

CANNABIS STORE

RETAILER AGREEMENT

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CANNABIS STORE RETAILER AGREEMENT

BETWEEN:

MANITOBA LIQUOR AND LOTTERIES CORPORATION

(“MBLL”),

– and –

(the “Retailer”),

WHEREAS:

- (a) The Retailer wishes to operate a Cannabis Store at **[insert address of the Retailer’s Cannabis Store]** (the “Location”).
- (b) Subsection 101.3(2) of *The Liquor, Gaming and Cannabis Control Act* (Manitoba) provides that, if authorized by the Lieutenant Governor in Council, MBLL may enter into an agreement with a person to establish and operate a Cannabis Store.
- (c) Order in Council No. 121/2019 authorizes MBLL to enter into an agreement with a person to establish and operate a Cannabis Store.
- (d) This Retailer Agreement sets out the terms and conditions pursuant to which the Retailer will establish and operate a Cannabis Store at the Location.

MBLL AND THE RETAILER AGREE AS FOLLOWS:

SECTION 1 DEFINITIONS AND SCHEDULES

1.01 Definitions

The following words and phrases have the meanings as set out below, provided that, if any definition set out in section 1 is in conflict with the Act or the Regulations, the word or phrase shall be interpreted according to the definition in the Act or the Regulations, and not as set out in this section 1:

- (a) “Act” means *The Liquor, Gaming and Cannabis Control Act* (Manitoba) as amended from time to time.
- (b) “Active Presence” has the meaning assigned at section 7.

- (c) “Breach” has the meaning assigned at subsection 14.02.
- (d) “Cannabis” means cannabis as defined in the Act.
- (e) “Cannabis Store” means the premises specified in a Licence where the retail sale of Cannabis is authorized and includes the Cannabis Store’s website (if any) through which Remote Orders may be submitted.
- (f) “Core Business” means, where the Retailer’s primary business at the Location is not the sale of Cannabis, the Retailer’s primary business carried on at the Location as identified in Schedule “A”.
- (g) “Effective Date” means the date upon which this Retailer Agreement is executed by both MBLL and the Retailer.
- (h) “Letter of Credit” has the meaning assigned at subsection 3.01.
- (i) “LGCA” means the Liquor, Gaming and Cannabis Authority of Manitoba.
- (j) “Licence” means a retail Cannabis licence issued under Division 2 of Part 4.1 of the Act, including any terms and conditions imposed on the Licence under the Act.
- (k) “Limits” means directives, issued by MBLL from time to time, restricting the total grams of Cannabis that may be: (i) purchased by the Retailer from MBLL; or (ii) sold by the Retailer to one individual.
- (l) “Location” means the civic address of the Retailer’s Cannabis Store as set out in Preamble paragraph (a), Schedule “A” and the Retailer’s Licence.
- (m) “Manager” means an individual employed by the Retailer or engaged as an independent contractor by the Retailer to provide day-to-day supervision of Cannabis sales at the Location, and identified in writing to MBLL.
- (n) “Manitoba” means The Government of Manitoba.
- (o) “MBLL’s Selling Price” means the price at which MBLL sells Cannabis to the Retailer, as determined by MBLL from time to time.
- (p) “Regulations” means regulations passed from time to time pursuant to the Act.
- (q) “Remote Order” has the definition given to it in the Act.

- (r) “Retailer Agreement” means the terms and conditions set out in this written document executed by the Retailer and MBLL, including the schedules attached hereto and the Retailer Directives.
- (s) “Retailer Directives” means the Cannabis Store Retailer Directives, issued by MBLL, as amended from time to time.
- (t) “Retail Organization” means the entity or person that enters into the Retail Organization Agreement with Manitoba or MBLL, as further set out in subsection 1.02 of this Retailer Agreement.
- (u) “Retail Organization Agreement” means the agreement that is entered into between the Retail Organization and Manitoba or MBLL, which identifies the Retailer and the Location, as further set out in subsection 1.02 of this Retailer Agreement.
- (v) “SKU” (Stock Keeping Unit) means an individual type, variety, brand and size of a Cannabis product listing.
- (w) “SRF” means the social responsibility fee described in section 6 of this Retailer Agreement.
- (x) “Young Person” means young person as defined in the Act.

1.02 Retail Organization and Retail Organization Agreement

From time to time, Manitoba or MBLL may enter into Retail Organization Agreements with Retail Organizations that participate in the operation of a network of Cannabis Stores in Manitoba. In the event that:

- (a) a Retail Organization participates in the operation of the Retailer’s Cannabis Store; and
- (b) Manitoba or MBLL has entered into a Retail Organization Agreement with that Retail Organization that identifies the Retailer and the Location;

then the definitions of “Retail Organization” and “Retail Organization Agreement” as set out in subsection 1.01 of this Retailer Agreement apply.

1.03 Schedules

The following Schedules form part of this Retailer Agreement:

- (a) Schedule “A” – Retailer Summary; and
- (b) Schedule “B” – French Language Designated Areas.

SECTION 2 - AUTHORIZATION, TERM AND NON-EXCLUSIVITY

2.01 Authorization

Subject to compliance with all of the terms and conditions of this Retailer Agreement and provided the Retailer holds a valid Licence for the Location, the Retailer is authorized to operate a Cannabis Store at the Location, which includes authorization to:

- (a) buy Cannabis from MBLL; and
- (b) sell Cannabis on a retail basis:
 - (i) to customers at the Location; and
 - (ii) for delivery from the Location, based on Remote Orders received by the Retailer;

all in accordance with the terms and conditions of the Retailer's Licence for the Location and this Retailer Agreement.

2.02 Term

The term of this Retailer Agreement shall commence on the Effective Date and shall continue until terminated in accordance with the terms and conditions set out herein.

2.03 Non-exclusivity

The Retailer acknowledges that:

- (a) it will be operating in a highly-competitive environment;
- (b) it will not be granted exclusive rights to any geographic area; and
- (c) additional Cannabis Stores may be authorized in Manitoba in the future.

SECTION 3 – LETTER OF CREDIT, LICENCE, CATEGORIES OF LICENCES, LOCATION, TEMPORARY LOCATION AND NO LIQUOR

3.01 Letter of Credit

The Retailer shall provide to MBLL, at the same time it returns the signed original (in duplicate) of this Retailer Agreement to MBLL and, in any event, prior to operating the Location as a Cannabis Store, an irrevocable standby Letter of Credit in the amount of Fifty Thousand Dollars (\$50,000.) for the Location. The Letter of Credit shall:

- (a) be payable to MBLL;
- (b) be given by a bank, trust company or credit union licensed to carry on business in the Province of Manitoba; and
- (c) be in a form acceptable to MBLL.

The Retailer acknowledges that MBLL may require payment under the Letter of Credit in accordance with subsection 14.03 of this Retailer Agreement.

3.02 Licence

The Retailer must:

- (a) apply for a Licence for the Location within ten (10) business days of this Retailer Agreement being signed by both parties;
- (b) be issued a Licence for the Location prior to operating the Location as a Cannabis Store; and
- (c) maintain its Licence in good standing.

3.03 Categories of Licences

(a) Controlled-access Licence

Where the Location is the subject of a controlled-access Licence (as such term is described in subsection 101.4(3) of the Act), the Retailer's sale of Cannabis in accordance with this Retailer Agreement is intended to supplement the Retailer's Core Business. The Retailer agrees that:

- (i) the Location must not be changed unless authorized in writing by MBLL and authorized by the Licence;
- (ii) the nature and scope of the Core Business must not be changed unless authorized in writing by MBLL;
- (iii) the size and physical layout of the Location must not be changed unless authorized in writing by MBLL and authorized by the Licence; and
- (iv) the Retailer must provide at least 90 days' advance written notice to MBLL of any proposed changes to the Core Business.

(b) Age-restricted Licence

Where the Location is the subject of an age-restricted Licence (as such term is described in subsection 101.4(3) of the Act), the Retailer agrees that:

- (i) the Location must not be changed unless authorized in writing by MBLL and authorized by the Licence; and
- (ii) the size and physical layout of the Location must not be changed unless authorized in writing by MBLL and authorized by the Licence.

3.04 Temporary Location

Provided it has received written authorization in accordance with subsection 101.5(2) of the Act, the Retailer may operate a Cannabis Store at an additional or different location set out in the authorization for the period specified in the authorization.

3.05 No Liquor

The Location must not be the subject of a manufacturer's licence, liquor service licence or retail liquor licence issued under the Act.

SECTION 4 - PRODUCT SUPPLY AND ORDERING, PAYMENT BY RETAILER, MBLL'S SELLING PRICE AND DELIVERY TO RETAILER

4.01 Product Supply and Ordering

- (a) The Retailer shall purchase Cannabis products only through MBLL.
- (b) MBLL will notify the Retailer of the Cannabis products available from MBLL from time to time. Specific Cannabis products will be identified by SKU.
- (c) The Retailer shall submit orders for Cannabis products to MBLL by e-mail, using the form attached to the Retailer Directives.
- (d) Orders for Cannabis products are to be submitted in accordance with the Retailer Directives.
- (e) The Retailer shall not purchase Cannabis products through other holders of Licences.
- (f) The Retailer acknowledges that MBLL may decline to supply certain Cannabis products or may limit the supply of certain Cannabis products based on availability from the vendor, market demand and other factors.

- (g) The Retailer acknowledges that MBLL may impose Limits from time to time. The Retailer shall comply with any Limits imposed by MBLL when purchasing Cannabis products from MBLL.

4.02 Payment by Retailer

The Retailer shall pay for Cannabis products in accordance with the Retailer Directives.

4.03 MBLL's Selling Price

The Retailer acknowledges that MBLL's Selling Price may be adjusted from time to time on written notice to the Retailer.

4.04 Delivery to Retailer

- (a) **Delivery to Retailer:** Upon the Retailer ordering Cannabis from MBLL, the orders of Cannabis will be delivered in accordance with the Retailer Directives.
- (b) **Acceptance by Retailer:** The Retailer shall inspect the orders of Cannabis upon delivery in accordance with the Retailer Directives. When a Retailer accepts an order of Cannabis, the Retailer shall receive title to the Cannabis and the Retailer shall bear all risk of loss, injury or destruction of the Cannabis.
- (c) **Inventory and Storage:** Upon acceptance of the Cannabis by the Retailer, the Retailer shall record it into its inventory, and shall securely store the Cannabis at its sole cost, risk and expense, in accordance with the Regulations, the Retailer Directives and the Retailer's Licence for the Location.
- (d) **Cost of Delivery:** All delivery costs shall be borne by the Retailer.

SECTION 5 - SALE OF PRODUCT, PRICING, REMOTE ORDERS AND CUSTOMER SERVICE AT LOCATION

5.01 Sale of Product

- (a) **Purchased from MBLL:** All Cannabis sold at the Location must have been purchased from MBLL by the Retailer.
- (b) **Customer Restrictions:** The Retailer shall not sell Cannabis to other holders of Licences.
- (c) **Limits:** The Retailer acknowledges that MBLL may impose Limits from time to time. The Retailer shall comply with any Limits imposed by MBLL when selling Cannabis products to customers.

- (d) **Social Responsibility:** It is the responsibility of the Retailer to ensure that Cannabis is not sold:
 - (i) to a Young Person;
 - (ii) to a person who is or who appears to be intoxicated;
 - (iii) to a person who intends to sell the Cannabis to a third party;
 - (iv) if MBLL has provided instruction that the Cannabis product is not to be sold.
- (e) **Product Recalls:** The Retailer shall not sell Cannabis product that has been recalled.

5.02 Pricing

- (a) **Pricing:** The Retailer will set the Location's retail selling price of Cannabis products.
- (b) **Display of Prices:** The selling price shall be clearly displayed.
- (c) **Recording of Sales:** The Retailer shall record each and every sale of Cannabis at the time it is made and shall provide proof of purchase and a receipt to each customer in accordance with the Retailer Directives.

5.03 Remote Orders

Remote Orders must be received, processed and delivered in accordance with the Regulations and Retailer Directives.

5.04 Restriction on Out-of-Province Sales

The Retailer shall not accept Remote Orders from customers located outside of Manitoba. The Retailer shall not deliver Cannabis to any address located outside of Manitoba.

5.05 Customer Service at Location

The Retailer shall offer Cannabis for sale to customers at the Location for a minimum number of hours each week in accordance with the Retailer Directives.

SECTION 6 – SOCIAL RESPONSIBILITY FEE

6.01 Social Costs

The Retailer acknowledges that there are social costs associated with the sale and consumption of Cannabis. The Retailer recognizes that it has a responsibility to contribute to the cost of administering Manitoba's Cannabis regime, including addressing these social costs as part of the privilege of obtaining a Licence and operating a Cannabis Store.

6.02 Payment of the SRF

For the 2019 calendar year and each subsequent calendar year in which the Retailer operates a Cannabis Store at the Location, the Retailer must pay to Manitoba the SRF, at the rate set out in subsection 6.03 below, on or before June 30 of the following year. For clarity, the first such payment of the SRF is due on or before June 30, 2020.

6.03 SRF Rate

Subject to subsection 6.04, the SRF rate is:

Six per cent (6%) of the Retailer's revenues in the calendar year from all sales of Cannabis at the Location (including Remote Orders fulfilled from the Location). The term "revenues" as used in this subsection 6.03 may be defined from time to time in the Retailer Directives.

6.04 Changes to the SRF Rate

The SRF rate may be changed in accordance with the Act.

6.05 Report to Accompany SRF Payment

A written report, in a form approved by MBLL, shall accompany the Retailer's payment of the SRF each year. This report shall support the Retailer's calculation of its SRF payment. The Retailer shall also provide to MBLL such supplementary materials as may be requested by MBLL.

6.06 Use of the SRF

Manitoba will use the SRF payments received from the Retailer to offset the costs of administering Manitoba's Cannabis regime, including the social costs associated with the sale and consumption of Cannabis, including (without limitation) health and addictions treatment, public education, research, promoting responsible consumption, community safety and enforcement costs.

6.07 Failure to Pay the SRF

The Retailer acknowledges and understands that a failure to pay the SRF as required by this section 6 is a Breach of this Retailer Agreement, which may result in the suspension or termination of this Retailer Agreement in accordance with subsection 14.03.

SECTION 7 - DAY-TO-DAY OPERATIONS

7.01 Active Presence

The Retailer shall maintain an Active Presence. An Active Presence means:

- (a) the presence at the Location on a regular daily, weekly, and monthly basis without absence for periods longer than normal days off or vacation periods of two weeks or less:
 - (i) where the Retailer is a sole proprietor, the Retailer or a Manager;
 - (ii) where the Retailer is a partnership, one of the partners or a Manager;
 - (iii) where the Retailer is a privately-owned corporation, an officer or director of the corporation or a Manager;
 - (iv) where the Retailer is a publicly-owned corporation or a co-operative, a Manager;

and

- (b) the ready availability to meet with representatives of MBLL:
 - (i) where the Retailer is a sole proprietor, the Retailer;
 - (ii) where the Retailer is a partnership, one of the partners;
 - (iii) where the Retailer is a privately-owned corporation, an officer or director of the corporation;
 - (iv) where the Retailer is a publicly-owned corporation or a co-operative, a Manager;

Absences for longer periods than outlined above must be approved in writing by MBLL.

7.02 Hours of Operation

The Retailer must comply with all applicable laws, regulations and by-laws in determining the hours of operation of the Location.

7.03 Staffing

The Retailer shall be solely responsible for the management and staffing of the Location.

7.04 Managers

The Retailer shall appoint one or more individuals as Manager(s) and shall identify that individual or individuals in writing to MBLL, and shall notify MBLL immediately upon changes to Manager appointments.

7.05 Training

The Retailer and all staff (including Managers) must successfully complete:

- (a) product knowledge training as outlined in the Retailer Directives; and
- (b) social responsibility training as specified in the Act.

7.06 French Language Designated Areas

- (a) signage is bilingual;
- (b) staff employed by the Retailer are bilingual.

7.07 Non-Cannabis Products

Sales of non-Cannabis products at the Location must be in accordance with the Retailer Directives.

SECTION 8 – RETURN OF PRODUCTS BY THE RETAILER TO MBLL

The return of Cannabis to MBLL by the Retailer must be in accordance with the Retailer Directives.

SECTION 9 – RECORDS

9.01 Bookkeeping, Accounting and Records

The Retailer shall maintain a bookkeeping, accounting and record-keeping system for its sales of Cannabis and Core Business inventory or services (if any) at the Location (including Remote Orders fulfilled from the Location), in accordance with current accounting practices and standards and the Retailer Directives. Sales of Cannabis and sales of Core Business inventory or services (if any) must be listed separately. Remote Orders must also be listed separately.

9.02 Inspection and Audit

All records referred to in subsection 9.01, for the current year and the six previous years, must be available, at all reasonable times while this Retailer Agreement is in effect and until at least seven (7) years after the date on which this Retailer Agreement is terminated, for inspection and audit by MBLL, its representatives and auditors, and must be produced by the Retailer on demand. The Retailer agrees to provide reasonable facilities for such inspections and audits, to provide copies of and extracts from such records, documents or contracts upon request by MBLL, its representatives or auditors, and agrees to promptly provide such other information and explanations as may be reasonably requested by MBLL, its representatives or auditors, from time to time.

SECTION 10 – OWNERSHIP AND SALE

10.01 Ownership, No Assignment

The Retailer represents and warrants that Schedule “A” contains a true and correct list of its officers, directors and all legal and beneficial owners of the Retailer and all legal and beneficial owners of the Location, and that, as of the Effective Date, such information correctly and completely describes the legal and beneficial ownership of the Retailer and the Location. No person or entity will acquire any other direct, indirect, legal or beneficial interest in the Retailer or in the Location unless authorized in writing by MBLL, which authorization may be withheld by MBLL, and authorized by the Retailer’s Licence for the Location.

10.02 Sale

The Retailer acknowledges that the authorization to sell Cannabis and this Retailer Agreement are non-transferable. In the event that all or part of the Core Business (if any), or any direct or indirect ownership interest in the Retailer or the Location is offered for sale, the Retailer shall provide MBLL notice in writing and a copy of any Offer to Purchase not less than 90 days in advance of the proposed possession date. The Retailer shall notify all prospective purchasers that the authorization to sell Cannabis and this Retailer Agreement are non-transferable.

SECTION 11 – INDEMNITY AND INSURANCE

11.01 Indemnity

The Retailer shall at all times, before and after the expiry or termination of this Retailer Agreement, indemnify and save harmless MBLL and Manitoba and its employees, agents and contractors for and from any and all loss, injury, death, damages, claims, demands, costs, expenses, legal costs, fines, liabilities, actions and prosecutions of any nature whatever which it or they may incur or suffer, directly or indirectly by reason of any Breach by the Retailer of any term of this Retailer Agreement, or the performance of this Retailer Agreement, or the operation of the Location, or any act or omission or default or negligence of or by

the Retailer or any agent, contractor, employee, customer, invitee, licensee, officer, director or shareholder of the Retailer. MBLL and Manitoba, and their respective employees, agents or contractors, shall not under any circumstances be liable or responsible in any manner to any person or persons with respect to any injury (including death) or any loss of or damage to, or destruction of, any property which occurs as a direct or indirect result of the operation of the Location or the performance of this Retailer Agreement unless caused by the willful act or negligence of MBLL or Manitoba, or their respective employees, agents or contractors.

11.02 Insurance and Workers Compensation Coverage

- (a) The Retailer shall, at its own expense, purchase and maintain throughout the term of this Retailer Agreement, commercial general liability insurance against claims for personal and bodily injury, death or damage to property of others, arising out of the performance of this Retailer Agreement.
- (b) Without limiting or restricting the generality of clause (a) above, such insurance shall:
 - (i) name MBLL and Manitoba, and their respective Ministers, directors, officers, employees and agents, as additional insureds with respect to the performance of this Retailer Agreement; and
 - (ii) provide Five Million (\$5,000,000) Dollars per occurrence, minimum limits, of third party liability.
- (c) The Retailer shall purchase and maintain, throughout the term of this Retailer Agreement, property insurance for the full replacement value of all property of the Location used in the performance of this Retailer Agreement, including, without limitation, all Cannabis inventory.
- (d) The Retailer shall purchase and maintain, throughout the term of this Retailer Agreement, comprehensive dishonesty, disappearance and destruction coverage, including Insuring Agreement 1 – Employee Dishonesty Coverage Form A, subject to a minimum limit of Twenty-five Thousand (\$25,000) Dollars, naming MBLL and Manitoba, and their respective Ministers, directors, officers, employees and agents, as additional insureds.
- (e) The Retailer shall submit to MBLL a Certificate(s) of Insurance as written evidence of the required insurance prior to commencing operations as a Cannabis Store as set out in this Retailer Agreement. The Certificate(s) of Insurance shall state that the insurer(s) will not cancel, materially alter or cause the policy(ies) to lapse without giving at least thirty (30) days' prior notice, in writing, to MBLL.

- (f) The above are minimum insurance requirements intended to provide basic coverage for the Retailer and the Location. It is the responsibility of the Retailer and its insurance advisors to determine whether higher limits or additional insurance coverage is required.
- (g) Where the Retailer's industry is included in the scope of *The Workers Compensation Act* (Manitoba) and the Location must maintain coverage under that Act, the Retailer must provide to MBLL a clearance letter from the Workers Compensation Board of Manitoba confirming that the Location's workers compensation coverage is in good standing with the Board.

SECTION 12- COMPLIANCE WITH LAWS, CONFLICTS, LEGAL STATUS AND RETAILER DIRECTIVES

12.01 Compliance with Laws

The Retailer shall comply with all federal, provincial and municipal laws, regulations and by-laws, including, without limitation, the Act, the Regulations, *The Manitoba Liquor and Lotteries Corporation Act* (Manitoba), the regulations under *The Manitoba Liquor and Lotteries Corporation Act*, the *Cannabis Act* (Canada) and the regulations under the *Cannabis Act*. Without limiting the generality of the foregoing, this includes any laws, regulations or by-laws in respect of:

- (a) young persons;
- (b) intoxicated persons;
- (c) hours of operation;
- (d) advertising; and
- (e) consumption.

12.02 Conflicts

In the event of any conflict between the obligations of the Retailer under this Retailer Agreement and the obligations of the Retailer under all federal, provincial and municipal laws, regulations and by-laws, including, without limitation, the Act, the Regulations, *The Manitoba Liquor and Lotteries Corporation Act* (Manitoba), the regulations under *The Manitoba Liquor and Lotteries Corporation Act*, the *Cannabis Act* (Canada) and the regulations under the *Cannabis Act*, the Retailer shall be excused from complying with those obligations under this Retailer Agreement that are in conflict with such laws, regulations or by-laws, but only to the extent necessary to avoid the conflict. Upon becoming aware of any conflict between the obligations of the Retailer under this Retailer Agreement and the obligations of the Retailer under such laws, regulations or by-laws, the Retailer

shall promptly notify MBLL in writing, identifying the specific conflict between this Retailer Agreement and such laws, regulations or by-laws.

12.03 Legal Status

At all times during the term of this Retailer Agreement, the Retailer shall maintain its legal status, and shall comply with all applicable registration and filing requirements.

12.04 Retailer Directives

It is acknowledged and agreed by the Retailer that:

- (a) The Retailer Directives shall be incorporated into, and form an integral part of, this Retailer Agreement.
- (b) MBLL shall be entitled to modify the Retailer Directives from time to time on notice in writing to the Retailer.
- (c) In the event that, at any time, there is any conflict or inconsistency among the Act, the Regulations, the Retailer Directives or the Retailer's Licence for the Location and the body of this Retailer Agreement, then the Act, the Regulations, the Retailer's Licence for the Location, the body of this Retailer Agreement and the Retailer Directives shall govern, in that order.
- (d) The Retailer acknowledges receipt of the Retailer Directives.

SECTION 13 – COVENANTS

The Retailer hereby represents, warrants and covenants that, on execution of this Retailer Agreement by MBLL and the Retailer, and throughout the term of this Retailer Agreement, all information contained in Schedule "A" is, and shall remain, complete and accurate, and that there are no other facts known or ought to be known by the Retailer which, if known by MBLL, would have adversely affected the decision made by MBLL to enter into this Retailer Agreement.

SECTION 14 – TERMINATION

14.01 Termination by Either Party

This Retailer Agreement may be terminated by the Retailer or MBLL at any time with 60 days' notice to the other party.

14.02 Breach

Each of the following events shall constitute a Breach:

- (a) any non-compliance with or default under this Retailer Agreement (including the Retailer Directives) by the Retailer;
- (b) suspension or cancellation of the Retailer's Licence for the Location;
- (c) the Retailer assigns or purports to assign this Retailer Agreement without the prior written consent of MBLL;
- (d) there is a change in the ownership, control or management of the Retailer, in a manner that is unacceptable to MBLL, in MBLL's sole discretion;
- (e) the Retailer has become, or is about to become, bankrupt or insolvent, has gone into receivership or has taken the benefit of any statute from time-to-time in force relating to bankrupt or insolvent debtors;
- (f) an order has been made or resolution has been passed to dissolve or wind-up the Retailer or the Retailer is otherwise likely to lose its corporate status;
- (g) the Retailer has ceased to carry on business or stated an intention to cease to carry on business;
- (h) the Retailer is in default under any other agreements, present or future, relating to the Location;
- (i) any creditor of the Retailer has seized or encumbered any substantial asset of the Retailer; or
- (j) the Retailer's conduct is considered detrimental to the best interest of MBLL, in the sole discretion of MBLL; or
- (k) the Retail Organization Agreement (if any) is terminated.

14.03 Consequences of a Breach

In the event of a Breach, MBLL may, in its sole discretion, do one or more of the following:

- (a) impose restrictions on the Retailer and its authorization to sell Cannabis, and the Retailer shall abide by such restrictions as may be imposed on it and its authorization to sell Cannabis;
- (b) grant to the Retailer a period of time (as determined by MBLL) to remedy the Breach;
- (c) immediately suspend this Retailer Agreement and notify the LGCA of such suspension;

- (d) immediately terminate this Retailer Agreement and notify the LGCA of such termination;
- (e) require payment under the Letter of Credit;

upon written notice to the Retailer.

14.04 Return of Cannabis

In the event of the termination of this Retailer Agreement, the Retailer shall immediately arrange for the return of all Cannabis in the Retailer's inventory to MBLL at the lower of:

- (a) the invoice price charged by MBLL to the Retailer for a particular product; and
- (b) the then current MBLL's Selling Price;

less restocking and freight charges determined by MBLL. The Retailer acknowledges that, upon the termination of this Retailer Agreement, the Retailer shall not have any right or ability to sell, transfer, distribute, or otherwise dispose of the Cannabis to any other person, corporation, or entity other than to MBLL.

SECTION 15 – NOTICES

15.01 All notices, demands, requests, consents, approvals, payments, publications or reports which may or are required to be given or made pursuant to any provision of this Retailer Agreement shall be given or made in writing and shall be delivered personally or sent by e-mail (where applicable) or registered mail as follows:

- (a) Notices or other communications to MBLL shall be directed to: P.O. Box 1023, Winnipeg, MB, R3C 2X1, E-mail: cannabis@mbll.ca, Attention: Executive Director, Cannabis.
- (b) Notices or other communications to the Retailer shall be directed to the Location.

15.02 Any notice:

- (a) delivered personally is deemed to have been received on the date of the delivery;
- (b) sent by registered mail is deemed to have been received on the third business day after the date of mailing;

- (c) sent by e-mail is deemed to have been received on the first business day after the date of transmission.

If mail service is disrupted by labour controversy, the notice must be delivered personally or sent by e-mail.

SECTION 16 – GENERAL PROVISIONS

16.01 Assignment by MBLL

MBLL may assign this Retailer Agreement at any time upon written notice to the Retailer.

16.02 No Agent

Nothing in this Retailer Agreement:

- (a) makes or may be construed to make the Retailer an agent of, or partner with, MBLL or Manitoba;
- (b) authorizes the Retailer to enter into a contract on behalf of MBLL or Manitoba, to act as MBLL's or Manitoba's agent, or to otherwise obligate MBLL or Manitoba.

16.03 Preamble, Titles and Terms

The Preamble is incorporated into and made a part of this Retailer Agreement. Titles of sections are used for convenience only and are not part of the text. All terms used in any one number or gender shall be construed to include any other number or gender as the context may require.

16.04 No Waiver

Any waiver by MBLL of a Breach is not effective unless it is given in writing and does not constitute a subsequent waiver of a similar or other Breach.

The rights and remedies hereunder are cumulative to any other rights or remedies which may be granted by law.

16.05 Governing Law

This Retailer Agreement must be construed, interpreted, performed and enforced in accordance with the laws of the Province of Manitoba and the federal laws of Canada applicable therein.

16.06 Survival

Sections 6, 9, 11, 12, 13, 14 and 16, and those other sections containing obligations that by their very nature are intended to survive, shall survive the termination or expiry of this Retailer Agreement.

16.07 Time of Essence

Time shall be of the essence in carrying out any obligations set out in this Retailer Agreement.

16.08 Entire Agreement

This Retailer Agreement (including the attached Schedules and the Retailer Directives) constitutes the entire agreement between MBLL and the Retailer. There are no undertakings, representations or promises, express or implied, other than those contained in this Retailer Agreement.

16.09 Amendment

This Retailer Agreement may be amended in writing and signed by MBLL and the Retailer.

[intentionally left blank]

16.10 Acknowledgement

The Retailer has read this Retailer Agreement and has been given the opportunity to clarify any provisions which were not fully understood.

The parties have caused this Retailer Agreement to be properly executed on the dates shown below.

MANITOBA LIQUOR AND LOTTERIES CORPORATION

Per: _____ Date: _____
Corporate Secretary and Executive Director,
Cannabis Project

Per: _____ Date: _____
Name:
Title:

Per: _____ Date: _____
Name:
Title:

SCHEDULE "A"

RETAILER SUMMARY

Name of Retailer: _____

Mailing Address: _____

Phone: _____

All Business Names to be used by the Retailer at the Location: _____

All website / Internet domain names to be used by the Retailer at the Location:

Legal Structure of Retailer (sole proprietorship, corporation, partnership, co-operative, etc.): _____

Principals of Retailer (sole proprietor, officers and directors of corporation, partners of partnership, etc.): _____

(Attach additional pages if necessary to fully describe)

Legal and Beneficial Owners of Retailer: _____

(Attach additional pages if necessary to fully describe)

Manager: _____

Emergency Contact: _____

Location: _____

Legal and Beneficial Owners of Location: _____

Type of Core Business (if any): N/A

