



December 14, 2022

Victoria Cannabis Buyers Club
826 Johnson Street
Victoria, BC V8V 1N3

Attention: Victoria Cannabis Buyers Club

Re: Termination of Tenancy

I am legal counsel to Bluebird Core Associates Inc. (the “Landlord”), which, through its holding company, is the registered owner of property with a civic address of 826 Johnson Street, Victoria, BC (the “Premises”), from which the Victoria Cannabis Buyers Club (“VCBC”) is currently a tenant.

A. Termination of Tenancy

VCBC leases the Property pursuant to a lease agreement (the “Lease”) made on or about April 1, 2021, which was assumed by my client as Landlord when it purchased the Premises.

In accordance with the provisions of the Lease, the Landlord hereby terminates the Lease for cause.

While the Landlord is entitled to immediate possession of the Premises, it recognizes that vacating on a short timeline may be difficult for VCBC. On VCBC’s agreement and adherence to the following conditions, the Landlord agrees to provide VCBC until 12:00 PM on January 2, 2023 to deliver vacant possession of the Premises:

1. **Effective immediately all sales and consumption of cannabis at the Property must cease.**
2. The Premises and all leasehold improvements and fixtures attached to the Premises must be delivered to the Landlord in a state of cleanliness and good repair.
3. On or before January 2, 2023, VCBC is to deliver to Louis Barahona, representative of the Landlord, all keys and other security cards or devices for the Premises that are in its possession or control.
4. Mr. Barahona will conduct a move-out inspection to review the state of the Property on or before January 2, 2023; he will contact VCBC directly in respect of scheduling same.

Victoria

T 250.388.4457
F 250.382.4236

Vancouver

T 604.678.1207
F 604.678.1208

Burnes House, 3rd Floor, 26 Bastion Square
Victoria, British Columbia Canada V8W 1H9

www.CoxTaylor.ca

The Landlord expressly reserves all of its rights to seek indemnity and compensation from VCBC for all acts, events and omissions that have occurred up to this date for which the Landlord is entitled to be indemnified, pursuant to the Lease, at law, or otherwise.

B. Lease Agreement

The Lease sets out the following express term regarding regulatory compliance:

- a. s.4.1.3 Regulatory Compliance: It is a fundamental term of this Lease that the Tenant is not and will not be during the Term of this Lease be in breach of any provisions of the Cannabis Control and Licensing Act (CCLA) and its regulations, as amended from time to time, relating to the tenancy. If the Tenant is found to be in breach of the CCLA or its regulations by an authorized enforcement agency or the Landlord during the term of this Lease, the Landlord may terminate the lease forthwith as per Article 21 of this Lease.

C. Breach of the Lease Agreement and Termination

My client is in receipt of the enclosed correspondence dated December 14, 2022 from Brian Murray, Manager Regulatory, Community Safety Unit Policing and Security Branch of the Ministry of Public Safety and Solicitor General.

The letter provides notice that the VCBC is selling cannabis without a license in breach of the CCLA. Allowing the Premises to be used for the sale of cannabis constitutes an offence by the Landlord. My client has been advised that it must immediately cease allowing the Premises to be used for the sale of cannabis and that failure to do so could result in it being charged with an offence. My client intends to strictly follow its obligations pursuant to the CCLA.

VCBC's operations also contravene municipal bylaws, contrary to s. 8 of the Lease Agreement, and moreover consumption of cannabis at the Property is contrary to Victoria Bylaw No. 16-061, which sets out that no cannabis can be consumed on premises where a cannabis-related business is conducted. Permitting the smoking of cannabis at the Premises, which also constitutes a workplace, constitutes a violation of s. 64 of the CCLA.

As an authorized enforcement agency has expressly stated that VCBC is presently in breach of the CCLA, it is necessary for the Landlord to terminate the Lease immediately.

The Landlord has more than sufficient grounds to evict the VCBC for cause pursuant to the Lease. Should VCBC refuse to vacate the Premises thereby necessitating a court application for injunctive relief, it will seek to recover all costs associated with same.

C. Summary

My client is terminating the Lease. All sale and supply of marijuana at the Premises must cease immediately. So long as the sale and supply of marijuana is ceased immediately, my client will

give VCBC until January 2, 2023 to deliver vacant possession of the Property as set out above.

Should VCBC refuse to deliver possession of the Premises as set out above, my client will immediately seek an order for the tenant to deliver possession and its costs of the same. Should my client determine that the sale and supply of marijuana is continuing following the receipt of this letter, it reserves its rights to immediately seek a court order in advance of January 2, 2023.

Yours very truly,

COX TAYLOR

Per:


Matthew Wehrung
enclosure



Community Safety Unit File Number: CSU-2019-0267

December 14, 2022

Bluebird Core Holdings Inc.
826 Johnson Street., Victoria,
BC

The Community Safety Unit (CSU), part of the Ministry of Public Safety and Solicitor General, is responsible for delivering a province-wide compliance and enforcement program focusing on unlicensed non-medical cannabis retailers operating in contravention of the *Cannabis Control and Licensing Act* (CCLA) and its regulations.

The CSU has received information that a cannabis retailer is selling cannabis from a property located at **826 Johnson St., Victoria, BC V8W 1N3** ("the Property") and that you are the landlord for the Property within the meaning of section 80 of the CCLA.

All private non-medical cannabis retailers in the Province are required to obtain provincial licenses issued under the CCLA by the Liquor and Cannabis Regulation Branch (LCRB) in order to legally sell non-medical cannabis. As of the date of this letter, the cannabis retailer operating from the Property does not hold a provincial license to sell non-medical cannabis.

Pursuant to section 80 of the CCLA, it is an offence for a landlord to allow their premises to be used for the sale of cannabis that contravenes section 15 of the CCLA ("sale of cannabis") or is prohibited under the *Cannabis Act* (Canada). This letter contains a copy of section 80 of the CCLA for your reference.

Failure to comply with section 80 is an offence under section 109(1)(b) of the CCLA.

Pursuant to section 110(2), a person who commits an offence under section 109(1)(b) is liable,

- (a) in the case of a corporation, to a fine of not more than \$100 000,
- (b) in the case of an individual who is a licensee, to a fine of not more than \$100 000 or to imprisonment for not more than 12 months, or to both, and
- (c) in the case of an individual who is not a licensee, to a fine of not more than \$50 000 or to imprisonment for not more than 12 months, or to both.

.../2

Page 2

As it is an offence to allow your premises to be used for the sale of cannabis that contravenes section 15 of the CCLA or the *Cannabis Act* (Canada), you must immediately cease allowing your premises to be used for that purpose or you may be charged with an offence under the CCLA.

If you have any questions about this letter, please contact our office at 1-855-502-5494 or at csu@gov.bc.ca.

A handwritten signature in black ink, appearing to read 'Bm', is located below the contact information.

Brian Murray
Manager Regulatory
Community Safety Unit
Policing and Security Branch
Ministry of Public Safety and Solicitor General

.../3

CANNABIS CONTROL AND LICENSING ACT

Landlord allowing illegal sales

80 (1) In this section:

"landlord", in respect of premises, means a person who is

(a) a lessor, owner or person who permits the occupation of the premises, or

(b) an owner of premises that has not been vacated by a tenant or occupant despite the expiry or termination of the lease or right of occupation;

"premises" means buildings, structures, land and water and includes

(a) trailers, portable structures and structures that float, and

(b) a conveyance.

(2) A landlord of premises must not allow the premises to be used for the sale of cannabis that contravenes section 15 of this Act or is prohibited under the *Cannabis Act* (Canada).

(3) It is a defence to a charge of contravening subsection (2) if the landlord took reasonable steps to prevent the premises being used for the sale of cannabis.