

Via Email:

May 31, 2018
S.R.V Developments LTD
C/o Christoph Richter
406 - 4190 Lougheed Hwy
Burnaby, BC

Dear Christoph:

RE: Offer to Lease - Columbia Place
Civic Address: Unit 200 1210 Summit Drive, Kamloops, BC (the "Shopping Centre")

Her Majesty the Queen in the Right of the Province of British Columbia, as represented by the Attorney General and the General Manager of the Liquor Distribution Branch (the "Tenant"), hereby offers to lease from S.R.V Developments LTD (the "Landlord"), premises located in the Shopping Centre to be constructed on the lands legally described as Lot 1 Plan KAP36490 Section 6 Township 20 Range 17 Meridian Land District 25 (the "Lands"). This offer to lease (the "Offer to Lease") is based on the following terms and conditions:

1. Premises and Site Plan:

The approximate location of the premises (the "Premises") in the Shopping Centre is shown as the area in bold red outline on the foot print of the Premises attached as Schedule "A".

2. Leasable Area:

The approximate leasable area of the Premises will consist of 3,009 sq. ft. (the "Approximate Area").

The actual leasable area (the "Leasable Area") of the Premises will be determined within ten (10) Business Days following the Substantial Completion Date by a registered BC Land Surveyor in accordance with the methodology set out in Schedule "D" however the final Leasable Area shall not exceed a change of +/- 5% of the Approximate Area herein.

3. Possession Date:

The Tenant will be entitled to the Premises as of the next day following the date that is the earlier of:

- (i) the Tenant receiving thirty (30) day prior written notice from the Landlord that Substantial Completion has been achieved as described in Schedule "C".
- (ii) Ninety (90) days from mutual and unconditional signing of the Lease.

(the "Possession Date").

4. Fixturing Period:

The Tenant will have a period of ninety (90) days (the "Fixturing Period") from the next day following the Possession Date for the purposes of constructing and installing its leasehold improvements, trade fixtures, furniture and equipment for the Premises.

5. **Term & Extensions:** Ten (10) years commencing on the Commencement Date (the "Term") with three (3) consecutive options to extend the Term for five (5) years (each such period being an "Extension Period"). Basic Rent for an Extension Period is to be as mutually agreed by the Landlord and the Tenant based on fair market value for comparable premises, in a similar location for a similar term. In the event the Landlord and Tenant are not able to agree on the Basic Rent, the Basic Rent will be determined by arbitration under the *Arbitration Act*, British Columbia.
6. **Commencement Date:** Subject to the terms of this Offer to Lease, and ensuing Lease, the obligations of the Tenant under the Lease, including without limitation the obligation of the Tenant to pay Basic Rent and Additional Rent, will commence on the earlier of
 (i) the next day following the end of the Fixturing Period, and
 (ii) the date the Tenant opens for business in the Premises. (the "Commencement Date")
7. **Basic Rent:** Provided that the Landlord and Tenant have executed the final Lease, commencing as of the Commencement Date, the Tenant will pay to the Landlord basic rent (the "Basic Rent") as follows:
 Yrs 1-5: ^{s.17} per square foot per annum multiplied by the Leasable Area, payable in equal monthly installments on the first day of each month during the Term.
 Yrs 6-10: ^{s.17} per square foot per annum multiplied by the Leasable Area, payable in equal monthly installments on the first day of each month during the Term.
8. **Additional Rent:** Commencing as of the Commencement Date, the Tenant will pay to the Landlord additional rent, in installments of ^{s.17} per square foot per annum (the Tenant's proportionate share of property taxes and common area operating costs for the year 2018) to be further outlined in the Lease.
9. **Improvement Allowance:** The Landlord will pay to the Tenant an allowance (the "Allowance") calculated on the basis of ^{s.17} per square foot of Leasable Area.
10. **Use & Exclusive Use:** Except existing tenants and their sub-tenants, successors and assigns, whose leases permit the sale of cannabis the Landlord will not, at any time during the Term or any extension thereof, permit any other tenant or occupant of the Property, lands or adjoining lands to offer products, produce, sell or assist in the production of (whether wholly or incidentally related to the business of that tenant) cannabis or items related to the cannabis industry.
11. **Lease Document:** The lease of the Premises (the "Lease") will be on the Tenant's standard form and is subject to amendment in order to incorporate the terms of this Offer to Lease and other non-financial amendments as may be agreed to between both parties acting reasonably.

12. Landlord's Work:

The Landlord will complete the landlord's work as set out in Schedule "B" (The "Landlord's Work") to the standard set out in Schedule "C" ("Substantial Completion").

13. Tenant's Work:

The Tenant will be responsible for the construction and installation of improvements, including trade fixtures and the supply and installation of additional furnishings, POS (point of sale) and material handling equipment in the Premises at its cost (the "Tenant's Work").

14. Signage:

The Tenant shall have the right, to place its standard signage/corporate identity on the storefront, as well at its option, to install signage on any available pylon, sign panel, as specified by the Landlord, at rates as mutually agreed-upon.

15. Parking:

Throughout the Term (including any Extension Period) the Tenant will at all times have the full, free and unlimited right for the Tenant and its employees, customers and invitees to enter, go, pass and repass upon, along and through the parking lot on the Lands.

16. Time:

Time is of the essence of this Offer to Lease.

17. Registration of Lease:

For registration of the Lease the Tenant requires that the Landlord provide, at the Tenant's expense, an explanatory plan of the Lands and Premises to be prepared by a registered BC Land Surveyor.

18. Tenant's Conditions:

The Tenant's obligations under this Offer to Lease are subject to, for a period of ninety (120) days with one (1) automatic extension of thirty (30) days following mutual signing of this Offer to Lease, the following conditions:

- (i) approval by the General Manager of the Liquor Distribution Branch of the terms and conditions of this Offer to Lease;
- (ii) the Tenant obtaining the necessary approvals and zoning from the appropriate municipal and provincial authorities for the Tenant's intended use of the Premises.

These conditions are for the sole benefit of the Tenant and may be waived by written notice from the Tenant to the Landlord.

19. Landlord's Conditions:

The Landlord's obligations under this Offer to Lease are subject to the following conditions:

- (i) approval of this Offer to Lease by the Landlord's board of directors on or before that day which is forty-five (45) days after mutual acceptance of this Offer to Lease.

These conditions are for the sole benefit of the Landlord and may be waived by written notice from the Landlord to the Tenant.

We ask that one (1) copy of this Offer to Lease be executed by the authorized signatory of the Landlord, returning one (1) copy acknowledging the Landlord's acceptance. Execution and delivery of this Offer to Lease by the parties will, subject to conditions set out above, constitute a binding and enforceable contract. The parties expressly acknowledge and agree that this Offer to Lease is not to be construed as an agreement to agree or in any other manner which might render this Offer to Lease, or any provision herein, unenforceable.


It is expressly agreed and understood that this Offer to Lease is and must remain confidential. The Landlord hereby covenants with the Tenant, that the contents of this Offer to Lease will not be discussed with or disclosed to any other person other than the Landlord's legal or financial advisors.

This Offer to Lease will be valid until 4 p.m. on June 07, 2018 (the "Acceptance Date"), at which time, if not accepted below, this Offer to Lease will be null and void.

Sincerely,

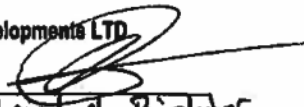
HER MAJESTY THE QUEEN IN THE RIGHT OF THE PROVINCE OF BRITISH COLUMBIA, AS REPRESENTED BY
THE ATTORNEY GENERAL AND THE GENERAL MANAGER OF THE LIQUOR DISTRIBUTION BRANCH

s.15, s.19


Per: 
Name: s.15, s.19
Title:

Agreed and accepted this 31st day of May, 2018

S.R.V Developments LTD

Per: 
Name: Christoph Richter
Title:
I have authority to bind the Landlord.

Kamloops Holdings Inc.

Per: 
Name: R. O'BRIEN
Title: AUTHORIZED SIGNATORY
I have authority to bind the Landlord.

Attachments: Schedule "A" Site Plan
Schedule "B" Landlords Work
Schedule "C" Substantial Completion
Schedule "D" Methodology and Other Provisions

SCHEDULE "A" SITE PLAN

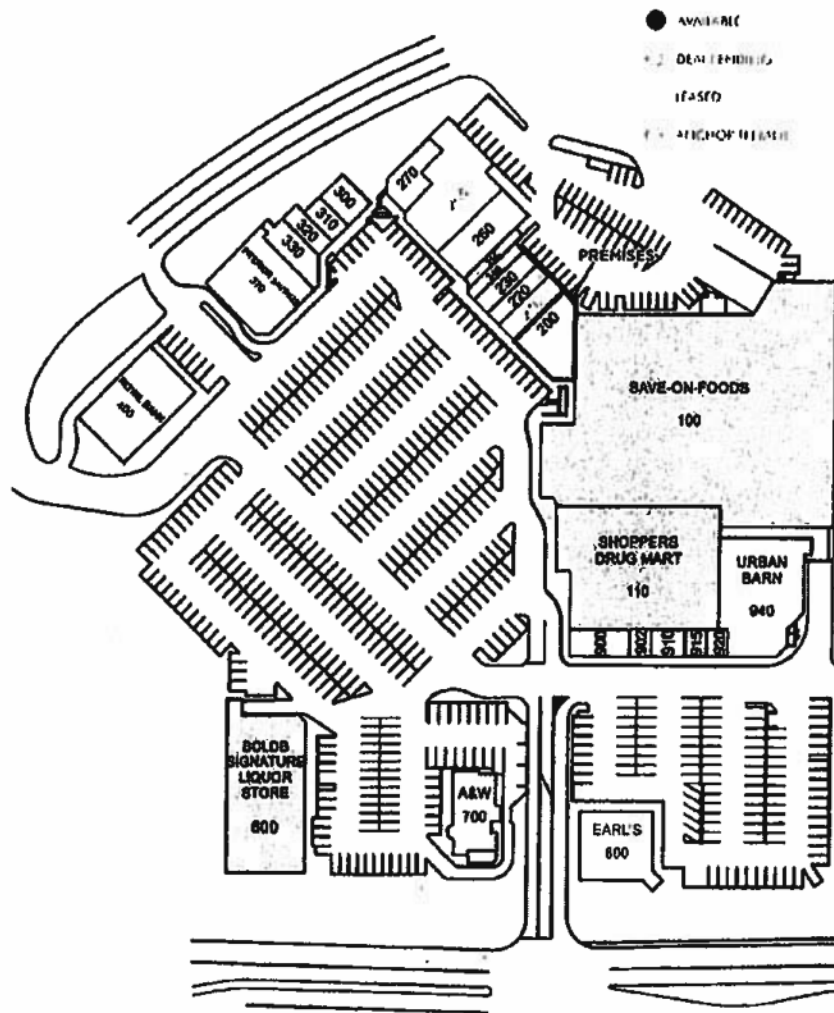
NORTHWEST
PROPERTIES

LEASING INFORMATION

COLUMBIA PLACE

1.0000000000000000
1.0000000000000000

SITE PLAN



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SCHEDULE "B" LANDLORDS WORK

Base Building

- 1.1 The items designated below, including any consultant fees necessary to underwrite the cost of preparing working drawings and specifications, shall be the minimum premises amenities required to be provided and/or installed by the Landlord at the Landlord's expense. This work is to form the Tenant's minimum acceptable definition of Base Building as it relates to this Lease.
- 1.2 It is understood that the Base Building description herein will be constructed in accordance with Tenant specifications, as well as all Provincial and Municipal building codes and by-laws then in effect. The Landlord shall provide the existing storefront and façade.
- 1.3 The Base Building will be suitable for the grant of a final inspection permit/an occupancy permit allowing for the immediate use and occupancy of the Premises by the Tenant. For clarification purposes, the minimum finish requirements of said Base Building will include but not necessarily be limited to the following items, all of which assume an open store plan with no internal partitions, equipment or fixtures, except as noted herein to the contrary:
- 1 Storefront Glazing (Exterior): provide existing double glazed sealed windows existing aluminum sash with integral thermal break where required.
 - 2 Signage: existing illuminated sign band signage, as well as the option to install additional high visibility signage on the building façade any available pylon panel, as specified by the Landlord and at rates as mutually agreed-upon.
 - 3 s.15
 - 4 Roof: existing roof assembly with existing insulation, completely watertight with integral vapour barrier.
 6. Floor:
 - a. existing smooth steel trowel finish concrete floor
 - b. Surface of the concrete floor slabs should be steel trowelled to a smooth, dense, even finish.
 - c. New and old concrete must be smooth, level, structurally sound, and free from adhesive, moisture, alkali, dust, solvents, paint, wax, oil, grease, asphalt, sealing compounds, and other extraneous foreign materials.
 - d. The Landlord or his general contractor shall be responsible for the filling and levelling of expansion joints, cracks, grooves, and other irregularities. Ridges, undulations, projections and areas of carbonation and scaling shall be ground smooth. The surface of the floor shall be broom clean. Where patching or levelling is required, the use of latex-based underlayment is required, unless otherwise specified by the particular manufacturer's products being installed.
 8. Canopy: provide existing 5' wide roof overhang complete with existing lighting above the sidewalk for customer protection and safety.
 9. Safety: provide all finishes, access, exits, fire safety, sprinkler, and emergency lighting required to meet minimum local Fire Code and WCB requirements for base building.

10. HVAC:
provide existing heating (including economizers), ventilating and air-conditioning unit(s) and programmable control systems, all on an open store plan in accordance with generally accepted design standards for the local area climate but at a minimum cooling based on one (1) ton per 375 square feet
11. Electrical:
service to the building shall be existing 200 amps, and 3 phase 4 wire 120/208 volt service with a 84 circuit distribution panel in a Tenant approved location.
12. Lighting:
The loading area, parking area, the rear and side of the building are sufficiently illuminated.
13. Plumbing:
, existing rough-in plumbing for one (1) washroom as indicated on preliminary Tenant layout as shown on Schedule "A".
14. Phone/Data:
provide all required cabling, conduit service entrance(s) and panel(s) including dmarks on both ends sized to meet Tenant and local telephone utility requirements for telephone and data service, in a Tenant approved location.
15. Storefront Exterior Protection:
provide storefront protection in the form of bollards, concrete planters, high parking curbs or any combination of the three as approved by the Tenant.
16. Parking Stalls
Provide existing 4/1,000 square feet parking stalls.

SCHEDULE "C"
SUBSTANTIAL COMPLETION

"Substantial Completion" means that the Premises and the development of the Property have been completed as follows:

- a) All of that portion of the Landlord's Work as set out in Schedule "B" attached;
- b) The existing asphalt paving to the front door and receiving doors of the Premises have been completed;
- c) The existing access roads to the Premises for the purpose of delivery, loading and unloading have been paved and completed;
- d) The Premises has been cleaned of all debris, windows cleaned and the exterior storefront pressure washed;
- e) The priming of the Premises has been completed;
- f) The electrical systems in the Premises are fully installed and in operation, except where such fixtures and systems are to be installed by the Landlord as part of the Tenant's fixturing;
- g) The heating, ventilating and air-conditioning systems and mechanical equipment and systems are installed;
- h) The Premises has been completely closed in, all exterior doors have been hung and the Premises are completely secure;
- i) The Tenant must be able to install its counters and merchandise in the Premises without interference from sub-trades of the Landlord;
- j) The loading dock/bay is complete and ready for receiving and stock keeping purposes in the Premises;
- k) The permanent power facilities have been installed and are operating in the Premises; and
- l) Electrical service shall be installed and functional for the purpose of the Tenant's pylon sign as required pursuant to Section 1.3 - 3 of Schedule "C".





SITINGS



**LIQUOR
DISTRIBUTION
BRANCH**

BC Liquor Distribution Branch
Real Estate Department
2625 Rupert Street
Vancouver, BC V5M 3T5
Telephone: 604-252-3145 Fax: 604-252-3141

SCHEDULE "D"
METHODOLOGY AND OTHER PROVISIONS

1. Methodology for measurement of the Premises: Retail Buildings: Standard Methods of Measurement (2010)

The Leasable Area of the Premises means the area expressed in square feet or in square metres, as certified by a B.C. Land Surveyor, of all floors of the Premises, measured from (a) the exterior face of all exterior walls, doors and windows; (b) the exterior face of all interior walls, doors and windows separating the Premises from Common Areas and Facilities, if any; (c) the exterior edge of any mezzanine floor which is not bounded by a wall; and (d) the centre line of all interior walls separating the Premises from adjoining retail leasable premises. The Leasable Area of the Premises includes all interior space whether or not occupied by projections, structures or columns, structural or non-structural.