

RELATIONSHIP AGREEMENT

Entered into by and between: -

GREENGROW CAPITAL (PTY) LTD

Registration No.: 2018/619166/07

(Hereinafter referred to as "Greengrow Capital")

and

GROCAP HOLDINGS (PTY) LTD

Registration No.: 2020/660620/07

(Hereinafter referred to as "Grocap Holdings")

and

EL PASSO FARMS CC

Registration No.: 2008/102446/23

(Hereinafter referred to as "El Passo Farms")

and

BIG CEDAR TRADING 134 (PTY) LTD

Registration No.: 2003/010927/07

(Hereinafter referred to as "Big Cedar Trading")

and

DR BRYLYNE CHITSUNGE

Identity No.: 690302 1288 08 8

(Hereinafter referred to as "Chitsunge")

And

MARK YOONG KHONG YONG

Passport No.: E6947683H

(Hereinafter referred to as "Yong")

(Collectively referred to as "the PARTIES").

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01.10.2020

1. PARTIES

- 1.1. GREENGROW CAPITAL
- 1.2. GROCAP HOLDINGS
- 1.3. EL PASSO FARMS CC
- 1.4. BIG CEDAR TRADING 134
- 1.5. CHITSUNGE
- 1.6. YONG

2. INTRODUCTION

- 2.1. The Parties have entered into a commercial arrangement.
- 2.2. The agreement is only applicable to the initial 5 (five) hectare pilot project (first phase) and the subsequent pre-emptive right to a further 5 (five) hectares (second phase) located on the property, situated at Plot 471, portion 43, 1000, Cullinan, South Africa
- 2.3. This agreement is subject to the legal and compliance requirements as prescribed by **South African Health Products Regulatory Authority (SAHPRA)**
- 2.4. El Passo shall retain its rights to conduct any other business opportunity/ies with any other party as per the license granted, for as long as the business opportunity/ies pursued does/do not interfere in any way with the first and second phases as contemplated in this agreement. The Greengrow Capital project shall not form part of any other opportunity as aforementioned.
- 2.5. The Parties enter into this Agreement, which sets out the terms, which shall regulate their relationship accordingly.
- 2.6. The Parties hereby agree as follows.

3. RELATIONSHIP

- 3.1. El Passo Farms is a close corporation, in which Chitsunge holds a 50% (FIFTY PERCENT) membership interest.
- 3.2. Big Cedar Trading is a private company, in which Chitsunge holds 100% (ONE HUNDRED PERCENT) of the shareholding.
- 3.3. Greengrow Capital is a private company, whose shareholding is wholly owned by Grocap Holdings.
- 3.4. Grocap Holdings is a private company, in which El Passo Farms and Yong are 30% and 70% shareholders respectively.

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3.5. In summary:

3.5.1. El Passo Farms holds a license to cultivate medicinal cannabis (a copy of the letter confirming such license is attached hereto as annexure "A" ["**License**"].

3.5.2. Big Cedar is the lawful and sole owner of the property, situate at Plot 471, portion 43, 1000, Cullinan, South Africa ("**Property**").

3.6. Greengrow Capital is a company which provides certain outsourced management services in relation to the cultivation of medicinal cannabis. ("**Services**").

3.7. It has thus been identified by the Parties that:

3.7.1. El Passo Farms is in need of an appropriate and qualified service provider to provide certain outsourced management services in order for El Passo Farms to operate in terms of the License granted.

3.7.2. Big Cedar Trading has the appropriate and pre-identified land in order for operations under the License to take place; and

3.7.3. Greengrow Capital undertakes and warrants that it is suitable, experienced, and qualified to provide the required outsourced services.

3.8. In pursuance of the relationship between the Parties:

3.8.1. A Master Services Agreement, outlining the outsourced managed services to be supplied to El Passo Farms by Greengrow Capital, has and/or will be entered into between Greengrow Capital and El Passo Farms ("**Master Services Agreement**").

3.8.2. El Passo Farms and Big Cedar Trading have entered into an agreement of lease with respect to the Property ("**Lease Agreement**").

3.8.3. A Shareholders Agreement with respect to Grocan Holdings has been entered into between El Passo Farms and Yong ("**Shareholders Agreement**").

4. TERMS OF REFERENCE

4.1. In November 2019, the initiating Parties entered into a document titled "Terms of Reference, Teaming, Co-operation and Joint Implementation Agreement" ("**Terms of Reference**"), to provide a scope and terms of reference of the relationship between the parties thereto and specifically with reference to the initial phase of the relationship referred to as the "Pilot Project".

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4.2. The Parties thus enter into this Agreement in order to set out and define the relationship between the Parties going forward with effect from the Signature Date, and which supersedes and replaces the Terms of Reference with effect from the Signature Date.

4.3. In this regard, whilst this Relationship Agreement is intended to be read in conjunction with:

- 4.3.1. the Terms of Reference;
- 4.3.2. the Lease Agreement;
- 4.3.3. the Shareholders Agreement; and
- 4.3.4. the Master Services Agreement; ("**Other Agreements**"), the Parties acknowledge and agree that to the extent that there is a conflict between the provisions of this Relationship Agreement and the Other Agreements so named, to the extent that such conflicting provisions cannot be read together, the provision of this Relationship Agreement shall prevail.

5. CHANGE IN RELATIONSHIP

5.1. It is recorded that El Passo Farms has been allocated a 30% (THIRTY PERCENT) shareholding in Grocap Holdings in return for the contributions made and costs incurred in obtaining the Licence and preparation of the allocated site for cultivation under the Licence, coupled with the caveat that it will not be required as a shareholder to fund the operations of Grocap Holdings in lieu of the conclusion of the Master Services Agreement under the Licence as well as this Relationship Agreement.

5.2. The Parties acknowledge and agree that the relationship, as recorded in this Relationship Agreement, is pivotal and necessary for the operational success of the commercial agreements between them.

5.3. For this reason, the following events shall be considered to be a "trigger event" as contemplated in clause 14 "deemed offer" of the Shareholders Agreement:

- 5.3.1. the change in membership holding of El Passo Farms;
- 5.3.2. the change in shareholding of Big Cedar Trading;
- 5.3.3. the revocation of the License;
- 5.3.4. the change in ownership and/or title of the Property; and/or
- 5.3.5. any event which may have the effect that the Property is not available and/or fit for its intended purpose and/or use as contemplated in this Relationship Agreement and the Master Services Agreement.

6. OBLIGATIONS OF PARTIES: AVAILABILITY OF CHITSUNGE

The Parties undertake and agree that:

6.1. Chitsunge, in her personal capacity, shall make herself available and shall provide where necessary the requisite assistance and consulting services to Greengrow Capital at a remuneration amount to be agreed upon by Grocap Holdings via shareholder resolution.

7. OBLIGATIONS OF THE PARTIES: SHAREHOLDER LOANS

7.1. It is agreed between the Parties that Greengrow Capital shall repay any shareholder loans prior to declaring any distributions, unless otherwise agreed by special resolution of the shareholders.

7.2. It is agreed between the Parties that Grocap Holdings is obliged to repay any shareholder loans prior to declaring any distributions, unless otherwise agreed by special resolution of the shareholders.

8. OBLIGATIONS OF THE PARTIES: THE PROPERTY

8.1 It is recorded and agreed that, *inter alia*, in order for Greengrow Capital to warrant that it is able to provide the Services in terms of the Master Services Agreement, the undertakings and warranties included in this Agreement including but not limited to this clause 8 are a pre-requisite and required to remain in force.

8.2 It is thus recorded that any breach by the Parties to this Agreement shall be deemed to constitute a breach of the Master Services Agreement and shall thus trigger the breach clauses as contained therein.

8.3 Big Cedar Trading in conjunction with El Passo Farms agree, warrant, and/or undertake (as the case may be) that:

8.3.1 Big Cedar Trading is the sole, unencumbered owner of the Property and that the property shall not be subject to any legal claim whatsoever arising out of this agreement.

8.3.2 They shall ensure and procure that a pre-identified portion of the Property (as depicted in Annexure "B" hereto) no less than 5 (FIVE) hectares in size ("**Services Portion**"), (first phase/existing pilot project) is exclusively and continuously available to Greengrow Capital for the purpose of the provision of services in terms of the Master Services Agreement and the same shall be applicable to the pre-emptive second phase .

8.3.3 Only in relation to the existing pilot project (first phase) and in the event of the second phase being implemented subject to the pre-emptive right, they shall allow and guarantee Greengrow Capital full and unrestricted use and access to the identified portions of the Property and the Services Portion for the purpose of the provision of services in terms of the Master Services Agreement, which will include access, usage and inhabitation of the dwellings, houses, and infrastructure, as detailed in Annexure "B" to this Agreement in compliance of the SAHPRA.

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- 8.3.4 The Property and the Services Portion as identified above shall be sustained, kept in good condition, maintained, and otherwise cared for so as to allow for and to ensure the successful provision of services under the Master Services Agreement and the associated cost shall be proportionately allocated to the **operational cost of the project** .
- 8.3.5 Subject to the provisions of 8.3.4 above , They shall ensure and procure that all amounts due and owing in respect of the Property (howsoever arising) as well as (but not limited to) utilities (by way of example **water, electricity and the like**) **are paid timeously and kept up to date and in good standing, specifically,** but not limited to, all charges in respect of sanitation, water and electricity and any other dues, charges or levies of whatsoever nature payable to any landlord or local or other competent authority, in respect of the Property, and to produce to Greengrow, invoices and/or receipts for such payments.
- 8.3.6 They shall ensure and procure that all amounts payable in respect of movable assets purchased in terms of any credit or other agreement is promptly paid on the applicable due date which are relative to this project.
- 8.3.7 They shall ensure and procure that the Property is insured and kept insured for an appropriate sum with a reputable insurance company (both to the satisfaction of Grocap Holdings and/or Greengrow Capital) against risk of loss or damage from fire, theft and such other risk that Grocap Holdings and/or Greengrow Capital, at any time, in writing, directs and shall cede (to the extent allowable in law) the relevant policy or policies to Grocap Holdings and/or Greengrow Capital as collateral security for any and all indebtedness by either and/or both of the two entities to Greengrow Capital (howsoever arising).
- 8.3.8 Movable assets, machinery, plant, or equipment refers to the movable assets, machinery, plant, or equipment purchased by Greengrow Capital. Pre-existing movable assets, machinery, plant, or equipment purchased by either El Passo Farms or Big Cedar Trading prior to the commencement of the first phase shall remain under the ownership of El Passo Farms and Big Cedar Trading respectively. For so long as the Master Services Agreement is in force and effect and only in relation to the agreed first and second phase, they shall not (without the prior written consent of Greengrow Capital) in respect of the Services Portion pertaining to this arrangement and agreement:
- 8.3.8.1 hypothecate, alienate, pledge, otherwise dispose of or give up possession of the movable assets or any **portion thereof;**
- 8.3.8.2 remove, or cause or permit to be removed the movable assets or any portion thereof from the Services Portion; and/or
- 8.3.8.3 sell or dispose of machinery, plant, or equipment on or in the Services Portion and/or in respect of the Master Services Agreement.
- 8.3.9 They shall not sell, rent, encumber, mortgage, pledge, alienate, pass any bonds over, and/or put up as security the portion of the Property allocated for the project in any manner or form whatsoever.

8.3.10 They hereby grant to Greengrow Capital the right and option to identify a further portion of the Property no less than 5 (five) hectares in size ("**Further Services Portion**") to be exclusively and continuously made available to Greengrow Capital for the purpose of the provision of services in terms of the Master Services Agreement. In such event, all references to the Services Portion in this Agreement shall include reference to the Further Services Portion subject to SAHPRA approval.

8.4 For the purpose of this clause 8, reference to the '**Property**' shall include all structures, infrastructure, dwellings, machinery, equipment, buildings, and the like (whether movable or immovable) necessary for and/or implemented in terms of and/or for the purpose of the project and or inception of phase 1 and or Terms of Reference and/or the Master Services Agreement.

9. OBLIGATIONS OF THE PARTIES: LICENSE

El Passo Farms warrants, agrees, and undertakes (as the case may be) that:

9.1 The commercial arrangement between the Parties (including, but not limited to, that set out in the Terms of Reference, the Master Services Agreement and this Relationship Agreement) shall be compliant within the ambit of the applicable legislation, authority and regulations, and thus does not, and will not, contravene the Licence.

9.2 It shall ensure that it (and any persons, parties or entities under its control and/or in association with it) complies with the terms of the License and in good faith, take any and all steps necessary to ensure the validity of the License for the periods as contemplated in the Master Services Agreement.

9.3 It shall, in so far as is allowable by law and in terms of the Master Services Agreement, and any and all related information and documentation so as to allow Greengrow Capital to render its services in terms of the Master Services Agreement, including, but not limited to, facilitate the marketing and sale of the product for the benefit of both parties.

9.4 It shall take all steps necessary to ensure the obtaining of the requisite requirements for the purpose of the import and export provisions of the License.

9.5 It shall generally, take all steps necessary to allow for Greengrow Capital to render its services in terms of the Master Services Agreement within the ambit of the prescribed legal regulations and or legal prescripts.

9.6 It hereby grants to Greengrow Capital the right to provide any and all services related to and/or in connection with cannabis and/or medicinal cannabis as El Passo Farms may now, or in future, be so licenced to do and/or undertake, and that El Passo Farms shall not (either itself or in any manner whatsoever, including but not limited to the appointment of other service providers) act under such licence in contravention of this clause 9.6 and 9.7 below.

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9.7 Notwithstanding the provisions contained in clause 9.6 above, it is agreed between the Parties that Greengrow Capital has the right of first refusal only in respect to the first and second phase and that to the extent that Greengrow Capital, in writing, refuses to exercise such right pertaining to the second phase, El Passo Farms has the right then to appoint any other service provider to do so, save that the appointment of such third party shall not and may not, in any manner, affect Greengrow Capital's ability to provide its services under the Master Services Agreement.

10. OBLIGATIONS OF THE PARTIES: MASTER SERVICES AGREEMENT

Greengrow Capital warrants, agrees, and undertakes (as the case may be), that:

10.1. It shall provide the requisite services under the Master Services Agreement.

10.2. It shall adhere to all guidelines and legal reporting requirements under the License.

10.3. It shall implement, conduct business and operate within the ambit of SAHPRA regulations

10.4. It shall comply with the applicable terms of the License.

11. GENERAL

11.1. This Agreement may be signed in counterparts and the copy signed in counterparts shall constitute the Agreement, which shall include faxed and/or emailed copies of this document.

11.2. This Agreement shall be subject to and shall have the laws of the Republic of South Africa applicable to it. The Parties submit to the exclusive jurisdiction of the South African Courts in this regard.

11.3. Those persons signing on behalf of the named entities warrant that they are duly authorised to do so.

11.4. The Parties acknowledge and agree that they have taken independent legal advice in signing this Agreement.

12. IMPLEMENTATION AND GOOD FAITH

12.1. The Parties undertake to do all such things, perform all such acts and take all steps to procure the doing of all such things and the performance of all such acts, as may be necessary or incidental to give or conducive to the giving of effect to the terms, conditions and import of this Agreement.

12.2. The Parties shall at all times during the continuance of this Agreement observe the principles of good faith towards one another in the performance of their obligations in terms of this Agreement.

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13. RELATIONSHIP OF THE PARTIES

The relationship of the Parties, *inter alia*, shall be governed by the terms of this Agreement and nothing contained herein shall be deemed to constitute a partnership or the like between them. No Party shall by reason of the actions of any of the Parties, incur any personal liability as a co-partner to any third party and no Party shall be entitled to authorize, to represent or hold out to any third party, that the relationship between the Parties is that of a partnership, or the like as aforesaid.

THUS SIGNED AND DATED AT PRETORIA ON THIS 1st DAY OF OCTOBER 2020.

As Witnessed:-

1. 


GREENGROW CAPITAL (PTY) LTD

THUS SIGNED AND DATED AT PRETORIA ON THIS 1st DAY OF OCTOBER 2020

As Witnessed:-

1. 


GROCAP HOLDINGS (PTY) LTD

THUS SIGNED AND DATED AT PRETORIA ON THIS 1st DAY OF OCTOBER 2020

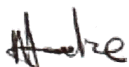
As Witnessed:-

2. 


EL PASSO FARMS CC

THUS SIGNED AND DATED AT PRETORIA ON THIS 1st DAY OF OCTOBER 2020

As Witnessed:-

3. 


BIG CEDAR TRADING 134 (PTY) LTD







THUS SIGNED AND DATED AT PRETORIA ON THIS 1st DAY OF OCTOBER 2020.

As Witnessed:-

4. *A. Lee*

Brylyne Chitsunge
DR BRYLYNE CHITSUNGE

THUS SIGNED AND DATED AT PRETORIA ON THIS 1st DAY OF OCTOBER 2020.

As Witnessed:-

1. *Y.M.*

Mark Yoong Khong Yong
MARK YOONG KHONG YONG

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