



## **PROFIT PARTICIPATION AGREEMENT**

This Profit Participation Agreement (“Agreement”) is made by and between Lasker Lifestyle Homes, LLC, an Arkansas limited liability company doing business as Lasker Lifestyle Homes Group I (the “Company”) and the investor set out on the signature page to this Agreement (“Investor”). Company and Investor may hereafter be referred to individually as a “Party” and collectively as “Parties.” This Agreement is effective on the date it is fully executed (the “Effective Date”).

WHEREAS, the Company seeks investment capital from qualified investors to be used for the purpose of acquiring lots and land (real property) to develop and sell certain residential real estate (the “Business”), as described in the Confidential Private Offering Memorandum of the Company, dated June 19, 2020 (the “Memorandum”);

Whereas, Investor desires to invest Subscribed Capital (defined below) with the Company, subject to the terms and conditions stated herein and in the amount specified in the separate Subscription Agreement (the “Subscription Agreement”) executed contemporaneously with this Agreement;

Therefore, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. **Definitions.** Terms not defined herein shall have the meanings specified in the Memorandum.

1.1 “Applicable Property” means any specific residential property sold by the Company that was developed by the Company using Subscribed Capital invested by Investor.

1.2 “Investment Return” means the total amount of all funds payable to the Company in connection with an Applicable Property.

1.3 “Net Investment Return” means the total amount of all funds payable to the Company in connection with an Applicable Property, less any Qualified Expenses.

1.4 “Pro Rata Share” means the *pro rata* amount due and payable to Investor under the terms and conditions of this Agreement, which will be calculated as Investor’s individual Subscribed Capital used in connection with an Applicable Property *divided by* the total Subscribed Capital used in connection with that same Applicable Property from all investors (including, but not limited to, Investor).

1.5 “Qualified Expenses” means all reasonable expenses necessarily or advisedly incurred by the Company in connection with the Applicable Property.

1.6 “Subscribed Capital” means any and all funds paid or committed to be paid to the Company by the Investor, as reflected in the Subscription Agreement.

1.7 “Profit Participation Allocation” means the amount, if any, due and payable to Investor as further specified in Paragraph 2.1 of this Agreement.

2. **Profit Participation Allocation and Return of Subscribed Capital.** With respect to each individual Applicable Property, separately and not in the aggregate, the Company shall pay the Profit Participation

Allocation and repay Subscribed Capital to Investor, in accordance with the terms and conditions of this Section.

2.1 Profit Participation. For each individual Applicable Property, the Profit Participation Allocation shall be determined as follows:

(a) Until all Subscribed Capital used in connection with that particular Applicable Property has been returned to Investor, the Profit Participation Allocation shall be an amount equal to a Pro Rata Share of one hundred percent (100%) of the Net Investment Return payable to the Company in connection with that particular Applicable Property; then

(b) After all Subscribed Capital used in connection with that particular Applicable Property has been returned to Investor, the Profit Participation Allocation shall be an amount equal to a Pro Rata Share of thirty percent (30%) of the Net Investment Return payable to the Company in connection with that particular Applicable Property.

2.2 Timing of Payment. The Profit Participation Allocation may be paid to Investor in one or more installments, as Investment Returns are received by the Company in connection with the individual sale of any Applicable Property, and shall be paid to Investor no later than thirty (30) days following the date the corresponding Investment Return is received by the Company.

2.3 Books and Records. The Company shall keep adequate books and records at the principal place of business of the Company or at such place as the Company shall determine, showing a true and accurate account of all business transactions arising out of and in connection with the conduct and Business of the Company and, in particular, this Agreement, the use of Investor's Subscribed Capital, the development and sale of all Applicable Properties, all other assets of the Company, and all Net Investment Returns. The Company will maintain such books and records for two (2) years following the date on which the Company's obligation to Investor under this Agreement is fully satisfied. Investor shall have the right, during business hours and with not less than ten (10) business days advance written notice, to examine and make copies of all Company records reasonably related to this Agreement, including any records related to the payment of any Profit Participation Allocation.

2.4 Reports. The Company will provide Investor with semi-annual reports in writing with respect to the material business and affairs of the Company.

3. **Default**. Each of the terms, conditions, covenants and provisions of this Agreement is a material consideration for this Agreement, the breach of which shall be deemed a default hereunder. Said default shall be deemed to have occurred if the defaulting party has not effected a cure within ten (10) days after a written notice from the other party specifying the default.

4. **Investor Acknowledgement**. Investor hereby acknowledges and agrees that Investor shall be entitled to receive Profit Participation Allocations under this Agreement solely with respect to the sale of Applicable Properties, which Investor understands will only be the particular residential properties that are developed by the Company using Subscribed Capital invested particularly by Investor. Investor further acknowledges and agrees that the Company may develop and sell other residential properties that will not use Subscribed Capital from the Investor, and Investor shall not have any right to receive Profit Participation Allocations under this Agreement with respect to any such other properties. For the sake of clarity, it is the Parties' purpose and intent under this Agreement for Investor to receive Profit Participation Allocations only in connection with residential properties for which Investor's Subscribed Capital is used to develop and sell, and not in connection with any residential property for which Investor's Subscribed Capital is not used.

## **5. Dispute Resolution.**

5.1 Agreement to Use Procedure. Any controversy or claim arising out of or relating to this Agreement, or the breach or default thereof (the “Dispute”), and which cannot be resolved voluntarily and privately, shall be settled by arbitration conducted pursuant to the Arkansas Uniform Arbitration Act, Ark. Code Ann. 16-108-201 *et seq.* and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The Parties acknowledge that the procedures specified in this Section shall be the exclusive means of resolving any Dispute. Investor expressly waives its right to initiate any other legal action against the Company in connection with a Dispute.

5.2 Initiation of Procedure. A Party who desires to initiate the procedure (the “Initiating Party”) shall give written notice to the other Party, describing, in general terms, the nature of the Dispute and the Initiating Party’s proposal to resolve the Dispute. The Party receiving such notice (the “Responding Party”) shall have thirty (30) days to respond (the “Response”) to the Initiating Party’s proposal. If, within sixty (60) days of the Response, the Parties have been unable to resolve the Dispute, they shall resolve the Dispute pursuant to Section 5.1 above.

5.3 Confidentiality. The entire dispute resolution process, including any stenographic, video, or audio record, conduct, statements, promises, offers, views, and opinions, whether oral or written, shall, as between all Persons involved in the dispute resolution process, be considered and remain confidential and shall not be disclosed to any person not involved in the dispute resolution process.

## **6. General Provisions.**

6.1 Notices. All notices or other communications required or permitted hereunder shall be in writing and personally delivered (including by means of professional messenger service) by nationally recognized overnight courier service, messenger service or registered or certified mail, postage prepaid, return receipt requested. All written communications in accordance with the foregoing shall be deemed given (i) three (3) days after the date it is posted if sent by mail, or (ii) the date the overnight courier or personal delivery is made, or refused by the addressee, at the address set forth on this signature page to this Agreement, if delivered by 5:00 P.M., Central Time on a business day, the next business day if delivered after 5:00 P.M. of a business day or non-business day. Notice of change of address shall be given by written notice as described in this Section.

6.2 Amendment. This Agreement may be amended or modified from time to time only by a written instrument executed and agreed to by each Party.

6.3 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Arkansas as interpreted by the courts of such state, notwithstanding any rules regarding choice of law to the contrary.

6.4 Successors and Assigns. Except as otherwise provided, this Agreement shall be binding upon and inure solely to the benefit of the Parties and their successors, assigns and personal representatives.

6.5 Further Assurances. In connection with this Agreement and the transactions contemplated hereby, each Party shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and those transactions.

6.6 Entire Agreement. This Agreement, together with the Subscription Agreement, constitutes the entire understanding and agreement among the Parties with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings, inducements or conditions, express or implied, oral or written.

6.7 Waiver. Neither the failure nor any delay on the part of any party hereto to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and signed by the Party asserted to have granted such waiver.

6.8 Third-Party Beneficiaries. Except as otherwise expressly provided in this Agreement, no provision of this Agreement is intended to benefit any party other than the Parties and their successors and assigns and shall not be enforceable by any other party.

6.9 Assignment. Investor shall not have the right to assign its rights in or to this Agreement without the prior written consent of Company; provided, however, that an individual Investor may transfer or assign his/her interest hereunder, without the consent of the Company, if such transfer or assignment is made to the heirs or legatees of the Investor upon the Investor's death or by operation of law or to the Investor's spouse or children or trusts for their benefit. Company shall have the right to assign its rights in or to this Agreement to any party, without the consent of Investor; provided, however, that any such assignment shall not relieve the Company of its obligations to Investor under this Agreement, unless otherwise expressly permitted by the Investor.

6.10 No Partnership. This Agreement shall not be construed to create a partnership between the Parties. Investor shall not be liable for any debts or claims of any parties against the Company. Neither Party shall be considered an agent of the other Party for any purposes whatsoever. Neither Party shall have any duty to the other Party, except as expressly set forth in this Agreement.

*[ Signatures are on the following page ]*



ACCORDINGLY, each Party executes this Profit Participation Agreement as follows:

Lasker Lifestyle Homes, LLC d/b/a  
Lasker Lifestyle Homes Group I

INVESTOR: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: Gregory Lasker

Name: \_\_\_\_\_

Title: Chief Executive Officer

Title (if entity): \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Address: 28 Lakeview Dr.

Address: \_\_\_\_\_

Conway, AR 72032

\_\_\_\_\_