messages are not secure and may contain computer viruses or other defects, may not be accurately replicated on other systems or may be intercepted, deleted or interfered with, with or without the knowledge of the sender or the intended recipient. The Investor also acknowledges that an e-mail from the Company may be accessed by recipients other than the Investor and may be interfered with, may contain computer viruses or other defects and may not be successfully replicated on other systems. Neither the Company, nor any of its respective officers, directors and affiliates, and each other person, if any, who controls the Company within the meaning of Section 15 of the Securities Act (collectively, the "**Company Parties**"), gives any warranties in relation to these matters. Investor further understands and agrees to each of the following: (a) other than with respect to tax documents in the case of an election to receive paper versions, none of the Company Parties will be under any obligation to provide Investor with paper versions of any Communications; (b) electronic Communications may be provided to Investor via e-mail or a website of a Company Party upon written notice of such website's internet address to such Investor. In order to view and retain the Communications, the Investor's computer hardware and software must, at a minimum, be capable of accessing the Internet, with connectivity to an internet service provider or any other capable communications medium, and with software capable of viewing and printing a portable document format ("**PDF**") file created by Adobe Acrobat. Further, the Investor must have a personal e-mail address capable of sending and receiving e-mail messages to and from the Company Parties. To print the documents, the Investor will need access to a printer compatible with his or her hardware and the required software; (c) if these software or hardware requirements change in the future, a Company Party will notify the Investor through written notification. To facilitate these services, the Investor must provide the Company with his or her current e-mail address and update that information as necessary. Unless otherwise required by law, the Investor will be deemed to have received any electronic Communications that are sent to the most current e-

mail address that the Investor has provided to the Company in writing; (d) none of the Company Parties will assume liability for non-receipt of notification of the availability of electronic Communications in the event the Investor's e-mail address on file is invalid; the Investor's e-mail or Internet service provider filters the notification as "*spam*" or "*junk mail*"; there is a malfunction in the Investor's computer, browser, internet service or software; or for other reasons beyond the control of the Company Parties; and (e) solely with respect to the provision of tax documents by a Company Party, the Investor agrees to each of the following: (i) if the Investor does not consent to receive tax documents electronically, a paper copy will be provided, and (ii) the Investor's consent to receive tax documents electronically continues for every tax year of the Company until the Investor withdraws its consent by notifying the Company in writing.

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[SIGNATURE PAGE TO FOLLOW]

INVESTOR CERTIFIES THAT HE HAS READ THIS ENTIRE SUBSCRIPTION AGREEMENT AND THAT EVERY STATEMENT MADE BY THE INVESTOR HEREIN IS TRUE AND COMPLETE.

THE COMPANY MAY NOT BE OFFERING THE SECURITIES IN EVERY STATE. THE OFFERING MATERIALS DO NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE OR JURISDICTION IN WHICH THE SECURITIES ARE NOT BEING OFFERED. THE INFORMATION PRESENTED IN THE OFFERING MATERIALS WAS PREPARED BY THE COMPANY SOLELY FOR THE USE BY PROSPECTIVE INVESTORS IN CONNECTION WITH THIS OFFERING. NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN ANY OFFERING MATERIALS, AND NOTHING CONTAINED IN THE OFFERING MATERIALS IS OR SHOULD BE RELIED UPON AS A PROMISE OR REPRESENTATION AS TO THE FUTURE PERFORMANCE OF THE COMPANY.

THE COMPANY RESERVES THE RIGHT IN ITS SOLE DISCRETION AND FOR ANY REASON WHATSOEVER TO MODIFY, AMEND AND/OR WITHDRAW ALL OR A PORTION OF THE OFFERING AND/OR ACCEPT OR REJECT, IN WHOLE OR IN PART, FOR ANY REASON OR FOR NO REASON, ANY PROSPECTIVE INVESTMENT IN THE SECURITIES OR TO ALLOT TO ANY PROSPECTIVE INVESTOR LESS THAN THE DOLLAR AMOUNT OF SECURITIES SUCH INVESTOR DESIRES TO PURCHASE. EXCEPT AS OTHERWISE INDICATED, THE OFFERING MATERIALS SPEAK AS OF THEIR DATE. NEITHER THE DELIVERY NOR THE PURCHASE OF THE SECURITIES SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THAT DATE.

IN WITNESS WHEREOF, this Subscription Agreement is executed as of the __ day of ____ 202__.

Number of Shares Subscribed For: _____
Total Purchase Price: _____
Signature of Investor: _____
Name of Investor: _____
Address of Investor: _____
Electronic Mail Address: _____
Investor's SS# or Tax ID#: _____

ACCEPTED BY: HIGHTIMES HOLDING CORP.

Signature of Authorized Signatory: _____
Name of Authorized Signatory: _____
Date of Acceptance: _____, 202__.

[Signature Page to Subscription Agreement]

EXECUTION VERSION

MEMBERSHIP INTEREST PURCHASE AGREEMENT

by and among

THE SELLERS IDENTIFIED HEREIN

and

HIGHTIMES HOLDING CORP.

dated as of

April 8, 2022

MEMBERSHIP INTEREST PURCHASE AGREEMENT

This Membership Interest Purchase Agreement (this “**Agreement**”), dated as of April 6, 2022, is entered into between Courtney Zalewski, an individual resident of the State of California, as Manager of the Company (the “**Manager**”), each of the individual sellers identified on the signature pages hereto (each, a “**Signing Seller**” and, collectively, the “**Signing Sellers**”), and Hightimes Holding Corp., a Delaware corporation (“**Buyer**”).

RECITALS

WHEREAS, the Signing Sellers collectively own a majority-in-interest of the issued and outstanding membership interests (the “**Membership Interests**”) in The Mezz La Brea, LLC, a California limited liability company (the “**Company**”); and

WHEREAS, the Signing Sellers wish to sell to Buyer and to cause each other Seller to sell to Buyer, and Buyer wishes to purchase from Sellers, the Membership Interests, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Article I. DEFINITIONS

The following terms have the meanings specified or referred to in this Article I:

“**Acquisition Proposal**” has the meaning set forth in Section 5.03(a).

“**Action**” means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena, or investigation of any nature, civil, criminal, administrative, regulatory, or otherwise, whether at law or in equity.

“**Affiliate**” of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. 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 a Person, whether through the ownership of voting securities, by contract or otherwise.

“**Agreement**” has the meaning set forth in the preamble.

“**Ancillary Documents**” means the Convertible Note, the Assignments, and the Consulting Agreement.

“**Assignments**” has the meaning set forth in Section 2.03(b)(i).

“**Balance Sheet**” has the meaning set forth in Section 3.06.

“**Balance Sheet Date**” has the meaning set forth in Section 3.06.

“**Basket**” has the meaning set forth in Section 8.04(a).

“**Buyer Common Stock**” means Class A Common Stock, par value \$0.0001 per share, of Buyer.

“**Business Day**” means any day except Saturday, Sunday, or any other day on which commercial banks located in Los Angeles, California, are authorized or required by Law to be closed for business.

“**Buyer**” has the meaning set forth in the preamble.

“**Buyer Indemnitees**” has the meaning set forth in Section 8.02.

“**Buyer Securities**” has the meaning set forth in Section 3.20(a).

“**Cap**” has the meaning set forth in Section 8.04(a).

“**Closing**” has the meaning set forth in Section 2.04.

“**Closing Date**” has the meaning set forth in Section 2.04.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Company**” has the meaning set forth in the recitals.

“**Company Intellectual Property**” means all Intellectual Property that is owned by the Company.

“**Company IP Registrations**” means all Company Intellectual Property that is subject to any issuance, registration, or application by, to or with any Governmental Authority or authorized private registrar in any jurisdiction, including issued patents, registered trademarks, domain names and copyrights, and pending applications for any of the foregoing.

“**Consulting Agreement**” means the Consulting Agreement, by and between the Company and the Manager, substantially in the form attached hereto as Exhibit A.

“**Contracts**” means all contracts, leases, deeds, mortgages, licenses, instruments, notes, commitments, undertakings, indentures, joint ventures and all other agreements, commitments, and legally binding arrangements, whether written or oral.

“**Convertible Notes**” means the Convertible Promissory Notes issued by Buyer in favor of certain of the Sellers, substantially in the form attached hereto as Exhibit B, with principal amounts in the aggregate equal to the Debt Consideration.

“**Debt Consideration**” has the meaning set forth in Section 2.02(a).

“**Direct Claim**” has the meaning set forth in Section 8.05(c).

“**Disclosure Schedules**” means the Disclosure Schedules delivered by the Sellers and Buyer concurrently with the execution and delivery of this Agreement.

“Dollars” or “\$” means the lawful currency of the United States.

“Encumbrance” means any charge, claim, community property interest, pledge, condition, equitable interest, lien (statutory or other), option, security interest, mortgage, easement, encroachment, right of way, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership.

“Entity Seller” means a Seller that is a corporation, limited liability company, partnership, trust, or other legal entity other than a natural person.

“Environmental Claim” means any Action, Governmental Order, lien, fine, penalty, or, as to each, any settlement or judgment arising therefrom, by or from any Person alleging liability of whatever kind or nature (including liability or responsibility for the costs of enforcement proceedings, investigations, cleanup, governmental response, removal or remediation, natural resources damages, property damages, personal injuries, medical monitoring, penalties, contribution, indemnification and injunctive relief) arising out of, based on or resulting from: (a) the presence, Release of, or exposure to, any Hazardous Materials; or (b) any actual or alleged non-compliance with any Environmental Law or term or condition of any Environmental Permit.

“Environmental Law” means any applicable Law, and any Governmental Order or binding agreement with any Governmental Authority: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, or the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); or (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Materials. The term “Environmental Law” includes, without limitation, the following (including their implementing regulations and any state analogs): the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §§ 6901 et seq.; the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251 et seq.; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. §§ 2601 et seq.; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001 et seq.; the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, 42 U.S.C. §§ 7401 et seq.; and the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651 et seq.

“Environmental Notice” means any written directive, notice of violation or infraction, or notice respecting any Environmental Claim relating to actual or alleged non-compliance with any Environmental Law.

“Equity Consideration” has the meaning set forth in [Section 2.02\(b\)](#).

“Equity Recipient” has the meaning set forth in [Section 2.03\(a\)\(ii\)](#).

“Financial Statements” has the meaning set forth in [Section 3.06](#).

“GAAP” means United States generally accepted accounting principles in effect from time to time.

“Governmental Approval Contingency” has the meaning set forth in [Section 5.08\(a\)](#).

“Governmental Authority” means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court, or tribunal of competent jurisdiction.

“Governmental Order” means any order, writ, judgment, injunction, decree, stipulation, determination, or award entered by or with any Governmental Authority.

“Hazardous Materials” means: (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral, or gas, in each case, whether naturally occurring or manmade, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under Environmental Laws; and (b) any petroleum or petroleum-derived products, radon, radioactive materials, or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation, and polychlorinated biphenyls.

“Indebtedness” means, without duplication and with respect to the Company and its Subsidiaries, all (a) indebtedness for borrowed money; (b) long or short-term obligations evidenced by notes, bonds, debentures or other similar instruments, (c) capital lease obligations; (d) reimbursement obligations under any letter of credit, banker’s acceptance or similar credit transactions; (e) guarantees made by the Company or any Subsidiary on behalf of any third party in respect of obligations of the kind referred to in the foregoing clauses (a) through (d); and (f) any unpaid interest, prepayment penalties, premiums, costs and fees that would arise or become due as a result of the prepayment of any of the obligations referred to in the foregoing clauses (a) through (e).

“Indemnified Party” has the meaning set forth in [Section 8.05](#).

“Indemnifying Party” has the meaning set forth in [Section 8.05](#).

“Indemnity Claim Determination” has the meaning set forth in [Section 8.06\(a\)](#).

“Intellectual Property” means any and all rights in, arising out of, or associated with any of the following in any jurisdiction throughout the world: (a) issued patents and patent applications (whether provisional or non-provisional), including divisionals, continuations, continuations-in-part, substitutions, reissues, reexaminations, extensions, or restorations of any of the foregoing, and other Governmental Authority-issued indicia of invention ownership (including certificates of invention, petty patents, and patent utility models) (“**Patents**”); (b) trademarks, service marks, brands, certification marks, logos, trade dress, trade names, and other similar indicia of source or origin, together with the goodwill connected with the use of and symbolized by, and all registrations, applications for registration, and renewals of, any of the foregoing (“**Trademarks**”); (c) copyrights and works of authorship, whether or not copyrightable, and all registrations, applications for registration, and renewals of any of the foregoing (“**Copyrights**”); (d) internet domain names, whether or not Trademarks, all associated web addresses, URLs, websites and web pages, and all content and data thereon or relating thereto, whether or not Copyrights; (e) computer programs, operating systems, applications, firmware, and other code, including all source code, object code, application programming interfaces, data files, databases, protocols, specifications, and other documentation thereof; and (f) all other intellectual or industrial property and proprietary rights.

“Knowledge of Sellers” or **“Sellers’ Knowledge”** or any other similar knowledge qualification, means the actual or constructive knowledge of each of the Sellers or the Company, after due inquiry.

“Law” means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree, other requirement, or rule of law of any Governmental Authority.

“Liabilities” has the meaning set forth in [Section 3.07](#).

“Lock-Up Agreement” means the Lock-Up Agreement, to be entered by and between Buyer and each of the Sellers, in the form attached hereto as [Exhibit C](#).

“Losses” means losses, damages, liabilities, deficiencies, Actions, judgments, interest, awards, penalties, fines, costs, or expenses of whatever kind, including reasonable attorneys’ fees and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers; *provided, however*, that **“Losses”** shall not include punitive damages, except to the extent actually awarded to a Governmental Authority or other third party.

“Material Adverse Effect” means any event, occurrence, fact, condition or change that is, or could reasonably be expected to become, individually or in the aggregate, materially adverse to (a) the business, results of operations, condition (financial or otherwise) or assets of the Company or any of the Subsidiaries, or (b) the ability of Sellers to consummate the transactions contemplated hereby on a timely basis.

“Manager” has the meaning set forth in the preamble.

“Material Contracts” has the meaning set forth in [Section 3.09](#).

“Membership Interests” has the meaning set forth in the recitals.

“Note Recipients” means the Sellers set forth on [Section 2.03\(a\)\(i\)](#) of the Disclosure Schedules.

“Organizational Documents” means (a) in the case of a Person that is a corporation, its articles or certificate of incorporation and its by-laws, regulations or similar governing instruments required by the laws of its jurisdiction of formation or organization; (b) in the case of a Person that is a partnership, its articles or certificate of partnership, formation or association, and its partnership agreement (in each case, limited, limited liability, general or otherwise); (c) in the case of a Person that is a limited liability company, its articles or certificate of formation or organization, and its limited liability company agreement or operating agreement; and (d) in the case of a Person that is none of a corporation, partnership (limited, limited liability, general or otherwise), limited liability company or natural person, its governing instruments as required or contemplated by the laws of its jurisdiction of organization.

“Permits” means all permits, licenses, franchises, approvals, authorizations, registrations, certificates, variances, and similar rights obtained, or required to be obtained, from Governmental Authorities.

“Permitted Encumbrances” has the meaning set forth in [Section 3.10\(a\)](#).

“Person” means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association, or other entity.

“Post-Closing Tax Period” means any taxable period beginning after the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period beginning after the Closing Date.

“Pro Rata Basis” has the meaning set forth in Section 2.03(a)(ii).

“Purchase Price” has the meaning set forth in Section 2.02.

“Real Property” means the real property owned, leased, or subleased by the Company, together with all buildings, structures and facilities located thereon.

“Release” means any actual or threatened release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, abandonment, disposing or allowing to escape or migrate into or through the environment (including, without limitation, ambient air (indoor or outdoor), surface water, groundwater, land surface or subsurface strata or within any building, structure, facility, or fixture).

“Representative” means, with respect to any Person, any and all directors or managing members, managers, officers, employees, consultants, financial advisors, counsel, accountants, and other agents of such Person.

“Restricted Period” has the meaning set forth in Section 5.07(a).

“SEC” has the meaning set forth in Section 3.20(a).

“Securities Act” has the meaning set forth in Section 3.20(a).

“Seller” or **“Sellers”** means the Signing Sellers, together with each other Person owning a membership interest in the Company not a signatory hereto, and collectively owning legal and beneficial title to 100% of the issued and outstanding membership interests in the Company.

“Seller Indemnitees” has the meaning set forth in Section 8.03.

“Signing Seller” or **“Signing Sellers”** has the meaning set forth in the preamble.

“Subsidiary” or **“Subsidiaries”** means each of (a) Flore Flora, LLC, a California limited liability company, (b) La Brea Food and Beverage LLC, a California limited liability company, and (c) La Brea Kitchen LLC, a California limited liability company.

“Subsidiary Interests” has the meaning set forth in Section 3.03(b).

“Taxes” means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, franchise, registration, profits, license, lease, service, service use, withholding, payroll, employment, unemployment, estimated, excise, severance, environmental, stamp, occupation, premium, property (real or personal), real property gains, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties.

“**Tax Return**” means any return, declaration, report, claim for refund, information return, or statement or other document relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

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

“**Third Party Claim**” has the meaning set forth in Section 8.05(a).

Article II.

PURCHASE AND SALE

Section 2.01 Purchase and Sale. Subject to the terms and conditions set forth herein, at the Closing, Sellers shall sell to Buyer, and Buyer shall purchase from Sellers, all of the Sellers’ right, title, and interest in and to the Membership Interests, free and clear of all Encumbrances, for the consideration specified in Section 2.02.

Section 2.02 Purchase Price. The aggregate purchase price for the Membership Interests shall be \$6,000,000 (the “**Purchase Price**”), payable on the Closing Date as follows:

(a) \$1,500,000 paid by deliver at the Closing of one or more convertible promissory notes in the form of the Convertible Note (the “**Debt Consideration**”) in the amounts and to the Sellers set forth on Section 2.03(a)(i) of the Disclosure Schedules, which shall be payable following the Closing Date pursuant to the terms set forth in the Convertible Notes; and

(b) \$4,500,000 in the form of Buyer Common Stock (the “**Equity Consideration**”).

Section 2.03 Transactions to be Effected at the Closing.

(a) At the Closing, Buyer shall deliver to the Sellers:

(i) Convertible Notes, duly executed by an authorized representative of the Buyer, in favor of the Note Recipients in the principal amounts set forth opposite such Note Recipients’ names on Section 2.03(a)(i) of the Disclosure Schedules;

(ii) the Equity Consideration, to be paid to each Seller identified on Section 2.03(a)(ii) of the Disclosure Schedules (the “**Equity Recipients**”) on a pro rata basis (“**Pro Rata Basis**”), according to the relative percentages set forth in Section 2.03(a)(ii) of the Disclosure Schedules, which Equity Consideration shall be issued to the Equity Recipients in book entry form by the Company’s transfer agent and not as certificated shares.

(iii) the Consulting Agreement, duly executed by an authorized representative of the Buyer;

(iv) the Lock-Up Agreements, each duly countersigned by an authorized representative of the Buyer;

(v) the Assignments, each duly countersigned by an authorized representative of the Buyer; and

(vi) all other agreements, documents, instruments, or certificates required to be delivered by Buyer at or prior to the Closing pursuant to Section 7.03 of this Agreement.

(b) At the Closing, the Manager, or the Sellers, as applicable, shall cause to be delivered to Buyer:

(i) assignments of the Membership Interests to Buyer in the form of Exhibit D hereto (collectively, the “Assignments”), each duly executed by the applicable Seller;

(ii) the Convertible Note, duly countersigned by each of the Note Recipients;

(iii) a Lock-Up Agreement with each Equity Recipient, each duly executed by the applicable Equity Recipient;

(iv) one or more Payoff Letters confirming the extinguishment of all Indebtedness of the Company outstanding immediately prior the Closing, other than the trade accounts payable set forth on Section 2.03(b)(iv) of the Disclosure Schedules, which will remain outstanding obligations of the Company from and after the Closing;

(v) the Consulting Agreement, duly countersigned by the Manager; and

(vi) all other agreements, documents, instruments, or certificates required to be delivered by the Manager or the Sellers at or prior to the Closing pursuant to Section 7.01(b) of this Agreement.

Section 2.04 Closing. Subject to the terms and conditions of this Agreement, the purchase and sale of the Membership Interests contemplated hereby shall take place at a closing (the “Closing”) to be conducted remotely by exchange of documents and signatures (or their electronic counterparts), no later than ten (10) Business Days after the last of the conditions to Closing set forth in Article VII have been satisfied or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date), or at such other time or on such other date or at such other place as the Manager and Buyer may mutually agree upon in writing (the day on which the Closing takes place being the “Closing Date”).

Section 2.05 Withholding Tax. Buyer and the Company shall be entitled to deduct and withhold from the Purchase Price all Taxes that Buyer and the Company may be required to deduct and withhold under any provision of applicable Law. All such withheld amounts shall reduce the number of shares of Equity Consideration to be delivered and shall be treated as delivered to Sellers hereunder.

Article III. REPRESENTATIONS AND WARRANTIES OF SELLERS

Except as set forth in the correspondingly numbered Section of the Disclosure Schedules, each

of the Sellers, jointly and severally, represents and warrants to Buyer that the statements contained in this Article III are true and correct as of the date hereof.

Section 3.01 Organization and Authority of the Sellers. Each of the Entity Sellers are duly organized, validly existing and in good standing under the Laws of the state of organization of each such Entity Seller. Each Seller has full power and authority to enter into this Agreement and the Ancillary Documents to which Seller is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by each Seller of this Agreement and any Ancillary Document to which each such Seller is a party, the performance by each Seller of its obligations hereunder and thereunder, and the consummation by each Seller of the transactions contemplated hereby and thereby have been duly authorized by all requisite action on the part of Seller. This Agreement has been duly executed and delivered by the Sellers, and (assuming due authorization, execution, and delivery by Buyer) this Agreement constitutes a legal, valid, and binding obligation of each of the Sellers enforceable against each such Seller in accordance with its terms. When each Ancillary Document to which each Seller is or will be a party has been duly executed and delivered by such Seller (assuming due authorization, execution, and delivery by each other party thereto), such Ancillary Document will constitute a legal and binding obligation of such Seller enforceable against it in accordance with its terms.

Section 3.02 Organization, Authority and Qualification of the Company and the Subsidiaries.

(a) The Company is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of California and has full limited liability company power and authority to own, operate or lease the properties and assets now owned, operated, or leased by it and to carry on its business as it has been and is currently conducted. The Company is not licensed or qualified to do business in any other jurisdiction other than the State of California, and the Company is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it or the operation of its business as currently conducted makes such licensing or qualification necessary. All limited liability company actions taken by the Company in connection with this Agreement and the other Ancillary Documents will be duly authorized on or prior to the Closing.

(b) Each of the Subsidiaries are limited liability companies duly organized, validly existing and in good standing under the Laws of the state of organization set forth under each such Subsidiary's name on Section 3.02(b) of the Disclosure Schedules, and has full limited liability company power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on its business as it has been and is currently conducted. No Subsidiary is licensed or qualified to do business in any other jurisdiction other than the State of California, and each Subsidiary is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it or the operation of its business as currently conducted makes such licensing or qualification necessary.

Section 3.03 Capitalization.

(a) Each Seller is a record owner of and has good and valid title to Pro Rata Share of the Membership Interests identified opposite each such Seller's name on Section 3.03(a) of the Disclosure Schedules, free and clear of all Encumbrances. The Membership Interests

constitute 100% of the total issued and outstanding membership interests in the Company. The Membership Interests have been duly authorized and are validly issued, fully-paid and non-assessable. Upon consummation of the transactions contemplated by this Agreement, Buyer shall own all of the Membership Interests, free and clear of all Encumbrances.

(b) The Company is the sole record owner of and has good and valid title to 100% of the issued and outstanding membership interests in each of the Subsidiaries, free and clear of all Encumbrances (collectively, the “**Subsidiary Interests**”). Such membership interests constitute 100% of the total issued and outstanding membership interests in each of the Subsidiaries. Such membership interests in each of the Subsidiaries have been duly authorized and are validly issued, fully-paid and non-assessable. Upon consummation of the transactions contemplated by this Agreement, the Company shall continue to own 100% of the membership interests in each of the Subsidiaries, free and clear of all Encumbrances.

(c) The Membership Interests and each of the Subsidiary Interests were issued in compliance with applicable Laws. The Membership Interests and the Subsidiary Interests were not issued in violation of the Organizational Documents of the Company or the applicable Subsidiary, or any other agreement, arrangement, or commitment to which any Seller, the Company, or any Subsidiary is a party and are not subject to or in violation of any preemptive or similar rights of any Person.

(d) There are no outstanding or authorized options, warrants, convertible securities or other rights, agreements, arrangements, or commitments of any character relating to any membership interests in the Company or any Subsidiary, or obligating any Seller, the Company, or any Subsidiary to issue or sell any membership interests (including the Membership Interests or any Subsidiary Interests), or any other interest, in the Company or any Subsidiary. Other than the Organizational Documents, there are no voting trusts, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the Membership Interests or any Subsidiary Interests.

Section 3.04 No Conflicts; Consents. The execution, delivery and performance by the Sellers of this Agreement and the Ancillary Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the Organizational Documents of any Seller, the Company or any Subsidiary; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to any Seller, the Company or any Subsidiary; (c) except as set forth in Section 3.04 of the Disclosure Schedules, require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel any Contract to which any Seller, the Company, or any Subsidiary is a party or by which any Seller, the Company, or any Subsidiary is bound or to which any of their respective properties and assets are subject (including any Material Contract) or any Permit affecting the properties, assets or business of the Company or any Subsidiary; or (d) result in the creation or imposition of any Encumbrance other than Permitted Encumbrances on any properties or assets of the Company or any Subsidiary. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to any Seller, the Company, or any Subsidiary in connection with the execution and delivery of this Agreement and the Ancillary Documents and the consummation

of the transactions contemplated hereby and thereby, except for such filings as may be set forth on Section 3.04 of the Disclosure Schedules.

Section 3.05 Financial Statements. Complete copies of the Company's unaudited consolidated balance sheet and the related statements of income and retained earnings, members' equity, and cash flow as of and for the each of the fiscal years ended December 31, 2019, 2020, and 2021 (the "**Financial Statements**") are included in the Disclosure Schedules. The Financial Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the period involved. The Financial Statements are based on the books and records of the Company, and fairly present the financial condition of the Company and the Subsidiaries, on a consolidated basis, as of the respective dates they were prepared and the results of the operations of the Company and the Subsidiaries for the periods indicated. The balance sheet of the Company as of December 31, 2021, is referred to herein as the "**Balance Sheet**" and the date thereof as the "**Balance Sheet Date**".

Section 3.06 Undisclosed Liabilities. The Company has no liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured, or otherwise ("**Liabilities**"), except (a) those which are adequately reflected or reserved against in the Balance Sheet as of the Balance Sheet Date, and (b) those which have been incurred in the ordinary course of business consistent with past practice since the Balance Sheet Date and which are not, individually or in the aggregate, material in amount.

Section 3.07 Absence of Certain Changes, Events, and Conditions. Since the Balance Sheet Date, and other than in the ordinary course of business consistent with past practice, there has not been, with respect to the Company or any of the Subsidiaries, any:

- (a) event, occurrence, or development that has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;
- (b) amendment of the Organizational Documents of the Company or any Subsidiary;
- (c) split, combination or reclassification of any membership interests in the Company or any Subsidiary;
- (d) issuance, sale, or other disposition of, or creation of any Encumbrance on, any membership interests in the Company or any Subsidiary, or grant of any options, warrants or other rights to purchase or obtain (including upon conversion, exchange, or exercise) any membership interests in the Company or any Subsidiary;
- (e) declaration or payment of any distributions on or in respect of any membership interests in the Company or any Subsidiary or redemption, purchase, or acquisition of any of the Company's or any Subsidiary's outstanding membership interests;
- (f) material change in the Company's or any Subsidiary's cash management practices and its policies, practices, and procedures with respect to collection of accounts receivable, establishment of reserves for uncollectible accounts, accrual of accounts receivable, inventory control, prepayment of expenses, payment of trade accounts payable, accrual of other expenses, deferral of revenue and acceptance of customer deposits;

- (g) entry into any Contract that would constitute a Material Contract;
- (h) incurrence, assumption or guarantee of any indebtedness for borrowed money except unsecured current obligations and Liabilities incurred in the ordinary course of business consistent with past practice;
- (i) transfer, assignment, sale, or other disposition of any of the assets shown or reflected in the Balance Sheet or cancellation of any debts or entitlements;
- (j) material damage, destruction, or loss (whether or not covered by insurance) to its property;
- (k) any capital investment in, or any loan to, any other Person;
- (l) acceleration, termination, material modification to or cancellation of any material Contract (including, but not limited to, any Material Contract) to which the Company is a party or by which it is bound;
- (m) any material capital expenditures;
- (n) imposition of any Encumbrance upon any of the Company's or any Subsidiary's properties or assets, tangible, or intangible;
- (o) adoption of any plan of merger, consolidation, reorganization, liquidation, or dissolution or filing of a petition in bankruptcy under any provisions of federal or state bankruptcy Law or consent to the filing of any bankruptcy petition against it under any similar Law;
- (p) purchase, lease, or other acquisition of the right to own, use or lease any property or assets for an amount in excess of \$50,000, individually (in the case of a lease, per annum) or \$100,000 in the aggregate (in the case of a lease, for the entire term of the lease, not including any option term), except for purchases of inventory or supplies in the ordinary course of business consistent with past practice;
- (q) acquisition by merger or consolidation with, or by purchase of a substantial portion of the assets, stock, or other equity of, or by any other manner, any business or any Person or any division thereof;
- (r) action by the Company to make, change or rescind any Tax election, amend any Tax Return, or take any position on any Tax Return, take any action, omit to take any action, or enter into any other transaction that would have the effect of increasing the Tax liability or reducing any Tax asset of Buyer in respect of any Post-Closing Tax Period; or
- (s) any Contract to do any of the foregoing, or any action or omission that would result in any of the foregoing.

Section 3.08 Material Contracts. Prior to the date hereof, the Company has provided to Buyer complete and correct copies of all material Contracts to which the Company or any Subsidiary is a party (collectively "**Material Contracts**") each Contract of the Company involving aggregate consideration in excess of \$50,000 and which, in each case, cannot be cancelled by the Company

without penalty or without more than 90 days' notice. Each Material Contract is valid and binding on the Company in accordance with its terms and is in full force and effect. None of the Company or any Subsidiary or, to Sellers' Knowledge, any other party thereto is in breach of or default under (or is alleged to be in breach of or default under) in any material respect or has provided or received any notice of any intention to terminate, any Material Contract. No event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default under any Material Contract or result in a termination thereof or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder.

Section 3.09 Title to Assets; Real Property.

(a) The Company and the Subsidiaries, as applicable, have good and valid title to, or a valid leasehold interest in, all Real Property and personal property and other assets reflected in the Financial Statements or acquired after the Balance Sheet Date, other than properties and assets sold or otherwise disposed of in the ordinary course of business consistent with past practice since the Balance Sheet Date. All such properties and assets (including leasehold interests) are free and clear of Encumbrances except for the following (collectively referred to as "**Permitted Encumbrances**");

- (i) liens for Taxes not yet due and payable;
- (ii) mechanics, carriers', workmen's, repairmen's, or other like liens arising or incurred in the ordinary course of business consistent with past practice or amounts that are not delinquent, and which are not, individually or in the aggregate, material to the business of the Company;
- (iii) easements, rights of way, zoning ordinances and other similar encumbrances affecting Real Property which are not, individually or in the aggregate, material to the business of the Company; or
- (iv) other than with respect to owned Real Property, liens arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business consistent with past practice which are not, individually or in the aggregate, material to the business of the Company.

(b) Section 3.09(b) of the Disclosure Schedules lists (i) the street address of each parcel of Real Property; (ii) the landlord under the lease, the rental amount currently being paid, and the expiration of the term of such lease or sublease for each leased or subleased property; and (iii) the current use of such property. The Company is not a sublessor or grantor under any sublease or other instrument granting to any other Person any right to the possession, lease, occupancy, or enjoyment of any leased Real Property. The use and operation of the Real Property in the conduct of the Company's business do not violate in any material respect any Law, covenant, condition, restriction, easement, license, permit or agreement. There are no Actions pending nor, to the Seller's Knowledge, threatened against or affecting the Real Property or any portion thereof or interest therein in the nature or in lieu of condemnation or eminent domain proceedings.

Section 3.10 Condition of Assets. The buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property of the Company are being provided to Buyer AS IS, WHERE IS, with no additional warranties of merchantability for fitness for a particular purpose.

Section 3.11 Intellectual Property.

(a) Section 3.12(a) of the Disclosure Schedules contains a correct, current, and complete list of all Company IP Registrations, if any.

(b) The Company is the sole and exclusive legal and beneficial, and with respect to the Company IP Registrations, record, owner of all right, title and interest in and to the Company Intellectual Property and has the valid and enforceable right to use all other Intellectual Property used or held for use in or necessary for the conduct of the Company's business as currently conducted and as proposed to be conducted, in each case, free and clear of Encumbrances other than Permitted Encumbrances. The Company has entered into binding, valid and enforceable, written Contracts with each current and former employee and independent contractor who is or was involved in or has contributed to the invention, creation or development of any Intellectual Property during the course of employment or engagement with the Company whereby such employee or independent contractor (i) acknowledges the Company's exclusive ownership of all Intellectual Property invented, created or developed by such employee or independent contractor within the scope of his or her employment or engagement with the Company; (ii) grants to the Company a present, irrevocable assignment of any ownership interest such employee or independent contractor may have in or to such Intellectual Property, to the extent such Intellectual Property does not constitute a "work made for hire" under applicable Law; and (iii) irrevocably waives any right or interest, including any moral rights, regarding any such Intellectual Property, to the extent permitted by applicable Law.

(c) All of the Company Intellectual Property is valid and enforceable, and all Company IP Registrations are subsisting and in full force and effect. The Company has taken all reasonable and necessary steps to maintain and enforce the Company Intellectual Property and to preserve the confidentiality of all Trade Secrets included in the Company Intellectual Property, including by requiring all Persons having access thereto to execute binding, written non-disclosure agreements.

Section 3.12 Inventory. All inventory of the Company, whether or not reflected in the Balance Sheet, consists of a quality and quantity usable and salable in the ordinary course of business consistent with past practice, except for obsolete, damaged, defective, or slow-moving items that have been written off or written down to fair market value or for which adequate reserves have been established. All such inventory is owned by the Company free and clear of all Encumbrances, and no inventory is held on a consignment basis. The quantities of each item of inventory (whether raw materials, work-in-process or finished goods) are not excessive but are reasonable in the present circumstances of the Company.

Section 3.13 Accounts Receivable. The accounts receivable reflected on the Balance Sheet and the accounts receivable arising after the date thereof (a) have arisen from bona fide transactions entered into by the Company involving the sale of goods or the rendering of services in the ordinary course of business consistent with past practice; (b) constitute only valid, undisputed claims of the

Company not subject to claims of set-off or other defenses or counterclaims other than normal cash discounts accrued in the ordinary course of business consistent with past practice.

Section 3.14 Legal Proceedings; Governmental Orders. Except as set forth in Section 3.14 of the Disclosure Schedules, there are no Actions pending or, to the Sellers' Knowledge, threatened (a) against or by the Company or any Subsidiary affecting any of its or their properties or assets (or by or against any Seller or any Affiliate thereof and relating to the Company or any Subsidiary); or (b) against or by the Company, any Seller, any Subsidiary, or any Affiliate of any Seller that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action. There are no outstanding Governmental Orders and no unsatisfied judgments, penalties, or awards against or affecting the Company, any Subsidiary, or any of its or their properties or assets.

Section 3.15 Compliance With Laws; Permits. The Company has complied, and is now complying, with all Laws applicable to it or its business, properties, or assets. All Permits required for the Company to conduct its business have been obtained by it and are valid and in full force and effect. All fees and charges with respect to such Permits as of the date hereof have been paid in full. Copies of all current Permits issued to the Company and each of its Subsidiaries, including the names of the Permits and their respective dates of issuance and expiration, have been provided to Buyer prior to the date hereof. No event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse, or limitation of any such Permit.

Section 3.16 Taxes.

(a) All Tax Returns required to be filed on or before the Closing Date by the Company have been, or will be, timely filed. Such Tax Returns are, or will be, true, complete, and correct in all respects. All Taxes due and owing by the Company (whether or not shown on any Tax Return) have been, or will be, timely paid.

(b) The Company has withheld and paid each Tax required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, customer, member, or other party, and complied with all information reporting and backup withholding provisions of applicable Law.

(c) The Company is not a party to any Action by any taxing authority. There are no pending or threatened Actions by any taxing authority.

(d) There are no Encumbrances for Taxes (other than for current Taxes not yet due and payable) upon the assets of the Company.

Section 3.17 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any Ancillary Document based upon arrangements made by or on behalf of Seller.

Section 3.18 Equity Consideration.

(a) The Equity Consideration and all shares of Buyer Common Stock issuable upon conversion of the Convertible Note (collectively, the "**Buyer Securities**") are or shall be restricted securities and have not been registered for resale under the United States Securities

Act of 1933, as amended (the “**Securities Act**”), and may not be sold, transferred, hypothecated, or assigned by any of the Sellers in the absence of a registration statement covering such Buyer Securities that has been declared effective by the Securities and Exchange Commission (“**SEC**”) or the availability of an applicable exemption therefrom.

(b) Each Seller is a knowledgeable, sophisticated, and experienced investor and has sufficient knowledge and experience in evaluating and making, and is qualified to evaluate and make, decisions with respect to private investments in and dispositions of securities, including investments in and dispositions of securities issued by Buyer and Persons engaged in similar activities, and is capable of evaluating the risks and merits associated with the Buyer Securities.

(c) Each Seller has had the opportunity to seek independent legal, investment, and tax advice in connection with such Seller’s decision to acquire its share of the Buyer Securities.

(d) Each Seller is acquiring the Buyer Securities for investment purposes only and not with a view toward the immediate resale or distribution thereof. Each Seller acknowledges that, as a result of the substantial restrictions on the transferability of its share of Buyer Securities, such Seller will be required to bear the financial risks of an investment in such capital stock for an indefinite period of time.

(e) The Sellers have reviewed the reports filed with the SEC by Buyer and understands the risks of its investment in Buyer. Each Seller acknowledges and agrees that it has had sufficient time and opportunity to ask questions and receive answers from Buyer concerning the terms of the issuance of Buyer Securities pursuant to this Agreement and to obtain any additional information required by or pursuant to the Securities Act.

Section 3.19 Full Disclosure. No representation or warranty by the Sellers in this Agreement and no statement contained in the Disclosure Schedules to this Agreement or any certificate or other document furnished or to be furnished to Buyer pursuant to this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not misleading.

Article IV. REPRESENTATIONS AND WARRANTIES OF BUYER

Except as set forth in the correspondingly numbered Section of the Disclosure Schedules, Buyer represents and warrants to Seller that the statements contained in this Article IV are true and correct as of the date hereof.

Section 4.01 Organization and Authority of Buyer. Buyer is a corporation duly organized, validly existing and in good standing under the Laws of the State of California. Buyer has full corporate power and authority to enter into this Agreement and the Ancillary Documents to which Buyer is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Buyer of this Agreement and any Ancillary Document to which Buyer is a party, the performance by Buyer of its obligations hereunder and thereunder and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Buyer. This Agreement has been duly executed and delivered by Buyer, and (assuming due authorization, execution, and delivery

by the Sellers), this Agreement constitutes a legal, valid, and binding obligation of Buyer enforceable against Buyer in accordance with its terms. When each Ancillary Document to which Buyer is or will be a party has been duly executed and delivered by Buyer (assuming due authorization, execution, and delivery by each other party thereto), such Ancillary Document will constitute a legal and binding obligation of Buyer enforceable against it in accordance with its terms.

Section 4.02 No Conflicts; Consents. The execution, delivery, and performance by Buyer of this Agreement and the Ancillary Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the Organizational Documents of Buyer; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to Buyer; or (c) require the consent, notice, or other action by any Person under any Contract to which Buyer is a party. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Buyer in connection with the execution and delivery of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby.

Section 4.03 Investment Purpose. Buyer is acquiring the Membership Interests solely for its own account for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof. Buyer acknowledges that the Membership Interests are not registered under the Securities Act, or any state securities laws, and that the Membership Interests may not be transferred or sold except pursuant to the registration provisions of the Securities Act or pursuant to an applicable exemption therefrom and subject to state securities laws and regulations, as applicable.

Section 4.04 Operations. Buyer acknowledges that the Company and its Subsidiaries do not actively operate a consumption lounge and that the re-opening of such consumption lounge under a new name may require a substantial amount of capital beyond that currently owned by the Company and its Subsidiaries.

Section 4.05 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any Ancillary Document based upon arrangements made by or on behalf of Buyer.

Section 4.06 Legal Proceedings. There are no Actions pending or, to Buyer's knowledge, threatened against or by Buyer or any Affiliate of Buyer that challenge or seek to prevent, enjoin, or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise or serve as a basis for any such Action.

Article V. COVENANTS

Section 5.01 Conduct of Business Prior to the Closing. From the date hereof until the Closing, except as otherwise provided in this Agreement or consented to in writing by Buyer (which consent shall not be unreasonably withheld, conditioned, or delayed), business of the Company and its Subsidiaries will be carried on by Buyer pursuant to a Management Services Agreement substantially in the form attached hereto as Exhibit E.

Section 5.02 Access to Information. From the date hereof until the Closing, the Sellers shall (a) afford Buyer and its Representatives full and free access to and the right to inspect all of the Real

Property, properties, assets, premises, books and records, Contracts and other documents and data related to the Company; (b) furnish Buyer and its Representatives with such financial, operating and other data and information related to the Company as Buyer or any of its Representatives may reasonably request; and (c) instruct the Representatives of the Sellers and the Company to cooperate with Buyer in its investigation of the Company.

Section 5.03 No Solicitation of Other Bids.

(a) The Sellers shall not, and shall not authorize or permit any of their Affiliates (including the Company or any Subsidiary) or any of its or their Representatives to, directly or indirectly, (i) encourage, solicit, initiate, facilitate or continue inquiries regarding an Acquisition Proposal; (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal; or (iii) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. The Sellers shall immediately cease and cause to be terminated and shall cause their Affiliates (including the Company and any Subsidiary) and all of its and their Representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Persons conducted heretofore with respect to, or that could lead to, an Acquisition Proposal. For purposes hereof, "**Acquisition Proposal**" shall mean any inquiry, proposal or offer from any Person (other than Buyer or any of its Affiliates) concerning (i) a merger, consolidation, liquidation, recapitalization, or other business combination transaction involving the Company; (ii) the issuance or acquisition of membership interests in the Company; or (iii) the sale, lease, exchange, or other disposition of any significant portion of the Company's properties or assets.

(b) In addition to the other obligations under this Section 5.03, the Sellers shall promptly (and in any event within three (3) Business Days after receipt thereof by the Company or any Seller or its or their Representatives) advise Buyer orally and in writing of any Acquisition Proposal, any request for information with respect to any Acquisition Proposal, or any inquiry with respect to or which could reasonably be expected to result in an Acquisition Proposal, the material terms and conditions of such request, Acquisition Proposal or inquiry, and the identity of the Person making the same.

(c) The Sellers agrees that the rights and remedies for noncompliance with this Section 5.03 shall include having such provision specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to Buyer and that money damages would not provide an adequate remedy to Buyer.

Section 5.04 Notice of Certain Events.

(a) From the date hereof until the Closing, the Sellers shall promptly notify Buyer in writing of:

(i) any fact, circumstance, event or action the existence, occurrence or taking of which (A) has resulted in, or could reasonably be expected to result in, any representation or warranty made by Seller hereunder not being true and correct or (B) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth in Section 7.01(b) to be satisfied;

(ii) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;

(iii) any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement; and

(iv) any Actions commenced or, to the Sellers' Knowledge, threatened against, relating to, or involving or otherwise affecting any Seller, the Company, or any Subsidiary that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Section 3.15 or that relates to the consummation of the transactions contemplated by this Agreement.

(b) Buyer's receipt of information pursuant to this Section 5.04 shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Seller in this Agreement (including Section 8.02 and Section 9.01(b)) and shall not be deemed to amend or supplement the Disclosure Schedules.

Section 5.05 Resignations. Seller shall deliver to Buyer written resignations, effective as of the Closing Date, of the officers and managers of the Company requested by Buyer at least five (5) Business Days prior to the Closing.

Section 5.06 Confidentiality. From and after the Closing, Seller shall, and shall cause its Affiliates to, hold, and shall use its reasonable best efforts to cause its or their respective Representatives to hold, in confidence any and all information, whether written or oral, concerning the Company, except to the extent that Seller can show that such information (a) is generally available to and known by the public through no fault of Seller, any of its Affiliates or their respective Representatives; or (b) is lawfully acquired by Seller, any of its Affiliates or their respective Representatives from and after the Closing from sources which are not prohibited from disclosing such information by a legal, contractual or fiduciary obligation. If Seller or any of its Affiliates or their respective Representatives are compelled to disclose any information by judicial or administrative process or by other requirements of Law, Seller shall promptly notify Buyer in writing and shall disclose only that portion of such information which Seller is advised by its counsel in writing is legally required to be disclosed; *provided, however*, that Seller shall use reasonable best efforts to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information.

Section 5.07 Non-Solicitation.

(a) For a period of five (5) years commencing on the Closing Date (the "**Restricted Period**"), none of the Sellers shall, and they shall not permit any of its Affiliates to, directly or indirectly, hire or solicit any employee of the Company or any of its Subsidiaries or encourage any such employee to leave such employment or hire any such employee who has left such employment, except pursuant to a general solicitation which is not directed specifically to any such employees; *provided*, that nothing in this Section 5.07(b) shall prevent Seller or any of its Affiliates from hiring (i) any employee whose employment has been terminated by the Company, any Subsidiary, or Buyer, or (ii) after 180 days from the date of termination of employment, any employee whose employment has been terminated by the employee.

(b) Seller acknowledges that a breach or threatened breach of this Section 5.07 would give rise to irreparable harm to Buyer, for which monetary damages would not be an adequate remedy, and hereby agrees that in the event of a breach or a threatened breach by any Seller of any such obligations, Buyer shall, in addition to any and all other rights and remedies that may be available to it in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond).

(c) Seller acknowledges that the restrictions contained in this Section 5.07 are reasonable and necessary to protect the legitimate interests of Buyer and constitute a material inducement to Buyer to enter into this Agreement and consummate the transactions contemplated by this Agreement. In the event that any covenant contained in this Section 5.07 should ever be adjudicated to exceed the time, geographic, product or service, or other limitations permitted by applicable Law in any jurisdiction, then any court is expressly empowered to reform such covenant, and such covenant shall be deemed reformed, in such jurisdiction to the maximum time, geographic, product or service, or other limitations permitted by applicable Law. The covenants contained in this Section 5.07 and each provision hereof are severable and distinct covenants and provisions. The invalidity or unenforceability of any such covenant or provision as written shall not invalidate or render unenforceable the remaining covenants or provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such covenant or provision in any other jurisdiction.

Section 5.08 Governmental Approvals and Consents.

(a) Promptly following the date hereof, Buyer and each of the Sellers shall reasonably cooperate to cause the Company, as promptly as possible, make, or cause or be made, all filings and submissions required by Law for the approval of the transactions contemplated hereby from each of (A) the City of West Hollywood, and (B) the State of California Bureau of Cannabis Control office, which approval shall be documented in a written instrument reasonably acceptable to Buyer (the “**Governmental Approval Contingency**”). Each of the parties party shall cooperate fully with the other party and its Affiliates in promptly seeking to obtain all such consents, authorizations, orders, and approvals. The parties hereto shall not willfully take any action that will have the effect of delaying, impairing, or impeding the receipt of any required consents, authorizations, orders, and approvals.

(b) The Sellers and Buyer shall use reasonable best efforts to give all notices to, and obtain all consents from, all third parties that are described in Section 3.05 of the Disclosure Schedules.

(c) Without limiting the generality of the parties’ undertakings pursuant to subsections (a) and (b) above, each of the parties hereto shall use all reasonable best efforts to:

- (i) respond to any inquiries by any Governmental Authority regarding antitrust or other matters with respect to the transactions contemplated by this Agreement or any Ancillary Document;

(ii) avoid the imposition of any order or the taking of any action that would restrain, alter, or enjoin the transactions contemplated by this Agreement or any Ancillary Document; and

(iii) in the event any Governmental Order adversely affecting the ability of the parties to consummate the transactions contemplated by this Agreement or any Ancillary Document has been issued, to have such Governmental Order vacated or lifted.

(d) All analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals made by or on behalf of either party before any Governmental Authority or the staff or regulators of any Governmental Authority, in connection with the transactions contemplated hereunder (but, for the avoidance of doubt, not including any interactions between Seller or the Company with Governmental Authorities in the ordinary course of business, any disclosure which is not permitted by Law or any disclosure containing confidential information) shall be disclosed to the other party hereunder in advance of any filing, submission or attendance, it being the intent that the parties will consult and cooperate with one another, and consider in good faith the views of one another, in connection with any such analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals. Each party shall give notice to the other party with respect to any meeting, discussion, appearance or contact with any Governmental Authority or the staff or regulators of any Governmental Authority, with such notice being sufficient to provide the other party with the opportunity to attend and participate in such meeting, discussion, appearance, or contact.

(e) Notwithstanding the foregoing, nothing in this Section 5.08 shall require, or be construed to require, Buyer or any of its Affiliates to agree to (i) sell, hold, divest, discontinue or limit, before or after the Closing Date, any assets, businesses or interests of Buyer, the Company or any of their respective Affiliates; (ii) any conditions relating to, or changes or restrictions in, the operations of any such assets, businesses or interests which, in either case, could reasonably be expected to result in a Material Adverse Effect or materially and adversely impact the economic or business benefits to Buyer of the transactions contemplated by this Agreement; or (iii) any material modification or waiver of the terms and conditions of this Agreement.

Section 5.09 Books and Records.

(a) In order to facilitate the resolution of any claims made against or incurred by the Sellers prior to the Closing, or for any other reasonable purpose, for a period of five (5) years after the Closing, Buyer shall (i) retain the books and records (including personnel files) of the Company and each of the Subsidiaries relating to periods prior to the Closing in a manner reasonably consistent with the prior practices of the Company or the applicable Subsidiary; and (ii) upon reasonable notice, afford the Representatives of the Sellers reasonable access (including the right to make, at the applicable Seller's expense, photocopies), during normal business hours, to such books and records.

(b) In order to facilitate the resolution of any claims made by or against or incurred by Buyer, the Company or any of the Subsidiaries after the Closing, or for any other reasonable purpose, for a period of five (5) years following the Closing, each of the Sellers shall (i) retain

the books and records of such Seller that relate to the Company or any of the Subsidiaries and its operations for periods prior to the Closing; and (ii) upon reasonable notice, afford the Representatives of Buyer, the Company or any of the Subsidiaries reasonable access (including the right to make, at Buyer's expense, photocopies), during normal business hours, to such books and records.

(c) None of Buyer, on the one hand, nor any of the Sellers, on the other hand, shall be obligated to provide the other with access to any books or records (including personnel files) pursuant to this Section 5.09 where such access would violate any Law.

Section 5.10 Note Tolling. The Parties acknowledge and agree that each of the Convertible Notes to be issued at the Closing are intended to bear a maturity date that is twenty-four (24) months following the date hereof and not following the Closing Date. Therefore, at the Closing, upon the delivery of the Convertible Notes duly executed by Hightimes, the maturity date of each Convertible Note shall be that date that is twenty-four (24) months following the date hereof.

Section 5.11 Closing Conditions. From the date hereof until the Closing, each party hereto shall, and Seller shall cause the Company to, use reasonable best efforts to take such actions as are necessary to expeditiously satisfy the closing conditions set forth in Article VII hereof.

Section 5.12 Drag Along Rights. The Company shall, and the Manager shall cause the Company to take any and all actions necessary to, exercise the drag-along rights granted to members of the Company pursuant to the operating agreement of the Company in order to cause members holding 100% of the issued and outstanding membership interests in the Company to deliver an Assignment at the Closing as required by this Agreement.

Section 5.13 Further Assurances. Following the Closing, each of the parties hereto shall, and shall cause their respective Affiliates to, execute, and deliver such additional documents, instruments, conveyances, and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

Article VI. TAX MATTERS

Section 6.01 Allocation of Company Income and Loss. Buyer and the Sellers shall request that the Company allocate all items of Company income, gain, loss, deduction, or credit attributable to the Membership Interests for the taxable year of the Closing based on a closing of the Company's books as of the Closing Date.

Section 6.02 Tax Audit Procedures. Buyer and the Sellers shall request that the Company agree (a) to annually elect out of the BBA Procedures for tax years beginning on or after January 1, 2018, pursuant to Section 6221(b) of the Code; and (b) for any year in which applicable law and regulations do not permit the Company to elect out of the BBA procedures and in which it receives a notice of final partnership adjustment, to timely elect the alternative procedure under Section 6226 of the Code.

Article VII.
CONDITIONS TO CLOSING

Section 7.01 Conditions to Obligations of All Parties. The obligations of each party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) No Governmental Authority shall have enacted, issued, promulgated, enforced, or entered any Governmental Order which is in effect and has the effect of making the transactions contemplated by this Agreement illegal, otherwise restraining, or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof.

(b) Buyer shall have received a good standing certificate (or its equivalent) for the Company and each Subsidiary from the California Secretary of State or similar Governmental Authority and the Franchise Tax Board of the State of California.

Section 7.02 Conditions to Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Buyer's waiver, at or prior to the Closing, of each of the following conditions:

(a) Other than the representations and warranties of the Sellers contained in Section 3.01, Section 3.02, Section 3.03, Section 3.06, and Section 3.19, the representations and warranties of the Sellers contained in this Agreement, the Ancillary Documents, and any certificate or other writing delivered pursuant hereto shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects). The representations and warranties of the Sellers contained in Section 3.01, Section 3.02, Section 3.03, Section 3.06, and Section 3.19 shall be true and correct in all respects on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects).

(b) Each of the Sellers and Manager shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the Ancillary Documents to be performed or complied with by them prior to or on the Closing Date.

(c) No Action shall have been commenced against Buyer, any Seller, the Company, or any Subsidiary that would prevent the Closing. No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any transaction contemplated hereby.

(d) All approvals, consents and waivers that are listed on Section 3.05 of the Disclosure Schedules, including the Governmental Approval Contingency, shall have been

received, and executed counterparts thereof shall have been delivered to Buyer at or prior to the Closing.

(e) From the date of this Agreement, there shall not have occurred any Material Adverse Effect, nor shall any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, could reasonably be expected to result in a Material Adverse Effect.

(f) Each of the Ancillary Documents shall have been executed and delivered by the parties thereto and true and complete copies thereof shall have been delivered to Buyer.

(g) Buyer shall have received a certificate, dated the Closing Date and signed by the Manager, that each of the conditions set forth in Section 7.02(a) and Section 7.02(b) have been satisfied.

(h) Buyer shall have received a certificate of the Manager of the Company certifying that attached thereto are true and complete copies of all resolutions adopted by the managers of the Company authorizing the execution, delivery, and performance of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby.

(i) Buyer shall have received resignations of the managers and officers of the Company and each of the Subsidiaries pursuant to Section 5.05.

(j) Each Seller shall have delivered to Buyer a certificate pursuant to Treasury Regulations Section 1.1445-2(b) that Seller is not a foreign person within the meaning of Section 1445 of the Code.

(k) Each Seller shall have delivered to Buyer such other documents or instruments as Buyer reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

Section 7.03 Conditions to Obligations of the Sellers. The obligations of the Sellers to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or the Sellers' waiver, at or prior to the Closing, of each of the following conditions:

(a) Other than the representations and warranties of Buyer contained in Section 4.01 and Section 4.04, the representations and warranties of Buyer contained in this Agreement, the Ancillary Documents, and any certificate or other writing delivered pursuant hereto shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects). The representations and warranties of Buyer contained in Section 4.01 and Section

4.04 shall be true and correct in all respects on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date.

(b) Buyer shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the Ancillary Documents to be performed or complied with by it prior to or on the Closing Date.

(c) No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any material transaction contemplated hereby.

(d) Each of the Ancillary Documents shall have been executed and delivered by the parties thereto and true and complete copies thereof shall have been delivered to the applicable Sellers.

(e) The Manager shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of Buyer, that each of the conditions set forth in Section 7.03(a) and Section 7.03(b) have been satisfied.

(f) Buyer shall have delivered to Sellers such other documents or instruments as the Manager reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

Article VIII. INDEMNIFICATION

Section 8.01 Survival. Subject to the limitations and other provisions of this Agreement, the representations and warranties contained herein shall survive the Closing and shall remain in full force and effect until the date that is twenty-four (24) months from the Closing Date; *provided*, that the representations and warranties in Section 3.01, Section 3.02, Section 3.03, Section 3.19, Section 4.01, and Section 4.04 shall survive indefinitely. All covenants and agreements of the parties contained herein shall survive the Closing indefinitely or for the period explicitly specified therein. Notwithstanding the foregoing, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the non-breaching party to the breaching party prior to the expiration date of the applicable survival period shall not thereafter be barred by the expiration of the relevant representation or warranty and such claims shall survive until finally resolved.

Section 8.02 Indemnification By Seller. Subject to the other terms and conditions of this Article VIII, each of the Sellers, severally but not jointly, shall indemnify and defend each of Buyer and its Affiliates (including the Company) and their respective Representatives (collectively, the “**Buyer Indemnitees**”) against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Buyer Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of the Sellers contained in this Agreement or in any certificate or instrument delivered by or on behalf of the Sellers pursuant to this Agreement, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except

for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date);

(b) any breach or non-fulfillment of any covenant, agreement, or obligation to be performed by Seller pursuant to this Agreement; or

(c) any Indebtedness of the Company outstanding as of the Closing, other than the trade accounts payable set forth on Section 2.03(b)(iv) of the Disclosure Schedules, to the extent not paid by the Sellers prior to the Closing.

Section 8.03 Indemnification By Buyer. Subject to the other terms and conditions of this Article VIII, Buyer shall indemnify and defend each of the Sellers and their Affiliates and respective Representatives (collectively, the “**Seller Indemnitees**”) against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Seller Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of Buyer contained in this Agreement or in any certificate or instrument delivered by or on behalf of Buyer pursuant to this Agreement, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date); or

(b) any breach or non-fulfillment of any covenant, agreement, or obligation to be performed by Buyer pursuant to this Agreement.

Section 8.04 Certain Limitations. The indemnification provided for in Section 8.02 and Section 8.03 shall be subject to the following limitations:

(a) The Sellers shall not be liable to the Buyer Indemnitees for indemnification under Section 8.02(a) until the aggregate amount of all Losses in respect of indemnification under Section 8.02(a) exceeds \$60,000 (the “**Basket**”), in which event the Sellers shall be required to pay or be liable for all such Losses from the first dollar. The aggregate amount of all Losses for which the Sellers shall be liable pursuant to Section 8.02(a) shall not exceed \$1,800,000 (the “**Cap**”).

(b) Buyer shall not be liable to the Seller Indemnitees for indemnification under Section 8.03(a) until the aggregate amount of all Losses in respect of indemnification under Section 8.03(a) exceeds the Basket, in which event Buyer shall be required to pay or be liable for all such Losses from the first dollar. The aggregate amount of all Losses for which Buyer shall be liable pursuant to Section 8.03(a) shall not exceed the Cap.

(c) Notwithstanding the foregoing, the limitations set forth in Section 8.04(a) and Section 8.04(b) shall not apply to Losses based upon, arising out of, with respect to or by reason of any inaccuracy in or breach of any representation or warranty in Section 3.01, Section 3.02, Section 3.03, Section 3.18, Section 3.19, Section 4.01, and Section 4.04.

(d) For purposes of this Article VIII any inaccuracy in or breach of any representation or warranty shall be determined without regard to any materiality, Material Adverse Effect or other similar qualification contained in or otherwise applicable to such representation or warranty.

Section 8.05 Indemnification Procedures. The party making a claim under this Article VIII is referred to as the “**Indemnified Party**,” and the party against whom such claims are asserted under this Article VIII is referred to as the “**Indemnifying Party**.”

(a) Third Party Claims. If any Indemnified Party receives notice of the assertion or commencement of any Action made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a Representative of the foregoing (a “**Third Party Claim**”) against such Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than thirty (30) calendar days after receipt of such notice of such Third Party Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Third Party Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party, to assume the defense of any Third Party Claim at the Indemnifying Party’s expense and by the Indemnifying Party’s own counsel, and the Indemnified Party shall cooperate in good faith in such defense, unless the Indemnifying Party is a Seller, and such Third Party Claim seeks an injunction or other equitable relief against the Indemnified Party. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 8.05(b), it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal, or make counterclaims pertaining to any such Third Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party shall have the right to participate in the defense of any Third Party Claim with counsel selected by it subject to the Indemnifying Party’s right to control the defense thereof. The fees and disbursements of such counsel shall be at the expense of the Indemnified Party, *provided*, that if in the reasonable opinion of counsel to the Indemnified Party, (A) there are legal defenses available to an Indemnified Party that are different from or additional to those available to the Indemnifying Party; or (B) there exists a conflict of interest between the Indemnifying Party and the Indemnified Party that cannot be waived, the Indemnifying Party shall be liable for the reasonable fees and expenses of counsel to the Indemnified Party in each jurisdiction for which the Indemnified Party determines counsel is required. If the Indemnifying Party elects not to compromise or defend such Third Party Claim, fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, or fails to diligently prosecute the defense of such Third Party Claim, the Indemnified Party may, subject to Section 8.05(b), pay, compromise, defend such Third Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third Party Claim. The Sellers and Buyer shall cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available (subject to the provisions of Section 5.06) records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket

expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third Party Claim.

(b) Settlement of Third Party Claims. Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third Party Claim without the prior written consent of the Indemnified Party, except as provided in this Section 8.05(b). If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third Party Claim and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to that effect to the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within ten days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third Party Claim and, in such event, the maximum liability of the Indemnifying Party as to such Third Party Claim shall not exceed the amount of such settlement offer. If the Indemnified Party fails to consent to such firm offer and also fails to assume defense of such Third Party Claim, the Indemnifying Party may settle the Third Party Claim upon the terms set forth in such firm offer to settle such Third Party Claim. If the Indemnified Party has assumed the defense pursuant to Section 8.05(a), it shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld, conditioned, or delayed).

(c) Direct Claims. Any Action by an Indemnified Party on account of a Loss which does not result from a Third Party Claim (a “**Direct Claim**”) shall be asserted by the Indemnified Party giving the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than thirty (30) days after the Indemnified Party becomes aware of such Direct Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have thirty (30) days after its receipt of such notice to respond in writing to such Direct Claim. The Indemnified Party shall allow the Indemnifying Party and its professional advisors to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim and the Indemnified Party shall assist the Indemnifying Party’s investigation by giving such information and assistance (including access to the Company’s premises and personnel and the right to examine and copy any accounts, documents or records) as the Indemnifying Party or any of its professional advisors may reasonably request. If the Indemnifying Party does not so respond within such thirty (30) day period, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement.

Section 8.06 Payments.

(a) Upon settlement or adjudication of any claim for indemnification brought by any Buyer Indemnitee against the Sellers pursuant to this Article VIII (an “**Indemnity Claim**”

Determination”), such Losses shall be satisfied (i) first, through a cancellation of such number of shares of Buyer Common Stock held by the Sellers equal to the quotient obtained by dividing (A) the aggregate amount of Losses, by (B) the relevant share price, which, if Buyer Common Stock is not then listed on a national stock exchange, shall be the last price at which Buyer sold shares of Buyer Common Stock were sold to third parties in a financing transaction or, if Buyer Common Stock is then listed on a national stock exchange, the average closing price for the twenty trading days immediately preceding the effective date of the Indemnity Claim Determination, and (ii) thereafter, in cash by wire transfer of immediately available funds. Such Losses shall be recovered from each of the Sellers based on each Sellers Pro Rata Share, except in the event that not all Sellers are found liable in connection with such Indemnity Claim Determination, in which case such Losses shall be paid only by those Sellers found liable in connection therewith on a Pro Rata Basis. Such cancellation of Buyer Common Stock shall be effective immediately following the applicable Indemnity Claim Determination without any action required on the part of any Seller. For purposes of this Section 8.06(a), each Seller hereby irrevocably constitutes and appoints Buyer, with full power of substitution and re-substitution, as its/his/her true and lawful attorney to transfer Shares subject to this Section 8.06(a) on the books and records of Buyer.

(b) Upon an Indemnity Claim Determination against any Buyer Indemnitee, the Indemnifying Party shall satisfy its obligations within fifteen (15) Business Days of such Indemnity Claim Determination by wire transfer of immediately available funds.

Section 8.07 Tax Treatment of Indemnification Payments. All indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Law.

Section 8.08 Effect of Investigation. The representations, warranties and covenants of the Indemnifying Party, and the Indemnified Party’s right to indemnification with respect thereto, shall not be affected or deemed waived by reason of any investigation made by or on behalf of the Indemnified Party (including by any of its Representatives) or by reason of the fact that the Indemnified Party or any of its Representatives knew or should have known that any such representation or warranty is, was, or might be inaccurate or by reason of the Indemnified Party’s waiver of any condition set forth in Section 7.02 or Section 7.03, as the case may be.

Section 8.09 Exclusive Remedies. Subject to Section 5.07 and Section 10.11, the parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims (other than claims arising from fraud, criminal activity or willful misconduct on the part of a party hereto in connection with the transactions contemplated by this Agreement) for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement, shall be pursuant to the indemnification provisions set forth in this Article VIII. In furtherance of the foregoing, each party hereby waives, to the fullest extent permitted under Law, any and all rights, claims, and causes of action for any breach of any representation, warranty, covenant, agreement, or obligation set forth herein or otherwise relating to the subject matter of this Agreement it may have against any other parties hereto and their Affiliates and each of their respective Representatives arising under or based upon any Law, except pursuant to the indemnification provisions set forth in this Article VIII. Nothing in this Section 8.09 shall limit any Person’s right to seek and obtain any equitable relief to which any Person shall be entitled or to seek any remedy on account of any party’s fraudulent, criminal, or intentional misconduct.

Article IX.
TERMINATION

Section 9.01 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written consent of the Sellers, on the one hand, and Buyer, on the other hand;

(b) by Buyer by written notice to the Sellers if:

(i) Buyer is not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant, or agreement made by any Seller pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article VII and such breach, inaccuracy or failure has not been cured by such Seller(s) within ten (10) days of the applicable Sellers' receipt of written notice of such breach from Buyer; or

(ii) any of the conditions set forth in Section 7.01 or Section 7.02 shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by June 30, 2023, unless such failure shall be due to the failure of Buyer to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing;

(c) by the Sellers, collectively, by written notice to Buyer if:

(i) none of the Sellers are then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in, or failure to perform any representation, warranty, covenant, or agreement made by Buyer pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article VII and such breach, inaccuracy, or failure has not been cured by Buyer within ten (10) days of Buyer's receipt of written notice of such breach from the Sellers; or

(ii) any of the conditions set forth in Section 7.01 or Section 7.03 shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by June 30, 2023, unless such failure shall be due to the failure of any Seller to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing; or

(d) by Buyer or the Seller in the event that (i) there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited or (ii) any Governmental Authority shall have issued a Governmental Order restraining or enjoining the transactions contemplated by this Agreement, and such Governmental Order shall have become final and non-appealable.

Section 9.02 Effect of Termination. In the event of the termination of this Agreement in accordance with this Article IX, this Agreement shall forthwith become void and there shall be no liability on the part of any party hereto except as set forth in this Article IX, Section 5.06, and Article

X hereof; and that nothing herein shall relieve any party hereto from liability for any willful breach of any provision hereof.

**Article X.
MISCELLANEOUS**

Section 10.01 Expenses. Except as otherwise expressly provided herein, all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors, and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, whether or not the Closing shall have occurred.

Section 10.02 Notices. All notices, requests, consents, claims, demands, waivers, and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient, or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 10.02):

| | |
|----------------|--|
| If to Sellers: | At the address set forth under such Seller's name on the Signature Pages appended hereto |
|----------------|--|

| | |
|--------------|--|
| If to Buyer: | Hightimes Holding Corp. 2110 Narcissus Ct. Venice, CA 90291 Phone: +1 (844) 933-3287 Email: paul@hightimes.com Attention: Chief Executive Officer |
|--------------|--|

| | |
|---|--|
| with a copy to (which shall not constitute notice): | K. Henderson Law PLLC 117 Sand Point Court Coppell, TX 75019 Phone: +1 (972) 845-8850 Email: kevin@khendersonlaw.com |
|---|--|

Section 10.03 Interpretation. For purposes of this Agreement, (a) the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; and (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to Articles, Sections, Disclosure Schedules and Exhibits mean the Articles and Sections of, and Disclosure Schedules and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof, and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any

presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Disclosure Schedules and Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

Section 10.04 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 10.05 Severability. If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Except as provided in Section 5.07(e), upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

Section 10.06 Entire Agreement. This Agreement and the Ancillary Documents constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and those in the Ancillary Documents, the Exhibits, and Disclosure Schedules (other than an exception expressly set forth as such in the Disclosure Schedules), the statements in the body of this Agreement will control.

Section 10.07 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld, conditioned, or delayed; *provided, however*, that prior to the Closing Date, Buyer may, without the prior written consent of the Sellers, assign all or any portion of its rights under this Agreement to one or more of its direct or indirect wholly-owned subsidiaries. No assignment shall relieve the assigning party of any of its obligations hereunder.

Section 10.08 No Third-party Beneficiaries. Except as provided in Article VIII, this Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express, or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

Section 10.09 Amendment and Modification; Waiver. This Agreement may only be amended, modified, or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach, or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power, or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege.

Section 10.10 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial. This Purchase Agreement shall be governed by, and construed in accordance with, the laws and regulations of the State of California without regard to any law or principle that otherwise would cause the application of any law(s) of any other state or jurisdiction. Any dispute among the parties which cannot be settled by mutual agreement shall be subject to final and binding arbitration before a retired judge in accordance with the JAMS dispute resolution system located in Los Angeles, California. The losing party in any such arbitration shall bear 100% of the costs of such arbitration. The decision of the arbitrator shall be final and binding on the parties hereto and may be enforced by the prevailing party in any court of competent subject matter jurisdiction located in Los Angeles County, State of California. Each party consents to the venue, and the personal jurisdiction over such Party, of such court located in Los Angeles County, State of California, in (or with respect to) any such action, suit, claim, or cause of action. Further, each party waives any and all arguments, motions, and other objections that any court located in Los Angeles County, State of California, is an inconvenient forum (*forum non conveniens*) for any such action, suit, claim or cause of action.

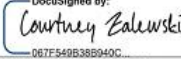
Section 10.11 Specific Performance. The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

Section 10.12 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

MANAGER:

DocuSigned by:

067F549B38B940C
COURTNEY ZALEWSKI
802 north avenue 52
Address: los angeles, ca 90042

SELLERS:

CANCO LLC,
a California limited liability company

By: _____
Name: _____
Title: _____
Address: _____

1201 LA BREA HOSPITALITY LLC,
a California limited liability company

By: _____
Name: _____
Title: _____
Address: _____

SARAH DALE DE ANGELIS

Address: _____

[Signature page to Membership Interest Purchase Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

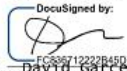
MANAGER:

COURTNEY ZALEWSKI

Address: _____

SELLERS:

CANCO LLC,
a California limited liability company

DocuSigned by:

By: _____
Name: **David Garces**
Title: **Member**

Address: **6725 portshead rd**
Malibu ca 90265

1201 LA BREA HOSPITALITY LLC,
a California limited liability company

By: _____
Name: _____
Title: _____

Address: _____

SARAH DALE DE ANGELIS

Address: _____

[Signature page to Membership Interest Purchase Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

MANAGER:

COURTNEY ZALEWSKI

Address: _____

SELLERS:

CANCO LLC,
a California limited liability company

By: _____
Name: _____
Title: _____
Address: _____

1201 LA BREA HOSPITALITY LLC,
a California limited liability company

By: _____
Name: _____
Title: _____
Address: _____

DocuSigned by:

DEC0FDAA5BA3943A
SARAH DALE DE ANGELIS

Address: 1746 Griffith Park Blvd
Los Angeles, CA 90026

[Signature page to Membership Interest Purchase Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

FF INVESTMENTS LLC,
a California limited liability company

By: _____
Name: _____
Title: _____

Address: _____

CATENARY GROUP LLC,
a California limited liability company

DocuSigned by:

By: E68326756D0B4FC
Name: **Jason Post**
Title: **Manager**

Address: 8149 Santa Monica Blvd PMB 298
Los Angeles, CA 90046

AMELIA STREET VENTURES LLC,
a California limited liability company

DocuSigned by:

By: E68326756D0B4FC
Name: **Jason Post**
Title: **Manager**

Address: 8149 Santa Monica Blvd PMB 298
Los Angeles, CA 90046

RENEE NAHUM

Address: _____

[Signature page to Membership Interest Purchase Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

DocuSigned by:



F45E0DED0FE24B2

SEAN BLACK

Sean black

Address: 1929 n Hobart
la ca 90027


Courtney Zalewski (May 3, 2022 12:28 PDT)

COURTNEY ZALEWSKI

Address: 802 North Avenue 52
Los Angeles, CA 90042

ANDREA DRUMMER

Address:

RICH BRENNER

Address:

MICHAEL SMITH

Address:

[Signature page to Membership Interest Purchase Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

SEAN BLACK

Address: _____

COURTNEY ZALEWSKI

Address: _____

ANDREA DRUMMER

Address: _____

DocuSigned by:

Richard Brenner

CF2AB8FC6B334AB

RICH BRENNER
6345 Costello

Address: Van Nuys, CA 91401

MICHAEL SMITH

Address: _____

[Signature page to Membership Interest Purchase Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

SEAN BLACK

Address: _____

COURTNEY ZALEWSKI

Address: _____

ANDREA DRUMMER

Address: _____

RICH BRENNER

Address: _____

DocuSigned by:

Michael Smith

4786DE48DE1114F0

MICHAEL SMITH

Address: 1732 Aviation Blvd #211
Redondo Beach, CA 90278

[Signature page to Membership Interest Purchase Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

SEAN BLACK

Address: _____

COURTNEY ZALEWSKI

Address: _____

ANDREA DRUMMER

Address: _____

RICH BRENNER

Address: _____

MICHAEL SMITH

Address: _____

[Signature page to Membership Interest Purchase Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

BUYER:

HIGHTIMES HOLDING CORP.,
a Delaware corporation

By: Paul Henderson
Paul Henderson (May 3, 2022 12:41 PDT)
Name: Paul Henderson
Title: Chief Executive Officer

[Signature page to Membership Interest Purchase Agreement]

EXHIBIT A

Form of Consulting Agreement

(see attached)

Hightimes Holding Corp

2110 Narcissus Ct
Venice, Ca 90291

April [], 2022

Courtney Zalewski
[ADDRESS]
[ADDRESS]

Dear Ms. Zalewski,

This letter agreement (this “**Agreement**”) sets forth the terms and conditions whereby you agree to provide certain services (as described on Schedule 1) to The Mezz La Brea LLC, a California limited liability company (the “**Company**”), a wholly-owned subsidiary of Hightimes Holding Corp., a Delaware corporation (“**Hightimes**”).

1. Services. The Company engages you, and you accept such engagement, as an independent contractor to provide certain services to the Company on the terms and conditions set forth in this Agreement. You shall provide to the Company the services listed on Schedule 1 attached hereto (the “**Services**”). The Company shall not control the manner or means by which you perform the Services, including but not limited to, the time and place you perform the Services. Unless otherwise stated on Schedule 1, you shall furnish, at your own expense, the equipment, supplies, and other materials used to perform the Services.

2. Term. The term of this Agreement shall commence on the date hereof and shall continue for a period of three months following the date hereof and shall renew thereafter for progressive one-month periods until terminated by either party on fourteen days’ advance written notice to the other party (the “**Term**”).

3. Fees and Expenses.

3.1. As full compensation for the Services and the rights granted to the Company in this Agreement, the Company shall pay you a fee of \$5,000 per month (the “**Fees**”) during the Term, \$2,500 of which shall be payable in cash on a monthly basis no later than the last day of calendar month in which the Services to which such Fee relates are rendered, and \$2,500 of which shall be payable monthly in shares of Class A Common Stock of Hightimes, at a price per share of \$11.00 share (subject to the effect of any stock splits, reverse stock splits, reclassifications, or reorganizations after the date hereof).

3.2. You acknowledge that you will receive an IRS Form 1099-MISC from the Company in respect of all Fees, and that you shall be solely responsible for all federal, state, and local taxes, as set out in Section 4.2.

3.3. You are solely responsible for any and all costs or expenses incurred by you in connection with the performance of the Services, and in no event shall the Company reimburse you for any such costs or expenses, unless previously agreed in writing by the Parties.

4. Relationship of the Parties.

4.1. You are an independent contractor of the Company, and this Agreement shall not be construed to create any association, partnership, joint venture, employee, or agency relationship between you and the Company or Hightimes for any purpose. You have no authority (and shall not hold yourself out as having authority) to bind the Company or Hightimes and you shall not make any agreements or representations on the Company's or Hightimes' behalf without the Company's or Hightimes', as applicable, prior written consent.

4.2. Without limiting Section 4.1, you will not be eligible to participate in any vacation, group medical or life insurance, disability, or retirement benefits, or any other fringe benefits or benefit plans offered by Hightimes to its and its direct and indirect subsidiaries' employees, and neither Hightimes nor the Company will not be responsible for withholding or paying any income, payroll, Social Security, or other federal, state, or local taxes, making any insurance contributions, including for unemployment or disability, or obtaining workers' compensation insurance on your behalf. You shall be responsible for, and shall indemnify Hightimes against, all such taxes or contributions, including penalties and interest. Any persons employed or engaged by you in connection with the performance of the Services shall be your employees or contractors, and you shall be fully responsible for them and fully indemnify Hightimes against any claims made by or on behalf of any such employee or contractor.

5. Intellectual Property Rights.

5.1. The Company is and will be the sole and exclusive owner of all right, title, and interest throughout the world in and to all the results and proceeds of the Services performed under this Agreement, including but not limited to all client, customer and supplier lists, leads, marketing materials, writings, technology, inventions, discoveries, processes, techniques, methods, ideas, concepts, research, proposals, and materials, and all other work product of any nature whatsoever, that are created, prepared, produced, authored, edited, modified, conceived, or reduced to practice in the course of performing the Services or other work performed in connection with the Services or this Agreement (collectively, and including the Deliverables, "**Work Product**"), including all patents, copyrights, trademarks (together with the goodwill symbolized thereby), trade secrets, know-how, and other confidential or proprietary information, and other intellectual property rights (collectively "**Intellectual Property Rights**") therein. You agree that the Work Product is hereby deemed "work made for hire" as defined in 17 U.S.C. § 101 for the Company and all copyrights therein automatically and immediately vest in the Company. If, for any reason, any Work Product does not constitute "work made for hire," you hereby irrevocably assign to the Company, for no additional consideration, your entire right, title, and interest throughout the world in and to such Work Product, including all Intellectual Property Rights therein, including the right to sue for past, present, and future infringement, misappropriation, or dilution thereof.

5.2. To the extent any copyrights are assigned under Section 5.1, you hereby irrevocably waive in favor of the Company, to the extent permitted by applicable law, any and all claims you may now or hereafter have in any jurisdiction to all rights of paternity or attribution, integrity, disclosure, and withdrawal and any other rights that may be known as "moral rights" in relation to all Work Product to which the assigned copyrights apply.

5.3. Upon the request of the Company, during and after the Term, you shall promptly take such further actions, including execution and delivery of all appropriate instruments of conveyance, and provide such further cooperation, as may be necessary to assist the Company to apply for, prosecute, register, maintain, perfect, record, or enforce its rights in any Work Product and all Intellectual Property Rights therein.

5.4. As between you and the Company, the Company is, and will remain, the sole and exclusive owner of all right, title, and interest in and to any documents, specifications, data, know-how, methodologies, software, and other materials provided to you by the Company ("**Company Materials**"), including all Intellectual Property Rights therein. You have no right or license to use, publish, reproduce, prepare derivative works based upon, distribute, perform, or display any Company Materials except solely during the Term to the extent necessary to perform your obligations under this Agreement. All other rights in and to the Company Materials are expressly reserved by the Company. You have no right or license to use the Company's trademarks, service marks, trade names, logos, symbols, or brand names.

6. Confidentiality.

6.1. You acknowledge that you will have access to information that is treated as confidential and proprietary by the Company, Hightimes, and its and their affiliates, including, without limitation trade secrets, technology, and information pertaining to business operations and strategies, members, investors, suppliers, vendors, customers, pricing, marketing, finances, sourcing, personnel, or operations of the Company, its affiliates, or their suppliers or customers, in each case whether spoken, written, printed, electronic, or in any other form or medium (collectively, the "**Confidential Information**"). Any Confidential Information that you develop in connection with the Services, including but not limited to any Work Product, shall be subject to the terms and conditions of this clause. You agree to treat all Confidential Information as strictly confidential, not to disclose Confidential Information or permit it to be disclosed, in whole or part, to any third party without the prior written consent of the Company in each instance, and not to use any Confidential Information for any purpose except as required in the performance of the Services. You shall notify the Company immediately in the event you become aware of any loss or disclosure of any Confidential Information.

6.2. Confidential Information shall not include information that (i) is or becomes generally available to the public other than through your breach of this Agreement; or (ii) is communicated to you by a third party that had no confidentiality obligations with respect to such information.

6.3. Nothing in this Agreement shall be construed to prevent disclosure of Confidential Information as may be required by applicable law or regulation, or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency, provided that the disclosure does not exceed the extent of disclosure required by such law, regulation, or order. You agree to provide written notice of any such order to an authorized officer of the Company within one (1) calendar day of receiving such order, but in any event sufficiently in advance of making any disclosure to permit the Company to contest the order or seek confidentiality protections, as determined in the Company's sole discretion.

6.4. Notice of Immunity the Defend Trade Secrets Act of 2016 (“DTSA”).
Notwithstanding any other provision of this Agreement:

6.4.1. You will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding.

6.4.2. If you file a lawsuit for retaliation by the Company for reporting a suspected violation of law, you may disclose the Company’s trade secrets to your attorney and use the trade secret information in the court proceeding if you (i) file any document containing the trade secret under seal; and (ii) do not disclose the trade secret, except pursuant to court order.

7. Representations and Warranties.

7.1. You represent and warrant to the Company that:

7.1.1. you have the right to enter into this Agreement, to grant the rights granted in this Agreement, and to perform fully all of your obligations in this Agreement;

7.1.2. your entering into this Agreement with the Company and your performance of the Services do not and will not conflict with or result in any breach or default under any other agreement to which you are subject;

7.1.3. you have the required skill, experience, and qualifications to perform the Services, you shall perform the Services in a professional and workmanlike manner in accordance with best industry standards for similar services, and you shall devote sufficient resources to ensure that the Services are performed in a timely and reliable manner;

7.1.4. you shall perform the Services in compliance with all applicable laws and regulations;

7.1.5. the Company will receive good and valid title to all Work Product, free and clear of all encumbrances and liens of any kind;

7.1.6. all Work Product is and shall be your original work (except for material in the public domain or provided by the Company) and do not and will not violate or infringe upon the intellectual property right or any other right whatsoever of any person, firm, corporation, or other entity.

7.2. The Company represents and warrants to you that:

7.2.1. it has the full right, power, and authority to enter into this Agreement and perform its obligations hereunder; and

7.2.2. the execution of this Agreement by its representative has been duly authorized by all necessary corporate action.

8. Indemnification.

8.1. You shall defend, indemnify, and hold harmless the Company and its affiliates and their officers, directors, employees, agents, successors, and assigns from and against all losses, damages, liabilities, deficiencies, actions, judgments, interest, awards, penalties, fines, costs, or expenses of whatever kind (including reasonable attorneys' fees) arising out of or resulting from:

8.1.1. bodily injury, death of any person, or damage to real or tangible personal property resulting from your acts or omissions; and

8.1.2. your breach of any representation, warranty, or obligation under this Agreement.

8.2. Company shall defend, indemnify and hold you harmless, from and against all losses, damages, liabilities, deficiencies, actions, judgments, interests, awards, penalties, fines, costs or expenses of whatever kind (including reasonable attorney's fees) arising out of or resulting from:

8.2.1. bodily injury, death of any person, or damage to real or tangible personal property resulting from its acts or omissions; and

8.2.2. its breach of any representation, warranty, or obligation under this Agreement.

8.3. The Company may satisfy such indemnity (in whole or in part) by way of deduction from any payment due to you.

9. Insurance. During the Term, you shall be solely responsible for the maintenance of commercially reasonable workers' compensation, commercial general liability, errors and omissions, and other forms of insurance as you deem necessary or advisable.

10. Termination.

10.1. You or the Company may terminate this Agreement at any time upon written notice to the other Party in the event of a breach by the other Party of any representation, warranty or obligation of such other Party set forth herein, which breach remains uncured for not less than ten (10) business days' following receipt by such other Party of written notice of such breach. In the event of termination pursuant to this clause, the Company shall pay you on a pro-rata basis any Fees then due and payable for any Services completed, up to and including the date of such termination.

10.2. Upon expiration or termination of this Agreement for any reason, or at any other time upon the Company's written request, you shall promptly (and in any event within three (3) calendar days after such expiration or termination):

10.2.1. deliver to the Company all tangible documents and materials (and any copies) containing, reflecting, incorporating, or based on any of the Confidential Information;

10.2.2. permanently erase all of the Confidential Information from your computer and phone systems; and

10.2.3. certify in writing to the Company that you have complied with the requirements of this clause.

10.3. The terms and conditions of this clause and Sections 4, 5, 6, 7, 8, 10.2, 11, 12, 13, and 14 shall survive the expiration or termination of this Agreement.

11. Other Business Activities. You may be engaged or employed in any other business, trade, profession, or other activity while providing services to the Company, in which case you agree to abide by the terms of Sections 6 and 7.

12. Assignment. You shall not assign any rights, or delegate or subcontract any obligations, under this Agreement without the Company's prior written consent. Any assignment in violation of the foregoing shall be deemed null and void. The Company shall not assign its rights and obligations under this Agreement without prior written notice to you. Such notice shall provide you with the opportunity to terminate your obligations without further liability to either Party. Subject to the limits on assignment stated above, this Agreement will inure to the benefit of, be binding on, and be enforceable against each of the Parties and their respective successors and assigns.

13. Governing Law; Dispute Resolution.

13.1. Any dispute, controversy, or claim arising out of or related to this Agreement or any breach or termination of this Agreement, including the provision of services by you to the Company, shall be submitted to and decided by binding arbitration. Arbitration shall be administered exclusively by JAMS and shall be conducted consistent with the rules, regulations, and requirements thereof as well as any requirements imposed by California law. Any arbitral award determination shall be final and binding upon the Parties.

13.2. Arbitration shall proceed only on an individual basis. The Parties waive the right to assert, participate in, or receive money or any other relief from any class, collective, or representative proceeding. Each party shall only submit their own individual claims against the other and will not seek to represent the interests of any other person. Notwithstanding anything to the contrary in the JAMS Comprehensive Arbitration Rules and Procedures, no arbitrator shall have jurisdiction or authority to compel any class or collective claim, to consolidate different arbitration proceedings, or to join any other party to an arbitration between the Parties.

13.3. The arbitration shall be held in Los Angeles, California and the ruling of the arbitrator shall be final and binding upon all Parties to this Agreement and their Affiliates and may be enforced in any court of competent jurisdiction, including the state and federal courts seated in Los Angeles California (and any appellate court thereof). Nothing in this paragraph shall prevent any party from (i) seeking and obtaining injunctive or other equitable relief through an action in

court; (ii) joining any party as a defendant in any action brought by or against a third party; (iii) bringing an action in court to effect any attachment or garnishment; or (iv) bringing an action in court to compel arbitration as required by this Section. Because each party is giving up the right to litigate any dispute, controversy, or claim, each Party herein further confirms that it has read and understands the provisions in this paragraph, and that it has further benefited from the advice of counsel.

14. Miscellaneous.

14.1. You shall not export, directly or indirectly, any technical data acquired from the Company, or any products utilizing any such data, to any country in violation of any applicable export laws or regulations.

14.2. All notices, requests, consents, claims, demands, waivers, and other communications (each, a "**Notice**") shall be in writing and addressed to the Parties at the addresses set forth on the first page of this Agreement (or to such other address that may be designated by the receiving party from time to time in accordance with this Section). All Notices shall be delivered by personal delivery, nationally recognized overnight courier (with all fees prepaid), facsimile or email (with confirmation of transmission), or certified or registered mail (in each case, return receipt requested, postage prepaid). Except as otherwise provided in this Agreement, a Notice is effective only if (a) the receiving party has received the Notice, and (b) the party giving the Notice has complied with the requirements of this Section.

14.3. This Agreement, together with any other documents incorporated by reference and related exhibits and schedules, constitutes the sole and entire agreement of the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter.

14.4. This Agreement may only be amended, modified, or supplemented by an agreement in writing signed by each party, and any of the terms thereof may be waived, only by a written document signed by each party to this Agreement or, in the case of waiver, by the party or parties waiving compliance.

14.5. If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

14.6. This Agreement may be executed in multiple counterparts and by facsimile signature, each of which shall be deemed an original and all of which together shall constitute one instrument.

[Signature page follows]

If this letter accurately sets forth our understanding, kindly execute the enclosed copy of this letter and return it to the undersigned.

Very truly yours,

THE MEZZ LA BREA LLC

By: _____

Name: Paul Henderson

Title: President

HIGHTIMES HOLDING CORP.

By: _____

Name: Paul Henderson

Title: Chief Executive Officer

ACCEPTED AND AGREED:

Courtney Zalewski

Date:

Federal Tax Id. No./Social Security No.:

[Signature Page to Consulting Agreement]

SCHEDULE 1

Services

To provide general support to the Company and Hightimes in opening the West Hollywood store and consumption lounge, including, without limitation:

- [specific details to be discussed]



EXHIBIT B

Form of Convertible Note

(see attached)

THIS INSTRUMENT AND THE SECURITIES ISSUABLE UPON THE CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR UPON RECEIPT BY THE COMPANY OF AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED UNDER THE ACT.

CONVERTIBLE PROMISSORY NOTE

No. CN-[NUMBER]

Date of Issuance

US\$[PRINCIPAL AMOUNT]

[DATE]

FOR VALUE RECEIVED, Hightimes Holding Corp., a Delaware corporation (the "**Company**"), hereby promises to pay to the order of [HOLDER NAME] (the "**Holder**"), the principal sum of US\$[PRINCIPAL AMOUNT] (the "**Principal Amount**"), together with interest thereon from the date of issuance of this convertible promissory note (this "**Note**"). Interest will begin to accrue beginning on the date hereof at a rate of 8.00% per annum, compounding monthly. Unless earlier converted into Common Stock (as defined below), the Principal Amount and accrued interest of this Note will be due and payable by the Company on [DATE]¹ (the "**Maturity Date**").

1. **Payment.** All payments will be made in lawful money of the United States of America at the principal office of the Company, or at such other place as the Holder may from time to time designate in writing to the Company. The Company shall begin making monthly payments following [DATE]² (the "**Payment Commencement Date**"), with payments thereafter to be made no later than the 30th of each calendar month for interest accrued and unpaid until the date of such payment. On the Payment Commencement Date, any accrued and unpaid interest from the date hereof through the Payment Commencement Date shall be reamortized across the remaining term of this Note for the period from the Payment Commencement Date through the Maturity Date. For the avoidance of doubt, the Company shall not be required, but may elect in its sole discretion, to make any payment toward the Principal Amount prior to the Maturity Date.

2. **Security.** This Note is a general unsecured obligation of the Company.

3. **Priority.** This Note is subordinated in right of payment to all current and future indebtedness of the Company for borrowed money (whether or not such indebtedness is secured) to banks, commercial finance lenders or other institutions regularly engaged in the business of lending money (the "**Senior Debt**"). The Company hereby agrees, and by accepting this Note, the Holder hereby acknowledges and agrees, that so long as any Senior Debt is outstanding, upon

¹ Irrespective of the Closing Date of the acquisition, the Maturity Date of the note will be the 2 year anniversary of the date the Purchase Agreement is signed.

² To be the date that is twelve months following the date of the Purchase Agreement.

notice from the holders of such Senior Debt (the “**Senior Creditors**”) to the Company that an event of default, or any event which the giving of notice or the passage of time or both would constitute an event of default, has occurred under the terms of the Senior Debt (a “**Default Notice**”), the Company will not make, and the Holder will not receive or retain, any payment under this Note. Nothing in this paragraph will preclude or prohibit the Holder from receiving and retaining any payment hereunder unless and until the Holder has received a Default Notice (which will be effective until waived in writing by the Senior Creditors) or from converting this Note or any amounts due hereunder into Common Stock.

4. Conversion. This Note will be convertible into Common Stock pursuant to the following terms.

4.1 Definitions.

(a) “**Common Stock**” means the Company’s Class A Common Stock, par value US\$0.0001.

(b) “**Conversion Price**” means (rounded to the nearest 1/100th of one cent) the lesser of:

(i) In the event that shares of Common Stock are not then-listed on a national securities exchange, the last price per share at which shares of Common Stock were offered to a non-affiliate in any financing transaction consummated by the Company;

(ii) In the event that the Qualified Public Listing becomes effective in connection with an offering to the public of shares of Common Stock in an aggregate amount of at least \$10,000,000 consummated on a date following the date hereof, the per share purchase price of Common Stock issued in in such public offering; or

(iii) Otherwise, the closing price of the Common Stock on the applicable national securities exchange at the close of trading on the last trading day immediately prior to the date on which the conversion occurs.

(c) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

(d) “**Lock-Up Period**” means the period commencing on the date on which a conversion occurs pursuant to Section 4.2 and expiring:

(i) With respect to the first 14.3% of Common Stock issued to Holder upon conversion (rounded down to the nearest share), the date that is six (6) months following the date on which a conversion occurs pursuant to Section 4.2;

(ii) With respect to the second 14.3% of Common Stock issued to Holder upon conversion (rounded down to the nearest share), the date that is

nine (9) months following the date on which a conversion occurs pursuant to Section 4.2;

(iii) With respect to the third 14.3% of Common Stock issued to Holder upon conversion (rounded down to the nearest share), the date that is twelve (12) months following the date on which a conversion occurs pursuant to Section 4.2;

(iv) With respect to the fourth 14.3% of Common Stock issued to Holder upon conversion (rounded down to the nearest share), the date that is fifteen (15) months following the date on which a conversion occurs pursuant to Section 4.2;

(v) With respect to the fifth 14.3% of Common Stock issued to Holder upon conversion (rounded down to the nearest share), the date that is eighteen (18) months following the date on which a conversion occurs pursuant to Section 4.2;

(vi) With respect to the sixth 14.3% of Common Stock issued to Holder upon conversion (rounded down to the nearest share), the date that is twenty-one (21) months following the date on which a conversion occurs pursuant to Section 4.2; and

(vii) With respect to all remaining Common Stock issued to Holder upon conversion, the date that is twenty-four (24) months following the date on which a conversion occurs pursuant to Section 4.2.

(e) **“Qualified Public Listing”** means the approval for trading of Common Stock on the Nasdaq Capital Market or another national securities exchange in the United States or Canada, including without limitation, the OTC Markets or the Canadian Stock Exchange.

(f) **“Securities Act”** means the Securities Act of 1933, as amended.

4.2 Automatic Conversion. The Principal Amount will automatically convert into Common Stock at the closing of trading on the first day on which a Qualified Public Listing is consummated. In the event that a Qualified Public Listing shall have occurred prior to the date hereof, the Principal Amount shall immediately and automatically convert into Common Stock upon the execution hereof. Any interest accrued but unpaid at the time of such conversion shall be waived. The number of shares of Common Stock the Company issues upon such conversion will equal the quotient (rounded down to the nearest whole share) obtained by dividing (x) the outstanding Principal Amount under this Note on a date that is no more than five (5) days prior to the closing of the date of conversion by (y) the applicable Conversion Price.

4.3 Optional Conversion. The Holder may convert the Principal Amount into Common Stock at any time prior the Maturity Date upon written notice to the Company. The number of shares of Common Stock the Company issues upon such conversion will equal the

quotient (rounded down to the nearest whole share) obtained by dividing (x) the outstanding Principal Amount under this Note on a date that is no more than five (5) days prior to the closing of the date of conversion by (y) the applicable Conversion Price.

4.4 Mechanics of Conversion.

(a) Financing Agreements. The Holder acknowledges that the conversion of this Note into shares of Common Stock pursuant to Section 4.2 or 4.3 may require the Holder's execution of certain agreements relating to the purchase and sale of the shares of Common Stock, as well as registration rights, rights of first refusal and co-sale, rights of first offer, and voting rights, if any, relating to such securities (collectively, the "**Financing Agreements**"). The Holder agrees to execute all of the Financing Agreements in connection with Qualified Public Listing.

(b) Certificates. As promptly as practicable after the conversion of this Note and the issuance of the shares of Common Stock, the Company (at its expense) will issue and deliver a certificate or certificates evidencing the shares of Common Stock (if certificated) to the Holder, or if the shares of Common Stock are not certificated, will deliver a true and correct copy of the Company's share register reflecting the shares of Common Stock held by the Holder. The Company will not be required to issue or deliver the shares of Common Stock until the Holder has surrendered this Note to the Company (or provided an instrument of cancellation or affidavit of loss). The conversion of this Note pursuant to Section 4.2 may be made contingent upon the closing of the Qualified Public Listing.

5. Representations and Warranties of the Company. In connection with the transactions contemplated by this Note, the Company hereby represents and warrants to the Holder as follows:

5.1 Due Organization; Qualification and Good Standing. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to carry on its business as now conducted. The Company is duly qualified to transact business and is in good standing in each jurisdiction in which the failure to so qualify or to be in good standing would have a material adverse effect on the Company.

5.2 Authorization and Enforceability. Except for the authorization and issuance of the Common Stock, all corporate action has been taken on the part of the Company and its officers, directors, and stockholders necessary for the authorization, execution, and delivery of this Note. Except as may be limited by applicable bankruptcy, insolvency, reorganization, or similar laws relating to or affecting the enforcement of creditors' rights, the Company has taken all corporate action required to make all of the obligations of the Company reflected in the provisions of this Note valid and enforceable in accordance with its terms.

6. Representations and Warranties of the Holder. In connection with the transactions contemplated by this Note, the Holder hereby represents and warrants to the Company as follows:

6.1 Authorization. The Holder has full power and authority (and, if an individual, the capacity) to enter into this Note and to perform all obligations required to be performed

by it hereunder. This Note, when executed and delivered by the Holder, will constitute the Holder's valid and legally binding obligation, enforceable in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and any other laws of general application affecting enforcement of creditors' rights generally, and (b) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

6.2 Purchase Entirely for Own Account. The Holder acknowledges that this Note is made with the Holder in reliance upon the Holder's representation to the Company, which the Holder hereby confirms by executing this Note, that this Note and any Common Stock issuable upon conversion of this Note (collectively, the "**Securities**") will be acquired for investment for the Holder's own account, not as a nominee or agent (unless otherwise specified on the Holder's signature page hereto), and not with a view to the resale or distribution of any part thereof, and that the Holder has no present intention of selling, granting any participation in, or otherwise distributing the same. By executing this Note, the Holder further represents that the Holder does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to the Securities. If other than an individual, the Holder also represents it has not been organized solely for the purpose of acquiring the Securities.

6.3 Disclosure of Information; Non-Reliance. The Holder acknowledges that it has received all the information it considers necessary or appropriate to enable it to make an informed decision concerning an investment in the Securities. The Holder further represents that it has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Securities. The Holder confirms that the Company has not given any guarantee or representation as to the potential success, return, effect, or benefit (either legal, regulatory, tax, financial, accounting or otherwise) of an investment in the Securities. In deciding to purchase the Securities, the Holder is not relying on the advice or recommendations of the Company and has made its own independent decision that the investment in the Securities is suitable and appropriate for the Holder. The Holder understands that no federal or state agency has passed upon the merits or risks of an investment in the Securities or made any finding or determination concerning the fairness or advisability of this investment.

6.4 Investment Experience. The Holder is an investor in securities of companies in the development stage and acknowledges that it is able to fend for itself, can bear the economic risk of its investment, and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Securities.

6.5 Restricted Securities. The Holder understands that the Securities have not been, and will not be, registered under the Securities Act or state securities laws, by reason of specific exemptions from the registration provisions thereof which depend upon, among other things, the bona fide nature of the investment intent and the accuracy of the Holder's representations as expressed herein. The Holder understands that the Securities are "restricted securities" under U.S. federal and applicable state securities laws and that, pursuant to these laws, the Holder must hold the Securities indefinitely unless they are registered with the Securities and Exchange Commission ("**SEC**") and registered or qualified by state authorities,

or an exemption from such registration and qualification requirements is available. The Holder acknowledges that the Company has no obligation to register or qualify the Securities for resale and further acknowledges that, if an exemption from registration or qualification is available, it may be conditioned on various requirements including, but not limited to, the time and manner of sale, the holding period for the Securities, and on requirements relating to the Company that are outside of the Holder's control, and that the Company is under no obligation, and may not be able, to satisfy.

6.6 No Public Market. The Holder understands that no public market now exists for the Securities and that the Company has made no assurances that a public market will ever exist for the Securities.

6.7 No General Solicitation. The Holder, and its officers, directors, employees, agents, stockholders, or partners have not either directly or indirectly, including through a broker or finder solicited offers for or offered or sold the Securities by means of any form of general solicitation or general advertising within the meaning of Rule 502 of Regulation D under the Securities Act or in any manner involving a public offering within the meaning of Section 4(a)(2) of the Securities Act. The Holder acknowledges that neither the Company nor any other person offered to sell the Securities to it by means of any form of general solicitation or advertising within the meaning of Rule 502 of Regulation D under the Securities Act or in any manner involving a public offering within the meaning of Section 4(a)(2) of the Securities Act.

6.8 Residence. If the Holder is an individual, then the Holder resides in the state or province identified in the address shown on the Holder's signature page hereto. If the Holder is a partnership, corporation, limited liability company, or other entity, then the Holder's principal place of business is located in the state or province identified in the address shown on the Holder's signature page hereto.

6.9 Foreign Investors. If the Holder is not a United States person (as defined by Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended), the Holder hereby represents that it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for the Securities, including (a) the legal requirements within its jurisdiction for the purchase of the Securities; (b) any foreign exchange restrictions applicable to such purchase; (c) any governmental or other consents that may need to be obtained; and (d) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, conversion, redemption, sale, or transfer of the Securities. The Holder's subscription and payment for and continued beneficial ownership of the Securities will not violate any applicable securities or other laws of the Holder's jurisdiction. The Holder acknowledges that the Company has taken no action in foreign jurisdictions with respect to the Securities.

7. Default

7.1 Events of Default. Company shall be deemed to have materially breached its obligations and to be in default of this Note upon the occurrence of any of the below ("Events of Default"):

- (a) Material breach of any provision of this Note by Company;
- (b) Company fails to pay when due any amount payable under this Note;

(c) Company makes an assignment for the benefit of creditors or admits in writing or otherwise understood at Holder's discretion, Company's inability to pay Company's debts generally as they become due; or an order, judgment or decree is entered adjudicating Company bankrupt or insolvent; or any order for relief with respect to Company is entered under the Bankruptcy Code of 1978, as amended; or Company petitions or applies to any tribunal for the appointment of custodian, trustee, receiver or liquidator, or commences any proceeding relating to Company under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction; or any such petition or application is filed, or any such proceeding is commenced, against Company and either (A) Company by any act indicates Company's approval thereof, consents thereto or acquiesces therein or (B) such petition, application or proceeding is not dismissed within sixty (60) days; or

(d) The occurrence of any of the following with respect to any of Company's assets, at any time subsequent to the execution of this Note: (a) the issuance of any garnishment, attachment, levy, or any other form of execution; (b) the entry of a material adverse judgment by a court having jurisdiction; or (c) the consummation by Company of the sale of all or substantially all of the assets of Company.

7.2 Remedies Upon Event of Default.

(a) Company's Right to Cure. Company shall have THIRTY (30) days to cure any Event of Default.

(b) Default Interest Rate. Upon an Event of Default, the entire outstanding Principal, shall immediately become due and payable ("**Acceleration**") and interest shall begin to accrue at TWELVE PERCENT (12%) per annum ("**Default Interest Rate**");

(c) Attorney Fees, Remedies Not Exclusive. In the event of any Event of Default, the Company shall pay all reasonable attorneys' fees and costs incurred by Holder in enforcing its rights under the Note and the other loan documents and collecting any amounts due and payable under the Note. No right or remedy conferred upon or reserved to the Holder is intended to be exclusive of any other right or remedy, and every right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now and hereafter existing under applicable law.

8. Miscellaneous.

8.1 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Note will inure to the benefit of, and be binding upon, the respective successors and assigns of the parties; *provided, however*, that the Company may not assign its obligations under this Note without the written consent of the Holder. This Note is for the sole benefit of the parties hereto and their respective successors and permitted assigns, and nothing

herein, express or implied, is intended to or will confer upon any other person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Note.

8.2 Choice of Law. This Note, and all matters arising out of or relating to this Note, whether sounding in contract, tort, or statute, shall be governed by, and construed in accordance with, the laws and regulations of the State of California without regard to any law or principle that otherwise would cause the application of any law(s) of any other state or jurisdiction. Any dispute among the parties which cannot be settled by mutual agreement shall be subject to final and binding arbitration before a retired judge in accordance with the JAMS dispute resolution system located in Los Angeles, California. The losing party in any such arbitration shall bear 100% of the costs of such arbitration. The decision of the arbitrator shall be final and binding on the parties hereto and may be enforced by the prevailing party in any state (but not federal) court of competent subject matter jurisdiction located in Los Angeles County, State of California. Each party consents to the venue, and the personal jurisdiction over such Party, of such state courts located in Los Angeles County, State of California, in (or with respect to) any such action, suit, claim, or cause of action. Further, each party waives any and all arguments, motions, and other objections that any state court located in Los Angeles County, State of California, is an inconvenient forum (forum non conveniens) for any such action, suit, claim or cause of action

8.3 Counterparts. This Note may be executed in counterparts, each of which will be deemed an original, but all of which together will be deemed to be one and the same agreement. Counterparts may be delivered via facsimile, electronic mail (including PDF or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method, and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

8.4 Titles and Subtitles. The titles and subtitles used in this Note are included for convenience only and are not to be considered in construing or interpreting this Note.

8.5 Notices. All notices and other communications given or made pursuant hereto will be in writing and will be deemed effectively given: (a) upon personal delivery to the party to be notified; (b) when sent by email or confirmed facsimile; (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications will be sent to the respective parties at the addresses shown on the signature pages hereto (or to such email address, facsimile number or other address as subsequently modified by written notice given in accordance with this Section 8.5).

8.6 No Finder's Fee. Each party represents that it neither is nor will be obligated to pay any finder's fee, broker's fee, or commission in connection with the transactions contemplated by this Note. The Holder agrees to indemnify and to hold the Company harmless from any liability for any commission or compensation in the nature of a finder's or broker's fee arising out of the transactions contemplated by this Note (and the costs and expenses of defending against such liability or asserted liability) for which the Holder or any of its officers,

employees or representatives is responsible. The Company agrees to indemnify and hold the Holder harmless from any liability for any commission or compensation in the nature of a finder's or broker's fee arising out of the transactions contemplated by this Note (and the costs and expenses of defending against such liability or asserted liability) for which the Company or any of its officers, employees or representatives is responsible.

8.7 Expenses. Each party will pay all costs and expenses that it incurs with respect to the negotiation, execution, delivery, and performance of this Note.

8.8 Attorneys' Fees. If any action at law or in equity is necessary to enforce or interpret the terms of this Note, the prevailing party will be entitled to reasonable attorneys' fees, costs, and necessary disbursements in addition to any other relief to which such party may be entitled.

8.9 Entire Agreement; Amendments and Waivers. This Note constitutes the full and entire understanding and agreement between the parties with regard to the subject hereof. Any term of this Note may be amended, and the observance of any term may be waived (either generally or in a particular instance and either retroactively or prospectively), with the written consent of the Company and the Holder. Any waiver or amendment effected in accordance with this Section 8.9 will be binding upon each future holder of this Note and the Company.

8.10 Severability. If one or more provisions of this Note are held to be unenforceable under applicable law, such provisions will be excluded from this Note and the balance of the Note will be interpreted as if such provisions were so excluded and this Note will be enforceable in accordance with its terms.

8.11 Transfer Restrictions.

(a) "Market Stand-Off" Agreement. The Holder hereby agrees that it will not, without the prior written consent of the managing underwriter or the Company, during the Lock-Up Period: (A) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right, or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Common Stock (whether such shares or any such securities are then owned by the Holder or are thereafter acquired); or (B) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities, whether any such transaction described in clause (A) or (B) above is to be settled by delivery of Common Stock or other securities, in cash, or otherwise. The foregoing provisions of this Section 8.11(a) will: (x) apply only to the IPO and will not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement; (y) not apply to the transfer of any shares to any trust for the direct or indirect benefit of the Holder or the immediate family of the Holder, provided that the trustee of the trust agrees to be bound in writing by the restrictions set forth herein, and provided further that any such transfer will not involve a disposition for value; and (z) be applicable to the Holder only if all officers and directors of the Company are subject to the same restrictions and the Company uses

commercially reasonable efforts to obtain a similar agreement from all stockholders individually owning more than 5% of the outstanding Common Stock. Notwithstanding anything herein to the contrary (including, for the avoidance of doubt, Section 8.1), the underwriters in connection with the IPO are intended third-party beneficiaries of this Section 8.11(a) and will have the right, power, and authority to enforce the provisions hereof as though they were a party hereto. The Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in connection with the IPO that are consistent with this Section 8.11(a) or that are necessary to give further effect thereto.

In order to enforce the foregoing covenant, the Company may impose stop transfer instructions with respect to the Holder's registrable securities of the Company (and the Company shares or securities of every other person subject to the foregoing restriction) until the end of such period. The Holder agrees that a legend reading substantially as follows will be placed on all certificates representing all of the Holder's registrable securities of the Company (and the Company shares or securities of every other person subject to the restriction contained in this Section 8.11(a)):

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A LOCK-UP PERIOD BEGINNING ON THE EFFECTIVE DATE OF THE COMPANY'S REGISTRATION STATEMENT FILED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AS SET FORTH IN AN AGREEMENT BETWEEN THE COMPANY AND THE ORIGINAL HOLDER OF THESE SECURITIES, A COPY OF WHICH MAY BE OBTAINED AT THE COMPANY'S PRINCIPAL OFFICE. SUCH LOCK-UP PERIOD IS BINDING ON TRANSFEREES OF THESE SECURITIES.

(b) Further Limitations on Disposition. Without in any way limiting the representations and warranties set forth in this Note, the Holder further agrees not to make any disposition of all or any portion of the Securities unless and until the transferee has agreed in writing for the benefit of the Company to make the representations and warranties set out in Section 6 and the undertaking set out in Section 8.11(a) and:

(i) there is then in effect a registration statement under the Securities Act covering such proposed disposition, and such disposition is made in connection with such registration statement; or

(ii) the Holder has (A) notified the Company of the proposed disposition; (B) furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition; and (C) if requested by the Company, furnished the Company with an opinion of counsel reasonably satisfactory to the Company that such disposition will not require registration under the Securities Act.

The Holder agrees not to make any disposition of any of the Securities to the Company's competitors, as determined in good faith by the Company.

(c) Legends. The Holder understands and acknowledges that the Securities may bear the following legend:

THIS INSTRUMENT AND THE SECURITIES ISSUABLE UPON THE CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR UPON RECEIPT BY THE COMPANY OF AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED UNDER THE ACT OR UNLESS SOLD PURSUANT TO RULE 144 UNDER THE ACT.

8.12 Exculpation among Noteholders. The Holder acknowledges that it is not relying upon any person, firm, corporation, or stockholder, other than the Company and its officers and directors in their capacities as such, in making its investment or decision to invest in the Company.

8.13 Acknowledgment. For the avoidance of doubt, it is acknowledged that the Holder will be entitled to the benefit of all adjustments in the number of shares of the Company's capital stock as a result of any splits, recapitalizations, combinations, or other similar transactions affecting the Company's capital stock underlying the Conversion Shares that occur prior to the conversion of this Note.

8.14 Further Assurances. From time to time, the parties will execute and deliver such additional documents and will provide such additional information as may reasonably be required to carry out the terms of this Note and any agreements executed in connection herewith.

8.15 Limitation on Interest. In no event will any interest charged, collected, or reserved under this Note exceed the maximum rate then permitted by applicable law, and if any payment made by the Company under this Note exceeds such maximum rate, then such excess sum will be credited by the Holder as a payment of principal.

8.16 Officers and Directors not Liable. In no event will any officer or director of the Company be liable for any amounts due and payable pursuant to this Note.

8.17 Waiver of Jury Trial. EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS NOTE, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL

NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER REPRESENTS AND WARRANTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

[Signature page follows]

IN WITNESS WHEREOF, the Company has caused this Convertible Note to be duly executed by a duly authorized officer as of the date set forth above.

HIGHTIMES HOLDING CORP.

By: _____

Name: Paul Henderson

Title: Chief Executive Officer

Address: 2110 Narcissus Court

Venice, CA 90291

Email: paul@hightimes.com

Agreed to and accepted:

IF AN *INDIVIDUAL*:

Name:

Address:

Email :

IF AN *ENTITY*:

[PARTY NAME]

By: _____

Title:

Name:

Address:

Email:

EXHIBIT C

Form of Lock-Up Agreement

(see attached)

LOCK-UP AGREEMENT

THIS AGREEMENT is made as of [____], 2022 (the “**Effective Date**”), between and among [____] (“**Stockholder**”), and HIGHTIMES HOLDING CORP., a Delaware corporation (the “**Company**”). Stockholder and the Company are hereinafter sometimes individually referred to as a “**Party**” and collectively, the “**Parties**.”

RECITALS:

WHEREAS, in connection with that certain Membership Interest Purchase Agreement, dated April 8, 2022 (the “**Purchase Agreement**”) among the Company, as Buyer, and Courtney Zalewski and Sean Black, as representative of the selling members (the “**Seller Representatives**”), the Company has agreed to issue to Stockholder consideration consisting in part of up to [____] shares (the “**Subject Shares**”) of the Company’s Class A common stock, par value \$0.0001 per share (“**Hightimes Common Stock**”); and

WHEREAS, the Seller Representatives have agreed to cause Stockholder to have the Subject Shares locked up and restricted on Transfer (hereinafter defined) for a period of time following the Initial Trading Date (hereinafter defined);

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

1. Stockholder hereby agrees that it will not, except as otherwise provided for in Section 2 below, during the applicable Lock-up Period (defined below), directly or indirectly;
 - a. sell, offer, contract, or grant any option or right to sell, pledge, transfer, or otherwise dispose of Subject Shares, whether owned of record or beneficially;
 - b. enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of Subject Shares, whether any such swap or other agreement or transaction is to be settled by delivery of Subject Shares, in cash or otherwise; or
 - c. publicly announce an intention to do any of the foregoing (collectively a “**Transfer**”).
2. For purposes of this agreement:

“**Initial Trading Date**” means the first date that Hightimes Common Stock commences trading on the OTCQX Market or any other securities exchange.

“**Lock-up Period**” means the period commencing on the Initial Trading Date and expiring:

- a. With respect to the first 14.3% of Subject Shares (rounded down to the nearest share), the date that is six (6) months following the Initial Trading Date;

- b. With respect to the second 14.3% of Subject Shares (rounded down to the nearest share), the date that is nine (9) months following the Initial Trading Date;
 - c. With respect to the third 14.3% of Subject Shares (rounded down to the nearest share), the date that is twelve (12) months following the Initial Trading Date;
 - d. With respect to the fourth 14.3% of Subject Shares (rounded down to the nearest share), the date that is fifteen (15) months following the Initial Trading Date;
 - e. With respect to the fifth 14.3% of Subject Shares (rounded down to the nearest share), the date that is eighteen (18) months following the Initial Trading Date;
 - f. With respect to the sixth 14.3% of Subject Shares (rounded down to the nearest share), the date that is twenty-one (21) months following the Initial Trading Date; and
 - g. With respect to all remaining Subject Shares, the date that is twenty-four (24) months following the Initial Trading Date.
3. Notwithstanding the restrictions on Transfers of Subject Shares described above, the undersigned may undertake any of the following Transfers of Subject Shares during the applicable Lock-up Period:
- a. by way of pledge or security interest, provided that the pledgee or beneficiary of the security interest agrees in writing with Hightimes to be bound by this agreement for the remainder of the applicable Lock-up Period;
 - b. a Transfer to any Affiliate of a Stockholder; provided, that as a condition to any such Transfer, the Affiliate shall agree in writing with Hightimes to be bound by this agreement for the remainder of the applicable Lock-up Period;
 - c. a Transfer in a private placement of the Subject Shares (not into the market) to any person, corporations, partnerships, limited liability companies or other entities (each a "Private Transferee"), so long as such Private Transferee agrees in writing with Hightimes to be bound by this agreement for the remainder of the applicable Lock-up Period;
 - d. any transfer of Subject Shares pursuant to a bona fide third party take-over bid, merger, plan of arrangement or other similar transaction made to all holders of such Subject Shares, involving a change of control of Hightimes, provided that in the event that the take-over bid, merger, plan of arrangement or other such transaction is not completed, the Subject Shares owned by the undersigned shall remain subject to the restrictions contained in this agreement.
4. Each Stockholder hereby represents and warrants that it has full power and authority to enter into this agreement and that, upon request, it will execute any additional documents necessary or desirable in connection with the enforcement hereof.

5. This agreement is irrevocable and will be binding on each Stockholder and its successors, assigns, provided however that the Stockholders shall not assign this agreement without the prior written consent of Hightimes.
6. This agreement shall be governed and construed in accordance with the laws of the State of California applicable therein. All matters relating hereto shall be submitted to the state (but not federal) court of appropriate jurisdiction in the County of Los Angeles, State of California, for the purpose of this agreement and for all related proceedings.
7. This agreement will terminate on the close of trading of Hightimes Common Stock on the date that the last Lock-up Period expires.
8. This agreement may be executed in any number of counterparts, each of which when delivered, either in original or facsimile form, shall be deemed to be an original and all of which together shall constitute one and the same document.

[Signature page follows]

IN WITNESS WHEREOF, this Lock-Up Agreement has been duly executed by the parties set forth below as of the Effective Date.

HIGHTIMES HOLDING CORP.

By: _____
Name: Paul Henderson
Title: Chief Executive Officer

STOCKHOLDER:

[_____]

By: _____
Name: [_____] _____
Title: [_____]

[Signature page to Lock-Up Agreement]

EXHIBIT D

Form of Assignment

(see attached)

Assignment and Assumption of Membership Interests

This ASSIGNMENT AND ASSUMPTION AGREEMENT (this “**Agreement**”) is entered into as of the [] day of [], 2022 (the “**Effective Date**”), by and between [INSERT SELLER NAME], a[n] [individual resident of the State of California][California [limited liability company][corporation]] (“**Assignor**”), and Hightimes Holding Corp., a Delaware corporation (“**Assignee**”).

WHEREAS, Assignor is the owner of a membership interest representing []% of the issued and outstanding membership interests (the “**Assigned Interest**”) in The Mezz La Brea LLC, a California limited liability company (the “**Company**”); and

WHEREAS, pursuant to that certain Membership Interest Purchase Agreement, dated as of April 8, 2022 (the “**Purchase Agreement**”), by and among Assignee, as Buyer, and Courtney Zalewski and Sean Black, as representative of the members of the Company (the “**Seller Representatives**”), [the Seller Representatives, on behalf of Assignor and pursuant to Section 8.5 of the Operating Agreement of the Company, have][Assignor has] agreed to cause Assignor to sell, convey, transfer, assign, and deliver to Assignee, and Assignee has agreed to purchase from Assignor and assume and accept the liabilities associated with, the Assigned Interest, in each case subject to the terms and conditions of the Purchase Agreement; and

WHEREAS, Assignor desires to assign, transfer, and sell to Assignee the Assigned Interest, together with all other interest of Assignor in and to the Company, constituting 100% of Assignors interest in and to the Company.

NOW, THEREFORE, in consideration of the mutual covenants, terms, and conditions set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Assignment. Assignor hereby sells, conveys, transfers, assigns, and delivers to Assignee all of the Assignor’s right, title, and interest in and to the Assigned Interest, and Assignee hereby agrees to such sale, conveyance, transfer, assignment, and delivery and accepts the Assigned Interest.
2. Assumption. Assignee hereby assumes and agrees to pay, perform, pay, and discharge when due any and all liabilities based upon, arising out of or in connection with, or related in any manner to, the Assigned Interests as contemplated by the Purchase Agreement.
3. Substitution as Member. From and after the Effective Date, Assignee shall be substituted for Assignor as a member of the Company with respect to the Assigned Interests and shall become the sole member of the Company, and Assignor shall cease to be a member of the Company and shall cease to have or exercise any right or power as a member thereof or with respect to the Assigned Interests. Notwithstanding anything in the Company’s organizational documents to the contrary, the consummation of the transactions contemplated by this Agreement shall not cause the dissolution of the Company, and the Company’s business shall continue from and after the Effective Date.
4. Purchase Agreement. This Agreement is subject to, in all respects, the terms and

conditions of the Purchase Agreement, and nothing contained in this Agreement is meant to enlarge, diminish, or otherwise alter the terms and conditions of the Purchase Agreement or the Parties' respective rights, duties, liabilities and obligations contained therein. To the extent there is a conflict between this Agreement and the Purchase Agreement, the terms of the Purchase Agreement shall control. Assignor acknowledges and agrees that it shall be subject to the indemnification provisions of the Purchase Agreement set forth in Article VIII thereof.

5. Further Assurances. From time to time after the Effective Date, at either party's written request and without further consideration, the other party shall execute and deliver to such party such other instruments of sale, transfer, conveyance, assignment, and confirmation and provide such materials and information and take such other actions as such party may reasonably request in writing in order to consummate the transactions contemplated by this Agreement.

6. Amendments and Modifications. This Agreement may not be modified or amended in any manner other than by a written agreement signed by the party to be charged.

7. Assignment; Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. No Party may assign this Agreement or any of its rights, interests, or obligations hereunder without the express prior written consent of the other Party, and any attempted assignment without such consent shall be null and void *ab initio*.

8. Governing Law.

a. This Agreement shall be governed by, and construed in accordance with, the laws and regulations of the State of California without regard to any law or principle that otherwise would cause the application of any law(s) of any other state or jurisdiction. Any dispute among the parties which cannot be settled by mutual agreement shall be subject to final and binding arbitration before a retired judge in accordance with the JAMS dispute resolution system located in Los Angeles, California. The losing party in any such arbitration shall bear 100% of the costs of such arbitration. The decision of the arbitrator shall be final and binding on the parties hereto and may be enforced by the prevailing party in any court of competent subject matter jurisdiction located in Los Angeles County, State of California. Each party consents to the venue, and the personal jurisdiction over such Party, of such court located in Los Angeles County, State of California, in (or with respect to) any such action, suit, claim, or cause of action. Further, each party waives any and all arguments, motions, and other objections that any court located in Los Angeles County, State of California, is an inconvenient forum (forum non conveniens) for any such action, suit, claim or cause of action.

b. THE PARTIES TO THIS AGREEMENT EACH HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (I) ARISING UNDER THIS AGREEMENT OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES IN RESPECT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS RELATED HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN

CONTRACT, TORT, EQUITY OR OTHERWISE. EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT THE PARTIES MAY FILE A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

9. Counterparts. This Agreement may be executed in several counterparts (including facsimile or other electronic transmission), each of which shall be deemed an original and all of which shall together constitute one and the same instrument. This Agreement shall become effective when each Party shall have received a counterpart hereof signed by all of the other Parties. Until and unless each Party has received a counterpart hereof signed by the other Parties, this Agreement shall have no effect and no Party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication).

12. Defined Terms. Capitalized terms used herein, but not otherwise defined shall have the meanings ascribed to such terms in the Purchase Agreement.

12. Deed; Bill of Sale; Assignment. To the extent required and permitted by applicable law, this Agreement shall also constitute a "deed," "bill of sale" or an "assignment" of the Assigned Interests.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

ASSIGNOR:

IF AN *ENTITY*:

[PARTY NAME]

By: _____
Name:
Title:

Address:

Email:

IF AN *INDIVIDUAL*:

Name:

Address:

Email:

ASSIGNEE:

HIGHTIMES HOLDING CORP.

By: _____
Name: Paul Henderson
Title: Chief Executive Officer

Address: 2110 Narcissus Court
Venice, CA 90291

Email: paul@hightimes.com

[Signature Page to Assignment and Assumption of Membership Interests]

EXHIBIT E

Form of Management Services Agreement

(see attached)

MANAGEMENT SERVICES AGREEMENT

This MANAGEMENT SERVICES AGREEMENT ("Agreement") is effective May [], 2022 (the "Effective Date"), by and between Hightimes Holding Corp., a Delaware corporation, and its affiliates, subsidiaries, divisions, successors, and assigns ("Management Service Provider"), and The Mezz La Brea LLC, a California limited liability company ("Company"). Hereafter, Management Service Provider and Company may each be referred to as a "Party" and together as the "Parties."

RECITALS

WHEREAS, Company owns a license to operate a cannabis consumption lounge in West Hollywood, California pursuant to a Commercial Cannabis License from the City of West Hollywood ("Local License") and a cannabis Adult-Use and Medicinal License issued by the State of California ("State License"); and

WHEREAS, the Company desires to retain Management Service Provider to provide certain management services to the Company, and Management Service Provider is willing to provide such management services to the Company, upon the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and for other consideration, the adequacy and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Definitions.** In addition to the terms defined above, the following terms will have the following meanings when used in this Agreement:
 - 1.1. "Cannabis Goods" has the meaning ascribed thereto by the State Regulations.
 - 1.2. "State Regulations" means 3 CCR Division 8 (CDFA Regulations), 16 CCR Division 42 (BCC Regulations), 17 CCR Division 1 (MCSB Regulations), as may be amended from time to time.
 - 1.3. "Proprietary and Confidential Information" means all information known or intended to be known only to the disclosing Party, its subsidiaries, and its affiliates, and their employees, including any document, record, financial, or other information of the disclosing Party, or others in a confidential relationship with the disclosing Party, and further relates to specific business matters such as the disclosing Party's financial information, identity of customers and patients, policies and procedures, fee structures, trade secrets, proprietary know-how, account information, and other information relating to other business of the disclosing Party, its subsidiaries and affiliates, and their employees. Proprietary and Confidential Information does not include information readily accessible in the public domain by no fault of the non-disclosing Party.
 - 1.4. "Term" means the period beginning with the Effective Date and ending as specified in Section 6 of this Agreement.

All other terms will be construed according to their ordinary and common meaning unless otherwise specified or unless otherwise required by the context of this Agreement.

2. **Retention of Management; Management's Responsibilities.** The Company hereby retains Management Service Provider, and Management Service Provider hereby agrees, to provide to the Company certain management and administrative support services. Management Service Provider will have the sole and exclusive responsibility for the execution of the following management and administration functions (the "**Services**") which include, without limitation, the following:
- 2.1 Recruiting, hiring, investigating, paying, supervising, disciplining, terminating, and providing other human resources functions, employees to perform the type of work desired by Company, including, but not limited to, all associates, leads, supervisors, managers, and directors, ("**Assigned Employees**") under the Company's supervision where the Company shall have the right to approve job standards and wage rates and to approve or disapprove any Assigned Employees hired by the Management Service Provider;
 - 2.2 Payroll processing services including paying the Assigned Employees' wages and provide them with the benefits that Management Service Provider offers to them and paying, withholding, and transmitting payroll taxes, providing unemployment insurance and workers' compensation benefits, and handling unemployment and workers' compensation claims involving Assigned Employees;
 - 2.3 Requiring Assigned Employees to sign agreements acknowledging that they are not entitled to holidays, vacations, disability benefits, insurance, pensions, or retirement plans, or any other benefits offered or provided by Company;
 - 2.4 Requiring Assigned Employees to sign confidentiality agreements before they begin their assignments at Company;
 - 2.5 Taking any action that may be necessary to comply promptly with any and all orders, notices, or requirements affecting the Company issued by any federal, state, county, or municipal authority, and insurers; *provided, however*, that Management Service Provider shall not take any action as long as the Company is contesting or has affirmed its intention to contest any such order, notice, or requirement;
 - 2.6 Entering into contracts for necessary services, including water, electricity, gas, telephone, vermin extermination, and other necessary services;
 - 2.7 Contracting with manufacturers and distributors for all merchandise and other non-Cannabis Goods to be sold or used at the Premises, as permitted by the State Regulations.
 - 2.8 Placing orders for any equipment, tools, appliances, materials, and office supplies that are necessary to properly maintain the Company's operations;
 - 2.9 Contracting for and overseeing capital improvements to the Premises in accordance with the lease for the Premises and all applicable building codes;
 - 2.10 Contracting for and overseeing all security personnel for the Premises at a minimum as required by local law and the State Regulations;
 - 2.11 Assisting with obtaining and maintaining all forms of insurance needed to adequately protect the Company, its Members, Directors, Officers, employees, as their respective interests may appear (or as required by law), including workers' compensation insurance, liability insurance, fire and extended coverage insurance, and burglary and theft insurance;

- 2.12 Administering all accounts payable and accounts receivable, using reasonable commercial efforts to ensuring timely collection of all amounts due and timely payment of all amounts due, provided Company makes sufficient funds available therefor;
 - 2.13 Causing the expenses and debts of the Company to be paid, including, but not limited to, rent, advertising, vehicle related expenses, banking charges, licensing fees, taxes, consulting and professional fees, repairs and improvements, and waste management fees;
 - 2.14 Working in conjunction with an accountant, prepare for execution and filing by the Company of all forms, reports, exemption requests, and returns required by law in connection with unemployment insurance, workers' compensation insurance, disability benefits, Social Security, franchise tax, income tax, and other similar taxes now in effect or hereafter imposed;
 - 2.15 Reviewing and maintaining Company comprehensive system of books and records, including books of account and financial records, and contracting for annual audits thereof in accordance with United States Generally Accepted Accounting Principles (GAAP);
 - 2.16 Creating, reviewing, overseeing, and administering all capital, operating, and cash flow projections, and budgets;
 - 2.17 Establishing and maintaining, in a bank, savings and loan, or credit union located in this State, accounts for the deposit and disbursement of the monies of the Company;
 - 2.18 On behalf of Company, creating, contracting for, and administering all marketing, advertising, packaging, and labeling for Company; and
 - 2.19 Such other management and administrative services which the parties shall mutually determine are necessary for the efficient operation of the Company's business and affairs. The Parties agree that the Services shall be provided by the Assigned Employees of Service Provider listed on **EXHIBIT A** hereto, or third-party providers hired by Service Provider.
3. **Relationship of the Parties.** This Agreement is not one of agency between Management Service Provider and the Company, but one in which Management Service Provider is engaged to provide management oversight and administration support services as an independent contractor. All employment arrangements are therefore solely Management Service Provider's concern, and the Company shall not have any liability with respect thereto except as otherwise expressly set forth herein.
4. **Company's Responsibilities.** Company will have the following responsibilities:
- 4.1. Ensuring that all of its directors, officers, employees, agents, and contractors are aware of Management Service Provider's authority and responsibilities as articulated in this Agreement and that such persons comply with the directions of the Management Service Provider in accordance with this Agreement.
 - 4.2. Ensuring that all of its directors, officers, employees, agents, and contractors who may have some responsibility under or authority on behalf of Company take any and all actions necessary to maintain Company, its licenses, permits, registrations, and other entitlements in good standing and to cause Company to comply with all laws and regulations regarding commercial cannabis businesses under State and local law.

5. **Compensation and Reports.**

- 5.1. **Compensation.** As consideration for the performance of the Services, the Management Service Provider shall receive all income from the operations and be responsible for paying all expenses incurred, including, but not limited to the following (collectively, the “**Expenses**”):

- 5.1.1. Rent;
- 5.1.2. Utilities;
- 5.1.3. Security;
- 5.1.4. State and local licensing fees;
- 5.1.5. State and local taxes;
- 5.1.6. Cost of goods;
- 5.1.7. Insurance, including but not limited to worker’s compensation insurance and liability insurance;
- 5.1.8. Maintenance and cleaning costs;
- 5.1.9. All actual costs associated with payroll and payroll processing including, but not limited to health and welfare benefits and coverage, monthly base salary, associated employer payroll taxes and matching 401(k) contributions;
- 5.1.10. Advertising, promotion, and marketing expenses;
- 5.1.11. Bank service charges;
- 5.1.12. Dues and subscriptions;
- 5.1.13. GPS permit fees;
- 5.1.14. Interest expenses;
- 5.1.15. Late fees or penalties;
- 5.1.16. Office supplies;
- 5.1.17. Postage and shipping;
- 5.1.18. Professional fees, including but not limited to accounting, legal and consulting fees;
- 5.1.19. Internet and telephone charges;
- 5.1.20. Business software; and
- 5.1.21. Other miscellaneous office expenses directly arising from the operation of the business.

If, after payment of Expenses, there is any income, said income shall be paid to Management Service Provider. If, after payment of Expenses, there is a loss, said losses shall be paid by the Management Service Provider.

- 5.2. **Monthly Reports.** Within thirty (30) days after the end of each month, Management Service Provider shall furnish the Company with a statement showing operating costs and management fees and expenses, and the total payments made by the Management Service Provider with respect thereto during the previous month (“**Monthly Statement**”). Unless the Company raises any objections to Management Service Provider’s Monthly Statement within five (5) days after receipt of the same, such statement shall conclusively be deemed correct and the Company shall have no right thereafter to dispute such statement or any item therein or the computation. If the Company does object to such Monthly Statement, then Management Service Provider shall provide the Company with reasonable verification of the figures shown on the statement and the parties shall negotiate in good faith to resolve any disputes. Any objection of the Company to Management Service Provider’s Monthly Statement and resolution of any dispute shall not postpone the time for payment of any amounts due to the Management Service Provider from the Company, nor shall any failure

of the Management Service Provider to deliver Monthly Statement in a timely manner relieve the Company from its obligation to pay any amounts due to the Management Service Provider based on Monthly Statement.

6. **Term.** This Agreement will commence on the Effective Date and shall continue until the Bureau of Cannabis Control informs Management Service Provider that the Management Service Provider's request for a change of ownership reflecting Management Service Provider as the Owner of Company has been processed ("Change of Ownership"). Upon the Change of Ownership, this Agreement will terminate.

7. **Representations, Warranties, and Covenants.**

- 7.1. Company hereby represents and warrants as of the Effective Date and for all times during the Term:
- 7.1.1. Company will operate in compliance with *Division 10 of the California Business and Professions Code*, the State Regulations, and all other California and local laws governing businesses regulated by *Division 10 of the California Business and Professions Code*; and
- 7.1.2. Company is a limited liability company and will remain as such, duly organized, validly existing, and in good standing under California law.
- 7.2. Management Service Provider hereby represents and warrants as of the Effective Date and for all times during the Term:
- 7.2.1. Management Service Provider will operate in compliance with *Division 10 of the California Business and Professions Code*, the State Regulations, and all other California and local laws governing businesses regulated by *Division 10 of the California Business and Professions Code*;
- 7.2.2. Management Service Provider is a limited liability company and will remain as such, duly organized, validly existing, and in good standing under California law; and
- 7.2.3. Any professionals employed by Management Service Provider to render services are and will remain duly licensed, certified, and/or registered, as applicable, to render the services for which such professionals have been employed or engaged.

8. **Disclaimer of Further Warranties.**

- 8.1. THE PARTIES MAKE NO REPRESENTATIONS, EXTEND NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, AND ASSUME NO RESPONSIBILITIES WHATSOEVER WITH RESPECT TO THE BUSINESS ACTIVITIES UNDER THIS AGREEMENT EXCEPT AS SPECIFICALLY STATED HEREIN.
- 8.2. The Parties hereby acknowledge and agree that (i) they are sophisticated business entities that have entered into this Agreement for the limited purposes set forth in this Agreement and that the rights and obligations of the Parties are contractual in nature; and (ii) they have not made any warranties or guarantees of any nature with respect to the economic,

financial, or other results that may be obtained or experienced by one another.

9. **Indemnification.**

- 9.1. **Exculpation of Management Service Provider.** Neither Management Service Provider nor its officers, directors, agents and employees shall be liable to the Company for any claims, actions, losses, damages, liabilities, causes of action, fines, costs and expenses (including reasonable investigation costs and reasonable attorneys', experts' and consultants' fees) ("**Losses**") suffered or incurred by the Company, directly or indirectly, in connection with the performance of the Services, except to the extent such Losses are caused by willful misconduct or gross negligence of the Management Service Provider. No party hereto shall be liable to the other party for, and the term Losses shall not include, any lost profits, lost sales, business interruption, decline in value, lost business opportunities, or consequential, incidental, punitive or exemplary damages; provided, however, that this waiver shall not limit a party's right to indemnification for liabilities incurred by such party to a third party (other than the members of the Management Service Provider) claiming such items as damages.-
- 9.2. **Company's Indemnification of Management Service Provider.** The Company shall indemnify, defend and hold harmless the Management Service Provider and its affiliates, directors, officers, members, managers, agents, and employees (the "**Management Service Provider Indemnified Parties**") from and against all Losses arising from the claims of any third party to the extent such claims arise directly or indirectly out of the Management Service Provider's performance of the Services, including any Losses arising out of or otherwise related to the Management Service Provider's employment of the Assigned Employees and the furnishing of such Assigned Employees to the Company; provided, however, the Company shall not be responsible for indemnifying or defending any of the Management Service Provider Indemnified Parties or otherwise be liable to any of the Management Service Provider Indemnified Parties with respect to any Losses arising from Management Service Provider's willful misconduct or gross negligence.
- 9.3. **Management Service Provider's Indemnification of Company.** The Management Service Provider shall indemnify, defend and hold harmless the Company, its members and employees and directors, officers and agents of the members (the "**Company Indemnified Parties**") from and against all Losses resulting directly or indirectly from any act or omission by the Management Service Provider that constitutes willful misconduct or gross negligence; provided, however, the Management Service Provider shall not be responsible for indemnifying or defending any of the Company Indemnified Parties or otherwise be liable to any of the Company Indemnified Parties with respect to any Losses for which the Company is obligated to indemnify the Service Provider as provided in Section 9.2.
- 9.4. **Special Indemnification Provisions.** The indemnification obligations of the Company under Section 9.2 and the Management Service Provider under Section 9.3 shall in each case be conditioned upon (a) prompt notice from the other party hereto after such Person learns of any claim or basis therefor which is covered by such indemnity (except to the extent that the failure to provide prompt notice does not prejudice the indemnifying party), (b) such party's not taking any steps which would bar the Company or the Management Service Provider, as the case may be, from obtaining recovery under applicable insurance policies or would prejudice the defense of the claim in question and (c) such party's taking of all reasonably necessary steps which if not taken would result in the Company or the Management Service Provider, as the case may be, being barred from obtaining recovery

under applicable insurance policies or would prejudice the defense of the claim in question.

10. **Confidentiality.** As used in this Agreement, Confidential Information means information, including, without limitation, information (a) identified by the disclosing Party as confidential, or (b) is reasonably understood by the receiving Party to be confidential, and includes, but is not limited to, all information not generally known to the public, in spoken, printed, electronic or any other form or medium, relating directly or indirectly to a Party's business processes, owners, financial interest holders, controlling persons, practices, methods, policies, plans, publications, documents, research, operations, services, strategies, techniques, agreements, contracts, terms of agreements, transactions, potential transactions, negotiations, pending negotiations, work-in-process, databases, manuals, records, material, sources of material, supplier information, vendor information, financial information, results, accounting information, accounting records, marketing information, pricing information, design information, payroll information, personnel information, supplier lists, vendor lists, developments, reports, internal controls, security procedures, market studies, sales information, revenue, costs, formulae, product plans, designs, styles, models, ideas, specifications, customer information, customer lists, client information, client lists, manufacturing information, distributor lists, buyer lists, Intellectual Property, improvements to the Intellectual Property and both the existence and the terms of this Agreement. A Party's Confidential Information expressly includes, without limitation, the Standards and recipes for the Products, which is proprietary to and a trade secret of the Company.

- 10.1. **Access to Confidential Information.** The Parties agree and acknowledge that as a result of this Agreement, each party will receive and have access to information, including, without limitation, information regarding information (a) identified by the disclosing Party as confidential, or (b) is reasonably understood by the receiving Party to be confidential, and includes, but is not limited to, all information not generally known to the public, in spoken, printed, electronic or any other form or medium, relating directly or indirectly to a Party's business processes, owners, financial interest holders, controlling persons, practices, methods, policies, plans, publications, documents, research, operations, services, strategies, techniques, agreements, contracts, terms of agreements, transactions, potential transactions, negotiations, pending negotiations, work-in-process, databases, manuals, records, material, sources of material, supplier information, vendor information, financial information, results, accounting information, accounting records, marketing information, pricing information, design information, payroll information, personnel information, supplier lists, vendor lists, developments, reports, internal controls, security procedures, market studies, sales information, revenue, costs, formulae, product plans, designs, styles, models, ideas, specifications, customer information, customer lists, client information, client lists, manufacturing information, distributor lists, buyer lists, Intellectual Property, Improvements and both the existence and the terms of this Agreement. Each Party's Confidential Information expressly includes, without limitation, the Recipes, which is proprietary to and a trade secret of the Party and which is governed by this Section, all of which will be considered "**Confidential Information**." Each Party covenants and warrants to the other Party that it will not disclose or divulge Confidential Information except to the extent: (i) required by law, (ii) to protect its interests in any dispute or litigation, (iii) necessary to perform its obligations under this Agreement, or (iv) if such information becomes publicly available without breach of this Section. The Parties' obligations under this Section will survive any termination or expiration of this Agreement. Management Service Provider shall, and shall cause its officers, directors, managers, principals, members, employees (including the Assigned Employees), agents and representatives (collectively, "**Representatives**") to comply with these confidentiality provisions.

10.2. Injunctive Relief. The Parties hereby acknowledge that breach of the covenants contained in this Section will cause irreparable harm to the non-breaching party. Notwithstanding any other provision of this Agreement, a party may enforce the above-described covenants and warranties by injunction, both preliminary and permanent, it being agreed that the posting of an injunction bond of no less than \$5,000.00 to indemnify the other party against costs or damages which might be incurred by virtue of any temporary injunction. Nothing herein will be construed as prohibiting a Party from pursuing any other legal or equitable remedy available due to the breach of the provisions of this Section. The failure by either Party to adhere to any of the terms of this Section will be a material breach of this Agreement.

11. Miscellaneous Provisions.

11.1. Survival. The terms and conditions stated in Section 4, 5, 6, 7, 8, 9, 10, 11, and 12 shall survive the termination of this Agreement.

11.2. Counterparts. This Agreement may be executed in one or more counterparts, including by facsimile and portable document format (.pdf) delivery, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. The Parties agree and acknowledge that delivery of a signature by facsimile or in .pdf form shall constitute execution by such signatory.

11.3. Invalidity. In the event that any one or more of the provisions contained in this Agreement or in any other instrument referred to herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any other such instrument, and such invalid, illegal or unenforceable provision shall be interpreted so as to give the maximum effect of such provision allowable by law.

11.4. Additional Documents. Each of the Parties hereto agree to execute any document or documents that may be requested from time to time by the other Party to implement or complete such Party's obligations pursuant to this Agreement and to otherwise cooperate fully with such other Party in connection with the performance of such Party's obligations under this Agreement.

11.5. Notices. All notices required or permitted by this Agreement or by law will be in writing and deemed duly served, delivered, and received when personally delivered to the Party to whom directed or, instead, three (3) days after deposit in the U.S. mail, certified or registered, return receipt requested, first-class postage prepaid, addressed as indicated below. Delivery by electronic mail as indicated below will constitute personal delivery if receipt of delivery is capable of confirmation. Either Party may change this address by giving written notice of the change to the other Party as provided herein.

As to Company:

The Mezz La Brea LLC
1209 N. La Brea Ave.
West Hollywood, CA 90038
Attention: Paul Henderson
Email: paul@hightimes.com

As to Management Service Provider:

Hightimes Holding Corp.
2110 Narcissus Court
Venice, CA 90291
Attention: Paul Henderson
Email: paul@hightimes.com

- 11.6. Waiver. The failure of either Party at any time to enforce any of the provisions of this Agreement will not be deemed or construed to be a waiver of any such provision, nor in any way to affect the validity of this Agreement, any provisions hereof, or the right of either Party to thereafter enforce each and every provision of this Agreement. No waiver of any breach of any of the provisions of this Agreement will be effective unless set forth in a written instrument executed by the waiving Party; and no waiver of any such breach will be construed or deemed to be a waiver of any other or subsequent breach except as otherwise noted therein. Failure of either Party to require the performance of any term in this Agreement will not prevent subsequent enforcement of such term nor be deemed a waiver of any subsequent breach.
- 11.7. Relevant Laws. Company operates a cannabis business in the State of California. The parties hereby acknowledge that they understand:
- 11.7.1. *Federal Law*. The sale of cannabis, which is considered a Schedule I narcotic pursuant to 21 U.S.C. § 811, et seq., short titled the Controlled Substance Act and all applicable regulations promulgated thereunder, is prohibited by Federal law.
- 11.7.2. *State Law*. Recreational and medicinal cannabis has been legalized in the State of California since January 1, 2018, pursuant to the passage of Proposition 64 and adoption of the Medicinal and Adult-Use Cannabis Regulation and Safety Act.
- 11.7.3. *Tax Liability*. As cannabis is a Schedule I narcotic, pursuant to 26 U.S. Code §280E, cannabis businesses cannot take any deduction or credit for any amount paid or incurred during the taxable year.
- 11.7.4. *Forfeiture*. The Federal government could begin forfeiture, civil, or criminal proceedings against any cannabis business, its owners, officers, directors, agents, affiliates, and/or investors.
- 11.8. Entire Agreement. This Agreement, including exhibits and appendices, constitutes the entire agreement and understanding between the Parties and cancels, terminates, and supersedes any prior agreement or understandings, written or oral, relating to the subject matter hereof. There are no representations, promises, agreements, warranties, covenants, or understandings other than those contained herein.
- 11.9. Modification. No modification of or amendment to this Agreement will be effective unless in a writing signed by the Parties.
- 11.10. Force Majeure. A Party will not be deemed to be in default of this Agreement or to have committed a breach if prevented from performing any obligation hereunder for any reason beyond its control, including but not limited to, acts of god, war, civil commotion, fire, flood or casualty, labor difficulties, shortages of or inability to obtain labor, materials, or equipment, governmental regulations or restrictions, or unusually severe weather. In any such case, the Parties agree to negotiate in good faith with the goal of preserving this

Agreement and the respective rights and obligations of the Parties hereunder to the extent reasonably practicable. Lack of financial resources, insolvency, or commercial impracticability will be deemed within a Party's reasonable control.

- 11.11. Construction, Choice of Law, and Venue Selection. The headings and/or captions used in connection with this Agreement are for reference purposes only and will not be construed as part of this Agreement. This Agreement will be construed and interpreted in accordance with the laws of the State of California, without regard to the principles regarding conflict of laws, and as though drafted equally by the Parties and their attorneys. The provisions of federal law will have no bearing or effect on the construction of this Agreement except as required by the United States Constitution. The Parties agree that any action or proceeding to enforce or relating to this Agreement will be brought exclusively in the state courts located in the County of Los Angeles, State of California. The Parties hereto consent to the exercise of personal jurisdiction by the state courts of the State of California.
- 11.12. References; Headings; Interpretation. All references in this Agreement to Exhibits, Articles, Sections, subsections, and other subdivisions refer to the corresponding Exhibits, Articles, Sections, subsections, and other subdivisions of or to this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any Articles, Sections, subsections, or other subdivisions of this Agreement are for convenience only, do not constitute any part of this Agreement, and shall be disregarded in construing the language hereof. The words "this Agreement," "herein," "hereby," "hereunder" and "hereof" and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The words "this Article," "this Section" and "this subsection" and words of similar import refer only to the Article, Section, or subsection hereof in which such words occur. The word "or" is not exclusive, and the word "including" (in its various forms) means "including, without limitation." Pronouns in masculine, feminine or neuter genders shall be construed to state and include any other gender, and words, terms, and titles (including terms defined herein) in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.
- 11.13. Independent Contractor. Nothing herein will be construed to create any relationship of employer and employee or agent and principal, or to create a partnership or joint venture between the Parties. The Parties will be considered independent contractors of one another.
- 11.14. Non-Assignment and Non-Transferability. Neither Party may, without written approval of the other Party, assign this Agreement or transfer its interest or any part thereof under this Agreement to any third party. Any assignment or transfer made without such prior written approval will be null and void. For purposes of this Agreement, an assignment will include a change in the majority ownership or control of a Party. Further, the assets of Company are not capable of being sold, assigned, transferred, or conveyed without the approval, consent or waiver of Management Service Provider and such sale, assignment, transfer or conveyance shall constitute breach of this Agreement.
- 11.15. Severability. Although the restrictions contained in this Agreement are considered by the Parties to be reasonable for the purpose of contractual obligations, if any such restriction is found by a court of competent jurisdiction to be unenforceable, such provision will be modified, rewritten, or interpreted to include as much of its nature and scope as will render it enforceable. If it cannot be so modified, rewritten, or interpreted to be enforceable in any respect, it will not be given effect, and the remainder of the Agreement will be enforced as

if such provision were not included.

- 11.16. Attorney's Fees. In any action or proceeding founded on the terms of this Agreement, the prevailing party will be entitled to its legal costs and reasonable attorney's fees.
- 11.17. No Third-Party Beneficiaries. This Agreement is solely for the benefit of the Parties hereto and their successors and assigns permitted under this Agreement, and no provisions of this Agreement shall be deemed to confer upon any other persons any remedy, claim, liability, reimbursement, cause of action or other right except as expressly provided herein.
- 11.18. No Presumption Against Any Party. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against any Party, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by each of the Parties and their counsel and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all Parties hereto.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have each executed this Agreement to be effective as of the Effective Date.

MANAGEMENT SERVICE PROVIDER

HIGHTIMES HOLDING CORP.

By: _____
Name: Paul Henderson
Title: Chief Executive Officer

COMPANY

THE MEZZ LA BREA LLC

By: _____
Name: Courtney Zalewski
Title: Manager

[Signature Page to Management Services Agreement]

EXHIBIT A
Assigned Employees

[illegible]

MANAGEMENT SERVICES AGREEMENT

This MANAGEMENT SERVICES AGREEMENT (“**Agreement**”) is effective May 6, 2022 (the “**Effective Date**”), by and between Hightimes Holding Corp., a Delaware corporation, and its affiliates, subsidiaries, divisions, successors, and assigns (“**Management Service Provider**”), and The Mezz La Brea LLC, a California limited liability company (“**Company**”). Hereafter, Management Service Provider and Company may each be referred to as a “**Party**” and together as the “**Parties**.”

RECITALS

WHEREAS, Company owns a license to operate a cannabis consumption lounge in West Hollywood, California pursuant to a Commercial Cannabis License from the City of West Hollywood (“**Local License**”) and a cannabis Adult-Use and Medicinal License issued by the State of California (“**State License**”); and

WHEREAS, the Company desires to retain Management Service Provider to provide certain management services to the Company, and Management Service Provider is willing to provide such management services to the Company, upon the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and for other consideration, the adequacy and sufficiency of which is hereby acknowledged, the Parties agree as follows:

- I. **Definitions.** In addition to the terms defined above, the following terms will have the following meanings when used in this Agreement:
 - 1.1. “**Cannabis Goods**” has the meaning ascribed thereto by the State Regulations.
 - 1.2. “**State Regulations**” means 3 CCR Division 8 (CDFA Regulations), 16 CCR Division 42 (BCC Regulations), 17 CCR Division 1 (MCSB Regulations), as may be amended from time to time.
 - 1.3. “**Proprietary and Confidential Information**” means all information known or intended to be known only to the disclosing Party, its subsidiaries, and its affiliates, and their employees, including any document, record, financial, or other information of the disclosing Party, or others in a confidential relationship with the disclosing Party, and further relates to specific business matters such as the disclosing Party’s financial information, identity of customers and patients, policies and procedures, fee structures, trade secrets, proprietary know-how, account information, and other information relating to other business of the disclosing Party, its subsidiaries and affiliates, and their employees. Proprietary and Confidential Information does not include information readily accessible in the public domain by no fault of the non-disclosing Party.
 - 1.4. “**Term**” means the period beginning with the Effective Date and ending as specified in Section 6 of this Agreement.

All other terms will be construed according to their ordinary and common meaning unless otherwise specified or unless otherwise required by the context of this Agreement.

2. **Retention of Management; Management's Responsibilities.** The Company hereby retains Management Service Provider, and Management Service Provider hereby agrees, to provide to the Company certain management and administrative support services. Management Service Provider will have the sole and exclusive responsibility for the execution of the following management and administration functions (the "**Services**") which include, without limitation, the following:
- 2.1 Recruiting, hiring, investigating, paying, supervising, disciplining, terminating, and providing other human resources functions, employees to perform the type of work desired by Company, including, but not limited to, all associates, leads, supervisors, managers, and directors, ("**Assigned Employees**") under the Company's supervision where the Company shall have the right to approve job standards and wage rates and to approve or disapprove any Assigned Employees hired by the Management Service Provider;
 - 2.2 Payroll processing services including paying the Assigned Employees' wages and provide them with the benefits that Management Service Provider offers to them and paying, withholding, and transmitting payroll taxes, providing unemployment insurance and workers' compensation benefits, and handling unemployment and workers' compensation claims involving Assigned Employees;
 - 2.3 Requiring Assigned Employees to sign agreements acknowledging that they are not entitled to holidays, vacations, disability benefits, insurance, pensions, or retirement plans, or any other benefits offered or provided by Company;
 - 2.4 Requiring Assigned Employees to sign confidentiality agreements before they begin their assignments at Company;
 - 2.5 Taking any action that may be necessary to comply promptly with any and all orders, notices, or requirements affecting the Company issued by any federal, state, county, or municipal authority, and insurers; *provided, however*, that Management Service Provider shall not take any action as long as the Company is contesting or has affirmed its intention to contest any such order, notice, or requirement;
 - 2.6 Entering into contracts for necessary services, including water, electricity, gas, telephone, vermin extermination, and other necessary services;
 - 2.7 Contracting with manufacturers and distributors for all merchandise and other non-Cannabis Goods to be sold or used at the Premises, as permitted by the State Regulations.
 - 2.8 Placing orders for any equipment, tools, appliances, materials, and office supplies that are necessary to properly maintain the Company's operations;
 - 2.9 Contracting for and overseeing capital improvements to the Premises in accordance with the lease for the Premises and all applicable building codes;
 - 2.10 Contracting for and overseeing all security personnel for the Premises at a minimum as required by local law and the State Regulations;
 - 2.11 Assisting with obtaining and maintaining all forms of insurance needed to adequately protect the Company, its Members, Directors, Officers, employees, as their respective interests may appear (or as required by law), including workers' compensation insurance, liability insurance, fire and extended coverage insurance, and burglary and theft insurance;

- 2.12 Administering all accounts payable and accounts receivable, using reasonable commercial efforts to ensuring timely collection of all amounts due and timely payment of all amounts due, provided Company makes sufficient funds available therefor;
 - 2.13 Causing the expenses and debts of the Company to be paid, including, but not limited to, rent, advertising, vehicle related expenses, banking charges, licensing fees, taxes, consulting and professional fees, repairs and improvements, and waste management fees;
 - 2.14 Working in conjunction with an accountant, prepare for execution and filing by the Company of all forms, reports, exemption requests, and returns required by law in connection with unemployment insurance, workers' compensation insurance, disability benefits, Social Security, franchise tax, income tax, and other similar taxes now in effect or hereafter imposed;
 - 2.15 Reviewing and maintaining Company comprehensive system of books and records, including books of account and financial records, and contracting for annual audits thereof in accordance with United States Generally Accepted Accounting Principles (GAAP);
 - 2.16 Creating, reviewing, overseeing, and administering all capital, operating, and cash flow projections, and budgets;
 - 2.17 Establishing and maintaining, in a bank, savings and loan, or credit union located in this State, accounts for the deposit and disbursement of the monies of the Company;
 - 2.18 On behalf of Company, creating, contracting for, and administering all marketing, advertising, packaging, and labeling for Company; and
 - 2.19 Such other management and administrative services which the parties shall mutually determine are necessary for the efficient operation of the Company's business and affairs. The Parties agree that the Services shall be provided by the Assigned Employees of Service Provider listed on **EXHIBIT A** hereto, or third-party providers hired by Service Provider.
3. **Relationship of the Parties.** This Agreement is not one of agency between Management Service Provider and the Company, but one in which Management Service Provider is engaged to provide management oversight and administration support services as an independent contractor. All employment arrangements are therefore solely Management Service Provider's concern, and the Company shall not have any liability with respect thereto except as otherwise expressly set forth herein.
4. **Company's Responsibilities.** Company will have the following responsibilities:
- 4.1. Ensuring that all of its directors, officers, employees, agents, and contractors are aware of Management Service Provider's authority and responsibilities as articulated in this Agreement and that such persons comply with the directions of the Management Service Provider in accordance with this Agreement.
 - 4.2. Ensuring that all of its directors, officers, employees, agents, and contractors who may have some responsibility under or authority on behalf of Company take any and all actions necessary to maintain Company, its licenses, permits, registrations, and other entitlements in good standing and to cause Company to comply with all laws and regulations regarding commercial cannabis businesses under State and local law.

5. **Compensation and Reports.**

- 5.1. **Compensation.** As consideration for the performance of the Services, the Management Service Provider shall receive all income from the operations and be responsible for paying all expenses incurred, including, but not limited to the following (collectively, the “**Expenses**”):

- 5.1.1. Rent;
- 5.1.2. Utilities;
- 5.1.3. Security;
- 5.1.4. State and local licensing fees;
- 5.1.5. State and local taxes;
- 5.1.6. Cost of goods;
- 5.1.7. Insurance, including but not limited to worker’s compensation insurance and liability insurance;
- 5.1.8. Maintenance and cleaning costs;
- 5.1.9. All actual costs associated with payroll and payroll processing including, but not limited to health and welfare benefits and coverage, monthly base salary, associated employer payroll taxes and matching 401(k) contributions;
- 5.1.10. Advertising, promotion, and marketing expenses;
- 5.1.11. Bank service charges;
- 5.1.12. Dues and subscriptions;
- 5.1.13. GPS permit fees;
- 5.1.14. Interest expenses;
- 5.1.15. Late fees or penalties;
- 5.1.16. Office supplies;
- 5.1.17. Postage and shipping;
- 5.1.18. Professional fees, including but not limited to accounting, legal and consulting fees;
- 5.1.19. Internet and telephone charges;
- 5.1.20. Business software; and
- 5.1.21. Other miscellaneous office expenses directly arising from the operation of the business.

If, after payment of Expenses, there is any income, said income shall be paid to Management Service Provider. If, after payment of Expenses, there is a loss, said losses shall be paid by the Management Service Provider.

- 5.2. **Monthly Reports.** Within thirty (30) days after the end of each month, Management Service Provider shall furnish the Company with a statement showing operating costs and management fees and expenses, and the total payments made by the Management Service Provider with respect thereto during the previous month (“**Monthly Statement**”). Unless the Company raises any objections to Management Service Provider’s Monthly Statement within five (5) days after receipt of the same, such statement shall conclusively be deemed correct and the Company shall have no right thereafter to dispute such statement or any item therein or the computation. If the Company does object to such Monthly Statement, then Management Service Provider shall provide the Company with reasonable verification of the figures shown on the statement and the parties shall negotiate in good faith to resolve any disputes. Any objection of the Company to Management Service Provider’s Monthly Statement and resolution of any dispute shall not postpone the time for payment of any amounts due to the Management Service Provider from the Company, nor shall any failure

of the Management Service Provider to deliver Monthly Statement in a timely manner relieve the Company from its obligation to pay any amounts due to the Management Service Provider based on Monthly Statement.

6. **Term.** This Agreement will commence on the Effective Date and shall continue until the Bureau of Cannabis Control informs Management Service Provider that the Management Service Provider's request for a change of ownership reflecting Management Service Provider as the Owner of Company has been processed ("Change of Ownership"). Upon the Change of Ownership, this Agreement will terminate.

7. **Representations, Warranties, and Covenants.**

- 7.1. Company hereby represents and warrants as of the Effective Date and for all times during the Term:
- 7.1.1. Company will operate in compliance with *Division 10 of the California Business and Professions Code*, the State Regulations, and all other California and local laws governing businesses regulated by *Division 10 of the California Business and Professions Code*; and
- 7.1.2. Company is a limited liability company and will remain as such, duly organized, validly existing, and in good standing under California law.
- 7.2. Management Service Provider hereby represents and warrants as of the Effective Date and for all times during the Term:
- 7.2.1. Management Service Provider will operate in compliance with *Division 10 of the California Business and Professions Code*, the State Regulations, and all other California and local laws governing businesses regulated by *Division 10 of the California Business and Professions Code*;
- 7.2.2. Management Service Provider is a limited liability company and will remain as such, duly organized, validly existing, and in good standing under California law; and
- 7.2.3. Any professionals employed by Management Service Provider to render services are and will remain duly licensed, certified, and/or registered, as applicable, to render the services for which such professionals have been employed or engaged.

8. **Disclaimer of Further Warranties.**

- 8.1. THE PARTIES MAKE NO REPRESENTATIONS, EXTEND NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, AND ASSUME NO RESPONSIBILITIES WHATSOEVER WITH RESPECT TO THE BUSINESS ACTIVITIES UNDER THIS AGREEMENT EXCEPT AS SPECIFICALLY STATED HEREIN.
- 8.2. The Parties hereby acknowledge and agree that (i) they are sophisticated business entities that have entered into this Agreement for the limited purposes set forth in this Agreement and that the rights and obligations of the Parties are contractual in nature; and (ii) they have not made any warranties or guarantees of any nature with respect to the economic,

financial, or other results that may be obtained or experienced by one another.

9. **Indemnification.**

- 9.1. **Exculpation of Management Service Provider.** Neither Management Service Provider nor its officers, directors, agents and employees shall be liable to the Company for any claims, actions, losses, damages, liabilities, causes of action, fines, costs and expenses (including reasonable investigation costs and reasonable attorneys', experts' and consultants' fees) ("Losses") suffered or incurred by the Company, directly or indirectly, in connection with the performance of the Services, except to the extent such Losses are caused by willful misconduct or gross negligence of the Management Service Provider. No party hereto shall be liable to the other party for, and the term Losses shall not include, any lost profits, lost sales, business interruption, decline in value, lost business opportunities, or consequential, incidental, punitive or exemplary damages; provided, however, that this waiver shall not limit a party's right to indemnification for liabilities incurred by such party to a third party (other than the members of the Management Service Provider) claiming such items as damages.-
- 9.2. **Company's Indemnification of Management Service Provider.** The Company shall indemnify, defend and hold harmless the Management Service Provider and its affiliates, directors, officers, members, managers, agents, and employees (the "**Management Service Provider Indemnified Parties**") from and against all Losses arising from the claims of any third party to the extent such claims arise directly or indirectly out of the Management Service Provider's performance of the Services, including any Losses arising out of or otherwise related to the Management Service Provider's employment of the Assigned Employees and the furnishing of such Assigned Employees to the Company; provided, however, the Company shall not be responsible for indemnifying or defending any of the Management Service Provider Indemnified Parties or otherwise be liable to any of the Management Service Provider Indemnified Parties with respect to any Losses arising from Management Service Provider's willful misconduct or gross negligence.
- 9.3. **Management Service Provider's Indemnification of Company.** The Management Service Provider shall indemnify, defend and hold harmless the Company, its members and employees and directors, officers and agents of the members (the "**Company Indemnified Parties**") from and against all Losses resulting directly or indirectly from any act or omission by the Management Service Provider that constitutes willful misconduct or gross negligence; provided, however, the Management Service Provider shall not be responsible for indemnifying or defending any of the Company Indemnified Parties or otherwise be liable to any of the Company Indemnified Parties with respect to any Losses for which the Company is obligated to indemnify the Service Provider as provided in Section 9.2.
- 9.4. **Special Indemnification Provisions.** The indemnification obligations of the Company under Section 9.2 and the Management Service Provider under Section 9.3 shall in each case be conditioned upon (a) prompt notice from the other party hereto after such Person learns of any claim or basis therefor which is covered by such indemnity (except to the extent that the failure to provide prompt notice does not prejudice the indemnifying party), (b) such party's not taking any steps which would bar the Company or the Management Service Provider, as the case may be, from obtaining recovery under applicable insurance policies or would prejudice the defense of the claim in question and (c) such party's taking of all reasonably necessary steps which if not taken would result in the Company or the Management Service Provider, as the case may be, being barred from obtaining recovery

under applicable insurance policies or would prejudice the defense of the claim in question.

10. **Confidentiality.** As used in this Agreement, Confidential Information means information, including, without limitation, information (a) identified by the disclosing Party as confidential, or (b) is reasonably understood by the receiving Party to be confidential, and includes, but is not limited to, all information not generally known to the public, in spoken, printed, electronic or any other form or medium, relating directly or indirectly to a Party's business processes, owners, financial interest holders, controlling persons, practices, methods, policies, plans, publications, documents, research, operations, services, strategies, techniques, agreements, contracts, terms of agreements, transactions, potential transactions, negotiations, pending negotiations, work-in-process, databases, manuals, records, material, sources of material, supplier information, vendor information, financial information, results, accounting information, accounting records, marketing information, pricing information, design information, payroll information, personnel information, supplier lists, vendor lists, developments, reports, internal controls, security procedures, market studies, sales information, revenue, costs, formulae, product plans, designs, styles, models, ideas, specifications, customer information, customer lists, client information, client lists, manufacturing information, distributor lists, buyer lists, Intellectual Property, improvements to the Intellectual Property and both the existence and the terms of this Agreement. A Party's Confidential Information expressly includes, without limitation, the Standards and recipes for the Products, which is proprietary to and a trade secret of the Company.
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10.2. Injunctive Relief. The Parties hereby acknowledge that breach of the covenants contained in this Section will cause irreparable harm to the non-breaching party. Notwithstanding any other provision of this Agreement, a party may enforce the above-described covenants and warranties by injunction, both preliminary and permanent, it being agreed that the posting of an injunction bond of no less than \$5,000.00 to indemnify the other party against costs or damages which might be incurred by virtue of any temporary injunction. Nothing herein will be construed as prohibiting a Party from pursuing any other legal or equitable remedy available due to the breach of the provisions of this Section. The failure by either Party to adhere to any of the terms of this Section will be a material breach of this Agreement.

11. Miscellaneous Provisions.

- 11.1. Survival. The terms and conditions stated in Section 4, 5, 6, 7, 8, 9, 10, 11, and 12 shall survive the termination of this Agreement.
- 11.2. Counterparts. This Agreement may be executed in one or more counterparts, including by facsimile and portable document format (.pdf) delivery, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. The Parties agree and acknowledge that delivery of a signature by facsimile or in .pdf form shall constitute execution by such signatory.
- 11.3. Invalidity. In the event that any one or more of the provisions contained in this Agreement or in any other instrument referred to herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any other such instrument, and such invalid, illegal or unenforceable provision shall be interpreted so as to give the maximum effect of such provision allowable by law.
- 11.4. Additional Documents. Each of the Parties hereto agree to execute any document or documents that may be requested from time to time by the other Party to implement or complete such Party's obligations pursuant to this Agreement and to otherwise cooperate fully with such other Party in connection with the performance of such Party's obligations under this Agreement.
- 11.5. Notices. All notices required or permitted by this Agreement or by law will be in writing and deemed duly served, delivered, and received when personally delivered to the Party to whom directed or, instead, three (3) days after deposit in the U.S. mail, certified or registered, return receipt requested, first-class postage prepaid, addressed as indicated below. Delivery by electronic mail as indicated below will constitute personal delivery if receipt of delivery is capable of confirmation. Either Party may change this address by giving written notice of the change to the other Party as provided herein.

As to Company:

The Mezz La Brea LLC
1209 N. La Brea Ave.
West Hollywood, CA 90038
Attention: Paul Henderson
Email: paul@hightimes.com

As to Management Service Provider:

Hightimes Holding Corp.
2110 Narcissus Court
Venice, CA 90291
Attention: Paul Henderson
Email: paul@hightimes.com

- 11.6. Waiver. The failure of either Party at any time to enforce any of the provisions of this Agreement will not be deemed or construed to be a waiver of any such provision, nor in any way to affect the validity of this Agreement, any provisions hereof, or the right of either Party to thereafter enforce each and every provision of this Agreement. No waiver of any breach of any of the provisions of this Agreement will be effective unless set forth in a written instrument executed by the waiving Party; and no waiver of any such breach will be construed or deemed to be a waiver of any other or subsequent breach except as otherwise noted therein. Failure of either Party to require the performance of any term in this Agreement will not prevent subsequent enforcement of such term nor be deemed a waiver of any subsequent breach.
- 11.7. Relevant Laws. Company operates a cannabis business in the State of California. The parties hereby acknowledge that they understand:
- 11.7.1. *Federal Law*. The sale of cannabis, which is considered a Schedule I narcotic pursuant to 21 U.S.C. § 811, et seq., short titled the Controlled Substance Act and all applicable regulations promulgated thereunder, is prohibited by Federal law.
- 11.7.2. *State Law*. Recreational and medicinal cannabis has been legalized in the State of California since January 1, 2018, pursuant to the passage of Proposition 64 and adoption of the Medicinal and Adult-Use Cannabis Regulation and Safety Act.
- 11.7.3. *Tax Liability*. As cannabis is a Schedule I narcotic, pursuant to 26 U.S. Code §280E, cannabis businesses cannot take any deduction or credit for any amount paid or incurred during the taxable year.
- 11.7.4. *Forfeiture*. The Federal government could begin forfeiture, civil, or criminal proceedings against any cannabis business, its owners, officers, directors, agents, affiliates, and/or investors.
- 11.8. Entire Agreement. This Agreement, including exhibits and appendices, constitutes the entire agreement and understanding between the Parties and cancels, terminates, and supersedes any prior agreement or understandings, written or oral, relating to the subject matter hereof. There are no representations, promises, agreements, warranties, covenants, or understandings other than those contained herein.
- 11.9. Modification. No modification of or amendment to this Agreement will be effective unless in a writing signed by the Parties.
- 11.10. Force Majeure. A Party will not be deemed to be in default of this Agreement or to have committed a breach if prevented from performing any obligation hereunder for any reason beyond its control, including but not limited to, acts of god, war, civil commotion, fire, flood or casualty, labor difficulties, shortages of or inability to obtain labor, materials, or equipment, governmental regulations or restrictions, or unusually severe weather. In any such case, the Parties agree to negotiate in good faith with the goal of preserving this

Agreement and the respective rights and obligations of the Parties hereunder to the extent reasonably practicable. Lack of financial resources, insolvency, or commercial impracticability will be deemed within a Party's reasonable control.

- 11.11. Construction, Choice of Law, and Venue Selection. The headings and/or captions used in connection with this Agreement are for reference purposes only and will not be construed as part of this Agreement. This Agreement will be construed and interpreted in accordance with the laws of the State of California, without regard to the principles regarding conflict of laws, and as though drafted equally by the Parties and their attorneys. The provisions of federal law will have no bearing or effect on the construction of this Agreement except as required by the United States Constitution. The Parties agree that any action or proceeding to enforce or relating to this Agreement will be brought exclusively in the state courts located in the County of Los Angeles, State of California. The Parties hereto consent to the exercise of personal jurisdiction by the state courts of the State of California.
- 11.12. References; Headings; Interpretation. All references in this Agreement to Exhibits, Articles, Sections, subsections, and other subdivisions refer to the corresponding Exhibits, Articles, Sections, subsections, and other subdivisions of or to this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any Articles, Sections, subsections, or other subdivisions of this Agreement are for convenience only, do not constitute any part of this Agreement, and shall be disregarded in construing the language hereof. The words "this Agreement," "herein," "hereby," "hereunder" and "hereof" and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The words "this Article," "this Section" and "this subsection" and words of similar import refer only to the Article, Section, or subsection hereof in which such words occur. The word "or" is not exclusive, and the word "including" (in its various forms) means "including, without limitation." Pronouns in masculine, feminine or neuter genders shall be construed to state and include any other gender, and words, terms, and titles (including terms defined herein) in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.
- 11.13. Independent Contractor. Nothing herein will be construed to create any relationship of employer and employee or agent and principal, or to create a partnership or joint venture between the Parties. The Parties will be considered independent contractors of one another.
- 11.14. Non-Assignment and Non-Transferability. Neither Party may, without written approval of the other Party, assign this Agreement or transfer its interest or any part thereof under this Agreement to any third party. Any assignment or transfer made without such prior written approval will be null and void. For purposes of this Agreement, an assignment will include a change in the majority ownership or control of a Party. Further, the assets of Company are not capable of being sold, assigned, transferred, or conveyed without the approval, consent or waiver of Management Service Provider and such sale, assignment, transfer or conveyance shall constitute breach of this Agreement.
- 11.15. Severability. Although the restrictions contained in this Agreement are considered by the Parties to be reasonable for the purpose of contractual obligations, if any such restriction is found by a court of competent jurisdiction to be unenforceable, such provision will be modified, rewritten, or interpreted to include as much of its nature and scope as will render it enforceable. If it cannot be so modified, rewritten, or interpreted to be enforceable in any respect, it will not be given effect, and the remainder of the Agreement will be enforced as

if such provision were not included.

- 11.16. Attorney's Fees. In any action or proceeding founded on the terms of this Agreement, the prevailing party will be entitled to its legal costs and reasonable attorney's fees.
- 11.17. No Third-Party Beneficiaries. This Agreement is solely for the benefit of the Parties hereto and their successors and assigns permitted under this Agreement, and no provisions of this Agreement shall be deemed to confer upon any other persons any remedy, claim, liability, reimbursement, cause of action or other right except as expressly provided herein.
- 11.18. No Presumption Against Any Party. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against any Party, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by each of the Parties and their counsel and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all Parties hereto.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have each executed this Agreement to be effective as of the Effective Date.

MANAGEMENT SERVICE PROVIDER

HIGHTIMES HOLDING CORP.

DocuSigned by:

By: _____
Name: Paul Henderson
Title: Chief Executive Officer

COMPANY

THE MEZZ LA BREA LLC

DocuSigned by:

By: _____
Name: Courtney Zalewski
Title: Manager

[Signature Page to Management Services Agreement]

AMENDMENT TO LEASE AGREEMENT

This AMENDMENT TO LEASE AGREEMENT ("**Amendment**"), dated as of the 5th day of May, 2022 (for purposes of this Amendment, the "**Execution Date**"), is entered into between Metro Star LLC, a California limited liability company, and Star Alliance LLC, a California limited liability company, as tenants in common (collectively, "**Lessor**"), Flore Flora LLC dba Flore, a California limited liability company ("**Tenant**"), and Hightimes Holding Corp., a Delaware corporation ("**Hightimes**") and, together with Landlord and Tenant, collectively referred to herein as the "**Parties**").

WHEREAS, Landlord and ^{Triplicat} Tenant entered into that certain Standard Industrial/Commercial Single-Tenant Lease ~~3~~ Net, dated as of April 5, 2019, as supplemented by that certain addendum thereto, dated April 5, 2019, relating to certain premises located at 1201, 1205 & 1209 N. La Brea Avenue, West Hollywood, CA 90038, as more particularly described therein (collectively, the "**Lease**");

WHEREAS, Hightimes and The Mezz La Brea LLC, a California limited liability company and the sole member of Tenant ("**TMLB**"), are negotiating a definitive Membership Interest Purchase Agreement whereby Hightimes would purchase 100% of the membership interests in TMLB and, thereby, the indirect parent of Tenant (the "**Purchase Agreement**");

WHEREAS, as of the date hereof, Tenant owes Lessor \$1,073,727.00 in accrued but unpaid liabilities under the Lease (the "**Back Rent**");

WHEREAS, as a condition precedent to the execution by Hightimes and TMLB of the Purchase Agreement, the Parties must enter into this Amendment to settle the Back Rent and agree to certain terms and conditions with respect to the Lease;

WHEREAS, the Parties have agreed to amend the Lease upon the terms and conditions hereinafter described, contingent upon the execution and delivery by Hightimes and the members of TMLB of the Purchase Agreement (the date of such execution, the "**Effective Date**"); and

WHEREAS, all capitalized terms used but not defined in this Amendment shall have the meanings given to them in the Lease.

NOW, THEREFORE, for good and valuable consideration paid by Tenant and Hightimes to Landlord and the mutual covenants, terms, and conditions, set forth herein, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby amend the Lease on the terms hereof as of the Effective Date as follows:

1. **Back Rent.** The Parties acknowledge and agree that Hightimes shall pay to Lessor, in full and complete satisfaction of the Back Rent and any and all claims in respect of any outstanding balances or obligations due and owing by Tenant under the Lease through the date hereof, \$200,000 in cash by wire transfer of immediately available funds to an account designated in advance by Lessor, promptly following the Effective Date (the "**Back Rent Settlement Amount**").

Lessor Initials:

[Handwritten initials]

1

Tenant Initials:

[Handwritten initials]

Hightimes Initials:

[Handwritten initials]

2. Contingent Effectiveness. This Amendment is contingent upon the execution and delivery of the Purchase Agreement by Hightimes and the members of TMLB no later than ten (10) business days following the execution hereof. In the event that the Purchase Agreement is not executed by Hightimes and the members of TMLB by such date, this Amendment shall be null and void, shall have no further force and effect and shall not be binding on the Parties.

3. Security Deposit; First Month's Rent. Promptly following the Effective Date, Hightimes shall pay, or shall cause Tenant to pay to Lessor, together with the Back Rent Settlement Amount, a security deposit of \$126,624.00 which shall be treated as a "Security Deposit" for all purposes under the Lease, plus \$42,208.00 (\$38,245.00 base rent and \$3,963.00 NNN) as rent for the month of May, for a total payment amount, together with the Back Rent Settlement Amount, of \$368,832.00.

4. No Default. Landlord and Tenant hereby affirm that, as of the Effective Date, no Breach, Default, or other act, error, or omission which, with the giving of notice or passage of time or both, would constitute a Breach or Default by either party has occurred and is continuing under the Lease.

5. Affirmation of Lease Terms. Except as modified by this Amendment, Landlord and Tenant hereby ratify the Lease and agree that the Lease shall remain unchanged and shall continue in full force and effect. In the event there is any conflict between the terms of the Lease and the terms set forth in this Amendment, the terms specifically set out in this Amendment shall control. From and after the Effective Date, any and all references to "the Lease" or "this Lease" in the Lease shall mean the Lease as modified by this Amendment.

6. Mutual Authorization Representation. Each of Landlord and Tenant hereby represent and warrant to each other that: (a) this Amendment (and each term and provision hereof) has been duly and appropriately authorized by such party through proper written corporate action and approval; and (b) no additional consent, agreement, or approval is required with respect hereto.

7. Miscellaneous.

(a) Entire Agreement. This Amendment contains the entire understanding between the Parties with respect to the matters being amended as contained herein.

(b) Amendment and Modification. This Amendment may not be changed or modified orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, or modification is sought.

(c) Further Assurances. Each of the Parties shall deliver to the other any further instruments or documents which may be reasonably required to establish to the satisfaction of the other party that it has agreed to be bound by and become liable under the terms and conditions of the Lease and this Amendment.

8. Memorandum of Lease. Landlord and Tenant agree that a Memorandum of Lease reflecting the terms in this Amendment shall be recorded.

Lessor Initials:
S. J.

Tenant Initials: PH
Hightimes Initials: PH

[Signature page follows]

Blank Page

Lessor Initials:

SD
S.J.

3

Tenant Initials:

^{DS}
PH

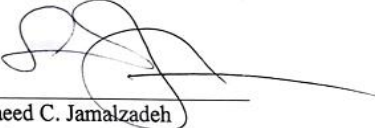
Hightimes Initials:

^{DS}
PH

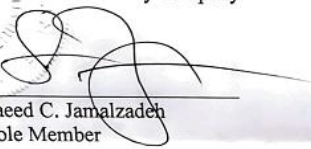
IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the date written above.

LESSOR:

METRO STAR, LLC,
a California limited liability company

By: 
Name: Saeed C. Jamalzadeh
Title: Sole Member

STAR ALLIANCE, LLC,
a California limited liability company

By: 
Name: Saeed C. Jamalzadeh
Title: Sole Member

TENANT:

FLORE FLORA, LLC,
a California limited liability company

By: 
Name: Paul Henderson
Title: President

HIGHTIMES:

HIGHTIMES HOLDING CORP.,
a Delaware corporation

By: 
Name: Paul Henderson
Title: Chief Executive Officer

Lessor Initials:



Tenant Initials:



Hightimes Initials:



FINAL DRAFT 4/5/19

AIRCRE

STANDARD INDUSTRIAL/COMMERCIAL SINGLE-TENANT LEASE - NET
(DO NOT USE THIS FORM FOR MULTI-TENANT BUILDINGS)

1. Basic Provisions ("Basic Provisions").

1.1 Parties. This Lease ("Lease"), dated for reference purposes only April 5th 2019, is made by and between Metro Star LLC and Star Alliance LLC Tenants in Common ("Lessor") and Flore Flora LLC dba Flore ("Lessee"), (collectively the "Parties," or individually a "Party").

1.2 Premises: That certain real property, including all improvements therein or to be provided by Lessor under the terms of this Lease, commonly known as (street address, city, state, zip): 1201.1205 & 1209 N. La Brea Avenue, West Hollywood, CA 90038 ("Premises"). The Premises are located in the County of Los Angeles, and are generally described as (describe briefly the nature of the property and, if applicable, the "Project," if the property is located within a Project): That existing restaurant/bar with patio and parking lot situated on Parcels 5531-001-001, 5531-011-022 and 5531-011-003 located on the northwest corner of La Brea Avenue and Lexington Ave., West Hollywood, Maps of Los Angeles County. (See also Paragraph 2)

1.3 LEASE COMMENCEMENT Term: five years and no months ("Original Term") commencing See Paragraph 51(b) ("Commencement Date") and ending See Paragraph 51 ("Expiration Date"). (See also Paragraph 3)

1.4 Early Possession PRE-LEASE LICENSING TERM: If the Premises are available Lessee may have ~~non~~-exclusive possession of the Premises commencing April 3, 2019, payment of Lease Deposits and submission of Certificate of Insurance Naming Lessor as "Additional Insured" with no right to start construction of Tenant Improvements. ("Early Possession Date"). (See also Paragraphs 3.2 and 3.3) See Paragraph 51(a).

1.5 Base Rent: \$35,000.00 per month ("Base Rent"), payable on the commencing upon Pre-Lease Execution Date day of each month commencing Commencing the Pre-Lease Execution Date. (See also Paragraph 4)

☒ If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted. See Paragraph 51.

1.6 Base Rent and Other Monies Paid Upon Execution:

(a) Base Rent: \$35,000.00 for the period upon Pre-Lease Execution Date, Plus \$3,000.00 for Common Area Expenses. See Paragraph #51 & 52.

(b) Security Deposit: \$105,000.00 ("Security Deposit"). (See also Paragraph 5) See Paragraph #58.

(c) Association Fees: for the period.

(d) Other: \$170,000.00 for Key Money. See Paragraph #59.

(e) Total Due Upon Execution of this PRE-Lease: \$313,000.00.

1.7 Agreed Use: Cannabis Cafe and Restaurant use. (See also Paragraph 6)

1.8 Insuring Party. Lessor is the "Insuring Party" unless otherwise stated herein. (See also Paragraph 8)

1.9 Real Estate Brokers. (See also Paragraph 15 and 25)

(a) Representation: The following real estate brokers (the "Brokers") and brokerage relationships exist in this transaction (check applicable boxes):

☒ Ronald S. Kates & Co. represents Lessor exclusively ("Lessor's Broker");

☒ Leo & Associates represents Lessee exclusively ("Lessee's Broker"); or

☐ n/a represents both Lessor and Lessee ("Dual Agency").

(b) Payment to Brokers: Upon execution and delivery of this Lease by both Parties, Lessor shall pay to the Brokers the brokerage fee agreed to in Paragraph #69 of said Lease. a separate written agreement (or if there is no such agreement, the sum of _____ or _____ % of the total Base Rent) for the brokerage services rendered by the Brokers.

1.10 Guarantor. The obligations of the Lessee under this Lease are to be guaranteed by None ("Guarantor"). (See also Paragraph 37)

1.11 Attachments. Attached hereto are the following, all of which constitute a part of this Lease:

☒ an Addendum consisting of Paragraphs 51(a) through 74;

☒ a plot plan depicting the Premises;

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Page 1 of 23
Last Edited: 4/5/2019 10:56 AM

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- ☐ a current set of the Rules and Regulations;
☐ a Work Letter;
☒ other (specify): Exhibit A.

2. Premises.

2.1 **Letting.** Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. While the approximate square footage of the Premises may have been used in the marketing of the Premises for purposes of comparison, the Base Rent stated herein is NOT tied to square footage and is not subject to adjustment should the actual size be determined to be different. **NOTE: Lessee is advised to verify the actual size prior to executing this Lease.**

2.2 **Condition.** Lessee is accepting the Premises in its existing "As-Is" "Where Is" condition. Also See #62. Lessor shall deliver the Premises to Lessee broom clean and free of debris on the Commencement Date or the Early Possession Date, whichever first occurs ("Start Date"), and, so long as the required service contracts described in Paragraph 7.2(b) below are obtained by Lessee and in effect within thirty days following the Start Date, warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("HVAC"), loading doors, sump pumps, if any, and all other such elements in the Premises, other than those constructed by Lessee, shall be in good operating condition on said date, that the structural elements of the roof, bearing walls and foundation of any buildings on the Premises (the "Building") shall be free of material defects, and that the Premises do not contain hazardous levels of any mold or fungi defined as toxic under applicable state or federal law. If a non-compliance with said warranty exists as of the Start Date, or if one of such systems or elements should malfunction or fail within the appropriate warranty period, Lessor shall, as Lessor's sole obligation with respect to such matter, except as otherwise provided in this Lease, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, malfunction or failure, rectify same at Lessor's expense. The warranty periods shall be as follows: (i) 6 months as to the HVAC systems, and (ii) 30 days as to the remaining systems and other elements of the Building. If Lessee does not give Lessor the required notice within the appropriate warranty period, correction of any such non-compliance, malfunction or failure shall be the obligation of Lessee at Lessee's sole cost and expense. Lessor also warrants, that unless otherwise specified in writing, Lessor is unaware of (i) any recorded Notices of Default affecting the Premise; (ii) any delinquent amounts due under any loan secured by the Premises; and (iii) any bankruptcy proceeding affecting the Premises.

2.3 **Compliance.** Lessor warrants that to the best of its knowledge, Lessor does not represent or warrant that the improvements on the Premises comply with the building codes, applicable laws, covenants or restrictions of record, regulations, and ordinances ("Applicable Requirements") that were in effect at the time that each improvement, or portion thereof, was constructed. Said warranty does not apply to the use to which Lessee will put the Premises, modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Lessee's use (see Paragraph 49), or to any Alterations or Utility Installations (as defined in Paragraph 7.2(a)) made or to be made by Lessee. **NOTE: Lessee is responsible for determining whether or not the Applicable Requirements, and especially the zoning, are appropriate for Lessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed.** If the Premises do not comply with said warranty, Lessor shall, except as otherwise provided, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, rectify the same at Lessor's expense. If Lessee does not give Lessor written notice of a non-compliance with this warranty within 6 months following the Start Date, correction of that non-compliance shall be the obligation of Lessee at Lessee's sole cost and expense. If the Applicable Requirements are hereafter changed so as to require during the term of this Lease the construction of an addition to or an alteration of the Premises and/or Building, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Unit, Premises and/or Building ("Capital Expenditure"), Lessor and Lessee shall allocate the cost of such work as follows:

(a) Subject to Paragraph 2.3(c) below, if such Capital Expenditures are required as a result of the specific and unique use of the Premises by Lessee as compared with uses by tenants in general, Lessee shall be fully responsible for the cost thereof, provided, however, that if such Capital Expenditure is required during the last 2 years of this Lease and the cost thereof exceeds 6 months' Base Rent, Lessee may instead terminate this Lease unless Lessor notifies Lessee, in writing, within 10 days after receipt of Lessee's termination notice that Lessor has elected to pay the difference between the actual cost thereof and an amount equal to 6 months' Base Rent. If Lessee elects termination, Lessee shall immediately cease the use of the Premises which requires such Capital Expenditure and deliver to Lessor written notice specifying a termination date at least 90 days thereafter. Such termination date shall, however, in no event be earlier than the last day that Lessee could legally utilize the Premises without commencing such Capital Expenditure.

(b) If such Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee (such as, governmentally mandated seismic modifications), then Lessor shall pay for such Capital Expenditure and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease or any extension thereof, on the date that on which the Base Rent is due, an amount equal to 1/144th of the portion of such costs reasonably attributable to the Premises. Lessee shall pay

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Page 2 of 23
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Interest on the balance but may prepay its obligation at any time. If, however, such Capital Expenditure is required during the last 2 years of this Lease or if Lessor reasonably determines that it is not economically feasible to pay its share thereof, Lessor shall have the option to terminate this Lease upon 90 days prior written notice to Lessee unless Lessee notifies Lessor, in writing, within 10 days after receipt of Lessor's termination notice that Lessee will pay for such Capital Expenditure. If Lessor does not elect to terminate, and fails to tender its share of any such Capital Expenditure, Lessee may advance such funds and deduct same, with interest, from Rent until Lessor's share of such costs have been fully paid. If Lessee is unable to finance Lessor's share, or if the balance of the Rent due and payable for the remainder of this Lease is not sufficient to fully reimburse Lessee on an offset basis, Lessee shall have the right to terminate this Lease upon 30 days written notice to Lessor.

(c) Notwithstanding the above, the provisions concerning Capital Expenditures are intended to apply only to non-voluntary, unexpected, and new Applicable Requirements. If the Capital Expenditures are instead triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Lessee shall either: (i) immediately cease such changed use or intensity of use and/or take such other steps as may be necessary to eliminate the requirement for such Capital Expenditure, or (ii) complete such Capital Expenditure at its own expense. Lessee shall not, however, have any right to terminate this Lease.

2.4 **Acknowledgements.** Lessee acknowledges that: (a) it has been given an opportunity to inspect and measure the Premises, (b) it has been advised by Lessor and/or Brokers to satisfy itself with respect to the size and condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements and the Americans with Disabilities Act), and their suitability for Lessee's intended use, (c) Lessee has made such investigation as it deems necessary with reference to such matters and accepts same "As Is" Where Is" and assumes all responsibility therefor as the same relate to its occupancy of the Premises, (d) it is not relying on any representation as to the size of the Premises made by Brokers or Lessor, (e) the square footage of the Premises was not material to Lessee's decision to lease the Premises and pay the Rent stated herein, and (f) neither Lessor, Lessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease. In addition, Lessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Lessee's ability to honor the Lease or suitability to occupy the Premises, and (ii) it is Lessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants. Lessor cannot predict what, if any, requirements may be imposed by governmental entities in the future. Any such changes or requirements shall be the responsibility of Lessee. See Paragraph #62.

2.5 **Lessee as Prior Owner/Occupant.** The warranties made by Lessor in Paragraph 2 shall be of no force or effect if immediately prior to the Start Date Lessee was the owner or occupant of the Premises. In such event, Lessee shall be responsible for any necessary corrective work.

3. Term.

3.1 **Term.** The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

3.2 **Early PRE-LEASE Possession.** Subject to Paragraph 1.4, Any provision herein granting Lessee PRE-LEASE Early Possession of the Premises is subject to and conditioned upon the Lease Execution Date Premises being available for such possession prior to the LEASE Commencement Date. Any grant of Early PRE-LEASE Possession only conveys an non-exclusive right to occupy the Premises but Lessee shall not commence any construction work. If Lessee totally or partially occupies the Premises prior to the Lease Commencement Date, the obligation to pay Base Rent and Common Area Expenses shall commence be abated for the period of such PRE - LEASE Early Possession. All other terms of this Lease (including but not limited to the obligations to pay Real Property Taxes and insurance premiums and to maintain the Premises) shall be in effect during such period. Any such Early Possession shall not affect the Expiration Date.

3.3 **Delay In Possession.** Lessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises to Lessee by the Commencement Date. If, despite said efforts, Lessor is unable to deliver possession by such date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or change the Expiration Date. Lessee shall not, however, be obligated to pay Rent or perform its other obligations until Lessor delivers possession of the Premises and any period of rent abatement that Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to what Lessee would otherwise have enjoyed under the terms hereof, but minus any days of delay caused by the acts or omissions of Lessee. If possession is not delivered within 60 days after the Commencement Date, as the same may be extended under the terms of any Work Letter executed by Parties, Lessee may, at its option, by notice in writing within 10 days after the end of such 60 day period, cancel this Lease, in which event the Parties shall be discharged from all obligations hereunder. If such written notice is not received by Lessor within said 10 day period, Lessee's right to cancel shall terminate. If possession of the Premises is not delivered within 120 days after the Commencement Date, this Lease shall terminate unless other agreements are reached between Lessor and Lessee, in writing.

3.4 **Lessee Compliance.** Lessor shall not be required to tender possession of the Premises to Lessee until Lessee complies with its obligation to provide evidence of insurance (Paragraph 8.5). Pending delivery of such evidence, Lessee shall be required to

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Page 3 of 23
Last Edited: 4/5/2019 10:56 AM

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STN-27.10, Revised 11-01-2017

perform all of its obligations under this Lease from and after the ~~Pre-Lease Date of lease Execution Start Date~~, including the payment of Rent, notwithstanding Lessor's election to withhold possession pending receipt of such evidence of insurance. ~~Further, if Lessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Lessor may elect to withhold possession until such conditions are satisfied.~~

4. Rent.

4.1 **Rent Defined.** All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the Security Deposit) are deemed to be rent ("Rent").

4.2 **Payment.** Lessee shall cause payment of Rent to be received by Lessor in lawful money of the United States, without offset or deduction (except as specifically permitted in this Lease), on or before the day on which it is due. All monetary amounts shall be rounded to the nearest whole dollar. In the event that any invoice prepared by Lessor is inaccurate such inaccuracy shall not constitute a waiver and Lessee shall be obligated to pay the amount set forth in this Lease. Rent for any period during the term hereof which is for less than one full calendar month shall be prorated based upon the actual number of days of said month. Payment of Rent shall be made to Lessor at its address stated herein or to such other persons or place as Lessor may from time to time designate in writing. Acceptance of a payment which is less than the amount then due shall not be a waiver of Lessor's rights to the balance of such Rent, regardless of Lessor's endorsement of any check so stating. In the event that any check, draft, or other instrument of payment given by Lessee to Lessor is dishonored for any reason, Lessee agrees to pay to Lessor the sum of \$25 in addition to any Late Charge and Lessor, at its option, may require all future Rent be paid by cashier's check. Payments will be applied first to accrued late charges and attorney's fees, second to accrued interest, then to Base Rent, Insurance and Real Property Taxes, and any remaining amount to any other outstanding charges or costs.

~~4.3 Association Fees. In addition to the Base Rent, Lessee shall pay to Lessor each month an amount equal to any owner's association or condominium fees levied or assessed against the Premises. Said monies shall be paid at the same time and in the same manner as the Base Rent.~~

5. **Security Deposit.** Lessee shall deposit with Lessor upon execution hereof the Security Deposit as security for Lessee's faithful performance of its obligations under this Lease. If Lessee fails to pay Rent, or otherwise Defaults under this Lease, Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount already due Lessor, for Rents which will be due in the future, and/or to reimburse or compensate Lessor for any liability, expense, loss or damage which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of the Security Deposit, Lessee shall within 10 days after written request therefor deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. ~~If the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional monies with Lessor so that the total amount of the Security Deposit shall at all times bear the same proportion to the increased Base Rent as the initial Security Deposit bore to the initial Base Rent.~~ Should the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublessee or assignee, Lessor shall have the right to increase the Security Deposit to the extent necessary, in Lessor's reasonable judgment, to account for any increased wear and tear that the Premises may suffer as a result thereof. If a change in control of Lessee occurs during this Lease and following such change the financial condition of Lessee is, in Lessor's reasonable judgment, significantly reduced, Lessee shall deposit such additional monies with Lessor as shall be sufficient to cause the Security Deposit to be at a commercially reasonable level based on such change in financial condition. Lessor shall not be required to keep the Security Deposit separate from its general accounts. Within 90 days after the expiration or termination of this Lease, Lessor shall return that portion of the Security Deposit not used or applied by Lessor. Lessor shall upon written request provide Lessee with an accounting showing how that portion of the Security Deposit that was not returned was applied. No part of the Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Lessee under this Lease. THE SECURITY DEPOSIT SHALL NOT BE USED BY LESSEE IN LIEU OF PAYMENT OF THE LAST MONTH'S RENT. Any legal fees incurred on behalf of the Lessee (such as Pay or Quit Notices) may be deducted from the Security Deposit. Furthermore, any funds deducted from the Security Deposit must be replenished by the Lessee within ten (10) days of notice to do so. See Paragraph #58.

6. Use.

6.1 **Use.** Lessee shall use and occupy the Premises only for the Agreed Use, ~~or any other legal use which is reasonably comparable thereto~~, and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that is unlawful, creates damage, waste or a nuisance, or that disturbs occupants of or causes damage to neighboring premises or properties. Other than guide, signal and seeing eye dogs, Lessee shall not keep or allow in the Premises any pets, animals, birds, fish, or reptiles. Lessor shall not unreasonably withhold or delay its consent to any written request for a modification of the Agreed Use, so long as the same will not impair the structural integrity of the improvements on the premises or the mechanical or electrical systems therein, and/or is not significantly more burdensome to the Premises. If Lessor elects to withhold consent, Lessor shall within 7 days after such request give written notification of same, which notice shall include an explanation of Lessor's objections to the change in


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Page 4 of 23
Last Edited: 4/5/2019 10:56 AM


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STN-27.10, Revised 11-01-2017

the Agreed Use.

6.2 Hazardous Substances.

(a) **Reportable Uses Require Consent.** The term "Hazardous Substance" as used in this Lease shall mean any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Premises, (ii) regulated or monitored by any governmental authority, or (iii) a basis for potential liability of Lessor to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, by-products or fractions thereof. Lessee shall not engage in any activity in or on the Premises which constitutes a Reportable Use of Hazardous Substances without the express prior written consent of Lessor and timely compliance (at Lessee's expense) with all Applicable Requirements. "Reportable Use" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Premises of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Lessee may use any ordinary and customary materials reasonably required to be used in the normal course of the Agreed Use, ordinary office supplies (copier toner, liquid paper, glue, etc.) and common household cleaning materials, so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Premises or neighboring property to any meaningful risk of contamination or damage or expose Lessor to any liability therefor. In addition, Lessor may condition its consent to any Reportable Use upon receiving such additional assurances as Lessor reasonably deems necessary to protect itself, the public, the Premises and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of protective modifications (such as concrete encasements) and/or increasing the Security Deposit.

(b) **Duty to Inform Lessor.** If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Lessor, Lessee shall immediately give written notice of such fact to Lessor, and provide Lessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.

(c) **Lessee Remediation.** Lessee shall not cause or permit any Hazardous Substance to be spilled or released in, on, under, or about the Premises (including through the plumbing or sanitary sewer system) and shall promptly, at Lessee's expense, comply with all Applicable Requirements and take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Premises or neighboring properties, that was caused or materially contributed to by Lessee, or pertaining to or involving any Hazardous Substance brought onto the Premises during the term of this Lease, by or for Lessee, or any third party.

(d) **Lessee Indemnification.** Lessee shall indemnify, defend and hold Lessor, its agents, employees, lenders and ground lessor, if any, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Lessee, or any third party (provided, however, that Lessee shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Premises from adjacent properties not caused or contributed to by Lessee). Lessee's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. **No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement.**

(e) **Lessor Indemnification.** At this time, Lessor has no knowledge of any Hazardous Substances in or on the Premises. ~~Except as otherwise provided in paragraph 8.7, Lessor and its successors and assigns shall indemnify, defend, reimburse and hold Lessee, its employees and lenders, harmless from and against any and all environmental damages, including the cost of remediation, which result from Hazardous Substances which existed on the Premises prior to Lessee's occupancy or which are caused by the gross negligence or willful misconduct of Lessor, its agents or employees. Lessor's obligations, as and when required by the Applicable Requirements, shall include, but not be limited to, the cost of investigation, removal, remediation, restoration, and/or abatement, and shall survive the expiration or termination of this Lease. See Paragraph #62.~~

(f) **Investigations and Remediations.** Lessor shall retain the responsibility and pay for any investigations or remediation measures required by governmental entities having jurisdiction with respect to the existence of Hazardous Substances on the Premises prior to Lessee's occupancy, unless such remediation measure is required as a result of Lessee's use (including "Alterations", as defined in paragraph 7.3(a) below) of the Premises, in which event Lessee shall be responsible for such payment. Lessee shall cooperate fully in any such activities at the request of Lessor, including allowing Lessor and Lessor's agents to have reasonable access to the Premises at reasonable times in order to carry out Lessor's investigative and remedial responsibilities.


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Page 5 of 23
Last Edited: 4/5/2019 10:56 AM


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STN-27.10, Revised 11-01-2017

(g) **Lessor Termination Option.** If a Hazardous Substance Condition (see Paragraph 9.1(e)) occurs during the term of this Lease, unless Lessee is legally responsible therefor (in which case Lessee shall make the investigation and remediation thereof required by the Applicable Requirements and this Lease shall continue in full force and effect, but subject to Lessor's rights under Paragraph 6.2(d) and Paragraph 13), Lessor may, at Lessor's option, either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to remediate such condition exceeds 12 times the then monthly Base Rent or \$100,000, whichever is greater, give written notice to Lessee, within 30 days after receipt by Lessor of knowledge of the occurrence of such Hazardous Substance Condition, of Lessor's desire to terminate this Lease as of the date 60 days following the date of such notice. In the event Lessor elects to give a termination notice, Lessee may, within 10 days thereafter, give written notice to Lessor of Lessee's commitment to pay the amount by which the cost of the remediation of such Hazardous Substance Condition exceeds an amount equal to 12 times the then monthly Base Rent or \$100,000, whichever is greater. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days following such commitment. In such event, this Lease shall continue in full force and effect, and Lessor shall proceed to make such remediation as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the required funds or assurance thereof within the time provided, this Lease shall terminate as of the date specified in Lessor's notice of termination.

6.3 **Lessee's Compliance with Applicable Requirements.** Except as otherwise provided in this Lease, Lessee shall, at Lessee's sole expense, fully, diligently and in a timely manner, materially comply with all Applicable Requirements pertaining to Lessee's specific use of the Premises, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Lessor's engineers and/or 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 Lease Commencement Start Date. Lessee shall, within 10 days after receipt of Lessor's written request, provide Lessor with copies of all permits and other documents, and other information evidencing Lessee's compliance with any Applicable Requirements pertaining to Lessee's specific use of the Premises specified by Lessor, and shall immediately upon receipt, notify Lessor 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 Lessee or the Premises to comply with any Applicable Requirements. Likewise, Lessee shall immediately give written notice to Lessor of: (i) any water damage to the Premises and any suspected seepage, pooling, dampness or other condition conducive to the production of mold; or (ii) any mustiness or other odors that might indicate the presence of mold in the Premises. In addition, Lessee shall provide copies of all relevant material safety data sheets (MSDS) to Lessor within 10 days of the receipt of a written request therefor. In addition, Lessee shall provide Lessor with copies of its business license, certificate of occupancy and/or any similar document within 10 days of the receipt of a written request therefor.

6.4 **Inspection; Compliance.** Lessor and Lessor's "Lender" (as defined in Paragraph 30) and consultants authorized by Lessor shall have the right to enter into Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable notice, for the purpose of inspecting and/or testing the condition of the Premises and/or for verifying compliance by Lessee with this Lease. The cost of any such inspections shall be paid by Lessor, unless a violation of Applicable Requirements, or a Hazardous Substance Condition (see paragraph 9.1) is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Lessee shall upon request reimburse Lessor for the cost of such inspection, so long as such inspection is reasonably related to the violation or contamination. In addition, Lessee shall provide copies of all relevant material safety data sheets (MSDS) to Lessor within 10 days of the receipt of a written request therefor. Lessee acknowledges that any failure on its part to allow such inspections or testing will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to allow such inspections and/or testing in a timely fashion the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater for the remainder to the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to allow such inspection and/or testing. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to such failure nor prevent the exercise of any of the other rights and remedies granted hereunder.

7. Maintenance; Repairs; Utility Installations; Trade Fixtures and Alterations.

7.1 Lessee's Obligations.

(a) **In General.** Subject to reasonable wear and tear the provisions of Paragraph 2.2 (Condition), 2.3 (Compliance), 6.3 (Lessee's Compliance with Applicable Requirements), 7.2 (Lessor's Obligations), 9 (Damage or Destruction), and 14 (Condemnation), Lessee shall, at Lessee's sole expense, keep the Premises, Utility Installations (intended for Lessee's exclusive use, no matter where located), and Alterations in good order, condition and repair (whether or not the portion of the Premises requiring repairs, or the means of repairing the same, are reasonably or readily accessible to Lessee, and whether or not the need for such repairs occurs as a result of Lessee's use, any prior use, the elements or the age of such portion of the Premises), including, but not limited to, all


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Page 6 of 23
Last Edited: 4/5/2019 10:56 AM


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STN-27.10, Revised 11-01-2017

equipment or facilities, such as plumbing, HVAC equipment, electrical, lighting facilities, boilers, pressure vessels, fire protection system, fixtures, walls (interior and exterior), foundations, ceilings, roofs, roof drainage systems, floors, windows, doors, plate glass, skylights, landscaping, driveways, parking lots, fences, retaining walls, signs, sidewalks and parkways located in, on, or adjacent to the Premises. Lessee, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices, specifically including the procurement and maintenance of the service contracts required by Paragraph 7.1(b) below. Lessee's obligations shall include restorations, replacements or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair. Lessee shall, during the term of this Lease, keep the exterior appearance of the Building in a first-class condition (including, e.g. graffiti removal) consistent with the exterior appearance of other similar facilities of comparable age and size in the vicinity, including, when necessary, the exterior repainting of the Building.

(b) **Service Contracts.** Lessee shall, at Lessee's sole expense, procure and maintain contracts, with copies to Lessor, in customary form and substance for, and with contractors specializing and experienced in the maintenance of the following equipment and improvements, if any, if and when installed on the Premises: (i) HVAC equipment, (ii) boiler, and pressure vessels, (iii) fire extinguishing systems, including fire alarm and/or smoke detection, (iv) landscaping and irrigation systems, (v) roof covering and drains, and (vi) clarifiers. However, Lessor reserves the right, upon notice to Lessee, to procure and maintain any or all of such service contracts, and Lessee shall reimburse Lessor, upon demand, for the cost thereof.

(c) **Failure to Perform.** If Lessee fails to perform Lessee's obligations under this Paragraph 7.1, Lessor may enter upon the Premises after 10 days' prior written notice to Lessee (except in the case of an emergency, in which case no notice shall be required), perform such obligations on Lessee's behalf, and put the Premises in good order, condition and repair, and Lessee shall promptly pay to Lessor a sum equal to 115% of the cost thereof.

(d) **Replacement.** ~~Subject to Lessee's indemnification of Lessor as set forth in Paragraph 8.7 below, and without relieving Lessee of liability resulting from Lessee's failure to exercise and perform good maintenance practices, if an item described in Paragraph 7.1(b) cannot be repaired other than at a cost which is in excess of 50% of the cost of replacing such item, then such item shall be replaced by Lessor, and the cost thereof shall be prorated between the Parties and Lessee shall only be obligated to pay each month during the remainder of the term of this Lease, on the date on which Base Rent is due, an amount equal to the product of multiplying the cost of such replacement by a fraction, the numerator of which is one, and the denominator of which is 144 (i.e. 1/144th of the cost per month). Lessee shall pay interest on the unamortized balance but may prepay its obligation at any time.~~

7.2 **Lessor's Obligations.** Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance), 9 (Damage or Destruction) and 14 (Condemnation), except for the repair and/or replacement of the foundation or roof it is intended by the Parties hereto that Lessor have no obligation, in any manner whatsoever, to repair and maintain the Premises, or the equipment therein, all of which obligations are intended to be that of the Lessee. It is the intention of the Parties that the terms of this Lease govern the respective obligations of the Parties as to maintenance and repair of the Premises.

7.3 Utility Installations; Trade Fixtures; Alterations.

(a) **Definitions.** The term "Utility Installations" refers to all floor and window coverings, air and/or vacuum lines, power panels, electrical distribution, security and fire protection systems, communication cabling, lighting fixtures, HVAC equipment, plumbing, and fencing in or on the Premises. The term "Trade Fixtures" shall mean Lessee's machinery and equipment that can be removed without doing material damage to the Premises. The term "Alterations" shall mean any modification of the improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion. "Lessee Owned Alterations and/or Utility Installations" are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Paragraph 7.4(a).

(b) **Consent.** Lessee shall not make any Alterations or Utility Installations to the Premises without Lessor's prior written consent. Lessee may, however, make non-structural Alterations or Utility Installations to the interior of the Premises (excluding the roof) without such consent but upon notice to Lessor, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof or any existing walls, will not affect the electrical, plumbing, HVAC, and/or life safety systems, do not trigger the requirement for additional modifications and/or improvements to the Premises resulting from Applicable Requirements, such as compliance with Title 24, and the cumulative cost thereof during this Lease as extended does not exceed a sum equal to 3 month's Base Rent in the aggregate or a sum equal to one month's Base Rent in any one year. Notwithstanding the foregoing, Lessee shall not make or permit any roof penetrations and/or install anything on the roof without the prior written approval of Lessor. Lessor may, as a precondition to granting such approval, require Lessee to utilize a contractor chosen and/or approved by Lessor. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. Consent shall be deemed conditioned upon Lessee's: (i) acquiring all applicable governmental permits, (ii) furnishing Lessor with copies of both the permits and the plans and specifications prior to commencement of the work, and (iii) compliance with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a workmanlike manner with good and sufficient materials. Lessee shall promptly upon completion furnish Lessor with as-built plans and specifications. For work which costs an amount in excess of one month's Base Rent, Lessor may condition its consent upon Lessee providing a lien and completion bond in an amount


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equal to 150% of the estimated cost of such Alteration or Utility Installation and/or upon Lessee's posting an additional Security Deposit with Lessor. Lessee will perform and pay for their own Lessee Improvements. Lessee shall be responsible for obtaining and paying for any permits, if any, required for its build out and use. Lessor must approval such plans within 5 business days of submission.

(c) **Liens; Bonds.** Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than 10 days notice prior to the commencement of any work in, on or about the Premises, and Lessor shall have the right to post notices of non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof. If Lessor shall require, Lessee shall furnish a surety bond in an amount equal to 150% of the amount of such contested lien, claim or demand, indemnifying Lessor against liability for the same. If Lessor elects to participate in any such action, Lessee shall pay Lessor's attorneys' fees and costs.

7.4 Ownership; Removal; Surrender; and Restoration.

(a) **Ownership.** Subject to Lessor's right to require removal or elect ownership as hereinafter provided, all Alterations and Utility Installations made by Lessee shall be the property of Lessee, but considered a part of the Premises. Lessor may, at any time, elect in writing to be the owner of all or any specified part of the Lessee Owned Alterations and Utility Installations. Unless otherwise instructed per paragraph 7.4(b) hereof, all Lessee Owned Alterations and Utility Installations shall, at the expiration or termination of this Lease, become the property of Lessor and be surrendered by Lessee with the Premises.

(b) **Removal.** By delivery to Lessee of written notice from Lessor not earlier than 90 and not later than 30 days prior to the end of the term of this Lease, Lessor may require that any or all Lessee Owned Alterations or Utility Installations be removed by the expiration or termination of this Lease. Lessor may require the removal at any time of all or any part of any Lessee Owned Alterations or Utility Installations made without the required consent.

(c) **Surrender; Restoration.** Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, parts and surfaces thereof broom clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. Notwithstanding the foregoing, if the Lessee occupies the Premises for 12 months or less, then Lessee shall surrender the Premises in the same condition as delivered to Lessee on the Start Date with NO allowance for ordinary wear and tear. Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, Lessee owned Alterations and/or Utility Installations, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee. Lessee shall also remove from the Premises any and all Hazardous Substances brought onto the Premises by or for Lessee, or any third party (except Hazardous Substances which were deposited via underground migration from areas outside of the Premises) to the level specified in Applicable Requirements. Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee. Any personal property of Lessee not removed on or before the Expiration Date or any earlier termination date shall be deemed to have been abandoned by Lessee and may be disposed of or retained by Lessor as Lessor may desire. The failure by Lessee to timely vacate the Premises pursuant to this Paragraph 7.4(c) without the express written consent of Lessor shall constitute a holdover under the provisions of Paragraph 26 below.

8. Insurance; Indemnity.

8.1 **Payment For Insurance.** Lessee shall pay for all insurance required under Paragraph 8 except to the extent of the cost attributable to liability insurance carried by Lessor under Paragraph 8.2(b) in excess of \$2,000,000 per occurrence. Premiums for policy periods commencing prior to or extending beyond the Lease term shall be prorated to correspond to the Lease term. ~~Payment shall be made by Lessee to Lessor within 10 days following receipt of an invoice. See Paragraph #52.~~

8.2 Liability Insurance.

(a) **Carried by Lessee.** Upon the date of Pre-Lease Execution and taking Pre-Lease Possession, Lessee shall obtain and keep in force a Commercial General Liability policy of insurance protecting Lessee and Lessor as an additional insured against claims for bodily injury, personal injury and property damage based upon or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than \$1,000,000 per occurrence with an annual aggregate of not less than \$2,000,000. Lessee shall add Lessor as an additional insured by means of an endorsement at least as broad as the Insurance Service Organization's "Additional Insured-Managers or Lessors of Premises" Endorsement. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "Insured contract" for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. Lessee shall provide an endorsement on its liability policy(ies) which provides that its insurance shall be primary to and not contributory with any similar insurance carried by Lessor, whose insurance shall be

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Page 8 of 23
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considered excess insurance only.

(b) **Carried by Lessor.** Lessor shall maintain liability insurance as described in Paragraph 8.2(a), in addition to, and not in lieu of, the insurance required to be maintained by Lessee. Lessee shall not be named as an additional insured therein.

8.3 Property Insurance - Building, Improvements and Rental Value.

(a) **Building and Improvements.** ~~The Insuring Party.~~ If available Lessor shall obtain and keep in force a policy or policies in the name of Lessor, with loss payable to Lessor, any ground-lessor, and to any Lender insuring loss or damage to the Premises. The amount of such insurance shall be equal to the full insurable replacement cost of the Premises, as the same shall exist from time to time, or the amount required by any Lender, but in no event more than the commercially reasonable and available insurable value thereof. Lessee Owned Alterations and Utility Installations, Trade Fixtures, and Lessee's personal property shall be insured by Lessee not by Lessor. If the coverage is available and commercially appropriate, such policy or policies shall insure against all risks of direct physical loss or damage (except the perils of flood and/or earthquake unless required by a Lender), including coverage for debris removal and the enforcement of any Applicable Requirements requiring the upgrading, demolition, reconstruction or replacement of any portion of the Premises as the result of a covered loss. Said policy or policies shall also contain an agreed valuation provision in lieu of any coinsurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located. If such insurance coverage has a deductible clause, the deductible amount shall not exceed \$5,000 per occurrence, and Lessee shall be liable for such deductible amount in the event of an Insured Loss.

(b) **Rental Value.** ~~The Insuring Party.~~ If available Lessor, at its option, shall obtain and keep in force a policy or policies in the name of Lessor with loss payable to Lessor and any Lender, insuring the loss of the full Rent for one year with an extended period of indemnity for an additional 180 days ("Rental Value insurance"). Said insurance shall contain an agreed valuation provision in lieu of any coinsurance clause, and the amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by Lessee, for the next 12 month period. Lessee shall be liable for any deductible amount in the event of such loss.

(c) **Adjacent Premises.** If the Premises are part of a larger building, or of a group of buildings owned by Lessor which are adjacent to the Premises, the Lessee shall pay for any increase in the premiums for the property insurance of such building or buildings if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.

8.4 Lessee's Property; Business Interruption Insurance; Worker's Compensation Insurance.

(a) **Property Damage.** Lessee shall obtain and maintain insurance coverage on all of Lessee's personal property, Trade Fixtures, and Lessee Owned Alterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible of not to exceed \$1,000 per occurrence. The proceeds from any such insurance shall be used by Lessee for the replacement of personal property, Trade Fixtures and Lessee Owned Alterations and Utility Installations.

(b) **Business Interruption.** Lessee shall obtain and maintain loss of income and extra expense insurance in amounts as will reimburse Lessee for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent lessees in the business of Lessee or attributable to prevention of access to the Premises as a result of such perils.

(c) **Worker's Compensation Insurance.** Lessee shall obtain and maintain Worker's Compensation Insurance in such amount as may be required by Applicable Requirements. Such policy shall include a 'Waiver of Subrogation' endorsement. Lessee shall provide Lessor with a copy of such endorsement along with the certificate of insurance or copy of the policy required by paragraph 8.5.

(d) **No Representation of Adequate Coverage.** Lessor makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Lessee's property, business operations or obligations under this Lease.

8.5 Insurance Policies. Insurance required herein shall be by companies maintaining during the policy term a "General Policyholders Rating" of at least A-, VII, as set forth in the most current issue of "Best's Insurance Guide", or such other rating as may be required by a Lender. Lessee shall not do or permit to be done anything which invalidates the required insurance policies. Lessee shall, prior to the Start Date, deliver to Lessor certified copies of policies of such insurance or certificates with copies of the required endorsements evidencing the existence and amounts of the required insurance. No such policy shall be cancelable or subject to modification except after 30 days prior written notice to Lessor. Lessee shall, at least 10 days prior to the expiration of such policies, furnish Lessor with evidence of renewals or "insurance binders" evidencing renewal thereof, or Lessor may increase his liability insurance coverage and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand. Such policies shall be for a term of at least one year, or the length of the remaining term of this Lease, whichever is less. If either Party shall fail to procure and maintain the insurance required to be carried by it, the other Party may, but shall not be required to, procure and maintain the same.

8.6 Waiver of Subrogation. Without affecting any other rights or remedies, Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage


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insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

8.7 Indemnity. Except for Lessor's gross negligence or willful misconduct, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, Lessor's master or ground lessor, partners and Lenders, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, a Breach of the Lease by Lessee and/or the use and/or occupancy of the Premises and/or Project by Lessee and/or by Lessee's employees, contractors or invitees. If any action or proceeding is brought against Lessor by reason of any of the foregoing matters, Lessee shall upon notice defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified.

8.8 Exemption of Lessor and its Agents from Liability. Notwithstanding the negligence or breach of this Lease by Lessor or its agents, neither Lessor nor its agents shall be liable under any circumstances for: (i) injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, indoor air quality, the presence of mold or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the building of which the Premises are a part, or from other sources or places, (ii) any damages arising from any act or neglect of any other tenant of Lessor or from the failure of Lessor or its agents to enforce the provisions of any other lease in the Project, or (iii) injury to Lessee's business or for any loss of income or profit therefrom. Instead, it is intended that Lessee's sole recourse in the event of such damages or injury be to file a claim on the insurance policy(ies) that Lessee is required to maintain pursuant to the provisions of paragraph 8.

8.9 Failure to Provide Insurance. Lessee acknowledges that any failure on its part to obtain or maintain the insurance required herein will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, for any month or portion thereof that Lessee does not maintain the required insurance and/or does not provide Lessor with the required binders or certificates evidencing the existence of the required insurance, the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater. The parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to maintain the required insurance. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to maintain such insurance, prevent the exercise of any of the other rights and remedies granted hereunder, nor relieve Lessee of its obligation to maintain the insurance specified in this Lease.

9. Damage or Destruction.

9.1 Definitions.

(a) **"Premises Partial Damage"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations, which can reasonably be repaired in 6 months or less from the date of the damage or destruction. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(b) **"Premises Total Destruction"** shall mean damage or destruction to the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which cannot reasonably be repaired in 6 months or less from the date of the damage or destruction. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(c) **"Insured Loss"** shall mean damage or destruction to improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance described in Paragraph 8.3(a), irrespective of any deductible amounts or coverage limits involved.

(d) **"Replacement Cost"** shall mean the cost to repair or rebuild the improvements owned by Lessor at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of Applicable Requirements, and without deduction for depreciation.

(e) **"Hazardous Substance Condition"** shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance, in, on, or under the Premises which requires restoration.

9.2 Partial Damage - Insured Loss. If a Premises Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessor's expense, repair such damage (but not Lessee's Trade Fixtures or Lessee Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect; provided, however, that Lessee shall, at Lessor's election, make the repair of any damage or destruction the total cost to repair of which is \$10,000 or less, and, in such event, Lessor shall make any applicable insurance proceeds available to Lessee on a reasonable basis for that purpose. Notwithstanding the foregoing,


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Page 10 of 23
Last Edited: 4/5/2019 10:56 AM


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STN-27.10, Revised 11-01-2017

if the required insurance was not in force or the insurance proceeds are not sufficient to effect such repair, the Insuring Party shall promptly contribute the shortage in proceeds (except as to the deductible which is Lessee's responsibility) as and when required to complete said repairs. In the event, however, such shortage was due to the fact that, by reason of the unique nature of the improvements, full replacement cost insurance coverage was not commercially reasonable and available, Lessor shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Lessee provides Lessor with the funds to cover same, or adequate assurance thereof, within 10 days following receipt of written notice of such shortage and request therefor. If Lessor receives said funds or adequate assurance thereof within said 10 day period, the party responsible for making the repairs shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If such funds or assurance are not received, Lessor may nevertheless elect by written notice to Lessee within 10 days thereafter to: (i) make such restoration and repair as is commercially reasonable with Lessor paying any shortage in proceeds, in which case this Lease shall remain in full force and effect, or (ii) have this Lease terminate 30 days thereafter. Lessee shall not be entitled to reimbursement of any funds contributed by Lessee to repair any such damage or destruction. Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

9.3 Partial Damage - Uninsured Loss. If a Premises Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense), Lessor may either: (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) terminate this Lease by giving written notice to Lessee within 30 days after receipt by Lessor of knowledge of the occurrence of such damage. Such termination shall be effective 60 days following the date of such notice. In the event Lessor elects to terminate this Lease, Lessee shall have the right within 10 days after receipt of the termination notice to give written notice to Lessor of Lessee's commitment to pay for the repair of such damage without reimbursement from Lessor. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days after making such commitment. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Lessee does not make the required commitment, this Lease shall terminate as of the date specified in the termination notice.

9.4 Total Destruction. Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate 60 days following such Destruction. If the damage or destruction was caused by the gross negligence or willful misconduct of Lessee, Lessor shall have the right to recover Lessor's damages from Lessee, except as provided in Paragraph 8.6.

9.5 Damage Near End of Term. If at any time during the last 6 months of this Lease there is damage for which the cost to repair exceeds one month's Base Rent, whether or not an Insured Loss, Lessor may terminate this Lease effective 60 days following the date of occurrence of such damage by giving a written termination notice to Lessee within 30 days after the date of occurrence of such damage. Notwithstanding the foregoing, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by, (a) exercising such option and (b) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is 10 days after Lessee's receipt of Lessor's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Lessee duly exercises such option during such period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Lessor shall, at Lessor's commercially reasonable expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option and provide such funds or assurance during such period, then this Lease shall terminate on the date specified in the termination notice and Lessee's option shall be extinguished.

9.6 Abatement of Rent; Lessee's Remedies.

(a) **Abatement.** In the event of Premises Partial Damage or Premises Total Destruction or a Hazardous Substance Condition for which Lessee is not responsible under this Lease, the Rent payable by Lessee for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired, but not to exceed the proceeds received from the Rental Value insurance. All other obligations of Lessee hereunder shall be performed by Lessee, and Lessor shall have no liability for any such damage, destruction, remediation, repair or restoration except as provided herein.

(b) **Remedies.** If Lessor is obligated to repair or restore the Premises and does not commence, in a substantial and meaningful way, such repair or restoration within 90 days after such obligation shall accrue, Lessee may, at any time prior to the commencement of such repair or restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice, of Lessee's election to terminate this Lease on a date not less than 60 days following the giving of such notice. If Lessee gives such notice and such repair or restoration is not commenced within 30 days thereafter, this Lease shall terminate as of the date specified in said notice. If the repair or restoration is commenced within such 30 days, this Lease shall continue in full force and effect. "Commence" shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

9.7 Termination; Advance Payments. Upon termination of this Lease pursuant to Paragraph 6.2(g) or Paragraph 9, an equitable


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Page 11 of 23
Last Edited: 4/5/2019 10:56 AM


INITIALS

STN-27.10, Revised 11-01-2017

adjustment shall be made concerning advance Base Rent and any other advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor.

10. Real Property Taxes.

10.1 **Definition.** As used herein, the term "Real Property Taxes" shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Premises or the Project, Lessor's right to other income therefrom, and/or Lessor's business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the Building address. Real Property Taxes shall also include any tax, fee, levy, assessment or charge, or any increase therein: (i) imposed by reason of events occurring during the term of this Lease, including but not limited to, a change in the ownership of the Premises, and (ii) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease.

10.2 **Payment of Taxes.** In addition to Base Rent Lessee shall pay to Lessor all Property Taxes pursuant to Paragraph #52. ~~Lessee shall pay to Lessor an amount equal to the Real Property Tax installment due at least 20 days prior to the applicable delinquency date. If any such installment shall cover any period of time prior to or after the expiration or termination of this Lease, Lessee's share of such installment shall be prorated.~~ In the event Lessee incurs a late charge on any Rent payment, Lessor may estimate the current Real Property Taxes, and require that such taxes be paid in advance to Lessor by Lessee monthly in advance with the payment of the Base Rent. Such monthly payments shall be an amount equal to the amount of the estimated installment of taxes 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 is known, the amount of such equal monthly advance payments shall be adjusted as required to provide the funds needed to pay the applicable taxes. If the amount collected by Lessor is insufficient to pay such Real Property Taxes when due, Lessee shall pay Lessor, upon demand, such additional sum as is necessary. Advance payments may be intermingled with other moneys of Lessor and shall not bear interest. In the event of a Breach by Lessee in the performance of its obligations under this Lease, then any such advance payments may be treated by Lessor as an additional Security Deposit.

10.3 **Joint Assessment.** If the Premises are not separately assessed, Lessee's liability shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be conclusively determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available.

10.4 **Personal Property Taxes.** Lessee shall pay, prior to delinquency, all taxes assessed against and levied upon Lessee Owned Alterations, Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee. When possible, Lessee shall cause its Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor. If any of Lessee's said property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee's property within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. **Utilities and Services.** Lessee shall pay for all water, gas, heat, light, power, telephone, trash disposal and other utilities and services supplied to the Premises, together with any taxes thereon. If any such services are not separately metered or billed to Lessee, Lessee shall pay a reasonable proportion, to be determined by Lessor, of all charges jointly metered or billed. There shall be no abatement of rent and Lessor shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Lessor's reasonable control or in cooperation with governmental request or directions.

12. Assignment and Subletting.

12.1 Lessor's Consent Required. Subject to Paragraph #66.

- (a) Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or encumber (collectively, "assign or assignment") or sublet all or any part of Lessee's interest in this Lease or in the Premises without Lessor's prior written consent.
- (b) Unless Lessee is a corporation and its stock is publicly traded on a national stock exchange, a change in the control of Lessee shall constitute an assignment requiring consent. The transfer, on a cumulative basis, of 25% or more of the voting control of Lessee shall constitute a change in control for this purpose.
- (c) The involvement of Lessee or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buy-out or otherwise), whether or not a formal assignment or hypothecation of this Lease or Lessee's assets occurs, which results or will result in a reduction of the Net Worth of Lessee by an amount greater than 25% of such Net Worth as it was represented at the time of the execution of this Lease or at the time of the most recent assignment to which Lessor has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater, shall be considered an assignment of this Lease to which Lessor may withhold its consent. "Net Worth of Lessee" shall mean the net worth of Lessee (excluding any guarantors) established under generally accepted accounting principles.


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Page 12 of 23
Last Edited: 4/5/2019 10:56 AM


INITIALS

STN-27.10, Revised 11-01-2017

(d) An assignment or subletting without consent shall, at Lessor's option, be a Default curable after notice per Paragraph 13.1(d), or a noncurable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unapproved assignment or subletting as a noncurable Breach, Lessor may either: (i) terminate this Lease in which case Lessor shall be free to negotiate and enter into a Lease with the proposed subtenant or assignee, or (ii) upon 30 days written notice, increase the monthly Base Rent to 110% of the Base Rent then in effect. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Lessee shall be subject to similar adjustment to 110% of the price previously in effect, and (ii) all fixed and non-fixed rental adjustments scheduled during the remainder of the Lease term shall be increased to 110% of the scheduled adjusted rent.

(e) Lessee's remedy for any breach of Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or injunctive relief.

(f) Lessor may reasonably withhold consent to a proposed assignment or subletting if Lessee is in Default at the time consent is requested.

(g) Notwithstanding the foregoing, allowing a de minimis portion of the Premises, ie. 20 square feet or less, to be used by a third party vendor in connection with the installation of a vending machine or payphone shall not constitute a subletting.

12.2 Terms and Conditions Applicable to Assignment and Subletting. Subject to Paragraph #66.

(a) Regardless of Lessor's consent, no assignment or subletting shall: (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, or (iii) alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.

(b) Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.

(c) Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.

(d) In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefor to Lessor, or any security held by Lessor.

(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any, together with a fee of \$500 as consideration for Lessor's considering and processing said request. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested. (See also Paragraph 36)

(f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment, entering into such sublease, or entering into possession of the Premises or any portion thereof, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented to in writing.

(g) Lessor's consent to any assignment or subletting shall not transfer to the assignee or sublessee any Option granted to the original Lessee by this Lease unless such transfer is specifically consented to by Lessor in writing. (See Paragraph 39.2)

12.3 Additional Terms and Conditions Applicable to Subletting. The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease, any Assignment or Sublease with premium rent that exceeds Lessee's obligations, including any forms of compensation, Key Money or Equipment Purchase shall inure solely to Lessor, but expressly excluding any compensation received in connection with an assignment or sublease pursuant to Paragraph #66; provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. In the event that the amount collected by Lessor exceeds Lessee's then outstanding obligations any such excess shall be refunded to Lessee. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.

(b) In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to attorn to Lessor, in which event Lessor


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Page 13 of 23
Last Edited: 4/5/2019 10:56 AM


INITIALS

STN-27.10, Revised 11-01-2017

shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.

(c) Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.

(d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.

(e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

13. Default; Breach; Remedies.

13.1 **Default; Breach.** A "Default" is defined as a failure by the Lessee to comply with or perform any of the terms, covenants, conditions or Rules and Regulations under this Lease. A "Breach" is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:

(a) The abandonment of the Premises; or the vacating of the Premises without providing a commercially reasonable level of security, or where the coverage of the property insurance described in Paragraph 8.3 is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential vandalism.

(b) The failure of Lessee to make any payment of Rent or any Security Deposit required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of 3 business days following written notice to Lessee. THE ACCEPTANCE BY LESSOR OF A PARTIAL PAYMENT OF RENT OR SECURITY DEPOSIT SHALL NOT CONSTITUTE A WAIVER OF ANY OF LESSOR'S RIGHTS, INCLUDING LESSOR'S RIGHT TO RECOVER POSSESSION OF THE PREMISES.

(c) The failure of Lessee to allow Lessor and/or its agents access to the Premises or the commission of waste, act or acts constituting public or private nuisance, and/or an illegal activity on the Premises by Lessee, where such actions continue for a period of 3 business days following written notice to Lessee. In the event that Lessee commits waste, a nuisance or an illegal activity a second time then, the Lessor may elect to treat such conduct as a non-curable Breach rather than a Default.

(d) The failure by Lessee to provide (i) reasonable written evidence of compliance with Applicable Requirements, (ii) the service contracts, (iii) the rescission of an unauthorized assignment or subletting, (iv) an Estoppel Certificate or financial statements, (v) a requested subordination, (vi) evidence concerning any guaranty and/or Guarantor, (vii) any document requested under Paragraph 4.2, (viii) material safety data sheets (MSDS), or (ix) any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of 10 days following written notice to Lessee.

(e) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 4.0 hereof, other than those described in subparagraphs 13.1(a), (b), (c) or (d), above, where such Default continues for a period of 30 days after written notice; provided, however, that if the nature of Lessee's Default is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a Breach if Lessee commences such cure within said 30 day period and thereafter diligently prosecutes such cure to completion.

(f) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a "debtor" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days; provided, however, in the event that any provision of this subparagraph is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(g) The discovery that any financial statement of Lessee or of any Guarantor given to Lessor was materially false.

(h) If the performance of Lessee's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, (iii) a Guarantor's becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory basis, and Lessee's failure, within 60 days following written notice of any such event, to provide written alternative assurance or security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of execution of this Lease.

13.2 **Remedies.** If Lessee fails to perform any of its affirmative duties or obligations, within 10 days after written notice (or in case of an emergency, without notice), Lessor may, at its option, perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. Lessee shall pay to Lessor an amount equal to 115% of the costs and expenses incurred by Lessor in such performance upon receipt of an


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Page 14 of 23
Last Edited: 4/5/2019 10:56 AM


INITIALS

STN-27.10, Revised 11-01-2017

invoice therefor. In the event of a Breach, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent which had been earned at the time of termination; (ii) 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 rental loss that the Lessee proves could have been reasonably avoided; (iii) 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 rental loss that the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee's Breach of this Lease shall not waive Lessor's right to recover any damages to which Lessor is otherwise entitled. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Paragraph 13.1. In such case, the applicable grace period required by Paragraph 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due, in which event Lessee may sublet or assign, subject only to reasonable limitations. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not constitute a termination of the Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

13.3 Inducement Recapture. Any agreement for free or abated rent or other charges, the cost of tenant improvements for Lessee paid for or performed by Lessor, or for the giving or paying by Lessor to or for Lessee of any cash or other bonus, inducement or consideration for Lessee's entering into this Lease, all of which concessions are hereinafter referred to as "**Inducement Provisions**," shall be deemed conditioned upon Lessee's full and faithful performance of all of the terms, covenants and conditions of this Lease. Upon Breach of this Lease by Lessee, any such Inducement Provision shall automatically be deemed deleted from this Lease and of no further force or effect, and any rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Lessor under such an Inducement Provision shall be immediately due and payable by Lessee to Lessor, notwithstanding any subsequent cure of said Breach by Lessee. The acceptance by Lessor of rent or the cure of the Breach which initiated the operation of this paragraph shall not be deemed a waiver by Lessor of the provisions of this paragraph unless specifically so stated in writing by Lessor at the time of such acceptance.

13.4 Late Charges. Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within 5 days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall immediately pay to Lessor a one-time late charge equal to 10% of each such overdue amount or \$100, whichever is greater. The Parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

13.5 Interest. Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor, when due shall bear interest from the 31st day after it was due. The interest ("**Interest**") charged shall be computed at the rate of 10% per annum but shall not exceed the maximum rate allowed by law. Interest is payable in addition to the potential late charge provided for in Paragraph 13.4.


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Page 15 of 23
Last Edited: 4/5/2019 10:56 AM


INITIALS

STN-27.10, Revised 11-01-2017

13.6 Breach by Lessor.

(a) **Notice of Breach.** Lessor shall not be deemed in breach of this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph, a reasonable time shall in no event be less than 30 days after receipt by Lessor, and any Lender whose name and address shall have been furnished to Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than 30 days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such 30 day period and thereafter diligently pursued to completion.

(b) **Performance by Lessee on Behalf of Lessor.** In the event that neither Lessor nor Lender cures said breach within 30 days after receipt of said notice, or if having commenced said cure they do not diligently pursue it to completion, then Lessee may elect to cure said breach at Lessee's expense and offset from Rent the actual and reasonable cost to perform such cure, provided, however, that such offset shall not exceed an amount equal to the greater of one month's Base Rent or the Security Deposit, reserving Lessee's right to seek reimbursement from Lessor for any such expense in excess of such offset. Lessee shall document the cost of said cure and supply said documentation to Lessor.

14. Condemnation. If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "Condemnation"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the Building, or more than 25% of that portion of the Premises not occupied by any building, is taken by Condemnation, Lessee may, at Lessee's option, to be exercised in writing within 10 days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within 10 days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. Condemnation awards and/or payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages; provided, however, that Lessee shall be entitled to any compensation paid by the condemnor for Lessee's relocation expenses, loss of business goodwill and/or Trade Fixtures, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph. All Alterations and Utility Installations made to the Premises by Lessee, for purposes of Condemnation only, shall be considered the property of the Lessee and Lessee shall be entitled to any and all compensation which is payable therefor. In the event that this Lease is not terminated by reason of the Condemnation, Lessor shall repair any damage to the Premises caused by such Condemnation.

15. Brokerage Fees.

~~15.1 **Additional Commission.** In addition to the payments owed pursuant to Paragraph 1.9 above, Lessor agrees that: (a) if Lessee exercises any Option, (b) if Lessee or anyone affiliated with Lessee acquires any rights to the Premises or other premises owned by Lessor and located within the same Project, if any, within which the Premises is located, (c) if Lessee remains in possession of the Premises, with the consent of Lessor, after the expiration of this Lease, or (d) if Base Rent is increased, whether by agreement or operation of an escalation clause herein, then, Lessor shall pay Brokers a fee in accordance with the fee schedule of the Brokers in effect at the time the Lease was executed. Please see #69.~~

15.2 **Assumption of Obligations.** Any buyer or transferee of Lessor's interest in this Lease shall be deemed to have assumed Lessor's obligation hereunder. Brokers shall be third party beneficiaries of the provisions of Paragraphs 1.9, 15, 22 and 31. If Lessor fails to pay to Brokers any amounts due as and for brokerage fees pertaining to this Lease when due, then such amounts shall accrue interest. In addition, if Lessor fails to pay any amounts to Lessee's Broker when due, Lessee's Broker may send written notice to Lessor and Lessee of such failure and if Lessor fails to pay such amounts within 10 days after said notice, Lessee shall pay said monies to its Broker and offset such amounts against Rent. In addition, Lessee's Broker shall be deemed to be a third party beneficiary of any commission agreement entered into by and/or between Lessor and Lessor's Broker for the limited purpose of collecting any brokerage fee owed.

15.3 **Representations and Indemnities of Broker Relationships.** Lessee and Lessor each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder (other than the Brokers, if any) in connection with this Lease, and that no one other than said named Brokers is entitled to any commission or finder's fee in connection herewith. Lessee and Lessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.

16. Estoppel Certificates.

(a) Each Party (as "Responding Party") shall within 10 days after written notice from the other Party (the "Requesting Party") execute, acknowledge and deliver to the Requesting Party a statement in writing in form similar to the then most current


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Page 16 of 23
Last Edited: 4/5/2019 10:56 AM


INITIALS

STN-27.10, Revised 11-01-2017

"Estoppel Certificate" form published BY AIR CRE, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

(b) If the Responding Party shall fail to execute or deliver the Estoppel Certificate within such 10 day period, the Requesting Party may execute an Estoppel Certificate stating that: (i) the Lease is in full force and effect without modification except as may be represented by the Requesting Party, (ii) there are no uncured defaults in the Requesting Party's performance, and (iii) if Lessor is the Requesting Party, not more than one month's rent has been paid in advance. Prospective purchasers and encumbrancers may rely upon the Requesting Party's Estoppel Certificate, and the Responding Party shall be estopped from denying the truth of the facts contained in said Certificate. In addition, Lessee acknowledges that any failure on its part to provide such an Estoppel Certificate will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to execute and/or deliver a requested Estoppel Certificate in a timely fashion the monthly Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater for remainder of the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to provide the Estoppel Certificate. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to provide the Estoppel Certificate nor prevent the exercise of any of the other rights and remedies granted hereunder.

(c) If Lessor desires to finance, refinance, or sell the Premises, or any part thereof, Lessee and all Guarantors shall within 10 days after written notice from Lessor deliver to any potential lender or purchaser designated by Lessor such financial statements as may be reasonably required by such lender or purchaser, including but not limited to Lessee's financial statements for the past 3 years. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. Definition of Lessor. The term "Lessor" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Lessee's interest in the prior lease. In the event of a transfer of Lessor's title or interest in the Premises or this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor. Upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Lessor. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined.

18. Severability. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

19. Days. Unless otherwise specifically indicated to the contrary, the word "days" as used in this Lease shall mean and refer to calendar days.

20. Limitation on Liability. The obligations of Lessor under this Lease shall not constitute personal obligations of Lessor, or its partners, members, directors, officers or shareholders, and Lessee shall look to the Premises, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease, and shall not seek recourse against Lessor's partners, members, directors, officers or shareholders, or any of their personal assets for such satisfaction. The liability (including court costs and Attorney's Fees), or any Broker with respect to negotiation, execution, delivery or performance by either Lessor or Lessee under this Lease or any Amendment or Modification hereto shall be limited to an amount up to the fee received by such Broker pursuant to this Lease; provided however, that the foregoing limitation on each Broker's liability shall not be applicable to any Gross Negligence or Willful Misconduct of such Broker.

21. Time of Essence. Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

22. No Prior or Other Agreements; Broker Disclaimer. This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Lessor and Lessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party.

23. Notices.

23.1 Notice Requirements. All notices required or permitted by this Lease or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, or by email, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or


INITIALS

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Page 17 of 23
Last Edited: 4/5/2019 10:56 AM


INITIALS

STN-27.10, Revised 11-01-2017

mailing of notices. Either Party may by written notice to the other specify a different address for notice, except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice. A copy of all notices to Lessor shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate in writing.

23.2 **Date of Notice.** Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail the notice shall be deemed given 72 hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantees next day delivery shall be deemed given 24 hours after delivery of the same to the Postal Service or courier. Notices delivered by hand, or transmitted by facsimile transmission or by email shall be deemed delivered upon actual receipt. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

24. Waivers.

(a) No waiver by Lessor of the Default or Breach of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee of the same or of any other term, covenant or condition hereof. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to, or approval of, any subsequent or similar act by Lessee, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent.

(b) The acceptance of Rent by Lessor shall not be a waiver of any Default or Breach by Lessee. Any payment by Lessee may be accepted by Lessor on account of monies or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

(c) THE PARTIES AGREE THAT THE TERMS OF THIS LEASE SHALL GOVERN WITH REGARD TO ALL MATTERS RELATED THERETO AND HEREBY WAIVE THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE TO THE EXTENT THAT SUCH STATUTE IS INCONSISTENT WITH THIS LEASE.

25. Disclosures Regarding The Nature of a Real Estate Agency Relationship.

(a) When entering into a discussion with a real estate agent regarding a real estate transaction, a Lessor or Lessee should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Lessor and Lessee acknowledge being advised by the Brokers in this transaction, as follows:

(i) Lessor's Agent. A Lessor's agent under a listing agreement with the Lessor acts as the agent for the Lessor only. A Lessor's agent or subagent has the following affirmative obligations: To the Lessor: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessor. To the Lessee and the Lessor: (a) Diligent exercise of reasonable skills and care in performance of the agent's duties. (b) A duty of honest and fair dealing and good faith. (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(ii) Lessee's Agent. An agent can agree to act as agent for the Lessee only. In these situations, the agent is not the Lessor's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Lessor. An agent acting only for a Lessee has the following affirmative obligations. To the Lessee: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessee. To the Lessee and the Lessor: (a) Diligent exercise of reasonable skills and care in performance of the agent's duties. (b) A duty of honest and fair dealing and good faith. (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

~~(iii) Agent Representing Both Lessor and Lessee. A real estate agent, either acting directly or through one or more associate licensees, can legally be the agent of both the Lessor and the Lessee in a transaction, but only with the knowledge and consent of both the Lessor and the Lessee. In a dual agency situation, the agent has the following affirmative obligations to both the Lessor and the Lessee: (a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Lessor or the Lessee. (b) Other duties to the Lessor and the Lessee as stated above in subparagraphs (i) or (ii). In representing both Lessor and Lessee, the agent may not without the express permission of the respective Party, disclose to the other Party that the Lessor will accept rent in an amount less than that indicated in the listing or that the Lessee is willing to pay a higher rent than that offered. The above duties of the agent in a real estate transaction do not relieve a Lessor or Lessee from the responsibility to protect their own interests. Lessor and Lessee should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.~~

(b) Brokers have no responsibility with respect to any default or breach hereof by either Party. The Parties agree that no


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lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this Lease may be brought against Broker more than one year after the Start Date and that the liability (including court costs and attorneys' fees), of any Broker with respect to any such lawsuit and/or legal proceeding shall not exceed the fee received by such Broker pursuant to this Lease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

(c) Lessor and Lessee agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.

26. No Right To Holdover. Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent shall be increased to 150% of the Base Rent applicable immediately preceding the expiration or termination. Holdover Base Rent shall be calculated on monthly basis. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

27. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

28. Covenants and Conditions; Construction of Agreement. All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

29. Binding Effect; Choice of Law. This Lease shall be binding upon the Parties, their personal representatives, successors and assigns and be governed by the laws of the State in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

30. Subordination; Attornment; Non-Disturbance.

30.1 Subordination. This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "Security Device"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Lessee agrees that the holders of any such Security Devices (in this Lease together referred to as "Lender") shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any Lender may elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee, whereupon this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

30.2 Attornment. In the event that Lessor transfers title to the Premises, or the Premises are acquired by another upon the foreclosure or termination of a Security Device to which this Lease is subordinated (i) Lessee shall, subject to the non-disturbance provisions of Paragraph 30.3, attorn to such new owner, and upon request, enter into a new lease, containing all of the terms and provisions of this Lease, with such new owner for the remainder of the term hereof, or, at the election of the new owner, this Lease will automatically become a new lease between Lessee and such new owner, and (ii) Lessor shall thereafter be relieved of any further obligations hereunder and such new owner shall assume all of Lessor's obligations, except that such new owner shall not: (a) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses which Lessee might have against any prior lessor, (c) be bound by prepayment of more than one month's rent, or (d) be liable for the return of any security deposit paid to any prior lessor which was not paid or credited to such new owner.

30.3 Non-Disturbance. With respect to Security Devices entered into by Lessor after the execution of this Lease, Lessee's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement (a "Non-Disturbance Agreement") from the Lender which Non-Disturbance Agreement provides that Lessee's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in Breach hereof and attorns to the record owner of the Premises. Further, within 60 days after the execution of this Lease, Lessor shall, if requested by Lessee, use its commercially reasonable efforts to obtain a Non-Disturbance Agreement from the holder of any pre-existing Security Device which is secured by the Premises. In the event that Lessor is unable to provide the Non-Disturbance Agreement within said 60 days, then Lessee may, at Lessee's option, directly contact Lender and attempt to negotiate for the execution and delivery of a Non-Disturbance Agreement.

30.4 Self-Executing. The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination, attornment and/or Non-Disturbance Agreement provided for herein.


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Page 19 of 23
Last Edited: 4/5/2019 10:56 AM


INITIALS

STN-27.10, Revised 11-01-2017

31. Attorneys' Fees. If any Party or Broker brings an action or proceeding involving the Premises whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term, "**Prevailing Party**" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. In addition, Lessor shall be entitled to attorneys' fees, costs and expenses incurred in the preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach (\$200 is a reasonable minimum per occurrence for such services and consultation).

32. Lessor's Access; Showing Premises; Repairs. Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable prior notice for the purpose of showing the same to prospective purchasers, lenders, or tenants, and making such alterations, repairs, improvements or additions to the Premises as Lessor may deem necessary or desirable and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect on Lessee's use of the Premises. All such activities shall be without abatement of rent or liability to Lessee.

33. Auctions. Lessee shall not conduct, nor permit to be conducted, any auction upon the Premises without Lessor's prior written consent. Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to permit an auction.

34. Signs. Lessor may place on the Premises ordinary "For Sale" signs at any time and ordinary "For Lease" signs during the last 6 months of the term hereof. ~~Except for ordinary "for sublease" signs,~~ Lessee shall not place any sign upon the Premises without Lessor's prior written consent. All signs must comply with all Applicable Requirements.

35. Termination; Merger. Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, that Lessor may elect to continue any one or all existing subtenancies. Lessor's failure within 10 days following any such event to elect to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

36. Consents. All requests for consent shall be in writing. Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. Lessor's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent, including but not limited to consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Lessee upon receipt of an invoice and supporting documentation therefor. Lessor's consent to any act, assignment or subletting shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. The failure to specify herein any particular condition to Lessor's consent shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within 10 business days following such request.

37. Guarantor.

37.1 Execution. The Guarantors, if any, shall each execute a guaranty in the form most recently published BY AIR CRE, and each such Guarantor shall have the same obligations as Lessee under this Lease.

37.2 Default. It shall constitute a Default of the Lessee if any Guarantor fails or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of directors authorizing the making of such guaranty, (b) current financial statements, (c) an Estoppel Certificate, or (d) written confirmation that the guaranty is still in effect.

38. Quiet Possession. Subject to payment by Lessee of the Rent and performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the term hereof.

39. Options. If Lessee is granted any Option, as defined below, then the following provisions shall apply.

39.1 Definition. "**Option**" shall mean: (a) the right to extend or reduce the term of or renew this Lease or to extend or


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reduce the term of or renew any lease that Lessee has on other property of Lessor; (b) the right of first refusal or first offer to lease either the Premises or other property of Lessor; (c) the right to purchase, the right of first offer to purchase or the right of first refusal to purchase the Premises or other property of Lessor.

39.2 Options Personal To Original Lessee. Any Option granted to Lessee in this Lease is personal to the original Lessee or any Affiliate, as defined in Paragraph #66, and cannot be assigned or exercised by anyone other than said original Lessee or any Affiliate and only while the original Lessee or any Affiliate is in full possession of the Premises and, if requested by Lessor, with Lessee certifying that Lessee has no intention of thereafter assigning or subletting.

39.3 Multiple Options. In the event that Lessee has any multiple Options to extend or renew this Lease, a later Option cannot be exercised unless the prior Options have been validly exercised.

39.4 Effect of Default on Options.

(a) Lessee shall have no right to exercise an Option: (i) during the period commencing with the giving of any notice of Default and continuing until said Default is cured, (ii) during the period of time any Rent is unpaid (without regard to whether notice thereof is given Lessee), (iii) during the time Lessee is in Breach of this Lease, or (iv) in the event that Lessee has been given 3 or more notices of separate Default, whether or not the Defaults are cured, during the 12 month period immediately preceding the exercise of the Option.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of Paragraph 39.4(a).

(c) An Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and prior to the commencement of the extended term or completion of the purchase, (i) Lessee fails to pay Rent for a period of 30 days after such Rent becomes due (without any necessity of Lessor to give notice thereof), or (ii) if Lessee commits a Breach of this Lease.

40. Multiple Buildings. If the Premises are a part of a group of buildings controlled by Lessor, Lessee agrees that it will abide by and conform to all reasonable rules and regulations which Lessor may make from time to time for the management, safety, and care of said properties, including the care and cleanliness of the grounds and including the parking, loading and unloading of vehicles, and to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessee also agrees to pay its fair share of common expenses incurred in connection with such rules and regulations.

41. Security Measures. Lessee hereby acknowledges that the Rent payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Lessee, its agents and invitees and their property from the acts of third parties.

42. Reservations. Lessor reserves to itself the right, from time to time, to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary, and to cause the recordation of parcel maps and restrictions, so long as such easements, rights, dedications, maps and restrictions do not unreasonably interfere with the use of the Premises by Lessee. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate any such easement rights, dedication, map or restrictions.

43. Performance Under Protest. If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay. A Party who does not initiate suit for the recovery of sums paid "under protest" within 6 months shall be deemed to have waived its right to protest such payment.

44. Authority; Multiple Parties; Execution.

(a) If either Party hereto is a corporation, trust, limited liability company, partnership, or similar entity, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. Each Party shall, within 30 days after request, deliver to the other Party satisfactory evidence of such authority.

(b) If this Lease is executed by more than one person or entity as "Lessee", each such person or entity shall be jointly and severally liable hereunder. It is agreed that any one of the named Lessees shall be empowered to execute any amendment to this Lease, or other document ancillary thereto and bind all of the named Lessees, and Lessor may rely on the same as if all of the named Lessees had executed such document.

(c) This Lease may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

45. Conflict. Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be


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Page 21 of 23
Last Edited: 4/5/2019 10:56 AM


INITIALS

STN-27.10, Revised 11-01-2017

controlled by the typewritten or handwritten provisions. If for any reason whatsoever this Lease is not signed by the Lessor, Lessee acknowledges that neither the Lessor or the Lessor's Broker shall have any responsibility or liability for any lost profits, Attorney's Fees or any alleged damage claims by the Lessee.

46. Offer. Preparation of this Lease by either Party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

47. Amendments. This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. As long as they do not materially change Lessee's obligations hereunder, Lessee agrees to make such reasonable non-monetary modifications to this Lease as may be reasonably required by a Lender in connection with the obtaining of normal financing or refinancing of the Premises.

48. Waiver of Jury Trial. THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.

49. Arbitration of Disputes. An Addendum requiring the Arbitration of all disputes between the Parties and/or Brokers arising out of this Lease ☐ is ☒ is not attached to this Lease.

50. Accessibility; Americans with Disabilities Act.

(a) The Premises:

☒ have not undergone an inspection by a Certified Access Specialist (CASP). Note: 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.

☐ have undergone an inspection by a Certified Access Specialist (CASP) and it was determined that the Premises met all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq. Lessee acknowledges that it received a copy of the inspection report at least 48 hours prior to executing this Lease and agrees to keep such report confidential.

☐ have undergone an inspection by a Certified Access Specialist (CASP) and it was determined that the Premises did not meet all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq. Lessee acknowledges that it received a copy of the inspection report at least 48 hours prior to executing this Lease and agrees to keep such report confidential except as necessary to complete repairs and corrections of violations of construction related accessibility standards.

In the event that the Premises have been issued an inspection report by a CASp the Lessor shall provide a copy of the disability access inspection certificate to Lessee within 7 days of the execution of this Lease.

(b) Since compliance with the Americans with Disabilities Act (ADA) and other state and local accessibility statutes are dependent upon Lessee's specific use of the Premises, Lessor makes no warranty or representation as to whether or not the Premises comply with ADA or any similar legislation. In the event that Lessee's use of the Premises requires modifications or additions to the Premises in order to be in compliance with ADA or other accessibility statutes, Lessee agrees to make any such necessary modifications and/or additions at Lessee's expense.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY AIR CRE OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.
2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PREMISES, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE.

WARNING: IF THE PREMISES ARE LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THE LEASE MAY NEED


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Page 22 of 23
Last Edited: 4/5/2019 10:56 AM


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STN-27.10, Revised 11-01-2017

TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PREMISES ARE LOCATED.

The parties hereto have executed this Lease at the place and on the dates specified above their respective signatures.

Executed at: Los Angeles
On: 4-5-19

By LESSOR:

Metro Star LLC and Star Alliance LLC
Tenants in Common, Tenants in Common

By: [Signature]
Name Printed: Saeed C. Jamalzadeh
Title: Sole Member of each LLC
Phone: _____
Fax: _____
Email: _____

By: _____
Name Printed: _____
Title: _____
Phone: _____
Fax: _____
Email: _____

Address: P. O. Box 16141, Encino, CA
91416-6141
Federal ID No.: _____

NOTE: All Checks are to be made payable to "Star Alliance LLC" only.

BROKER

Ronald S. Kates & Co.

Attn: Janet A. Vandever
Title: Vice President

Address: 503 N. Robertson Blvd., West
Hollywood, CA 90048
Phone: 310 273-4555
Fax: 310 273-6107
Email: jvandever@kates-co.com
Federal ID No.: 95-2238447
Broker/Agent BRE License #: 00695453

Executed at: Los Angeles
On: 4-5-19

By LESSEE:

Flore Flore LLC dba Flore

By: [Signature]
Name Printed: David Elias
Title: Member
Phone: _____
Fax: _____
Email: _____

By: _____
Name Printed: _____
Title: _____
Phone: _____
Fax: _____
Email: _____

Address: 1201 -1209 N. La Brea Ave., West
Hollywood, CA 90048
Federal ID No.: _____

BROKER

Lee & Associates

Attn: _____
Title: _____

Address: _____
Phone: _____
Fax: _____
Email: _____
Federal ID No.: _____
Broker/Agent BRE License #: _____

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Page 23 of 23
Last Edited: 4/5/2019 10:56 AM

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STN-27.10, Revised 11-01-2017

THIS IS AN ADDENDUM TO THE FOLLOWING LEASE (the "Addendum"):

Dated for Reference Purposes Only: April 5, 2019

LESSOR: Metro Star LLC and Star Alliance LLC, as Tenants in Common

LESSEE: Flore Flora LLC dba Flore

For the Premises Commonly Known as 1201-1209 N. La Brea Ave., West Hollywood, CA 90038

The original Lease, as modified, supplemented and superseded by this Addendum is hereafter referred to as the "Lease". If there is any conflict between the original Lease and this Addendum, this Addendum shall control. Unless otherwise defined in this Addendum, capitalized terms shall have the meanings assigned to them in the original Lease.

PARAGRAPH 51(a): MONTHLY BASE RENT AND NNN EXPENSES FOR PRE-LEASE LICENSING TERM

The "Pre-Lease Licensing Term" shall commence on March 26, 2019 and continue through the date that Lessee obtains all of its approvals, authorizations, permits, consents, and Cannabis licenses enabling Lessee to operate its intended business at the Premises (from the State of California and City of West Hollywood and from any and all applicable governmental, quasi-governmental association or any other body or party having jurisdiction or any approval rights) (the "Required Permits"), provided that such Pre-Lease Licensing Term shall not extend beyond January 31, 2020.

During the Pre-Lease Licensing Term, Lessee shall pay to Lessor on a monthly basis in advance the sum of \$35,000.00 per month for monthly Base Rent and \$3,000.00 per month for NNN expenses. The first month of Base Rent and NNN expenses shall be paid as stated in Paragraph 1.6(a) of the original Lease and is non-refundable.

All monthly payments of Base Rent and NNN expenses during the term of this Pre-Lease Licensing Term and subsequent Lease Term shall be paid by either wire transfer or check from Lessee's Wells Fargo Bank Account to Lessor's bank account which shall be provided to Lessee upon Pre-Lease execution. Under no circumstances shall cash be acceptable.

If Lessee has not received all of its Required Permits or if there are any governmental regulations or other matters of record restricting Lessee's ability to operate its business or use from the Premises (including, without limitation, any CC&Rs, loan documents, and deed restrictions), Lessee shall have the right at its sole discretion to terminate this Lease (the "Cancellation Right") by giving Lessor written notice of its election to so terminate on or before January 31, 2020 (the "Cancellation Date"). In the event Lessee exercises its Cancellation Right, this Lease shall be deemed terminated and neither party shall have any claims against the other and Lessor shall promptly return any Security Deposit, Key Money or Legal Fund (as defined herein) or any amounts previously paid by Lessee to Lessor, except for any Base Rent and NNN expenses that have been previously paid to Lessor prior to the Cancellation Date. In connection with the foregoing, Lessor shall cooperate with Lessee and execute documents as necessary to assist Lessee in the receipt or application of any Required Permits.

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PARAGRAPH 51(b): MONTHLY BASE RENT UPON LEASE COMMENCEMENT DATE

The Commencement Date shall be defined as the date that Lessee has obtained all Required Permits provided such date is not later than January 31, 2020, unless extended between the parties (the "Commencement Date"). The Monthly Base Rent schedule shall immediately commence on the Commencement Date as follows:

\$35,000.00 per month commencing upon the Commencement Date and continuing monthly until the end of the twelfth month of the first year of the Lease Term.

\$36,050.00 per month for the following twelve-month period.

\$37,131.50 per month for the following twelve-month period.

\$38,245.45 per month for the following twelve-month period.

\$39,392.81 per month for the following twelve-month period.

PARAGRAPH 52: MONTHLY NNN EXPENSES

Commencing on the Commencement Date and continuing monthly throughout the Lease Term and any Option Term(s), Lessee shall pay Lessor, or Lessor's designee, in addition to the monthly Base Rent, \$3,000.00 per month for NNN Expenses. NNN Expenses shall mean the following:

100%: Property Taxes
 City of West Hollywood Business License Tax
 Insurance costs allowed pursuant to Paragraphs 8.1, 8.2(a), 8.3(c) and 8.4 of the original Lease.

PARAGRAPH 53: SIGNS

(a) Lessee shall not paint, or place or permit to be placed, or painted, any primary permanent business sign, lettering, marquee, lighting or awning on the exterior of the Premises without prior written consent of Lessor, which consent shall not be unreasonably withheld.

(b) Subject to Provisions 7 and 8.7, and 52 (a), said signage shall be subject to all the rules and regulations of the City of West Hollywood regarding signage, and Lessee, at its sole cost and expense and at no cost to Lessor (and without reduction of the other signs which can be placed on the building), shall obtain any and all necessary permits regarding said signage from the City of West Hollywood. Lessor makes no representation or warranty as to what kind, or size, if any, of sign will be permitted by the City of West Hollywood. Nothing herein shall vary the requirements of Paragraph 34.

(c) If the installation, existence, servicing, maintenance or removal of Lessee's signs, awnings or marquees, shall cause any material damage to the roof, walls or any part of the building in which the Premises are situated, Lessee, at its sole cost, shall promptly repair any such damage.

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(e) Lessee shall indemnify Lessor for all reasonable attorney's fees, claims, liabilities, expenses of investigation and defense, awards of damages and all other expenses of any nature whatsoever incurred by Lessor due to any cause of action against Lessee, which is related to said signs, awnings or marquees.

(f) Any sign, awnings or marquee installed, shall not be removed by Lessee at the end of his occupancy, or otherwise, except upon written consent, or order, of Lessor, and Lessor may elect to have same become part of the realty, except any sign, awning or marquee containing Lessee's trademark or trade name which Lessee may remove from said Premises at Lease expiration, provided Lessee repairs any damage caused by said removal, and does so prior to the termination of this lease.

(g) It is expressly understood and agreed that for sales signs shall not be exhibited either on the interior, or the exterior, or in display windows, or in any other part of the Premises, by Lessee, for any period of time other than is customary for similar businesses operating in a high-grade manner, in a shopping district comparable to that in which the Premises are located.

PARAGRAPH 54: HAZARDOUS SUBSTANCES

Upon execution of this Lease, Lessor shall order and pay for a new Phase 1 Environmental Report (the "Environmental Due Diligence Survey"). If the Environmental Due Diligence Survey discloses any Hazardous Substances in, at, or on the Project which existed at the Project prior to Lessee's occupancy or currently exists in, at, or on the Project, then (a) Lessee shall have the right to terminate this Lease within thirty (30) days' after Lessee's receipt of the Environmental Due Diligence Survey and Lessor shall promptly return the Security Deposit, Key Money or Legal Fund (as defined herein) or any amount previously paid by Lessee to Lessor, except for any Base Rent or NNN expenses that have been previously paid to Lessor prior to such termination. Notwithstanding anything in the Lease to the contrary, Lessee shall not be responsible for any Hazardous Substances disclosed by the Environmental Due Diligence Survey unless same are caused by Lessee or Lessee's employees, agents or contractors.

If Lessee wishes to order and pay for its own Phase 1 Environmental Report it may do so at its volition and sole cost and expense.

PARAGRAPH 55: INTENTIONALLY DELETED

PARAGRAPH 56: CONTACT INFORMATION

Lessee shall, concurrently herewith and periodically hereafter upon written request from Lessor at any time during the Term, supply to Lessor, in writing, the current cell phone number and email address of Lessee and Lessee's general manager at the Premises.

PARAGRAPH 57: FINANCIAL STATEMENT

Paragraph 16(c) of the Lease shall be modified as follows: If any financial statement delivered indicates that Lessee is insolvent, Lessor may terminate this Lease by giving Lessee thirty (30) days' written notice.

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PARAGRAPH 58: SECURITY DEPOSIT

The Security Deposit of \$105,000.00, as stated in Paragraph 1.6(b), shall be deposited upon the Lease execution date. If Lessee does not obtain its Required Permits in order to open its Cannabis Café, Lessor shall return the Security Deposit to Lessee as long as Lessee has not caused any material damage to the Premises (which for purposes hereof expressly excludes any Alterations Lessee is permitted to conduct under this Lease) which Lessee has failed to repair.

PARAGRAPH 59: KEY MONEY

Key Money in the amount of \$170,000.00, as stated in Paragraph 1.6(d), shall be paid upon the Lease execution date. If the State of California or the City of West Hollywood do not issue said Required Permits on or before January 31, 2020, said Key Money shall be returned to Lessee as long as Lessee has not caused any material damage to the Premises (which for purposes hereof expressly excludes any Alterations Lessee is permitted to conduct under this Lease) which Lessee has failed to repair.

PARAGRAPH 60: LEGAL FUND [HOLDBACK AGREEMENT TO BE PROVIDED]

Upon the Lease execution date, Lessee shall deposit into an escrow account held at Wilshire Escrow, or other designee ("Escrow Holder"), funds in the amount of \$200,000.00 which shall be held by Escrow Holder during the first five (5) years of said Lease exclusively for use by Lessor for its defense in the event that Lessor receives a final order from any federal agency against Lessor pertaining to Lessee's Cannabis related business at the Premises and provided that Lessee does not elect to appeal same to the extent permitted by Applicable Requirements. Lessee shall be responsible to replenish any funds that were used for the defense of Lessor in accordance with this paragraph, provided that the Legal Fund shall never exceed \$200,000.00.

If at any time prior to the end of the first five (5) year Term the federal government has legalized the use of Cannabis in the format operated by Lessee the Legal Fund shall be terminated and whatever funds remain unused by Lessor shall be immediately returned to Lessee. Notwithstanding anything herein to the contrary, the remainder of the Legal Fund, if any, shall be disbursed to Lessee immediately at the end of the first five (5) year Term.

PARAGRAPH 61:

PARAGRAPH 62: "AS-IS" "WHERE-IS"

Except as otherwise provided in the original Lease and this Addendum, Lessee agrees that neither Lessor nor any of Lessor's agents or representatives, nor any broker nor any other person or entity has made any representations or warranties as to the condition, dimensions, zoning, applicable building codes, regulations, ordinances or suitability of the Premises or any part hereof, or anything herein or thereon; and Lessee has made its own independent investigation and inspection of the condition, zoning and use of the Premises, and accepts the Premises "AS IS" "WHERE-IS" and as stated herein above in Paragraph 2 hereof and its subparagraphs.

PARAGRAPH 63 RECORDING

Lessee shall not record this Lease without Lessor's prior written consent; and such recordation shall, at

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the option of Lessor, constitute a Breach by Lessee hereunder. Lessee shall, upon request of Lessor, execute, acknowledge and deliver to Lessor a "short form" Memorandum of this Lease for recording purposes in the form requested by Lessor.

PARAGRAPH 64: INTENTIONALLY DELETED

PARAGRAPH 65: OPTIONS

In the event that Lessee is not then in Breach under the terms of this Lease, then Lessor hereby grants to Lessee or its Affiliate (as hereinafter defined), as applicable, the right to extend the Lease Term by two (2) additional option period(s) (the "Options") of five (5) years each (the "Option Term(s)"), upon the same terms and conditions as the initial Lease Term except for the monthly Base Rent for the Options shall be as set forth below. To exercise the Option(s), Lessee must notify Lessor of its intent to exercise said Option in writing no later than ten (10) months nor earlier than twelve (12) months prior to the expiration of the then applicable Lease Term. The initial Lease Term and Option Term(s) if exercised, are together referred to herein as the "Lease Term".

Notwithstanding the foregoing, if more than five separate Breaches shall occur, and not be fully cured within ten (10) days after the date of notice thereof from Lessor to Lessee, at any time during the prior two (2) years of the Lease Term, then Lessee's Option(s) to extend the Lease Term shall be null and void.

Monthly Base Rent during the Option Terms shall be as follows:

First Option:

Adjustment #1 For First Option: Commencing upon the first day of the first month of the first Option Term and continuing monthly thereafter for twelve months the Base Rent shall be:

$\$39,392.81 \times \frac{\text{CPI (as hereinafter defined) from 3 months before Adjustment Date}}{\text{CPI from 12 months prior to CPI at Adjustment Date}}$

The Base Rent as adjusted shall not be less than a three percent (3%) increase over the monthly Base Rent paid during the sixtieth (60) month of the initial Lease Term, but not more than a six percent (6%) increase.

There shall then be four (4) subsequent annual increases to the monthly Base Rent for the first Option of three (3%) percent per annum thereafter.

*The term "CPI" or Consumer Price Index as used in this Lease shall mean the "United States City Average All Items for All Urban Consumers (CPI-U, 1982-84 = 100)" published by the Bureau of Labor Statistics of the U.S. Department of Labor. If the publication of the CPI of the U.S. Bureau of Labor Statistics is discontinued or revised, the average rate of inflation shall be determined by reference to the index designated as the successor or substitute index by the government of the United States.

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Adjustment #1 for Second Option: Commencing upon the first day of the first month of the second Option Term and continuing monthly thereafter for twelve months the Base Rent shall be:

Base Rent For 5th
Year of the first Option
Term x $\frac{\text{CPI from 3 months before Adjustment Date}}{\text{CPI from 12 months prior to CPI at Adjustment Date}}$

The Base Rent as adjusted shall not be less than a three percent (3%) increase over the Base Rent paid during the One Hundred and Twentieth (120th) month of the initial Lease Term, but not more than a six percent (6%) increase.

There shall then be four (4) subsequent annual increases to the Base Rent of three (3%) percent per annum thereafter.

PARAGRAPH 66: ASSIGNMENT AND SUBLETTING

Notwithstanding anything to the contrary in Paragraph 12 of the original Lease, Lessee shall have the right to assign or sublease the Premises without the need for Lessor's consent to (a) an Affiliate (as defined below) of Lessee, (b) a corporation or other legal entity into or with which Lessee is merged or consolidated or to transactions with a corporation or other legal entity to which all or substantially all of Lessee's assets or all or substantially all of Lessee's stock or other equity interests are transferred, or (c) a purchaser or transferee of the major assets or leases of Lessee operating under the trade name "Flore" or successor trade names. For purposes of this Section, an "Affiliate" shall mean an entity which controls, is controlled by or under common control with Lessee, or a real estate investment trust affiliated with Lessee or its principals. No sale or transfer of Lessee's membership interests or stock shall be deemed an assignment, sublease, or other transfer of Lessee's interest in the Lease or the Premises.

PARAGRAPH 67: INTENTIONALLY DELETED

PARAGRAPH 68: PARKING

Lessee shall be granted the use of the entire parking lot included in the Base Rent.

PARAGRAPH 69: BROKERS DISCLOSURES

Ronald S. Kates & Co. represents Lessor and its commission shall be paid by Lessor per separate written agreement.

Lee & Associates represents Lessee and its commission shall be paid by Lessee.

PARAGRAPH 70: BILLBOARD

Upon termination of the current billboard tenant's lease (the "Billboard Lease") which shall be no later than January 1, 2020, Lessee shall be granted the right to lease the billboard at fair market value to be determined at the time, but not less than \$3,000.00 per month. Lessor represents to, warrants to and covenants with Lessee that (a) the existing term of the Billboard Lease expires on January 1, 2020, (b) Lessor shall not

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extend the Billboard Lease beyond January 1, 2020, (c) Lessor shall not grant any other party the right to lease the billboard referenced herein, (d) Lessor shall not lease the billboard to any direct competitor of Lessee, (e) other than the billboard tenant, no other party has any occupancy rights or rights to enter onto the Project, and (f) upon the expiration or earlier termination of the Billboard Lease, Lessor shall cause the current billboard tenant to surrender the space described in the Billboard Lease in accordance with the terms of the Billboard Lease.

PARAGRAPH 71: VIOLATION OF FEDERAL LAW

Notwithstanding anything in this Lease to the contrary, Lessor agrees and acknowledges that it cannot declare an event of default, cause Lessee to forfeit the Lease or terminate this Lease based on Lessee's specific intended use of Cannabis or for a Cannabis Café/Restaurant/Lounge use, which use is legal in the State of California and will receive a valid Business License from the City of West Hollywood but is currently federally illegal, except pursuant to an Early Termination Cause set forth in Exhibit A, there is an effective court order to do so.

PARAGRAPH 72: CHANGE IN LAWS

Notwithstanding anything to the contrary herein, in the event that Lessee's Agreed Use of the Premises becomes unlawful due to a change in Applicable Requirements, Lessee shall not be deemed to be in default, and Lessee may immediately terminate this Lease, in which case neither party shall have any further liability hereunder, except for those sections of this Lease which expressly survive termination.

PARAGRAPH 73: LESSOR'S REPRESENTATIONS, WARRANTIES AND COVENANTS

Notwithstanding anything to the contrary in the Lease, Lessor represents and warrants to, and covenants with, Lessee that (a) there are no leases, private covenants, conditions, restrictions or agreements that would in any way restrict or limit Lessee's rights herein and the execution of this Lease by Lessor will not violate any covenant, restriction or agreement with any third party, and (b) Lessor understands that Lessee's use of the Premises may not be in compliance with Applicable Requirements, but Lessor shall not terminate this Lease due to such violation unless a governmental mandate requires Lessee to vacate and surrender the Lease due to Lessee's specific and unique use of the Premises.

PARAGRAPH 74: ACCESS

Subject to casualty, Lessee shall have access to the Premises twenty-four (24) hours per day, seven (7) days per week during the Lease Term.

SIGNATURE PAGE TO FOLLOW:

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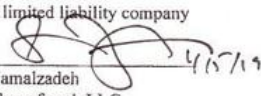
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SIGNATURE PAGE:

IN WITNESS WHEREOF, the parties have caused this Addendum to be executed as of the day and year first above written

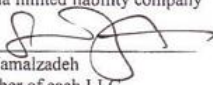
LESSOR

METRO STAR, LLC,
California limited liability company


Saeed C. Jamalzadeh
Sole Member of each LLC

AND



STAR ALLIANCE, LLC,
a California limited liability company


Saeed C. Jamalzadeh
Sole Member of each LLC

LESSEE

FLORE FLORA, LLC,
a California limited liability company, dba FLORE


David Elias
Member

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EXHIBIT A

Early Lease Termination Rights.

Landlord and Tenant shall each have the right, upon five (5) days prior written notice to the other or, if sooner, upon the effective date of any court order, to terminate this Lease in the event any of these causes ("Early Termination Causes") arise:

(a) The seizure by any governmental authority seeking forfeiture of the Premises, whether or not the court proceeding has actually commenced;

(b) The entry of a final judgment not subject to appeal that has the effect (whether by restraining order, injunction, declaration, or otherwise) of establishing the Tenant's use of the Premises constitutes a public or private nuisance;

(c) The entry of a final judgment not subject to appeal requiring remediation of the Premises as a result of a violation by Tenant of any mandate pertaining to environmental sensitivity or commission of waste, irrespective of Tenant's intent and course of action following its commencement;

(d) The entry of a final judgment not subject to appeal having the effect of establishing that Tenant's operation violates Landlord's contractual obligations (i) pursuant to any private covenants of record restricting the Premises, (ii) good faith and fair dealing to any third party, or (iii) pursuant to its obligations under its mortgage agreement with Landlord's Mortgagee; or

(e) An event that (i) requires closure of the Building for more than 180 consecutive days for remediation of materially adverse circumstances created by Tenant's use of the Premises, or for more than 210 nonconsecutive calendar days within a 360 consecutive day period, or (ii) causes Landlord's insurance carrier to cancel casualty and/or liability coverage on the Building unless the Tenant procures coverage for the Building within five (5) calendar days thereafter, and commences and thereafter continues to pay any premium cost in excess of the premium (pre-cancellation) paid by Landlord without credit or offset against the Rent reserved under this Lease. This shall not include fire and other natural calamity events, unless the source of any such event is directly related to Tenant's operation, such as a heat lamp-related fire in any cannabis cultivation site.

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