NOTICE OF MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

RELATING TO

THE ANNUAL GENERAL AND SPECIAL MEETING OF SECURITYHOLDERS OF HARVEST HEALTH & RECREATION INC.

TO BE HELD ON JUNE 26, 2019

THE BUSINESS COMBINATION AND THE RELATED SECURITIES DESCRIBED HEREIN HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY SECURITIES REGULATORY AUTHORITY, INCLUDING WITHOUT LIMITATION ANY SECURITIES REGULATORY AUTHORITY OF ANY CANADIAN PROVINCE OR TERRITORY, THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE U.S., NOR HAS ANY OF THEM PASSED UPON THE ACCURACY OR ADEQUACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

May 24, 2019

Dear Shareholder: May 24, 2019

You are invited to attend an annual general and special meeting (the "**Meeting**") of the holders ("**Harvest Shareholders**") of subordinate voting shares ("**Harvest Subordinate Voting Shares**"), multiple voting shares ("**Harvest Multiple Voting Shares**"), and super voting shares ("**Harvest Super Voting Shares**", and together with the Harvest Subordinate Voting Shares and the Harvest Multiple Voting Shares, the "**Harvest Shares**") of Harvest Health & Recreation Inc. ("**Harvest**") to be held at 666 Burrard Street, Suite 2500, Vancouver, British Columbia, Canada V6C 2X8 on June 26, 2019 commencing at 10:00 am (Vancouver time).

At the Meeting, Harvest Shareholders will be asked to consider and, if thought advisable, approve a series of transactions that will result in the business conducted by Harvest and its subsidiaries being combined with the business conducted by Verano Holdings, LLC ("**Verano**") and its subsidiaries (the "**Business Combination**") under a newly-formed public company (the "**Resulting Issuer**"), all as contemplated under the terms of a business combination agreement dated April 22, 2019 (the "**Business Combination Agreement**") entered into among Harvest, Verano, 1204599 B.C. Ltd. ("**Newco**"), and 1204899 B.C. Ltd. ("**Parentco**").

At the Meeting, Harvest Shareholders will be asked to consider and, if thought advisable, approve a special resolution (the "**Harvest Arrangement Resolution**") approving a plan of arrangement under the *Business Corporations Act* (British Columbia) (the "**BCBCA**") in the form set forth in Appendix "C" (the "**Plan of Arrangement**") to the attached management information circular (the "**Management Information Circular**"), pursuant to which Harvest Shareholders will exchange their: (i) Harvest Subordinate Voting Shares for subordinate voting shares ("**Resulting Issuer Subordinate Voting Shares**") in the capital of the Resulting Issuer; (ii) Harvest Multiple Voting Shares for multiple voting shares ("**Resulting Issuer Multiple Voting Shares**") in the capital of the Resulting Issuer; and (iii) Harvest Super Voting Shares for super voting shares ("**Resulting Issuer Super Voting Shares**", and together with the Resulting Issuer Subordinate Voting Shares and Resulting Issuer Multiple Voting Shares, the "**Resulting Issuer Shares**") in the capital of the Resulting Issuer, all as more specifically provided for in the Business Combination Agreement and the Plan of Arrangement and described in the Management Information Circular.

Upon completion of the Business Combination, there are expected to be: (i) 63,358,934 Resulting Issuer Subordinate Voting Shares issued and outstanding (representing approximately 7.8% of the voting rights attached to the outstanding Resulting Issuer Shares), all of which will be held by former Harvest Shareholders; (ii) 3,475,197 Resulting Issuer Multiple Voting Shares issued and outstanding (representing approximately 42.9% of the voting rights attached to the outstanding Resulting Issuer Shares), 62.7% of which will be held by former Harvest Shareholders; and (iii) 2,000,000 Resulting Issuer Super Voting Shares (representing approximately 49.3% of the voting rights attached to the outstanding Resulting Issuer Shares), all of which will be held by former Harvest Shareholders. The foregoing amounts assume that 1,295,506 Resulting Issuer Multiple Voting Shares (and no Resulting Issuer Subordinate Voting Shares) will be issued to former holders of equity interests in Verano under the Plan of Arrangement, and do not include any Resulting Issuer Shares that may be issued to holders of equity interests in certain "pipeline" transactions that Harvest and Verano are each permitted to undertake in connection with the Business Combination or other intervening issuances of Harvest Shares from treasury (including on the exercise of outstanding convertible securities).

Following completion of the Business Combination, the Resulting Issuer will continue the businesses of Harvest and Verano (each of which will, upon completion of the Business Combination, become wholly-owned subsidiaries of the Resulting Issuer) and operate as a vertically integrated cannabis company with one of the largest footprints in the United States, including cultivation, manufacturing, and retail facilities, construction, real estate, technology, operational, and brand building expertise. The Resulting Issuer and its subsidiaries and affiliates will have more than 750 employees with proven experience, expertise and knowledge of in-house best practices in the cannabis industry. A more detailed description of the Resulting Issuer is set forth in Appendix "F" in the attached Management Information Circular.

In connection with the Business Combination, Harvest Shareholders will also be asked to consider and, if deemed advisable, to pass an ordinary resolution to approve the equity incentive plan of the Resulting Issuer (the "**Resulting Issuer Equity Incentive Plan**").

Annual Matters

At the Meeting, Harvest Shareholders will also be asked to consider the following annual matters (the "**Annual Matters**"):

1. to fix the number of Directors for the ensuing year at 5, subject to such increases as may be permitted by the articles of Harvest;

2. to elect the directors of Harvest for the ensuing year (or, if the Business Combination is completed, for the period up to the effective time of the Business Combination);

3. to receive the audited consolidated financial statements of Harvest for the year ended December 31, 2018 and the report of the auditors thereon;

4. to appoint the auditors of Harvest for the ensuing year and to authorize the directors of Harvest to fix their remuneration; and,

5. to transact all such further and other business as may properly be transacted at such meeting or any adjournment thereof.

Information with respect to the Annual Matters is set out in Appendix "K" in the attached Management Information Circular.

Voting Requirements

In order to become effective, the Harvest Arrangement Resolution must be approved by a resolution passed by: (A) (i) 66.67% of the votes cast on the Harvest Arrangement Resolution by holders of Harvest Subordinate Voting Shares present in person or represented by proxy and entitled to vote at the Meeting, voting separately as a class, and (ii) a majority of the votes cast by holders of Harvest Subordinate Voting Shares present in person or represented by proxy and entitled to vote at the Meeting, voting separately as a class, other than the votes attaching to Harvest Subordinate Voting Shares held directly or indirectly by "affiliates" or "control persons" of Harvest, as such terms are defined in OSC Rule 56-501 – *Restricted Shares* ("**OSC Rule 56-501**"); (B) (i) 66.67% of the votes cast on the Harvest Arrangement Resolution by holders of Harvest Multiple Voting Shares present in person or represented by proxy and entitled to vote at the Meeting, voting separately as a class, and (ii) a majority of the votes cast by holders of Harvest Multiple Voting Shares present in person or represented by proxy and entitled to vote at the Meeting, voting separately as a class, other than the votes attaching to Harvest Multiple Voting Shares held directly or indirectly by "affiliates" or "control persons" of Harvest, as such terms are defined in OSC Rule 56-501; (C) (i) 66.67% of the votes cast on the Harvest Arrangement Resolution by holders of Harvest Super Voting Shares present in person or represented by proxy and entitled to vote at the Meeting, voting separately as a class, and (ii) a majority of the votes cast by holders of Harvest Super Voting Shares present in person or represented by proxy and entitled to vote at the Meeting, voting separately as a class, other than the votes attaching to Harvest Super Voting Shares held directly or indirectly by "affiliates" or "control persons" of Harvest, as such terms are defined in OSC Rule 56-501; (D) 66.67% of the votes cast on the Harvest Arrangement Resolution by holders of Harvest Super Voting Shares, Harvest Multiple Voting Shares and Harvest Super Voting Shares present in person or represented by proxy and entitled to vote at the Meeting, voting together as a single class; and, (E) a majority of the votes cast by Harvest Shareholders present in person or represented by proxy and entitled to vote at the Meeting other than the votes attaching to Harvest Shares held directly or indirectly by "affiliates" or "control persons" of Harvest, as such terms are defined in OSC Rule 56-501. See "*The Business Combination — Regulatory Law Matters and Securities Law Matters — Canadian Securities Law Matters*". In addition to the foregoing approval, completion of the Business Combination is subject to certain customary conditions, including the approval of the Supreme Court of British Columbia, which are described in the attached Management Information Circular.

The resolution to approve the Resulting Issuer Equity Incentive Plan must be approved by a majority of the votes cast in person or by proxy by the Harvest Shareholders entitled to vote on such resolution at the Meeting.

The Annual Matters must be approved a majority of the votes cast in person or by proxy by the Harvest Shareholders entitled to vote on such resolution at the Meeting.

Board Recommendation

The Board of Directors of Harvest (the "Harvest Board") unanimously recommends that Harvest Shareholders vote FOR the Harvest Arrangement Resolution. After taking into consideration, among other things: (i) the fairness opinion of Eight Capital, financial advisor to Harvest; and (ii) the fairness opinion of INFOR Financial Inc., financial advisor to the special committee of the Harvest Board formed in connection with the Business Combination, the Harvest Board has unanimously determined that the Harvest Arrangement Resolution is in the best interests of Harvest and is fair to the Harvest Shareholders, and the Harvest Board has approved the Harvest Arrangement Resolution and authorized its submission to the Harvest Shareholders. The attached Management Information Circular contains a detailed description of the reasons for the determinations and recommendations of the Harvest Board.

The Harvest Board also unanimously recommends that the Harvest Shareholders vote FOR the approval of the Resulting Issuer Equity Incentive Plan. It is a condition precedent to the completion of the Business Combination that Harvest Shareholders approve the Resulting Issuer Equity Incentive Plan. **The Harvest Board also unanimously recommends that the Harvest Shareholders vote FOR the Annual Matters.**

Voting

Your vote is important regardless of the number of Harvest Shares you own. If you are not registered as the holder of your Harvest Shares but hold your securities through a broker or other intermediary, you should follow the instructions provided by your broker or other intermediary to vote your Harvest Shares. See the section in the accompanying Management Information Circular entitled "*General Proxy Information — Voting Options – Voting for Non-Registered Holders*" for further information on how to vote your Harvest Shares. If you are a registered holder of Harvest Shares, we encourage you to vote by completing the enclosed form of proxy. You should specify your choice by marking the box on the enclosed form of proxy and by dating, signing and returning your proxy to Odyssey Trust Company by mail, or by hand delivery at Odyssey Trust Company, 350- 300-5th Avenue SW, Calgary, AB T2P 3C4, or by fax at 1-800-517-4553 or email at https://odysseytrust.com/Transfer-Agent/Contact at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting or any adjournment or postponement thereof. Please do this as soon as possible. Voting by proxy will not prevent you from voting in person if you attend the Meeting and revoke your proxy, but will ensure that your vote will be counted if you are unable to attend.

Letters of Transmittal for Harvest Shares

If you hold your Harvest Shares through a broker or other person, please contact that broker or other person for instructions and assistance in receiving the Resulting Issuer Shares in respect of such Harvest Shares. If you are a registered Harvest Shareholder, we also encourage you to complete and return the enclosed Letter of Transmittal together with the certificate(s) or DRS Statement(s) representing your Harvest Shares and any other required documents and instruments, to the depositary, Odyssey Trust Company, in the enclosed return envelope in accordance with the instructions set out in the Letter of Transmittal, so that if the Harvest Arrangement Resolution is approved, the consideration for your Harvest Shares can be sent to you as soon as possible following the Business Combination becoming effective. The Letter of Transmittal contains other procedural information related to the exchange of Harvest Shares for Resulting Issuer Shares pursuant to the Business Combination, and should be reviewed carefully. If you have any questions, please contact Odyssey Trust Company by telephone at 1-888-290-1175 or by e-mail at **corp.actions@Odyssey.com**

Sincerely,

(signed) Steven White

Steven White
Director and Chief Executive Officer
Harvest Health & Recreation Inc.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that an annual general and special meeting (the "**Meeting**") of the holders ("**Harvest Shareholders**") of subordinate voting shares ("**Subordinate Voting Shares**"), multiple voting shares ("**Multiple Voting Shares**"), and super voting shares ("**Super Voting Shares**", and together with the Subordinate Voting Shares and the Multiple Voting Shares, the "**Harvest Shares**") of Harvest Health & Recreation Inc. ("**Harvest**") will be held at 666 Burrard Street, Suite 2500, Vancouver, British Columbia, Canada V6C 2X8, on June 26, 2019 commencing at 10:00 am (Vancouver time) for the following purposes:

1. to consider and, if thought advisable, to pass, with or without variation, a resolution, the full text of which is set forth in Appendix "B" to the accompanying Management Information Circular (the "**Circular**") for which the Harvest Required Shareholder Approval (as defined in the Circular) is required to be obtained (the "**Harvest Arrangement Resolution**"), approving a plan of arrangement (the "**Arrangement**") under Division 5 of Part 9 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") whereby, among other things, subject to the terms and conditions of a business combination agreement dated April 22, 2019 between Harvest, Verano Holdings, LLC ("**Verano**"), 1204599 B.C. Ltd. ("**Newco**") and 1204899 B.C. Ltd. ("**Parentco**") (the "**Business Combination Agreement**"), the Harvest Shareholders will exchange their Harvest Shares for shares of the issuer resulting from the transactions contemplated in the Business Combination Agreement (the "**Resulting Issuer**"). If the Arrangement becomes effective, each non-dissenting Harvest Shareholder will receive: (i) one subordinate voting share in the capital of Resulting Issuer (each, a "**Resulting Issuer Subordinate Voting Share**") for each Subordinate Voting Share held; (ii) one multiple voting share in the capital of Resulting Issuer (each, a "**Resulting Issuer Multiple Voting Share**") for each Multiple Voting Share held; and, (iii) one super voting share in the capital of Resulting Issuer (each, a "**Resulting Issuer Super Voting Share**", and together with the Resulting Issuer Subordinate Voting Shares and Resulting Issuer Multiple Voting Shares, the "**Resulting Issuer Shares**") for each Super Voting Share held;

2. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution, the full text of which is set forth in Appendix "H" to the Circular, to approve the equity incentive plan of the Resulting Issuer (the "**Resulting Issuer Equity Incentive Plan**");

3. to fix the number of Directors for the ensuing year at five (5), subject to such increases as may be permitted by the articles of Harvest;

4. to elect the directors of Harvest for the ensuing year (or, if the Harvest Arrangement Resolution is approved and the Business Combination is completed, for the period up to the effective time of the Business Combination);

5. to receive the audited consolidated financial statements of Harvest for the year ended December 31, 2018 and the report of the auditors thereon;

6. to appoint the auditors of Harvest for the ensuing year and to authorize the directors of Harvest to fix their remuneration; and,

7. to transact such further or other business as may properly come before the Meeting or any adjournments or postponements thereof.

Information with respect to items 3 to 6, above, is contained in Appendix "K" to the Circular.

The Circular provides additional information relating to the matters to be addressed at the Meeting, including the Business Combination Agreement and the Arrangement and is deemed to form part of this Notice of Meeting.

The record date for the determination of Harvest Shareholders entitled to receive notice of and to vote at the Meeting is May 13, 2019 (the "**Record Date**"). Only Harvest Shareholders whose names have been entered in the register of

Harvest Shareholders as of the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting.

Harvest Shareholders are entitled to vote at the Meeting either in person or by proxy. Registered Harvest Shareholders who are unable to attend the Meeting in person are encouraged to read, complete, sign, date and return the enclosed form of proxy in accordance with the instructions set out in the proxy and in the Circular. In order to be valid for use at the Meeting, proxies must be received by Odyssey Trust Company before 10:00 am (Vancouver time) on June 24, 2019 (or, if the Meeting is postponed or adjourned, at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of such postponement or adjournment). The time limit for the deposit of proxies may be waived or extended by the chair of the Meeting at his or her discretion without notice.

If you are a non-registered Harvest Shareholder, please refer to the section in the Circular entitled "*General Proxy Information – Voting Options – Voting for Non-Registered Holders*" for information on how to vote your Harvest Shares. **If you are a non-registered Harvest Shareholder and you do not complete and return the materials in accordance with such instructions, you may lose the right to vote at the Meeting.**

Registered Harvest Shareholders have the right to dissent with respect to the Harvest Arrangement Resolution in accordance with Part 8 – Division 2 of the BCBCA, as modified by Article 4 of the Plan of Arrangement and the Interim Order (as defined in the Circular). A Harvest Shareholder's right to dissent is more particularly described in the Circular. Please refer to the Circular under the heading "*Dissent Rights of Harvest Shareholders*", along with the text of Part 8 – Division 2 of the BCBCA set forth in Appendix "G" to the Circular, for a description of the rights to dissent in respect of the Harvest Arrangement Resolution. Failure to strictly comply with the requirements set forth in Part 8 - Division 2 of the BCBCA, Article 4 of the Plan of Arrangement and the Interim Order with respect to the Harvest Arrangement Resolution may result in the loss of any right to dissent. Persons who are beneficial owners of Harvest Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only the registered holders of Harvest Shares are entitled to dissent. Accordingly, a beneficial owner of Harvest Shares desiring to exercise the right to dissent must make arrangements for the Harvest Shares beneficially owned by such holder to be registered in such holder's name prior to the time the written notice of dissent to the Harvest Arrangement Resolution is required to be received by Harvest or, alternatively, make arrangements for the registered holder of such Harvest Shares to dissent on behalf of the holder.

DATED at Vancouver, British Columbia this 24th day of May, 2019.

BY ORDER OF THE BOARD OF DIRECTORS OF
HARVEST HEALTH & RECREATION INC.

(signed) Steven White

Steven White
Director and Chief Executive Officer

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STATEMENT ON GLOSSARY OF TERMS

Unless the context otherwise requires, any capitalized terms used herein and not otherwise defined have the meanings given to them in the Glossary of Terms attached to this Circular as Appendix "A". Unless otherwise indicated, the defined terms in the Glossary of Terms are not used in the other appendices attached to this Circular.

INFORMATION CONTAINED IN THIS CIRCULAR

The information contained in this Circular, unless otherwise indicated, is given as of May 24, 2019.

No person has been authorized to give any information or to make any representation in connection with the matters being considered herein other than those contained in this Circular and, if given or made, such information or representation should be considered or relied upon as not having been authorized by Harvest or Verano. This Circular does not constitute an offer to sell, or a solicitation of an offer to acquire, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer of proxy solicitation. Neither the delivery of this Circular nor any distribution of securities referred to herein shall, under any circumstances, create any implication that there has been no change in the information set forth herein since the date of this Circular.

Information contained in this Circular should not be construed as legal, tax or financial advice and Harvest Shareholders are urged to consult their own professional advisors in connection with the matters considered in this Circular.

The Business Combination, the Plan of Arrangement and the related securities described herein have not been approved or disapproved by any securities regulatory authority (including, without limitation, any securities regulatory authority of any Canadian province or territory, the United States Securities and Exchange Commission, or any securities regulatory authority of any state of the United States), nor has any securities regulatory authority passed upon the fairness or merits of the Business Combination or upon the accuracy or adequacy of the information contained in this Circular and any representation to the contrary is unlawful.

Descriptions in this Circular of the terms of the Business Combination Agreement, the Plan of Arrangement and the Resulting Issuer Equity Incentive Plan are summaries of the terms of those documents and are qualified in their entirety by such terms. Harvest Shareholders should refer to the full text of the Business Combination Agreement, the Plan of Arrangement, and Resulting Issuer Equity Incentive Plan for complete details of those documents. The Business Combination Agreement and the Plan of Arrangement have been filed by Harvest under its profile on SEDAR and are available at www.sedar.com. In addition, the Plan of Arrangement is attached as Appendix "C" to this Circular and the Resulting Issuer Equity Incentive Plan is attached as Appendix "J" to this Circular.

Information Contained in this Circular regarding Verano

The information concerning Verano and its affiliates contained in this Circular has been provided by Verano for inclusion in this Circular. Although Harvest has no knowledge that would indicate any statements contained herein relating to Verano and its affiliates taken from or based upon such information provided by Verano are untrue or incomplete, neither Harvest nor any of its officers or directors assumes any responsibility for the accuracy or completeness of the information relating to Verano and its affiliates, or for any failure by Verano to disclose facts or events that may have occurred or may affect the significance or accuracy of any such information but which are unknown to Harvest.

Currency and Exchange Rates

Unless otherwise indicated herein, references to "$", "US$" or "U.S. dollars" are to United States dollars, and references to "Cdn$", "C$" or "Canadian dollars" are to Canadian dollars.

The following table sets forth the high and low exchange rates for one U.S. dollar expressed in Canadian dollars for each period indicated, the average of the exchange rates for each period indicated and the exchange rate at the end of each such period, based upon the indicative rate or the noon buying rate provided by the Bank of Canada, as applicable:

	Years ended December 31		
	2018 (Cdn$)	**2017 (Cdn$)**	**2016 (Cdn$)**
High	**1.3642**	**1.3743**	**1.4589**
Low	**1.2288**	**1.2128**	**1.2544**
Rate at end of period	**1.3642**	**1.2545**	**1.3427**
Average rate for period	**1.2957**	**1.2986**	**1.3248**

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Circular and the documents incorporated into this Circular by reference, contain "forward- looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, as amended, and "forward-looking information" within the meaning of the applicable Canadian securities legislation (forward-looking information and forward-looking statements being collectively herein after referred to as "forward-looking statements") that are based on expectations, estimates and projections as at the date of this Circular or the dates of the documents incorporated herein by reference, as applicable. These forward-looking statements include but are not limited to statements and information concerning: the Business Combination; intentions, plans and future actions of Harvest, Verano and the Resulting Issuer; the timing for the implementation of the Business Combination and the potential benefits of the Business Combination; the likelihood of the Business Combination being completed; principal steps of the Business Combination; statements made in, and based upon, the Eight Fairness Opinion or the INFOR Financial Fairness Opinion; statements relating to the business and future activities of and developments related to Harvest, Verano and the Resulting Issuer after the date of this Circular; approval of Harvest Shareholders of the Harvest Arrangement Resolution and Resulting Issuer Equity Incentive Plan, Court approval of the Business Combination and other necessary regulatory approvals; listing of the Resulting Issuer Subordinate Voting Shares on the CSE; market position; ability to compete and future financial or operating performance of the Resulting Issuer; liquidity of Resulting Issuer Shares following the Effective Time; anticipated developments in operations; and other events or conditions that may occur in the future.

Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "should", "would", "might", or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements.

To the extent any forward-looking information constitutes "future-oriented financial information" or "financial outlook", as those terms are defined under Canadian securities laws, such statements are being provided to describe the current anticipated effect of the Business Combination, and readers are cautioned that these statements may not be appropriate for any other purpose, including investment decisions. Future-oriented financial information and financial outlook, as with forward-looking information generally, are, without limitation, based on the assumptions and subject to the risks set out in this cautionary statement. The Resulting Issuer's actual financial position and results of operations may differ materially from management's current expectations and, as a result, the Resulting Issuer's revenue, earnings and expenses may differ materially from the revenue, earnings and expenses profiles provided in this Circular. Such information is presented for illustrative purposes only. Forward-looking information that may constitute "future-oriented financial information" or "financial outlook" includes expectations regarding generation of cash to fund operations of the Resulting Issuer.

These forward-looking statements are based on the beliefs of Harvest's and Verano's management, as the case may be, as well as on assumptions, which such management believes to be reasonable based on information currently available at the time such statements were made. However, there can be no assurance that the forward-looking statements will prove to be accurate. Such assumptions and factors include, among other things, the satisfaction of the terms and conditions of the Business Combination Agreement, including the approval by the Court and the Required Regulatory Approvals.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on the then-current expectations of the party making the statement and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

Business Combination Risks:

- the parties' failure to satisfy the conditions to completion of the Business Combination as contemplated by the Business Combination Agreement;
- the Business Combination Agreement may be terminated in certain circumstances;
- the possibility that the Harvest Arrangement Resolution may not be approved at the Meeting;
- retention of employees, suppliers and other personnel being adversely affected by uncertainty surrounding the Business Combination;
- risks related to factors beyond the control of Verano, Harvest or the eventual Resulting Issuer;
- Harvest share price volatility and/or Resulting Issuer share price volatility due to events that may or may not be within such parties' control;
- disruptions or changes in the credit or security markets;
- the inability to renew existing licenses or permits or obtain required licenses and permits, or the inability to obtain regulatory approval in all states of operation for the commercial arrangements described herein;
- litigation risks;
- risks related to directors and officers of Harvest possibly having interests in the Business Combination that are different from other Harvest Shareholders;
- risks relating to the possibility that more than 5% of Harvest Shareholders may exercise their dissent rights with respect to the Harvest Arrangement Resolution;
- risks that other conditions to the consummation of the Business Combination, including the Pre-Arrangement Transactions, are not satisfied;
- the dilution of Harvest Shareholders;
- risks related to the possibility that Verano and Harvest may not integrate successfully; and
- the timely receipt of all necessary consents and approvals (including, without limitation, CSE, Court, regulatory and shareholder approvals) for the Business Combination.

United States Regulatory System Risks:

- the U.S. federal government has not legalized marijuana for medical or adult-use;
- there is a substantial risk of regulatory or political change;
- the Resulting Issuer intends to invest in businesses with little or no operating history and that are engaged in activities considered illegal under U.S. federal law;
- banks often refuse to provide banking services to businesses involved in the marijuana industry due to the present state of the laws and regulations governing financial institutions in the United States;
- with the exception of the limited operating history of its subsidiaries, the Resulting Issuer will have a limited operating history;
- lack of access to U.S. bankruptcy protections and other bankruptcy risks;
- the Resulting Issuer may be subject to heightened scrutiny by Canadian authorities;

- the Resulting Issuer may lose Foreign Private Issuer (as defined herein) status;
- there may be unknown additional regulatory fees and taxes that may be assessed in the future;
- the Resulting Issuer likely will not be able to secure its payment and other contractual rights with liens on the inventory or licenses of its clients and contracting parties;
- delays in enactment of new state or federal regulations could restrict the ability of the Resulting Issuer to reach strategic growth targets and lower return on investor capital;
- U.S. Food and Drug Administration regulation of cannabis and industrial hemp;
- the Resulting Issuer will be subject to applicable anti-money laundering laws and regulations;
- limited trademark protection;
- there is a risk of high bonding and insurance costs;
- the inability of the Resulting Issuer to respond to the changing regulatory landscape could harm its business;
- reliable data on the medical and adult-use marijuana industry is not available;
- there are general regulatory risks that may have a material effect on the Resulting Issuer and its subsidiaries; and
- inconsistent public opinion and perception of the medical and adult-use use marijuana industry hinders market growth and state adoption.

Business and Operations Risks:

- dependence on performance of subsidiaries;
- projections;
- the marijuana industry presents substantial risks and uncertainty;
- Verano and Harvest are currently involved in litigation, and there may be additional litigation that the Resulting Issuer will be involved in in the future;
- future acquisitions or dispositions;
- ability to manage future growth;
- enforceability of contracts;
- operation permits and authorizations;
- the Resulting Issuer will rely to a great extent on the expertise of the Resulting Issuer Board and officers, and any departures may impair the Resulting Issuer's businesses and investments;
- security risks;
- synthetic products may compete with medical marijuana use and products;
- there are risks associated with well-capitalized entrants developing large-scale operations;
- Verano is fairly described as an early stage business enterprise;
- talent pool;
- risks inherent in an agricultural business;
- the Resulting Issuer may be subject to significant competition;
- internal controls;
- potential disclosure of personal information to government or regulatory entities;
- promoting and maintaining brands;
- certain remedies and rights to indemnification may be limited;
- proposed acquisitions;
- the uncertain and fragmented nature of the medical and adult-use marijuana industry often results in an unconventional due diligence process and acquisition terms that could result in unknown and materially detrimental consequences to the Resulting Issuer;
- disparate state-by-state regulatory landscapes and the constraints related to holding cannabis licenses in various states results in operational and legal structures for realizing the benefit from cannabis licenses that could result in materially detrimental consequences to the Resulting Issuer;
- there may be material delays in identifying and acquiring assets;
- currency fluctuations;
- investments may be pre-revenue;
- enforceability of judgments against foreign subsidiaries;

- results of future clinical research;
- environmental risk and regulation;
- product liability;
- product recalls;
- reliance on key inputs;
- management of growth;
- fraudulent or illegal activity by employees, contractors and consultants;
- intellectual property;
- operational risks;
- lack of control over operations of investments;
- the Resulting Issuer will not have a highly diversified portfolio of assets;
- the Resulting Issuer's assets may be purchased with limited representations and warranties from the sellers of those assets;
- information technology systems and cyber security risk; and
- the Resulting Issuer may be subject to risks associated with financial leverage.

Market, Securities and Other Risks:

- holders of Resulting Issuer Super Voting Shares will have voting control of the Resulting Issuer;
- additional financing;
- the listing of the Resulting Issuer Subordinate Voting Shares on the CSE requires CSE approval;
- the Resulting Issuer Multiple Voting Shares and Resulting Issuer Super Voting Shares will not be listed on any stock exchange;
- there will be limitations on the ability to convert Resulting Issuer Multiple Voting Shares into Resulting Issuer Subordinate Voting Shares;
- the Resulting Issuer will face potential conflicts of interest;
- Harvest Shareholders will not be represented by the Resulting Issuer's legal counsel;
- price volatility of publicly traded securities;
- Harvest Shareholders will have little or no rights to participate in the Resulting Issuer's affairs;
- dividends;
- costs of maintaining a public listing; and
- Canada-United States border risks.

Certain Tax Risks:

- the Resulting Issuer will be subject to taxation in Canada and in the United States;
- the application of Section 280E of the Code substantially limits the Resulting Issuer's ability to deduct certain expenses under the Code;
- changes in tax laws may affect the operations of the Resulting Issuer and the taxation of holders of securities of the Resulting Issuer;
- Resulting Issuer Shares may not be qualified for investments for Registered Plans unless they are listed on a designated stock exchange in Canada;
- distributions by the Resulting Issuer on its securities may be subject to Canadian and United States withholding tax; and
- investment in securities of the Resulting Issuer is not intended to provide any material tax benefits to shareholders.

Cannabis Industry Risks:

- the timing and completion of acquisitions and other transactions discussed in this Circular (including in Appendix "F");
- the timing and amount of capital expenditures;
- future exchange rates;

- the granting, renewal and/or timing of a state or local cannabis license;
- the impact of increasing competition;
- conditions in general economic and financial markets;
- access to capital;
- future operating costs;
- government regulations, including future legislative and regulatory developments involving medical and recreational cannabis and the timing thereto;
- the effects of regulation by governmental agencies;
- the anticipated changes to laws regarding the recreational use of cannabis;
- the demand for cannabis products and corresponding forecasted increase in revenues; and
- the size of the medical cannabis market and the recreational cannabis market.

Although Harvest and Verano believe that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: the availability of sources of income to generate cash flow and revenue; the dependence on management and directors; risks relating to the receipt of the required licenses; risks relating to additional funding requirements; due diligence risks; exchange rate risks; potential transaction and legal risks; risks relating to laws and regulations applicable to the production and sale of marijuana; and other factors beyond Harvest, Verano or the Resulting Issuer's control, as more particularly described under the heading "*Risk Factors*" herein and in the information relating to the Resulting Issuer attached as Appendix "F" to this Circular.

Consequently, all forward-looking statements made in this Circular and other documents regarding Harvest, Verano or the Resulting Issuer, as applicable, are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on Harvest, Verano or the Resulting Issuer. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that Harvest, Verano or the Resulting Issuer, and/or persons acting on their behalf may issue. None of Harvest, Verano or the Resulting Issuer undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

The foregoing list is not exhaustive of the factors that may affect any forward-looking statements of Harvest, Verano and the Resulting Issuer. Forward-looking statements are statements about the future and are inherently uncertain. Actual results could differ materially from those projected in the forward-looking statements as a result of the matters set out or incorporated by reference in this Circular generally and certain economic and business factors, some of which may be beyond the control of Harvest, Verano and the Resulting Issuer. Some of the important risks and uncertainties that could affect forward-looking statements are described further in Appendix "F" to this Circular. Harvest, Verano and the Resulting Issuer do not intend, and do not assume any obligation, to update any forward-looking statements, other than as required by applicable law. For all of these reasons, Harvest Shareholders should not place undue reliance on forward-looking statements.

NOTE TO UNITED STATES SECURITYHOLDERS

THE BUSINESS COMBINATION AND THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE BUSINESS COMBINATION HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR SECURITIES REGULATORY AUTHORITIES IN ANY U.S. STATE, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE PASSED UPON THE FAIRNESS OR MERITS OF THE BUSINESS COMBINATION OR UPON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Resulting Issuer Shares, Replacement Options, Replacement Compensation Options and Replacement RSUs to be issued under the Arrangement have not been registered under the U.S. Securities Act or applicable U.S. state securities laws, in reliance on the exemption from the registration requirements of the U.S. Securities Act set forth in Section 3(a)(10) thereof (the "**Section 3(a)(10) Exemption**") and similar exemptions under applicable U.S. state securities laws, on the basis of the approval of the Court, which will be informed of the intention to rely on the Section 3(a)(10) Exemption and will consider, among other things, the substantive and procedural fairness of the Arrangement to Harvest Securityholders as further described in this Circular under the heading "*The Business Combination — Regulatory Law Matters and Securities Law Matters*". The Section 3(a)(10) Exemption exempts the issuance of any securities issued in exchange for one or more bona fide outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction that is expressly authorized by law to grant such approval, after a hearing upon the substantive and procedural fairness of the terms and conditions of such issuance and exchange at which all persons to whom it is proposed to issue the securities have the right to appear and receive timely and adequate notice thereof. The Court is authorized to conduct a hearing at which the substantive and procedural fairness of the terms and conditions of the Business Combination will be considered. The Court issued the Interim Order on May 23, 2019 and, subject to the approval of the Harvest Arrangement Resolution by the Harvest Shareholders, a hearing of the application for the Final Order will be held on July 2, 2019 at 9:45 a.m. (Pacific time) at the Courthouse, at 800 Smithe Street, Vancouver, British Columbia, Canada. All Harvest Securityholders are entitled to appear and be heard at this hearing. The Final Order will constitute a basis for the Section 3(a)(10) Exemption with respect to the Resulting Issuer Shares, Replacement Options, Replacement Compensation Options and Replacement RSUs to be issued to Harvest Securityholders in exchange for their Harvest Shares, Harvest Options, Harvest Compensation Options and Harvest RSUs, as applicable, pursuant to the Plan of Arrangement. Prior to the hearing on the Final Order, the Court will be informed of this effect of the Final Order. See "*The Business Combination – Regulatory Law Matters and Securities Law Matters*".

The solicitation of proxies made pursuant to this Circular is not subject to the requirements of Section 14(a) of the U.S. Exchange Act. Accordingly, this Circular has been prepared in accordance with disclosure requirements applicable in Canada, and the solicitations and transactions contemplated in this Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws. Harvest Securityholders in the United States should be aware that such requirements are different from those of the United States applicable to registration statements under the U.S. Securities Act and to proxy statements under the U.S. Exchange Act.

The financial statements and information included or incorporated by reference in this Circular have been prepared in accordance with IFRS and are subject to Canadian auditing and auditor independence standards and thus may not be comparable to financial statements prepared in accordance with United States standards.

Harvest Securityholders who are resident in, or citizens of, the United States, or are otherwise subject to United States federal income taxation, are advised to review the summary contained in this Circular under the heading "*Certain United States Federal Income Tax Considerations*" and to consult their own tax advisors to determine the particular United States tax consequences to them of the Business Combination in light of their particular situation, as well as any tax consequences that may arise under the laws of any other relevant non-U.S., state, local or other taxing jurisdiction.

The enforcement by investors of civil liabilities under United States federal or state securities laws may be affected adversely by the fact that each of Harvest and the Resulting Issuer is incorporated or organized outside the United States, that many of their respective officers and directors and the experts named herein are residents of a country other than the United States, and that some of the assets of Harvest, Verano and/or the Resulting Issuer and said persons are located outside the United States. As a result, it may be difficult or impossible for Harvest Securityholders in the United States to effect service of process within the United States upon Harvest or the Resulting Issuer, their respective officers or directors or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States. In addition, Harvest Securityholders in the United States should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States;

or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States.

The Resulting Issuer Shares to be issued to Harvest Shareholders in exchange for their Harvest Shares and the Replacement Options, Replacement Compensation Options and Replacement RSUs to be issued to Harvest Optionholders, holders of Harvest Compensation Options and holder of Harvest RSUs in exchange for their Harvest Options, Harvest Compensation Options and Harvest RSUs, as applicable, pursuant to the Plan of Arrangement will be freely transferable under U.S. federal securities laws, except by persons who are "affiliates" (as defined in Rule 144 under the U.S. Securities Act) of the Resulting Issuer after the Effective Date, or were "affiliates" of the Resulting Issuer within 90 days prior to the Effective Date. Persons who may be deemed to be "affiliates" of an issuer include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract, or otherwise, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer. Any resale of such Harvest Shares, Replacement Options, Replacement Compensation Options or Replacement RSUs by such an affiliate (or former affiliate) may be subject to the registration requirements of the U.S. Securities Act, absent an exemption therefrom. See "*The Business Combination – Regulatory Law Matters and Securities Law Matters*".

The Section 3(a)(10) Exemption does not exempt the issuance of securities issued upon the exercise of securities that were previously issued pursuant to the Section 3(a)(10) Exemption. Therefore, the Harvest Shares issuable upon the exercise of the Replacement Options and Replacement Compensation Options or settlement of the Replacement RSUs following the Effective Date may not be issued in reliance upon the Section 3(a)(10) Exemption and may be exercised or settled only pursuant to an available exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws.

No broker, dealer, salesperson or other person has been authorized to give any information or make any representation other than those contained in this Circular and, if given or made, such information or representation must not be relied upon as having been authorized by Harvest.

SUMMARY

This summary is qualified in its entirety by the more detailed information appearing elsewhere in this Circular, including the Appendices which are incorporated into and form part of this Circular. Terms with initial capital letters in this summary are defined in the Glossary of Terms attached to this Circular as Appendix "A".

The Meeting

The Meeting will be held at 666 Burrard Street, Suite 2500, Vancouver, British Columbia, Canada V6C 2X8 on Wednesday, June 26, 2019 commencing at 10:00 am (Vancouver time).

Record Date

Only Harvest Shareholders of record at the close of business on May 13, 2019 will be entitled to receive notice of and vote at the Meeting, or any adjournment or postponement thereof.

Purpose of the Meeting

Business Combination

The Meeting is an annual general and special meeting of Harvest Shareholders. At the Meeting, Harvest Shareholders will be asked to consider and, if deemed advisable, approve, the Harvest Arrangement Resolution which contemplates combining the Harvest Business and Verano Business under the Resulting Issuer pursuant to a Court-approved Plan of Arrangement involving Harvest, Parentco and Newco.

The full text of the Harvest Arrangement Resolution is set out in Appendix "B" to this Circular. In order to implement the Business Combination, the Harvest Arrangement Resolution must be approved, with or without variation, by the Harvest Required Shareholder Approval. See "*The Business Combination — Regulatory Law Matters and Securities Law Matters — Canadian Securities Law Matters*".

In connection with the Business Combination, Harvest Shareholders will also be asked to consider and, if deemed advisable, to pass an ordinary resolution to approve the Resulting Issuer Equity Incentive Plan. The resolution to approve the Resulting Issuer Equity Incentive Plan must be approved by a majority of the votes cast in person or by proxy by the Harvest Shareholders entitled to vote on such resolution at the Meeting. See "*Other Matters to be Considered at the Meeting – Approval of the Resulting Issuer Equity Incentive Plan*".

Annual Matters

Harvest Shareholders will also be asked to consider certain annual matters (the "**Annual Matters**") at the Meeting, namely:

1. to fix the number of Directors for the ensuing year at 5, subject to such increases as may be permitted by the articles of Harvest;

2. to elect the directors of Harvest for the ensuing year (or, if the Business Combination is completed, for the period up to the effective time of the Business Combination);

3. to receive the audited consolidated financial statements of Harvest for the year ended December 31, 2018 and the report of the auditors thereon;

4. to appoint the auditors of Harvest for the ensuing year and to authorize the directors of Harvest to fix their remuneration; and,

5. to transact all such further and other business as may properly be transacted at such meeting or any adjournment thereof.

Information with respect to the Annual Matters is set out in Appendix "K".

The Business Combination

The Business Combination Agreement and Plan of Arrangement contemplates that the following preliminary steps shall occur prior to, and shall be conditions precedent to, the implementation of the Arrangement:

1. the articles and notice of articles of Parentco shall have been amended to create the Parentco Subordinate Voting Shares, Parentco Multiple Voting Shares and Parentco Super Voting Shares;

2. the Qualified Holdco Shareholders shall have exchanged all of their Qualified Holdco Shares for Parentco Shares pursuant to the Qualified Holdco Exchange;

3. the Qualified Pipeline Equity Holders shall have exchanged all of their Qualified Pipeline Interests for Parentco Shares pursuant to the Qualified Pipeline Exchange;

4. the Verano Unit Holders (other than any Qualified Holdco) shall have exchanged all of their Verano Units for Parentco Shares pursuant to the Unit Exchange and Verano U.S. Merger;

5. the Resulting Issuer Equity Incentive Plan shall have been approved at the Meeting and at the Parentco Meeting; and

6. the Resulting Issuer Director Nominees shall have consented to act as directors of the Resulting Issuer in accordance with the BCBCA.

Under the Plan of Arrangement, commencing at the Effective Time, the following events or transactions shall occur and shall be deemed to occur, except to the extent otherwise indicated, in the following sequence without any further act or formality on the part of any Person:

1. each Parentco Share held by a Parentco Dissenting Shareholder shall be, and shall be deemed to be, surrendered to Parentco by the holder thereof, free and clear of all Liens, claims or encumbrances, and each such Parentco Share so surrendered shall be cancelled and thereupon each such Parentco Dissenting Shareholder shall cease to have any rights as a holder of such Parentco Shares other than a claim against Parentco in an amount determined and payable in accordance with Article 4 of the Plan of Arrangement;

2. concurrently with the surrender and cancellation of Parentco Shares held by Parentco Dissenting Shareholders, the capital of the applicable class of Parentco Shares that includes any Parentco Shares so cancelled shall be reduced by an amount equal to the product obtained when (A) the capital of the Parentco Shares of that class immediately prior to the Effective Time, is multiplied by (B) a fraction, the numerator of which is the number of Parentco Shares of that class so surrendered and cancelled, and the denominator of which is the number of Parentco Shares of that class outstanding immediately prior to the Effective Time;

3. each Harvest Share held by a Harvest Dissenting Shareholder shall be, and shall be deemed to be, surrendered to Harvest by the holder thereof, free and clear of all Liens, claims or encumbrances, and each such Harvest Share so surrendered shall be cancelled and thereupon each such Harvest Dissenting Shareholder shall cease to have any rights as a holder of such Harvest Shares other than a claim against Harvest in an amount determined and payable in accordance with Article 4 of the Plan of Arrangement;

4. concurrently with the surrender and cancellation of Harvest Shares held by Harvest Dissenting Shareholders, the capital of the applicable class of Harvest Shares that includes any Harvest Shares so cancelled shall be reduced by an amount equal to the product obtained when (A) the capital of the Harvest Shares of that class immediately prior to the Effective Time, is multiplied by (B) a fraction, the numerator of which is the number of Harvest Shares of that class so surrendered and cancelled, and the denominator of which is the number of Harvest Shares of that class outstanding immediately prior to the Effective Time;

5. the Initial Parentco Shares shall be, and shall be deemed to be, transferred by the Initial Parentco Shareholder to Parentco, free and clear of all Liens, claims or encumbrances, for cancellation in exchange for the payment by Parentco to the Initial Parentco Shareholder of the Initial Parentco Share Subscription Price;

6. the name of Harvest shall be changed to "Harvest Health (Holdings), Inc." (or to such other name as is determined by Harvest and approved by the Registrar);

7. Newco shall merge with and into Parentco pursuant to the Parentco Amalgamation to form the Resulting Issuer with the same effect as if they had amalgamated under Section 269 of the BCBCA, except that the legal existence of Parentco shall not cease and Parentco shall survive the Parentco Amalgamation as the Resulting Issuer notwithstanding the issue by the Registrar of a certificate of amalgamation and the assignment of a new incorporation number to the Resulting Issuer, and upon the Parentco Amalgamation becoming effective:

    (i) without limiting the generality of the foregoing, Parentco shall survive the Parentco Amalgamation as the Resulting Issuer;

    (ii) the properties, rights and interests and obligations of Parentco shall continue to be the properties, rights and interests and obligations of the Resulting Issuer;

    (iii) the separate legal existence of Newco shall cease without Newco being liquidated or wound up, and the property, rights and interests and obligations of Newco shall become the property, rights and interests and obligations of the Resulting Issuer;

    (iv) the Resulting Issuer shall continue to be liable for the liabilities and obligations of each of Newco and Parentco;

    (v) the Resulting Issuer shall be deemed to be the party plaintiff or the party defendant, as the case may be, in any civil action commenced by or against either Parentco or Newco before the Parentco Amalgamation has become effective;

    (vi) a conviction against, or a ruling, order or judgment in favour of or against, either Parentco or Newco may be enforced by or against the Resulting Issuer;

    (vii) the name of the Resulting Issuer will be "Harvest Health & Recreation Inc."

    (viii) the notice of articles and articles of the Resulting Issuer shall be substantially in the form of the notice of articles and articles of Parentco, except that the authorized share capital of the Resulting Issuer shall consist solely of an unlimited number of Resulting Issuer Subordinate Voting Shares, an unlimited number of Resulting Issuer Multiple Voting Shares and an unlimited number of Resulting Issuer Super Voting Shares, and not include any Common Shares;

    (ix) the registered office of the Resulting Issuer shall be the registered office of Parentco;

    (x) subject to clause (xi) below, the size of the board of directors of the Resulting Issuer shall be not less than five (5) and not more than nine (9) directors, as determined from time to time by the board of directors of the Resulting Issuer;

    (xi) the initial size of the board of directors of the Resulting Issuer shall be five (5) directors, and the Resulting Issuer Director Nominees shall be the initial five directors of the board of directors of the Resulting Issuer, to hold office until the next annual meeting of the shareholders of the Resulting Issuer or until their successors are elected or appointed;

(xii) each Parentco Subordinate Voting Share outstanding immediately prior to the Parentco Amalgamation (excluding, for the avoidance of doubt, any Parentco Subordinate Voting Share in respect of which the holder exercises Parentco Dissent Rights) shall be, and shall be deemed to be, cancelled, and in consideration therefor such holder will receive a fully paid and non-assessable Resulting Issuer Subordinate Voting Share;

(xiii) each Parentco Multiple Voting Share outstanding immediately prior to the Parentco Amalgamation (excluding, for the avoidance of doubt, any Parentco Multiple Voting Share in respect of which the holder exercises Parentco Dissent Rights) shall be, and shall be deemed to be, cancelled, and in consideration therefor such holder will receive a fully paid and non-assessable Resulting Issuer Multiple Voting Share;

(xiv) the Newco Share outstanding immediately prior to the Parentco Amalgamation shall be, and shall be deemed to be, cancelled, and in consideration therefor the Newco Shareholder will receive a fully paid and non-assessable Resulting Issuer Subordinate Voting Share;

(xv) concurrently with the exchange of the Parentco Shares and the Newco Share referred to in clauses (xii), (xiii) and (xiv), above, there shall be added to the stated capital of the Resulting Issuer Shares, in respect of the Resulting Issuer Shares issued by the Resulting Issuer to the former holders of such Parentco Shares and the Newco Share:

(A) in the case of the Resulting Issuer Subordinate Voting Shares, an amount equal to the aggregate paid-up capital of the Parentco Subordinate Voting Shares (other than the Parentco Subordinate Voting Shares held by any Parentco Dissenting Shareholders) and the Newco Share immediately prior to such exchange; and

(B) in the case of the Resulting Issuer Multiple Voting Shares, an amount equal to the aggregate paid-up capital of the Parentco Multiple Voting Shares (other than the Parentco Multiple Voting Shares held by any Parentco Dissenting Shareholders) immediately prior to such exchange;

8. the Resulting Issuer Equity Incentive Plan shall be, and shall be deemed to have been, approved;

9. the one Resulting Issuer Subordinate Voting Share issued to the Newco Shareholder pursuant to clause (xiv) above shall be, and shall be deemed to be, canceled in exchange for the payment by the Resulting Issuer to the Newco Shareholder of the Newco Share Subscription Price;

10. each Harvest Share outstanding immediately prior to the Effective Time held by a Participating Harvest Shareholder shall be, and shall be deemed to be, transferred by the holder thereof to the Resulting Issuer, free and clear of all Liens, claims or encumbrances, in exchange for the applicable fully paid and non-assessable Resulting Issuer Exchange Share, and, subject to Article 5 of the Plan of Arrangement, upon such transfer:

(i) each such former holder of such transferred Harvest Shares shall cease to be the holder of such Harvest Share and to have any rights as a holder of such Harvest Share other than the right to receive the applicable Resulting Issuer Exchange Shares under the Plan of Arrangement; and

(ii) the Resulting Issuer shall be, and shall be deemed to be, the transferee of such Harvest Share;

11. concurrently with the exchange of the Harvest Shares by Participating Harvest Shareholders described above, there shall be added to the stated capital of the Resulting Issuer Shares, in respect of the Resulting Issuer Shares issued by the Resulting Issuer to the former Participating Harvest Shareholders:

(i) in the case of the Resulting Issuer Subordinate Voting Shares, an amount equal to the aggregate paid-up capital of the Harvest Subordinate Voting Shares (other than the Harvest Subordinate Voting Shares held by any Harvest Dissenting Shareholders) immediately prior to such exchange;

(ii) in the case of the Resulting Issuer Multiple Voting Shares, an amount equal to the aggregate paid-up capital of the Harvest Multiple Voting Shares (other than the Harvest Multiple Voting Shares held by any Harvest Dissenting Shareholders) immediately prior to such exchange; and

(iii) in the case of the Resulting Issuer Super Voting Shares, an amount equal to the aggregate paid-up capital of the Harvest Super Voting Shares (other than the Harvest Super Voting Shares held by any Harvest Dissenting Shareholders) immediately prior to such exchange;

12. each Harvest Option outstanding immediately prior to the Effective Time, whether or not vested, shall be, and shall be deemed to be, terminated and cancelled in its entirety and in exchange therefor each holder of such Harvest Option shall be entitled to receive a Replacement Option to acquire from the Resulting Issuer the number of Resulting Issuer Subordinate Voting Shares equal to the number of Harvest Subordinate Voting Shares subject to such Harvest Option immediately prior to the Effective Time. The exercise price per Resulting Issuer Subordinate Voting Share subject to a Replacement Option shall be an amount equal to the exercise price per Harvest Subordinate Voting Share subject to each such Harvest Option immediately before the Effective Time. Except as provided in the Plan of Arrangement, all terms and conditions of a Replacement Option, including the term to expiry, conditions to and manner of exercising, will be the same as the Harvest Option for which it was exchanged, and the exchange shall not provide any optionee with any additional benefits as compared to those under his, her or its original Harvest Option;

13. each Harvest Compensation Option outstanding immediately before the Effective Time shall be, and shall be deemed to be, terminated and cancelled in its entirety and in exchange therefore each holder of such Harvest Compensation Option shall be entitled to receive a Replacement Compensation Option to acquire from the Resulting Issuer the number of Resulting Issuer Subordinate Voting Shares equal to the number of Harvest Subordinate Voting Shares subject to such Harvest Compensation Option immediately prior to the Effective Time. The exercise price per Resulting Issuer Subordinate Voting Share subject to a Replacement Compensation Option shall be an amount equal to the exercise price per Harvest Subordinate Voting Share subject to each such Harvest Compensation Option immediately before the Effective Time. Except as provided in the Plan of Arrangement, all terms and conditions of a Replacement Compensation Option, including the term to expiry, conditions to and manner of exercising, will be the same as the Harvest Compensation Option for which it was exchanged, and the exchange shall not provide any optionee with any additional benefits as compared to those under his, her or its original Harvest Compensation Option; and

14. each Harvest RSU outstanding immediately before the Effective Time, shall be, and shall be deemed to be, terminated and cancelled in its entirety and in exchange therefore each holder of such Harvest RSU shall be entitled to receive a Replacement RSU entitling the holder to receive the same number of Resulting Issuer Subordinate Voting Shares as the number of Harvest Subordinate Voting Shares that the holder was entitled to receive under such Harvest RSU. Except as provided in the Plan of Arrangement, all terms and conditions of a Replacement RSU will be the same as the Harvest RSU for which it was exchanged, and the exchange shall not provide any holder of Harvest RSUs with any additional benefits as compared to those under his or her original Harvest RSU;

provided that none of the foregoing events or transactions shall occur or be deemed to occur unless all of the foregoing occur or is deemed to occur.

As of the Effective Time, (i) each Parentco Share (other than Parentco Shares held immediately prior to such time by Parentco Dissenting Shareholders), and any certificates deemed to represent such Parentco Shares, will only represent the right to receive in exchange therefor the corresponding Resulting Issuer Shares that the holder is entitled to receive in accordance with the Plan of Arrangement, and (ii) each Harvest Share (other than Harvest Shares held immediately prior to such time by Harvest Dissenting Shareholders) and any certificates deemed to represent such Harvest Shares

will represent only the right to receive in exchange therefor the corresponding Resulting Issuer Shares that the holder is entitled to receive in accordance with the Plan of Arrangement.

Upon completion of the Business Combination, the directors of the Resulting Issuer are expected to be the current directors of Harvest.

Background to the Business Combination

The Business Combination and the provisions of the Business Combination Agreement are the result of arm's length negotiations conducted between representatives of Harvest and Verano. A summary of the material events leading up to the negotiation of the Letter Agreement and the Business Combination Agreement and the material meetings, negotiations and discussions between the Parties that preceded the execution and public announcement of the Business Combination is included in this Circular under the heading *"The Business Combination – Background to the Business Combination"*.

Recommendation of the Harvest Special Committee

The Harvest Special Committee was formed to review and evaluate the Transactions, oversee and supervise the process carried out by Harvest in negotiating and entering into the Letter Agreement and the Business Combination Agreement and to make recommendations to the Harvest Board with respect to the Business Combination. INFOR Financial was retained to act as financial advisor to the Harvest Special Committee.

After careful consideration, including receiving the INFOR Financial Fairness Opinion delivered to the Harvest Special Committee, as well as a thorough review of the Letter Agreement, the Business Combination Agreement, and other matters, the Harvest Special Committee unanimously determined that each of the execution of the Letter Agreement and the Business Combination Agreement and the completion of the Business Combination is in the best interests of Harvest. Accordingly, the Harvest Special Committee unanimously recommended that the Harvest Board approve the Letter Agreement, the Business Combination Agreement and the completion of the Business Combination.

See *"The Business Combination – Recommendation of the Harvest Special Committee"*.

Recommendation of the Harvest Board

After careful consideration, including receiving the fairness opinion of Eight Capital delivered to the Harvest Board, as well as a thorough review of the Letter Agreement, the Business Combination Agreement, and other matters, the Harvest Board, upon the unanimous recommendation of the Harvest Special Committee, unanimously determined that the execution of each of the Letter Agreement and Business Combination Agreement and the completion of the Business Combination is in the best interests of Harvest. **Accordingly, the Harvest Board unanimously approved the Letter Agreement, the Business Combination Agreement and the completion of the Business Combination and unanimously recommends that Harvest Shareholders vote <u>FOR</u> the Harvest Arrangement Resolution.**

See *"The Business Combination – Recommendation of the Harvest Board"*.

The Harvest Board also unanimously recommends that Harvest Shareholders vote <u>FOR</u> the approval of the Resulting Issuer Equity Incentive Plan.

Eight Fairness Opinion

Pursuant to an engagement letter dated March 10, 2019, Harvest retained Eight Capital to provide Harvest with various advisory services in connection with the Arrangement including, among other things, the provision of the Eight Fairness Opinion.

On March 10, 2019, Eight Capital delivered its oral opinion to the Harvest Board, that as of the date thereof and subject to the assumptions, limitations and qualifications stated therein, the consideration to be paid by Harvest in

connection with the acquisition of the Verano Business is fair, from a financial point of view. This opinion was subsequently confirmed in writing as at March 11, 2019 by the Eight Fairness Opinion.

Eight Capital has not been asked to prepare and has not prepared a formal valuation or appraisal of the securities or assets of Harvest, Verano or any of their affiliates, and the Eight Fairness Opinion should not be construed as such. The Eight Fairness Opinion is not, and should not be construed as, advice as to the price at which the securities of Harvest may trade at any time.

The terms of the engagement letter between Harvest and Eight Capital provide that Eight Capital will receive a fee for rendering the Eight Fairness Opinion and certain fees for its advisory services in connection with the Arrangement, a substantial portion of which are contingent upon the successful completion of the Arrangement. Eight Capital is also to be reimbursed for its reasonable out-of-pocket expenses. Furthermore, Harvest has agreed to indemnify Eight Capital, in certain circumstances, against certain liabilities that might arise out of its engagement.

The Eight Fairness Opinion is rendered on the basis of securities markets, economic, financial and general business conditions prevailing as at the date thereof and the conditions and prospects, financial and otherwise, of Harvest and Verano as publicly disclosed and as they have been represented to Eight Capital. In Eight Capital's analyses and in connection with preparing the Eight Fairness Opinion, Eight Capital made numerous assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond the control of any party involved in the Arrangement.

The full text of the Eight Fairness Opinion, which sets forth, among other things, the assumptions made, information reviewed, matters considered and limitations on the scope of review undertaken, is attached as Appendix "D" to this Circular. The Eight Fairness Opinion was provided to the Harvest Board for its exclusive use only in considering the Business Combination and may not be used or relied upon by any other person or for any other purpose without Eight Capital's prior written consent. The Eight Fairness Opinion addresses only the fairness, from a financial point of view, to Harvest of the consideration to be paid by Harvest for the Verano Business, and does not address any other aspect of the Business Combination. The Eight Fairness Opinion does not address the relative merits of the Business Combination as compared to any other strategic alternatives that may be available to Harvest. The Eight Fairness Opinion does not constitute a recommendation as to how any Harvest Shareholder should vote or act on any matter relating to the Arrangement. The summary of the Eight Fairness Opinion set forth in this Circular is qualified in its entirety by reference to the full text of the Eight Fairness Opinion. Harvest Shareholders are urged to read the Eight Fairness Opinion carefully and in its entirety.

See "*The Arrangement – Eight Fairness Opinion*".

INFOR Financial Fairness Opinion

Pursuant to an engagement letter dated February 22, 2019, the Harvest Special Committee retained INFOR Financial to provide an opinion as to the fairness, from a financial point of view, to Harvest, of the consideration to be paid by Harvest pursuant to the Arrangement.

On March 10, 2019, INFOR Financial verbally delivered its opinion, subsequently confirmed in writing on March 11, 2019, that as at the date thereof, the consideration to be paid by Harvest in connection with the acquisition of the Verano Business is fair, from a financial point of view. This opinion was subsequently confirmed in writing as at March 11, 2019 by the INFOR Financial Fairness Opinion. The full text of the INFOR Financial Fairness Opinion, setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the INFOR Financial Fairness Opinion, is attached as Appendix "D" to this Circular. The summary of the INFOR Financial Fairness Opinion described in this Circular is qualified in its entirety by reference to the full text of the INFOR Financial Fairness Opinion.

The terms of the engagement letter between Harvest and INFOR Financial provide that INFOR Financial will receive a fee for rendering the INFOR Financial Fairness Opinion. These fees are fixed and not contingent upon the successful completion of the Arrangement. INFOR Financial is also to be reimbursed for its reasonable out-of-pocket expenses.

Furthermore, Harvest has agreed to indemnify INFOR Financial, in certain circumstances, against certain liabilities that might arise out of its engagement.

The INFOR Financial Fairness Opinion was provided solely for the information and assistance of the Harvest Board in connection with its consideration of the Arrangement and is not a recommendation to any Harvest Shareholder as to how to vote or act on any matter relating to the Arrangement. The INFOR Financial Fairness Opinion was only one factor that the Harvest Board took into consideration in making its determination to recommend that the Harvest Shareholders vote in favour of the Harvest Arrangement Resolution.

See "*The Arrangement – INFOR Financial Fairness Opinion*".

Harvest Shareholder Voting Support Agreements

On April 22, 2019, Parentco and Verano entered into the Harvest Shareholder Voting Support Agreements with the Harvest Voting Support Shareholders. The Harvest Shareholder Voting Support Agreements set forth, among other things, the agreement of such shareholders to vote their Harvest Shares in favour of the Business Combination.

See "*The Business Combination — Harvest Shareholder Voting Support Agreements*".

Verano Unit Holder Voting Support Agreements

On April 22, 2019, Harvest entered into the Verano Unit Holder Voting Support Agreements with the Verano Voting Support Unit Holders. The Verano Unit Holder Voting Support Agreements set forth, among other things, the agreement of such securityholders to vote their securities in favour of the Business Combination.

See "*The Business Combination — Verano Unit Holder Voting Support Agreements*".

Harvest, Verano and the Resulting Issuer

Harvest

Harvest was founded in Arizona and received its first license there in 2012. Harvest currently holds licenses or has operations in cannabis facilities in Arizona, Arkansas, California, Maryland, Michigan, Nevada, North Dakota, Ohio, Florida, Massachusetts and Pennsylvania, with pending applications in and planned expansion into California, Illinois, and Michigan. In addition, Harvest owns carbon dioxide extraction, distillation, purification and manufacturing technology used to produce a line of therapeutic cannabis topicals, vapes and Gems featuring rare cannabinoids and a hemp-derived product line sold in Colorado with plans for nationwide distribution. See "*Information Concerning Harvest*".

Verano

Although originally formed in 2017, Verano was organized in 2018 as the culmination of years of operational experience in the legalized cannabis industry. Co-Founder George Archos first entered the cannabis industry in 2014 by founding Ataraxia, LLC, the first operational cultivation center in the State of Illinois's medical cannabis pilot program. Quickly developing a large market share in Illinois, Mr. Archos began expanding his footprint by acquiring assets in other legalized states. Simultaneously, Co-Founder Sam Dorf had been working on applying and winning competitive applications and negotiating M&A transactions in the cannabis space. Mr. Archos and Mr. Dorf teamed up on many of the assets which ended up in Verano's portfolio. By the completion of its roll-up, and through accretive acquisitions and winning new licenses, Verano became one of the largest multi-state vertically integrated operators in the cannabis industry. The Verano team, which has grown as the business has grown, has deep operational expertise in cultivation, manufacturing, legislation, permitting, zoning and retail sales. Verano currently holds, manages, and/or controls licenses/permits in the States of Arkansas, California, Ohio, Illinois, Maryland, Massachusetts, Michigan, Nevada, New Jersey, Oklahoma, and the Commonwealth of Puerto Rico, with additional pending applications in Michigan, Oklahoma, and California.

See "*Information Concerning Verano*".

The Resulting Issuer

The head office of the Resulting Issuer will be located at 1155 W. Rio Salado Parkway, Suite 201, Tempe, AZ, 85281, United States and the registered office of the Resulting Issuer will be at 2500 Park Place, 666 Burrard Street, Vancouver, British Columbia, Canada, V6C 2X8. Upon completion of the Business Combination, the Resulting Issuer expects that it will become a reporting issuer in British Columbia, Alberta, Saskatchewan and Ontario and will be capitalized with approximately $290,166,000 in working capital.

See "*Information Concerning the Resulting Issuer*".

Conditions to the Business Combination

In order for the Business Combination and Arrangement to become effective, certain conditions must have been satisfied or waived, at or before the Effective Time, including but not limited to:

- the Harvest Arrangement Resolution shall have been approved and adopted at the Meeting in accordance with the Interim Order and the Business Combination Agreement;
- the Parentco Arrangement Resolution shall have been approved and adopted at the Parentco Meeting in accordance with the Interim Order and the Business Combination Agreement;
- the Resulting Issuer Equity Incentive Plan shall have been approved and adopted at the Meeting and at the Parentco Meeting;
- the Interim Order and the Final Order shall have each been obtained on terms consistent with the Business Combination Agreement, and shall not have been set aside or modified, on appeal or otherwise, in a manner unacceptable to any of Harvest or Verano, each acting reasonably;
- no Governmental Entity shall have enacted, issued, promulgated, enforced, entered any Governmental Order which is in effect and has the effect of making the Transactions illegal, otherwise restraining or prohibiting consummation of the Transactions or causing any of the Transactions to be rescinded or otherwise modified following completion thereof (or, where arising in connection with seeking HSR Clearance, any Governmental Entity shall have filed a proceeding seeking such a Government Order); but shall not include any of the foregoing which results from any act taken by Harvest after the date of the Business Combination Agreement (other than the Harvest Roll-up Exchange), including the acquisition, directly or indirectly, of any Permit from a third party;
- the Resulting Issuer Subordinate Voting Shares shall have been conditionally approved for listing, subject to issuance, on the CSE;
- the issuance of the Arrangement Consideration Shares, the Replacement Options, the Replacement Compensation Options and the Replacement RSUs shall be exempt from the prospectus requirements of Canadian Securities Laws and shall be exempt from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereof;
- there shall be no resale restrictions on the Arrangement Consideration Shares issued in connection with the Transactions under Canadian Securities Laws, except in respect of those holders that are subject to restrictions on resale as a result of being a "control person" under Canadian Securities Laws;

- Parentco shall have delivered, in accordance with the Payment Allocation Schedule and the Plan of Arrangement, (i) to the Depositary, the Arrangement Consideration Shares to be issued pursuant to the Arrangement, other than the Escrow Shares, and (ii) to the Escrow Agent, the Escrow Shares;

- in accordance with Sections 8.03 and 8.04 of the Business Combination Agreement, Commercial Arrangements or dispositions shall have been entered into for all Non-Key Licenses save and except for Commercial Arrangements or dispositions which cannot be entered into prior to Closing, as set forth in Sections 8.03 and 8.04 of the Business Combination Agreement;

- the Business Combination Agreement shall not have been terminated;

- the Verano U.S. Merger, Unit Exchange, Qualified Holdco Exchange and Qualified Pipeline Exchange shall have occurred;

- Transfer Consents or Commercial Arrangements for each of the Key Licenses shall have been obtained, save and except for those Transfer Consents or Commercial Arrangements which cannot be obtained as a result of the completion by Harvest of any acquisition of one or more Permits and its failure or inability to divest, transfer, or otherwise dispose of such Permit prior to the Closing Date;

- the number of Verano Units held by Verano Unit Holders exercising or purporting to exercise Parentco Dissent Rights shall not exceed 5% of the number of Verano Units issued and outstanding on the date of the Business Combination Agreement;

- all securities issued in connection with the Verano U.S. Merger shall be exempt from the registration requirements of the U.S. Securities Act and all applicable state securities laws; and

- Verano shall provide Harvest with: (i) if the Closing occurs 120 days or more following the 2019 fiscal year end of Verano, audited financial statements of Verano consisting of the combined statements of financial position of Verano at December 31, 2019 and the related combined statements of operations, combined statements of changes in members' equity and combined statements of cash flows of Verano for the year then ended; (ii) if the Closing occurs 150 or more days following the 2019 fiscal year end of Verano, the audited financial statements referred to in (i) above and unaudited financial statements of Verano for the most recently completed interim three-month period of Verano ended 60 days or more prior to the Closing; (iii) if the Closing occurs after the 2019 fiscal year end of Verano but prior to the 120th day following such fiscal year end, unaudited financial statements of Verano in respect of the interim period ended September 30, 2019; and (iv) if the Closing occurs prior to the 2019 fiscal year end of Verano, unaudited financial statements of Verano in respect of the most recently completed interim period ended 60 days or more prior to the Closing. In addition, Verano shall provide such cooperation and assistance as Harvest may reasonably require to prepare and complete a business acquisition report in respect of the Combination pursuant to Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations*.

The Business Combination Agreement also provides that the respective obligations of Harvest, Newco, Verano and Parentco to complete the Business Combination are subject to the satisfaction or waiver of certain additional conditions precedent, including, but not limited to, there having not occurred any Material Adverse Effect in respect of either Verano or Harvest.

See "*The Business Combination — The Business Combination — Conditions to the Business Combination Becoming Effective*".

Non-Solicitation and Right to Match

Pursuant to the Business Combination Agreement, Harvest has agreed, among other things, that it shall not, directly or indirectly, through any officer, director, employee, advisor, representative, agent or otherwise, and shall instruct and use commercially reasonable efforts to cause its and its Affiliates' respective representatives not to solicit, initiate, encourage or facilitate any inquiries, proposals, from any other Persons (including any of its shareholders, officers or employees) relating to any Harvest Acquisition Proposal, or engage in any discussions, negotiations, or provide any information to assist any other Persons to make or complete any Harvest Acquisition Proposal. However, the Harvest Board does have the right to consider and accept a Harvest Superior Proposal under certain conditions and Verano has the right to make such adjustments to the terms and conditions of the Business Combination Agreement and the Business Combination as Verano deems appropriate that would enable Verano to improve the terms of the Business Combination. The Harvest Board, acting in good faith, shall reasonably determine whether the Harvest Superior Proposal is a Superior Proposal to Verano's amended Business Combination Agreement. If Harvest terminates the Business Combination Agreement in order to accept the Harvest Superior Proposal, as well as in certain other circumstances described in further detail herein and in the Business Combination Agreement, Harvest must pay Verano the Termination Fee. Harvest's right to consider Harvest Superior Proposal(s) continues only until the Meeting is held.

Pursuant to the Business Combination Agreement, Verano has agreed, among other things, that it shall not, directly or indirectly, through any officer, director, employee, advisor, representative, agent or otherwise, and shall instruct and use commercially reasonable efforts to cause its and its Affiliates' respective representatives not to solicit, initiate, encourage or facilitate any inquiries, proposals, from any other Persons (including any of its shareholders, officers or employees) relating to any Verano Acquisition Proposal, or engage in any discussions, negotiations, or provide any information to assist any other Persons to make or complete any Verano Acquisition Proposal. However, the Verano Board does have the right to consider and accept a Verano Superior Proposal under certain conditions and Harvest has the right to make such adjustments to the terms and conditions of the Business Combination Agreement and the Business Combination as Harvest deems appropriate that would enable Harvest to improve the terms of the Business Combination. The Verano Board, acting in good faith, shall reasonably determine whether the Verano Superior Proposal is a Superior Proposal to Harvest's amended Business Combination Agreement. If Verano terminates the Business Combination Agreement in order to accept the Verano Superior Proposal, as well as in certain other circumstances described in further detail herein and in the Business Combination Agreement, Verano must pay Harvest the Termination Fee. Verano's right to consider Verano Superior Proposal(s) continues only until the Parentco Meeting is held. See "*The Business Combination — The Business Combination Agreement — Non-Solicitation Covenant — Right to Match" and "The Business Combination — The Business Combination Agreement — Termination*".

Termination of Business Combination Agreement

The Business Combination Agreement may be terminated prior to the Effective Date in certain circumstances. Such termination may lead to consequences such as payment by Harvest to Verano of the Termination Fee.

See "*The Business Combination — The Business Combination Agreement — Termination*".

Procedure for Exchange of Harvest Shares

Harvest Shares

Odyssey Trust Company is acting as the depositary (the "**Depositary**") for Harvest. The Depositary will receive deposits of certificates or DRS Statements representing Harvest Shares and an accompanying Letter of Transmittal, at the office specified in the Letter of Transmittal and will be responsible for issuing and registering the Arrangement Consideration Shares to which Harvest Shareholders are entitled to under the Arrangement.

At the time of sending this Circular to each Harvest Shareholder, Harvest is also sending to each Registered Harvest Shareholder a Letter of Transmittal. The Letter of Transmittal is for use by Registered Harvest Shareholders only and

is not to be used by Non-Registered Holders. Non-Registered Holders should contact their broker or other intermediary for instructions and assistance in receiving the Arrangement Consideration Shares in respect of their Harvest Shares.

Registered Harvest Shareholders are requested to tender to the Depositary any certificates or DRS Statements representing their Harvest Shares along with the duly completed Letter of Transmittal. As soon as practicable after the Effective Date, the Depositary will forward to each Registered Harvest Shareholder that submitted an effective Letter of Transmittal to the Depositary, together with the certificate(s) or DRS Statement(s) representing the Harvest Shares held by such Harvest Shareholder immediately prior to the Effective Date, DRS Advices representing the appropriate number of Resulting Issuer Shares to which the Former Harvest Shareholder is entitled under the Arrangement, to be delivered to or at the direction of such Harvest Shareholder. DRS Advices representing the Resulting Issuer Shares will be registered in such name or names as directed in the Letter of Transmittal and will be either (i) delivered to the address or addresses as such Harvest Shareholder directed in their Letter of Transmittal or (ii) made available for pick up at the offices of the Depositary in accordance with the instructions of the Harvest Shareholder in the Letter of Transmittal.

Harvest Options

Harvest Optionholders are not required to take any action in order to receive the Replacement Options they are entitled to receive under the Arrangement. Upon completion of the Arrangement, the Replacement Option to be issued by the Resulting Issuer to a Harvest Optionholder will automatically be issued and registered in accordance with registration information previously provided by the Harvest Optionholder.

Harvest Compensation Options

Holders of Harvest Compensation Options are not required to take any action in order to receive the Replacement Compensation Options they are entitled to receive under the Arrangement. Upon completion of the Arrangement, the Replacement Compensation Option to be issued by the Resulting Issuer to a holder of a Harvest Compensation Option will automatically be issued and registered in accordance with registration information previously provided by the holder of such Harvest Compensation Option.

Harvest RSUs

Holders of Harvest RSUs are not required to take any action in order to receive the Replacement RSUs they are entitled to receive under the Arrangement. Upon completion of the Arrangement, the Replacement RSUs to be issued by the Resulting Issuer to a holder of Harvest RSUs will automatically be issued and registered in accordance with registration information previously provided by the holder of such Harvest RSUs.

Dissent Rights

Registered Harvest Shareholders have dissent rights with respect to the Harvest Arrangement Resolution.

Pursuant to the Interim Order, each Registered Harvest Shareholder may exercise Harvest Dissent Rights under Division 2 of Part 8 of the BCBCA as modified by the Plan of Arrangement, the Interim Order and the Final Order. Each Harvest Dissenting Shareholder is entitled to be paid by Harvest the fair value (determined as of the close of business on the last Business Day before the Harvest Arrangement Resolution is adopted at the Meeting) of all, but not less than all, of such holder's Harvest Shares, provided that the holder duly dissents to the Harvest Arrangement Resolution and the Arrangement becomes effective. A Non-Registered Holder who wishes to dissent with respect to its Harvest Shares should be aware that only Registered Harvest Shareholders are entitled to exercise Harvest Dissent Rights. A Registered Harvest Shareholder such as an intermediary who holds Harvest Shares as nominee for Non-Registered Holders, some of whom wish to dissent, shall exercise Harvest Dissent Rights on behalf of such Non-Registered Holders with respect to the Harvest Shares held for such Non-Registered Holders. The Harvest Dissent Rights must be strictly complied with in order for a Registered Harvest Shareholder to receive cash representing the fair value of the Harvest Shares in respect of which such Harvest Dissent Rights are exercised.

To exercise the Harvest Dissent Rights a written notice of objection to the Harvest Arrangement Resolution must be received by Harvest, Attn: David Gruber, 666 Burrard Street, Suite 2500, Vancouver, British Columbia, Canada V6C 2X8, by 5:00 p.m. (Vancouver time), June 24, 2019, or two business days prior to any adjournment of the Meeting.

See "*Dissent Rights of Harvest Shareholders*".

Income Tax Considerations

Summary of Certain Canadian Federal Income Tax Considerations

Certain Canadian federal income tax considerations applicable to Harvest Shareholders who beneficially own Harvest Shares and exchange their Harvest Shares for Resulting Issuer Shares pursuant to the Arrangement are summarized herein under "*Certain Canadian Federal Income Tax Considerations*". Such Harvest Shareholders should carefully review the applicable tax considerations resulting from the Arrangement and should consult their own tax advisors in regard to their particular circumstances.

See "*Certain Canadian Federal Income Tax Considerations*".

Summary of Certain U.S. Federal Income Tax Considerations

Receipt of Resulting Issuer Shares Pursuant to the Combined Exchange

The parties intend that (i) the Business Combination Agreement is treated as a "**plan of reorganization**" under Section 368 of the Code, (ii) the Unit Exchange, the Qualified Holdco Exchange, the Qualified Pipeline Exchange, the Harvest Share Exchange and the Harvest Roll-up Exchange (together, the "***Combined Exchange***") are together treated as a series of interdependent steps integrated into a single transaction qualifying as a tax deferred transaction(s) under Section 351 of the Code (a "***Contribution and Exchange***"), (iii) the Harvest Share Exchange is treated as a reorganization under Section 368 of the Code (a "***Reorganization***"), and (iv) the Resulting Issuer will be treated as a U.S. domestic corporation under Section 7874 of the Code after the completion of the Combined Exchange. Neither Harvest nor Verano has sought or obtained either a ruling from the IRS or an opinion of counsel regarding any of the tax consequences of the Combined Exchange. Accordingly, there can be no assurance that the IRS will not successfully challenge the status of the Combined Exchange as a Contribution and Exchange. Assuming the Combined Exchange qualifies as a Contribution and Exchange, then in general:

- a U.S. Holder will not recognize income, gain or loss upon the surrender of Harvest Shares and the receipt of Resulting Issuer Shares in the Combined Exchange;
- the aggregate tax basis of Resulting Issuer Shares received by a U.S. Holder in the Combined Exchange will be the same as such U.S. Holder's aggregate tax basis in Harvest Shares surrendered in the Combined Exchange; and
- the holding period of Resulting Issuer Shares received by a U.S. Holder pursuant to the Combined Exchange will include the holding period of the Harvest Shares held by such U.S. Holder.

If the Combined Exchange fails to qualify as a Contribution and Exchange (and the Harvest Share Exchange fails to qualify as a Reorganization), a U.S. Holder of Harvest Shares generally would be treated as if it had sold such shares in a taxable transaction.

A summary of the principal United States federal income tax considerations in respect of the Combined Exchange is included under "*Certain United States Federal Income Tax Considerations*" and the foregoing is qualified in full by the information in such section. Investors are advised to consult their own tax advisors as to the U.S. federal income and other tax considerations relating to the Business Combination (including the Combined Exchange), the receipt, ownership and disposition of Resulting Issuer Shares in light of their particular circumstances, as well as the effect of any state, local or non-U.S. tax Laws.

Court Approval

The Arrangement requires Court approval under the BCBCA. Prior to the mailing of this Circular, the Arrangement Parties obtained the Interim Order providing for the calling and holding of the Meeting, the Harvest Dissent Rights and certain other procedural matters. Subject to the terms of the Business Combination Agreement, and if the Harvest Arrangement Resolution is approved by Harvest Shareholders entitled to vote on such resolution at the Meeting in the manner required by the Interim Order, the Arrangement Parties intend to make an application to the Court for the Final Order.

Any Harvest Shareholder or any other interested party who wishes to appear or be represented and to present evidence or arguments at the hearing of the application for the Final Order must file and serve a Response to Petition and supporting affidavits no later than 5:00 p.m. (Vancouver time) two business days prior to the date of the application of the Final Order along with any other documents required, all as set out in the Petition and Interim Order, the text of which are set out in Appendix "E" to this Circular, and satisfy any other requirements of the Court. Such persons should consult with their legal advisors as to the necessary requirements.

The Court has broad discretion under the BCBCA when making orders with respect to the Arrangement, and the Court will consider, among other things, the fairness and reasonableness of the Arrangement, both from a substantive and a procedural point of view. The Court may approve the Arrangement, either as proposed or as amended, on the terms presented or substantially on those terms.

The Court will be advised, at the hearing, that the Court's approval of the Arrangement and determination of the fairness of the exchange of securities contemplated thereby to the Harvest Securityholders will, pursuant to Section 3(a)(10) of the U.S. Securities Act, form the basis for the exemption from the registration requirements of the U.S. Securities Act with respect to the exchange of Harvest securities under the Arrangement.

See "*The Business Combination — Court Approval of the Arrangement*".

Regulatory Law Matters and Securities Law Matters

Canadian Securities Law Matters

Harvest is a reporting issuer in British Columbia, Alberta, Saskatchewan and Ontario. The Harvest Subordinate Voting Shares currently trade on the CSE. Pursuant to the Arrangement, Harvest Shareholders will exchange: (i) Harvest Subordinate Voting Shares for Resulting Issuer Subordinate Voting Shares; (ii) Harvest Multiple Voting Shares for Resulting Issuer Multiple Voting Shares; and (iii) Harvest Super Voting Shares for Resulting Issuer Super Voting Shares.

Upon completion of the Arrangement, the Resulting Issuer expects that it will be a reporting issuer in British Columbia, Alberta, Saskatchewan and Ontario. It is intended that an application to list the Resulting Issuer Subordinate Voting Shares on the CSE will be made. There can be no assurance as to if, or when, the Resulting Issuer Subordinate Voting Shares will be listed or traded. It is a mutual condition of the Business Combination that the CSE shall have conditionally approved the listing of the Resulting Issuer Subordinate Voting Shares to be issued pursuant to the Arrangement (as well as any Resulting Issuer Subordinate Voting Shares issuable upon the exercise or conversion of Replacement Options, Replacement Compensation Options or Replacement RSUs), subject in each case only to compliance with the usual requirements of the CSE, including customary post-closing deliveries. As the Resulting Issuer Subordinate Voting Shares are not currently listed on a stock exchange, unless and until such a listing is obtained, holders of Resulting Issuer Subordinate Voting Shares may not have a market for their shares.

The distribution of the Resulting Issuer Shares will constitute a distribution of securities which is exempt from the prospectus requirements of Canadian securities legislation. The Resulting Issuer Shares to be issued pursuant to the Arrangement will not be legended and may be resold through registered dealers in each of the provinces of Canada provided that: (i) the trade is not a "control distribution" as defined in National Instrument 45-102 – *Resale of Securities*; (ii) no unusual effort is made to prepare the market or to create a demand for the Resulting Issuer Shares; (iii) no extraordinary commission or consideration is paid to a person in respect of such sale; and, (iv) if the selling

security holder is an insider or officer of the Resulting Issuer, the selling security holder has no reasonable grounds to believe that the Resulting Issuer is in default of applicable Canadian Securities Laws.

Each Harvest Shareholder is urged to consult such Harvest Shareholder's professional advisors to determine the Canadian conditions and restrictions applicable to trades in the Resulting Issuer Shares.

The Restricted Share Rules regulate the creation and distribution of "restricted shares" (as defined in OSC Rule 56-501) and "restricted securities" (as defined in NI 41-101) by reporting issuers in Canada. The definitions of "restricted shares" and "restricted securities" include equity shares which have voting rights exercisable in all circumstances, irrespective of the number or percentage of shares owned, that are less, on a per share basis, than the voting rights attaching to any other shares of an outstanding class of shares of the issuer.

OSC Rule 56-501 provides, among other things, that prospectus exemptions under Ontario securities law are not available in respect of a "stock distribution" (as defined in OSC Rule 56-501), unless either (i) the "stock distribution", or (ii) the "reorganization" (as defined in OSC Rule 56-501) that resulted in the creation of the "restricted shares", received "minority approval" in addition to any other required security holder approval. NI 41-101 prohibits, among other things, the filing of a prospectus under which restricted securities, subject securities (as defined in NI 41-101) or securities that are, directly or indirectly, convertible into, or exercisable or exchangeable for, restricted securities or subject securities, are distributed unless the issuer receives minority approval of its securityholders.

"Minority approval" means, for the purposes of the Restricted Share Rules, approval by a majority of the votes cast by holders of voting shares, and if required by applicable corporate law, by a majority of the votes cast by holders of a class of shares voting separately as a class, other than, in both cases, (A) "affiliates" of the issuer, or (B) "control persons" of the issuer, as those terms are defined in the Restricted Share Rules.

The Resulting Issuer Subordinate Voting Shares and Resulting Issuer Multiple Voting Shares will be "restricted shares" (as defined under in OSC Rule 56-501) and "restricted securities" (as defined under NI 41-101). Therefore, so that the Resulting Issuer can utilize the prospectus exemptions under Ontario securities laws and file a prospectus in connection with the distribution of Resulting Issuer Subordinate Voting Shares or Resulting Issuer Multiple Voting Shares, in connection with (i) completing the Harvest Share Exchange and (ii) future offerings of Resulting Issuer Subordinate Voting Shares or Resulting Issuer Multiple Voting Shares without having to obtain the approval of Resulting Issuer Shareholders (in accordance with the Restricted Share Rules) for each distribution of Resulting Issuer Subordinate Voting Shares or Resulting Issuer Multiple Voting Shares, the Harvest Arrangement Resolution must be approved by a majority of the votes cast by Harvest Shareholders other than the votes attaching at the time to Harvest Shares held directly or indirectly by "affiliates" or "control persons" of Harvest.

To the best of the knowledge of management and the Harvest Board, there are no affiliates of Harvest that beneficially own any securities of Harvest. Jason Vedadi and Steve White, who hold approximately 35.4% and 32.6% of the votes attaching to all outstanding voting securities of Harvest, are considered "control persons" (within the meaning of such term in the Restricted Share Rules) and, accordingly the Harvest Shares held by each of Messrs. Vedadi and White may not be counted for the purpose of approval of the Harvest Arrangement Resolution for purposes of the Restricted Share Rules. See "*General Proxy Information – Voting Securities and Principal Holders*".

See "*The Business Combination — Regulatory Law Matters and Securities Law Matters*".

Regulatory Approvals

Completion of the Business Combination is subject to the condition precedent contained in the Business Combination Agreement relating to Required Regulatory Approvals having been fulfilled.

The Parties have identified HSR Clearance as a Required Regulatory Approval. Under the HSR Act, certain transactions exceeding prescribed thresholds may not be completed until each applicable party has filed a Notification and Report Form with the DOJ and with the FTC and applicable waiting period requirements have been satisfied. The Business Combination exceeds the prescribed thresholds and therefore is subject to the applicable waiting period

requirements of the HSR Act. The Parties anticipate that their respective Notification and Report Forms under the HSR Act will be filed with the DOJ and the FTC on or about May 29, 2019.

The waiting period under the HSR Act will expire 30 days after the Parties each file their Notification and Report Form, unless (x) earlier terminated by the FTC and the DOJ or (y) the FTC or the DOJ issues a Second Request prior to that time. If, within the 30-day waiting period, the FTC or the DOJ were to issue a Second Request (a circumstance the Parties reasonably anticipate), the waiting period with respect to the Business Combination would be extended until 30 days following substantial compliance by Harvest and Verano with the Second Request, unless the FTC or the DOJ terminates the extended waiting period prior to its expiration. The Parties are entitled to complete the Business Combination at the end of the waiting period or extended waiting period, as applicable, provided that the FTC or the DOJ has not taken action that results in a court order stopping the Business Combination. However, Harvest or Verano may decline to complete the Business Combination where, in connection with the Parties' seeking HSR Clearance, any Governmental Entity shall have filed a proceeding seeking a court order stopping the Business Combination. In any event, the expiration or termination of the waiting period does not bar the FTC or the DOJ from subsequently challenging the Business Combination as anticompetitive. Moreover, although there is no comparable prior notification protocol at the state level, each relevant state antitrust authority could also pursue court action challenging the Business Combination as anticompetitive. It is a condition to closing of the Business Combination that HSR Clearance be obtained (as it is a Required Regulatory Approval).

The Parties have determined that, or are continuing to evaluate whether, HSR Clearance also may be needed with regard to certain other aspects of the Business Combination, including one or more of the Pipeline Binding Acquisitions and Pipeline Contingent Acquisitions, and the receipt of Arrangement Consideration Shares by certain Harvest Shareholders, certain Verano Unit Holders, or others. The process for seeking HSR Clearance in those cases is analogous to the process described above.

As noted, the anticipated receipt of Arrangement Consideration Shares by certain Harvest Shareholders, certain Verano Unit Holders, or others, in connection with the transactions contemplated by the Business Combination could result in a separate compliance obligation under the HSR Act on the part of the particular recipient of those shares if the value (as determined under the HSR Act) of the Arrangement Consideration Shares to be held by such recipient (and others whose holdings must be aggregated with such recipient's, pursuant to the HSR Act) exceeds a specified threshold (currently $90.0 million). It is possible that an exemption under the HSR Act may apply in a particular case. One common exemption might apply where (x) the holder's holdings (aggregated as aforesaid) do not exceed 10% of the voting power of the applicable issuer, and (y) those holdings are held as passive investments only; but reliance on that exemption involves several critical technical requirements pursuant to rules established under the HSR Act. One other common exemption could apply in certain cases where the issuer is incorporated outside the United States; but that exemption, for the acquisition of voting securities of a "foreign issuer" (as defined in the rules under the HSR Act), is not anticipated to be applicable here. In any event, the responsibility for determining any compliance obligation under the HSR Act rests with the anticipated recipient of any Arrangement Consideration Shares, and the Parties assume no responsibility with regard thereto. A recipient’s failure to comply with the HSR Act could result in a civil penalty for each day in violation; the maximum civil penalty currently is $42,530 per day. To the extent the Parties, or the Resulting Issuer, determines that an anticipated recipient of any Arrangement Consideration Shares may be subject to compliance with the HSR Act in connection with such receipt, the Parties (or the Resulting Issuer) may be required to take certain actions under the HSR Act pending such compliance; and such actions may include, among other things, escrowing those shares or delaying the exchange for those shares.

Due to the complexity of the transactions contemplated by the Business Combination, it is possible that the FTC or DOJ may disagree with the determinations that Harvest and Verano have made regarding the aspects that are reportable under the HSR Act and the disclosures attendant thereto. Were that to occur, then it might be necessary to supplement or amend any filings already made, withdraw those filings and resubmit new ones, or effect additional filings as to any applicable aspects of the overall transaction. Any such circumstance may result in the restarting of existing waiting periods and the commencement of new ones.

United States Securities Law Matters

The Resulting Issuer Shares to be issued to Harvest Shareholders in exchange for their Harvest Shares, the Replacement Options to be issued to Harvest Optionholders in exchange for their Harvest Options, the Replacement

Compensation Options to be issued to holders of Harvest Compensation Options in exchange for their Harvest Compensation Options, and the Replacement RSUs to be issued to holders of the Harvest RSUs pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and will be issued and exchanged in reliance upon the Section 3(a)(10) Exemption and similar exemptions provided under the securities laws of each state of the United States in which Harvest Securityholders reside. The Section 3(a)(10) Exemption exempts the issuance of any securities issued in exchange for one or more bona fide outstanding securities from the general requirement of registration under the U.S. Securities Act where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction that is expressly authorized by law to grant such approval, after a hearing upon the substantive and procedural fairness of the terms and conditions of such issuance and exchange at which all persons to whom it is proposed to issue the securities have the right to appear and receive timely and adequate notice thereof. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered. Accordingly, the Final Order will, if granted, constitute a basis for the Section 3(a)(10) Exemption with respect to the Resulting Issuer Shares, the Replacement Options, the Replacement Compensation Options and the Replacement RSUs to be issued to Harvest Shareholders, Harvest Optionholders, holders of Harvest Compensation Options and holder of Harvest RSUs in exchange for their Harvest Shares, Harvest Options, Harvest Compensation Options and Harvest RSUs, pursuant to the Arrangement.

The Resulting Issuer Shares to be issued to Harvest Shareholders in exchange for their Harvest Shares, the Replacement Options to be issued to Harvest Optionholders in exchange for their Harvest Options, the Replacement Compensation Options to be issued to holders of Harvest Compensation Options in exchange for their Harvest Compensation Options, and the Replacement RSUs to be issued to holders of Harvest RSUs in exchange for their Harvest RSUs pursuant to the Arrangement will be freely transferable under U.S. federal securities laws, except by persons who are "affiliates" of the Resulting Issuer after the Effective Date, or were "affiliates" of the Resulting Issuer within 90 days prior to the Effective Date. Persons who may be deemed to be "affiliates'" of an issuer include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract, or otherwise, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer.

Any resale of Resulting Issuer Shares, Replacement Options, Replacement Compensation Options or Replacement RSUs by such an affiliate (or, if applicable, former affiliate) may be subject to the registration requirements of the U.S. Securities Act, absent an exemption therefrom. Subject to certain limitations, such affiliates (and former affiliates) may immediately resell such Resulting Issuer Shares, Replacement Options, Replacement Compensation Options or Replacement RSUs outside the United States without registration under the U.S. Securities Act pursuant to Regulation S. In addition, such affiliates (and former affiliates) may also resell Resulting Issuer Shares, Replacement Options, Replacement Compensation Options or Replacement RSUs pursuant to Rule 144, if available.

In general, pursuant to Rule 144 under the U.S. Securities Act, persons who are "affiliates" of the Resulting Issuer after the Effective Date, or were "affiliates" of the Resulting Issuer within 90 days prior to the Effective Date, will be entitled to sell, during any three-month period, those Resulting Issuer Shares, Replacement Options, Replacement Compensation Options or Replacement RSUs that they receive pursuant to the Arrangement, provided that the number of such securities sold does not exceed the greater of one percent of the then outstanding securities of such class or, if such securities are listed on a United States securities exchange and/or reported through the automated quotation system of a U.S. registered securities association, the average weekly trading volume of such securities during the four calendar week period preceding the date of sale, subject to specified restrictions on manner of sale requirements, aggregation rules, notice filing requirements and the availability of current public information about the issuer required under Rule 144.

In general, pursuant to Regulation S under the U.S. Securities Act, if at the Effective Date the Resulting Issuer is a "foreign private issuer" (as defined in Rule 3b-4 under the U.S. Exchange Act), persons who are "affiliates" of the Resulting Issuer after the Effective Date, or were "affiliates" of the Resulting Issuer within 90 days prior to the Effective Date, solely by virtue of their status as an officer or director of the Resulting Issuer, may sell their Resulting Issuer Shares, Replacement Options, Replacement Compensation Options or Replacement RSUs outside the United States in an "offshore transaction" if none of the seller, an affiliate or any person acting on their behalf engages in "directed selling efforts" in the United States with respect to such securities and provided that no selling concession, fee or other remuneration is paid in connection with such sale other than the usual and customary broker's commission

that would be received by a person executing such transaction as agent. For purposes of Regulation S, "directed selling efforts" means any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered. Also, for purposes of Regulation S, an offer or sale of securities is made in an "offshore transaction" if the offer is not made to a person in the United States and either (a) at the time the buy order is originated, the buyer is outside the United States, or the seller reasonably believes that the buyer is outside of the United States, or (b) the transaction is executed in, on or through the facilities of a "designated offshore securities market" (which would include a sale through the CSE), and neither the seller nor any person acting on its behalf knows that the transaction has been pre-arranged with a buyer in the United States. Certain additional restrictions set forth in Rule 903 of Regulation S under the U.S. Securities Act are applicable to sales outside the United States by a holder of Resulting Issuer Shares, Replacement Options, Replacement Compensation Options or Replacement RSUs who is an "affiliate" of the Resulting Issuer after the Effective Date, or was an "affiliate" of the Resulting Issuer within 90 days prior to the Effective Date, other than by virtue of his or her status as an officer or director of the Resulting Issuer.

The Section 3(a)(10) Exemption does not exempt the issuance of securities issued upon the exercise of securities that were previously issued pursuant to the Section 3(a)(10) Exemption. Therefore, the Resulting Issuer Shares issuable upon the exercise of the Replacement Options and Replacement Compensation Options or upon the settlement of Replacement RSUs following the Effective Date may not be issued or settled in reliance upon the Section 3(a)(10) Exemption and may be exercised or settled only pursuant to an available exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. Prior to the issuance of the Resulting Issuer Shares pursuant to any such exercise or settlement, the Resulting Issuer may require evidence (which may include an opinion of counsel) reasonably satisfactory to the Resulting Issuer to the effect that the issuance or settlement of such Resulting Issuer Shares upon exercise of the Replacement Options and Replacement Compensation Options or upon settlement of Replacement RSUs does not require registration under the U.S. Securities Act or applicable state securities laws.

The foregoing discussion is only a general overview of certain requirements of United States federal securities laws applicable to the resale of Resulting Issuer Shares, Replacement Options, Replacement Compensation Options and Replacement RSUs received upon completion of the Arrangement. All holders of such securities are urged to consult with counsel to ensure that the resale of their securities complies with applicable securities legislation.

THE RESULTING ISSUER SHARES AND ANY OTHER SECURITIES, IF ANY, TO WHICH HARVEST SECURITYHOLDERS WILL BE ENTITLED PURSUANT TO THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR SECURITIES REGULATORY AUTHORITIES IN ANY U.S. STATE, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE PASSED UPON THE FAIRNESS OR MERITS OF THE BUSINESS COMBINATION OR UPON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

See "*The Business Combination — Regulatory Law Matters and Securities Law Matters*".

Selected Unaudited *Pro forma* Consolidated Financial Information of the Resulting Issuer

The selected *pro forma* financial information of the Resulting Issuer set forth below should be read in conjunction with the *pro forma* financial statements of the Resulting Issuer and the accompanying notes thereto attached as Appendix "I" to the Circular. The unaudited *pro forma* consolidated statements of financial position and the unaudited *pro forma* consolidated statement of operations are comprised of information derived from the financial statements for each of Verano and Harvest for the most recently completed annual financial period.

The unaudited *pro forma* consolidated statements of financial position gives effect to the Business Combination as if the Business Combination had occurred on December 31, 2018. The unaudited *pro forma* consolidated statement of operations gives effect to the Business Combination as if the Business Combination had occurred at the beginning of the financial period covered by such statements.

The summary unaudited *pro forma* consolidated financial information is not intended to be indicative of the results that would actually have occurred, or the results expected in future periods, had the events reflected in the applicable

financial statements occurred on the dates indicated. Actual amounts recorded upon consummation of the Business Combination will differ from the *pro forma* information presented herein. No attempt has been made to calculate or estimate potential synergies between Verano and Harvest. The unaudited *pro forma* consolidated financial statement information set forth herein is extracted from and should be read in conjunction with the unaudited *pro forma* consolidated financial statements and the accompanying notes included in Appendix "I" to the Circular.

Unaudited *Pro forma* Consolidated Statements of Financial Position as at December 31, 2018

All figures presented are in $US	**Harvest December 31, 2018**	**Verano December 31, 2018**	**Adjustments**	***Pro forma* Consolidated**
Total Assets	478,599,000	148,547,000	725,037,000	1,352,183,000
Total Liabilities	98,802,000	22,667,000	-	121,469,000
Total Members' Equity (Deficit)	379,797,000	125,880,000	725,037,000	1,230,714,000

Unaudited *Pro forma* Consolidated Statement of Operations for the Period Ended December 31, 2018

All figures presented are in $US	**Harvest year ended December 31, 2018**	**Verano year ended December 31, 2018**	**Adjustments**	***Pro forma* Consolidated**
Gross Profit	26,952,000	18,926,000	-	45,878,000
Operating (loss) income	(12,874,000)	8,575,000	-	(4,299,000)
(Loss) income before non-controlling interest	(68,066,000)	3,709,000	-	(64,357,000)
Net Loss Attributable to Members of the Resulting Issuer	(67,465,000)	(562,000)	-	(68,027,000)

Risk Factors

Harvest Shareholders should carefully consider the risk factors relating to the Business Combination. Some of these risks include, but are not limited to: (i) there can be no certainty that all conditions precedent to the Business Combination will be satisfied; (ii) the Business Combination Agreement may be terminated in certain circumstances, including in the event of a change having a Material Adverse Effect on Harvest; (iii) the Termination Fee provided under the Business Combination Agreement if the Business Combination Agreement is terminated in certain circumstances may discourage other parties from attempting to acquire Harvest; (iv) Harvest will incur costs even if the Business Combination is not completed and may have to pay the Termination Fee; (v) Harvest directors and executive officers may have interests in the Business Combination that are different from those of the Harvest Shareholders; (vi) the Resulting Issuer Subordinate Voting Shares may not be listed on any stock exchange; (vii) the Resulting Issuer will issue a fixed number Resulting Issuer Shares to former Verano securityholders; (viii) Verano and Harvest may not integrate successfully; (ix) Tax risks to Harvest, Verano and the Resulting Issuer; and (x) Tax risks associated with the exchange of Harvest securities pursuant to the Arrangement and with the ownership of Resulting Issuer Shares.

Additional risks and uncertainties, including those currently unknown or considered immaterial by Harvest, may also adversely affect the Resulting Issuer Shares, and/or the business of the Resulting Issuer following the Business Combination. In addition to the risk factors relating to the Business Combination set out in this Circular, Harvest Shareholders should also carefully consider the risk factors associated with the business of the Resulting Issuer included in this Circular, including the documents incorporated by reference therein. For more information, see "*Risk Factors*".

GENERAL PROXY INFORMATION

Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by the management of Harvest for use at the Meeting, to be held on June 26, 2019 at the time and place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the directors, officers and employees of Harvest for no additional compensation. Harvest may engage a proxy solicitation agent in connection with the solicitation of proxies. Harvest will bear all costs of this solicitation.

Voting Options

Voting by Registered Harvest Shareholders

You are a Registered Harvest Shareholder if your Harvest Shares are held in your name or if you have a certificate or DRS Statement for Harvest Shares. As a Registered Harvest Shareholder you can vote in the following ways:

In Person	Attend the Meeting and register with the transfer agent, Odyssey Trust Company, upon your arrival. Do not fill out and return your proxy if you intend to vote in person at the Meeting.
Mail	Enter voting instructions, sign the form of proxy and send your completed form to: Odyssey Trust Company 350- 300-5th Avenue SW, Calgary, AB T2P 3C4
Fax	1-800-517-4553 - Please scan and fax both pages of your completed, signed form of proxy.
Internet	Go to **https://odysseytrust.com/Transfer-Agent/Login**. Enter your 12-digit control number printed on the form of proxy and follow the instructions on the website to vote your Harvest Shares.
Questions?	Contact Odyssey Trust Company https://odysseytrust.com/Transfer-Agent/Contact or toll free 1-888-290-1175

Voting for Non-Registered Holders

If your Harvest Shares are not registered in your own name, they will be held in the name of a "nominee", usually a bank, trust company, securities dealer or other financial institution ("**Intermediary**") and, as such, your nominee will be the entity legally entitled to vote your Harvest Shares and must seek your instructions as to how to vote your Harvest Shares.

Accordingly, Non-Registered Holders who have not waived the right to receive the Notice of Meeting, Circular, and form of proxy will either:

(a) be given a voting instruction form which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a "**VIF**") which the Intermediary must follow. Typically, the VIF will consist of a one page pre-printed form. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada and in the United States. Broadridge typically prepares a machine-readable VIF, mails those forms to Non-Registered Holders and asks Non-Registered Holders to return the forms to Broadridge or otherwise communicate voting instructions to Broadridge (by way

of the Internet or telephone, for example). Additionally, Harvest may utilize Broadridge's QuickVoteTM service to assist eligible Harvest Shareholders with voting their shares directly over the phone. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of the Harvest Shares to be represented at the Meeting. Sometimes, instead of the one-page pre-printed form, the VIF will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for this form of proxy to validly constitute a voting instruction form, the Non-Registered Holder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or

(b) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Harvest Shares beneficially owned by the Non-Registered Holder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Holder when submitting the proxy. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the form of proxy and deposit it with Odyssey Trust Company.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of their Harvest Shares. Should a Non-Registered Holder who receives either a voting instruction form or a form of proxy wish to attend the Meeting and vote in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the form of proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the directions indicated on the form. In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies, including those regarding when and where the voting instruction form or the proxy is to be delivered. Please register with the transfer agent, Odyssey Trust Company, upon arrival at the Meeting.

The Notice of Meeting and this Circular are being sent to both registered and non-registered owners of Harvest Shares and to non-objecting beneficial owners under NI 54-101. Management of Harvest does not intend to pay for Intermediaries to forward to objecting beneficial owners under NI 54-101 the proxy-related materials and Form 54-101F7 - Request for Voting Instructions Made by Intermediary to objecting Non-Registered Holders, so that an objecting beneficial owner will not receive the materials unless the objecting beneficial owner's Intermediary assumes the cost of delivery. Please carefully review and return your voting instructions as specified in the request for voting instructions form or form of proxy.

If you have any questions or require more information with respect to voting your Harvest Shares at the Meeting, please contact Odyssey Trust Company by telephone at 1-888-290-1175 or by e-mail at https://odysseytrust.com/Transfer-Agent/Contact.

How a Vote is Passed

At the Meeting, Harvest Shareholders will be asked, among other things, to consider and to vote to approve the Harvest Arrangement Resolution. To be effective, the Harvest Arrangement Resolution must be approved by the Harvest Required Shareholder Approval. See "*The Business Combination — Regulatory Law Matters and Securities Law Matters — Canadian Securities Law Matters*".

The resolution to approve the Resulting Issuer Equity Incentive Plan must be approved by a majority of the votes cast in person or by proxy by the Harvest Shareholders entitled to vote on such resolution at the Meeting. See "*Other Matters to be Considered at the Meeting – Approval of the Resulting Issuer Equity Incentive Plan*".

The quorum for the transaction of business at the Meeting is at least one person who is a Harvest Shareholder, or who represents by proxy, and is entitled to vote at least 5% of the Harvest Shares at the Meeting.

Who can Vote?

If you were a Registered Harvest Shareholder as of the close of business on May 13, 2019, you are entitled to attend the Meeting and cast that number of votes attaching to each Harvest Share registered in your name on all resolutions put before the Meeting. If Harvest Shares are registered in the name of a corporation, a duly authorized officer of the corporation may attend on its behalf, but documentation indicating such officer's authority should be presented at the Meeting. If you are a Registered Harvest Shareholder but do not wish to, or cannot, attend the Meeting in person you can appoint someone who will attend the Meeting and act as your proxyholder to vote in accordance with your instructions. If your Harvest Shares are registered in the name of a "nominee" (usually a bank, trust company, securities dealer or other financial institution) you should refer to the section entitled "*Voting for Non-Registered Holders*" set out above.

It is important that your Harvest Shares be represented at the Meeting regardless of the number of Harvest Shares you hold. If you will not be attending the Meeting in person, we invite you to complete, date, sign and return your form of proxy as soon as possible so that your Harvest Shares will be represented.

Appointment of Proxies

If you do not come to the Meeting, you can still make your vote(s) count by appointing someone who will be there to act as your proxyholder at the Meeting. You can appoint the persons named in the enclosed form of proxy, who are executive officers of Harvest. Alternatively, you can appoint any other person or entity (who need not be a Harvest Shareholder) other than the persons designated on the enclosed form of proxy to attend the Meeting and act on your behalf. Regardless of who you appoint as your proxyholder, you can either instruct that person or company how you want to vote or you can let him or her decide for you. You can do this by completing a form of proxy. In order to be valid, you must return the completed form of proxy 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting to the transfer agent, Odyssey Trust Company. Please refer to "*General Proxy Information – Voting Options*", above.

What is a Proxy?

A form of proxy is a document that authorizes someone to attend the Meeting and cast your votes for you. We have enclosed a form of proxy with this Circular. You should use it to appoint a proxyholder, although you can also use any other legal form of proxy.

Appointing a Proxyholder

The persons named in the enclosed form of proxy are directors and officers of Harvest. **A Harvest Shareholder who wishes to appoint some other person to represent such Harvest Shareholder at the Meeting may do so by crossing out the name on the form of proxy and inserting the name of the person proposed in the blank space provided in the enclosed form of proxy. Such other person need not be a Harvest Shareholder**. To vote your Harvest Shares, your proxyholder must attend the Meeting. If you do not fill a name in the blank space in the enclosed form of proxy, the persons named in the form of proxy are appointed to act as your proxyholder.

Instructing your Proxy and Exercise of Discretion by your Proxy

You may indicate on your form of proxy how you wish your proxyholder to vote your Harvest Shares. To do this, simply mark the appropriate boxes on the form of proxy. If you do this, your proxyholder must vote your Harvest Shares in accordance with the instructions you have given.

If you do not give any instructions as to how to vote on a particular issue to be decided at the Meeting, your proxyholder can vote your Harvest Shares as he or she thinks fit. If you have appointed the persons designated in the form of proxy as your proxyholder they will, unless you give contrary instructions, vote your Harvest Shares at the Meeting as follows:

☒ **FOR the Harvest Arrangement Resolution**

☒ **FOR the Resulting Issuer Equity Incentive Plan Resolution**
☒ **FOR the Annual Matters**

Further details about these matters are set out in this Circular. The enclosed form of proxy gives the persons named on the form the authority to use their discretion in voting on amendments or variations to matters identified in the Notice of Meeting. At the time of printing this Circular, the management of Harvest is not aware of any other matter to be presented for action at the Meeting. If, however, other matters do properly come before the Meeting, the persons named on the enclosed form of proxy will vote on them in accordance with their best judgment, pursuant to the discretionary authority conferred by the form of proxy with respect to such matters.

Changing your mind

If you want to revoke your proxy after you have delivered it, you can do so at any time before it is used. You may do this by (a) attending the Meeting and voting in person if you were a Registered Harvest Shareholder at the Record Date; (b) signing a proxy bearing a later date and depositing it in the manner and within the time described above under the heading "*Appointment of Proxies*"; (c) signing a written statement which indicates, clearly, that you want to revoke your proxy and delivering this signed written statement to the registered office of Harvest at 1010 - 1030 West Georgia Street, Vancouver, BC, Canada,V6E 2Y3; or (d) in any other manner permitted by law.

Your proxy will only be revoked if a revocation is received by 5:00 p.m. (Vancouver time) on the last Business Day before the day of the Meeting, or delivered to the person presiding at the Meeting before it commences. If you revoke your proxy and do not replace it with another that is deposited with Odyssey Trust Company before the deadline, you can still vote your Harvest Shares, but to do so you must attend the Meeting in person.

Voting Securities and Principal Holders

Harvest has authorized share capital consisting of: (i) an unlimited number of Harvest Subordinate Voting Shares; (ii) an unlimited number of Harvest Multiple Voting Shares; (iii) an unlimited number of Harvest Super Voting Shares; and, (iv) an unlimited number of preferred shares, issuable in series.

As at the Record Date:

- 73,620,099 Harvest Subordinate Voting Shares were outstanding;
- 2,095,190.04 Harvest Multiple Voting Shares were outstanding;
- 2,000,000 Harvest Super Voting Shares were outstanding; and,
- nil preferred shares were outstanding.

The voting rights attaching to each class of outstanding voting securities of Harvest are as follows:

- *Harvest Subordinate Voting Shares*: Holders of Harvest Subordinate Voting Shares are entitled to notice of and to attend at any meeting of the shareholders of Harvest, except a meeting of which only holders of another particular class or series of shares of Harvest will have the right to vote. At each such meeting, holders of Harvest Subordinate Voting Shares will be entitled to one vote in respect of each Harvest Subordinate Voting Share held.
- *Harvest Multiple Voting Shares*: Holders of Harvest Multiple Voting Shares are entitled to notice of and to attend at any meeting of the shareholders of Harvest, except a meeting of which only holders of another particular class or series of shares of Harvest will have the right to vote. At each such meeting, holders of Harvest Multiple Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share into which such Harvest Multiple Voting Share could then be converted (currently 100 votes per Harvest Multiple Voting Share held).

- *Harvest Super Voting Shares*: Holders of Harvest Super Voting Shares are entitled to notice of and to attend at any meeting of the shareholders of Harvest, except a meeting of which only holders of another particular class or series of shares of Harvest will have the right to vote. At each such meeting, holders of Harvest Super Voting Shares will be entitled to 200 votes in respect of each Harvest Subordinate Voting Share into which such Super Voting Share could ultimately then be converted (currently 1 Harvest Subordinate Voting Share per Harvest Super Voting Share held).

As of the Record Date, to the knowledge of the directors and executive officers of Harvest, other than as set out below, no persons, firms or corporations beneficially own, directly or indirectly, or exercise control or direction over, 10% or more of the voting rights attached to any class of voting securities:

Name of Shareholder	Harvest Subordinate Voting Shares	% of issued Class	Harvest Multiple Voting Shares	% of issued Class[1]	Harvest Super Voting Shares	% of issued Class[2]
Jason Vedadi[3]	-	-	417,541	19.4%	1,000,000	50%
Steven White[4]	-	-	229,966	11%	1,000,000	50%

Notes:

(1) Based on 2,095,190.04 Harvest Multiple Voting Shares issued and outstanding as of the Record Date.
(2) Based on 2,000,000 Harvest Super Voting Shares issued and outstanding as of the Record Date.
(3) Controlled directly or indirectly.
(4) Controlled directly or indirectly.

THE BUSINESS COMBINATION

At the Meeting, Harvest Shareholders will be asked to consider and, if thought advisable, to pass the Harvest Arrangement Resolution to approve the Arrangement under the BCBCA pursuant to the terms of the Business Combination Agreement and the Plan of Arrangement. The Business Combination, the Plan of Arrangement and the terms of the Business Combination Agreement are summarized below. This summary does not purport to be complete and is qualified in its entirety by reference to the Business Combination Agreement, which has been filed by Harvest under its profile on SEDAR at www.sedar.com, and the Plan of Arrangement, which is attached to this Circular as Appendix "C".

In order to implement the Arrangement, the Harvest Arrangement Resolution must be approved by the Harvest Required Shareholder Approval. See "*The Business Combination — Regulatory Law Matters and Securities Law Matters — Canadian Securities Law Matters*". A copy of the Harvest Arrangement Resolution is set out in Appendix "B" to this Circular.

Unless otherwise directed, it is management's intention to vote **FOR** the Harvest Arrangement Resolution. If you do not specify how you want your Harvest Shares voted, the persons named as proxyholders will cast the votes represented by your proxy at the Meeting **FOR** the Harvest Arrangement Resolution.

If the Harvest Arrangement Resolution is approved at the Meeting and the Final Order approving the Arrangement is issued by the Court and the applicable conditions to the completion of the Business Combination are satisfied or waived, the Arrangement will take effect at the Effective Time on the Effective Date. The Effective Date is expected to occur upon satisfaction or waiver of all conditions precedent to the completion of the Business Combination, including receipt of the Required Regulatory Approvals.

In order to receive the Arrangement Consideration Shares to which they are entitled pursuant to the Arrangement, a Registered Harvest Shareholder must complete, sign, date and return the enclosed Letter of Transmittal and all documents required thereby in accordance with the instructions set out therein. If you hold your Harvest Shares through a broker or other person, please contact that broker or other person for instructions and assistance in receiving the Arrangement Consideration Shares that Harvest Shareholders are entitled to receive under the Arrangement.

Subject to the immediately following sentence, upon completion of the Business Combination it is anticipated that there will be: (i) 63,358,934 Resulting Issuer Subordinate Voting Shares issued and outstanding (representing approximately 7.8% of the voting rights attached to the outstanding Resulting Issuer Shares), all of which will be held by former Harvest Shareholders; (ii) 3,475,197 Resulting Issuer Multiple Voting Shares issued and outstanding (representing approximately 42.9% of the voting rights attached to the outstanding Resulting Issuer Shares), 62.7% of which will be held by former Harvest Shareholders; and, (iii) 2,000,000 Resulting Issuer Super Voting Shares (representing approximately 49.3% of the voting rights attached to the outstanding Resulting Issuer Shares), all of which will be held by former Harvest Shareholders. The foregoing amounts assume that 1,295,506 Resulting Issuer Multiple Voting Shares (and no Resulting Issuer Subordinate Voting Shares) will be issued to former holders of equity interests in Verano under the Plan of Arrangement,[1] and do not include any Resulting Issuer Shares that may be issued to holders of equity interests in certain "pipeline" transactions that Harvest and Verano are each permitted to undertake in connection with the Business Combination or other intervening issuances of Harvest Shares from treasury (including on the exercise of outstanding convertible securities).

The Business Combination and Principal Steps under the Plan of Arrangement

The Business Combination will be implemented in accordance with and subject to the terms and conditions contained in the Business Combination Agreement and the Plan of Arrangement.

Under the Business Combination Agreement and Plan of Arrangement, the following transactions or steps (the "**Pre-Arrangement Transactions**") are required to occur before the Arrangement and the Business Combination becomes effective:

1. the articles and notice of articles of Parentco shall have been amended to create the Parentco Subordinate Voting Shares, Parentco Multiple Voting Shares and Parentco Super Voting Shares;

2. the Qualified Holdco Shareholders shall have exchanged all of their Qualified Holdco Shares for Parentco Shares pursuant to the Qualified Holdco Exchange;

3. the Qualified Pipeline Equity Holders shall have exchanged all of their Qualified Pipeline Interests for Parentco Shares pursuant to the Qualified Pipeline Exchange;

4. the Verano Unit Holders (other than any Qualified Holdco) shall have exchanged all of their Verano Units for Parentco Shares pursuant to the Unit Exchange and Verano U.S. Merger;

5. the Resulting Issuer Equity Incentive Plan shall have been approved at the Meeting and at the Parentco Meeting; and

6. the Resulting Issuer Director Nominees shall have consented to act as directors of the Resulting Issuer in accordance with the BCBCA.

Under the Plan of Arrangement, commencing at the Effective Time, the following events or transactions shall occur and shall be deemed to occur, except to the extent otherwise indicated, in the following sequence without any further act or formality on the part of any Person:

1. each Parentco Share held by a Parentco Dissenting Shareholder shall be, and shall be deemed to be, surrendered to Parentco by the holder thereof, free and clear of all Liens, claims or encumbrances, and each such Parentco Share so surrendered shall be cancelled and thereupon each such Parentco Dissenting

[1] Under the terms of the Business Combination Agreement, former holders of equity interests in Verano may receive Resulting Issuer Subordinated Voting Shares instead of Resulting Issuer Multiple Voting Shares under the Arrangement, however in that case any such Resulting Issuer Subordinate Voting Shares shall be issued, first, to persons that are not residents of the United States, and thereafter to other members of Verano that are residents of the United States, and only to the extent required so as to not (i) violate the Resulting Issuer's notice of articles, (ii) materially prejudice the ability of Harvest Shareholders who receive Resulting Issuer Multiple Voting Shares pursuant to the Arrangement to exercise the conversion rights attached to such Resulting Issuer Multiple Voting Shares, or (iii) result in a loss of Resulting Issuer's status as a Foreign Private Issuer when such status is required under United States securities laws to be assessed.

Shareholder shall cease to have any rights as a holder of such Parentco Shares other than a claim against Parentco in an amount determined and payable in accordance with Article 4 of the Plan of Arrangement;

2. concurrently with the surrender and cancellation of Parentco Shares held by Parentco Dissenting Shareholders, the capital of the applicable class of Parentco Shares that includes any Parentco Shares so cancelled shall be reduced by an amount equal to the product obtained when (A) the capital of the Parentco Shares of that class immediately prior to the Effective Time, is multiplied by (B) a fraction, the numerator of which is the number of Parentco Shares of that class so surrendered and cancelled, and the denominator of which is the number of Parentco Shares of that class outstanding immediately prior to the Effective Time;

3. each Harvest Share held by a Harvest Dissenting Shareholder shall be, and shall be deemed to be, surrendered to Harvest by the holder thereof, free and clear of all Liens, claims or encumbrances, and each such Harvest Share so surrendered shall be cancelled and thereupon each such Harvest Dissenting Shareholder shall cease to have any rights as a holder of such Harvest Shares other than a claim against Harvest in an amount determined and payable in accordance with Article 4 of the Plan of Arrangement;

4. concurrently with the surrender and cancellation of Harvest Shares held by Harvest Dissenting Shareholders, the capital of the applicable class of Harvest Shares that includes any Harvest Shares so cancelled shall be reduced by an amount equal to the product obtained when (A) the capital of the Harvest Shares of that class immediately prior to the Effective Time, is multiplied by (B) a fraction, the numerator of which is the number of Harvest Shares of that class so surrendered and cancelled, and the denominator of which is the number of Harvest Shares of that class outstanding immediately prior to the Effective Time;

5. the Initial Parentco Shares shall be, and shall be deemed to be, transferred by the Initial Parentco Shareholder to Parentco, free and clear of all Liens, claims or encumbrances, for cancellation in exchange for the payment by Parentco to the Initial Parentco Shareholder of the Initial Parentco Share Subscription Price;

6. the name of Harvest shall be changed to "Harvest Health (Holdings), Inc." (or to such other name as is determined by Harvest and approved by the Registrar);

7. Newco shall merge with and into Parentco pursuant to the Parentco Amalgamation to form the Resulting Issuer with the same effect as if they had amalgamated under Section 269 of the BCBCA, except that the legal existence of Parentco shall not cease and Parentco shall survive the Parentco Amalgamation as the Resulting Issuer notwithstanding the issue by the Registrar of a certificate of amalgamation and the assignment of a new incorporation number to the Resulting Issuer, and upon the Parentco Amalgamation becoming effective:

    (i) without limiting the generality of the foregoing, Parentco shall survive the Parentco Amalgamation as the Resulting Issuer;

    (ii) the properties, rights and interests and obligations of Parentco shall continue to be the properties, rights and interests and obligations of the Resulting Issuer;

    (iii) the separate legal existence of Newco shall cease without Newco being liquidated or wound up, and the property, rights and interests and obligations of Newco shall become the property, rights and interests and obligations of the Resulting Issuer;

    (iv) the Resulting Issuer shall continue to be liable for the liabilities and obligations of each of Newco and Parentco;

    (v) the Resulting Issuer shall be deemed to be the party plaintiff or the party defendant, as the case may be, in any civil action commenced by or against either Parentco or Newco before the Parentco Amalgamation has become effective;

(vi) a conviction against, or a ruling, order or judgment in favour of or against, either Parentco or Newco may be enforced by or against the Resulting Issuer;

(vii) the name of the Resulting Issuer will be "Harvest Health & Recreation Inc."

(viii) the notice of articles and articles of the Resulting Issuer shall be substantially in the form of the notice of articles and articles of Parentco, except that the authorized share capital of the Resulting Issuer shall consist solely of an unlimited number of Resulting Issuer Subordinate Voting Shares, an unlimited number of Resulting Issuer Multiple Voting Shares and an unlimited number of Resulting Issuer Super Voting Shares, and not include any Common Shares;

(ix) the registered office of the Resulting Issuer shall be the registered office of Parentco;

(x) subject to clause (xi) below, the size of the board of directors of the Resulting Issuer shall be not less than five (5) and not more than nine (9) directors, as determined from time to time by the board of directors of the Resulting Issuer;

(xi) the initial size of the board of directors of the Resulting Issuer shall be five (5) directors, and the Resulting Issuer Director Nominees shall be the initial five directors of the board of directors of the Resulting Issuer, to hold office until the next annual meeting of the shareholders of the Resulting Issuer or until their successors are elected or appointed;

(xii) each Parentco Subordinate Voting Share outstanding immediately prior to the Parentco Amalgamation (excluding, for the avoidance of doubt, any Parentco Subordinate Voting Share in respect of which the holder exercises Parentco Dissent Rights) shall be, and shall be deemed to be, cancelled, and in consideration therefor such holder will receive a fully paid and non-assessable Resulting Issuer Subordinate Voting Share;

(xiii) each Parentco Multiple Voting Share outstanding immediately prior to the Parentco Amalgamation (excluding, for the avoidance of doubt, any Parentco Multiple Voting Share in respect of which the holder exercises Parentco Dissent Rights) shall be, and shall be deemed to be, cancelled, and in consideration therefor such holder will receive a fully paid and non-assessable Resulting Issuer Multiple Voting Share;

(xiv) the Newco Share outstanding immediately prior to the Parentco Amalgamation shall be, and shall be deemed to be, cancelled, and in consideration therefor the Newco Shareholder will receive a fully paid and non-assessable Resulting Issuer Subordinate Voting Share;

(xv) concurrently with the exchange of the Parentco Shares and the Newco Share referred to in clauses (xii), (xiii) and (xiv), above, there shall be added to the stated capital of the Resulting Issuer Shares, in respect of the Resulting Issuer Shares issued by the Resulting Issuer to the former holders of such Parentco Shares and the Newco Share:

(A) in the case of the Resulting Issuer Subordinate Voting Shares, an amount equal to the aggregate paid-up capital of the Parentco Subordinate Voting Shares (other than the Parentco Subordinate Voting Shares held by any Parentco Dissenting Shareholders) and the Newco Share immediately prior to such exchange; and

(B) in the case of the Resulting Issuer Multiple Voting Shares, an amount equal to the aggregate paid-up capital of the Parentco Multiple Voting Shares (other than the Parentco Multiple Voting Shares held by any Parentco Dissenting Shareholders) immediately prior to such exchange;

8. the Resulting Issuer Equity Incentive Plan shall be, and shall be deemed to have been, approved;

9. the one Resulting Issuer Subordinate Voting Share issued to the Newco Shareholder pursuant to clause (xiv) above shall be, and shall be deemed to be, canceled in exchange for the payment by the Resulting Issuer to the Newco Shareholder of the Newco Share Subscription Price;

10. each Harvest Share outstanding immediately prior to the Effective Time held by a Participating Harvest Shareholder shall be, and shall be deemed to be, transferred by the holder thereof to the Resulting Issuer, free and clear of all Liens, claims or encumbrances, in exchange for the applicable fully paid and non-assessable Resulting Issuer Exchange Share, and, subject to Article 5 of the Plan of Arrangement, upon such transfer:

    (i) each such former holder of such transferred Harvest Shares shall cease to be the holder of such Harvest Share and to have any rights as a holder of such Harvest Share other than the right to receive the applicable Resulting Issuer Exchange Shares under the Plan of Arrangement; and

    (ii) the Resulting Issuer shall be, and shall be deemed to be, the transferee of such Harvest Share;

11. concurrently with the exchange of the Harvest Shares by Participating Harvest Shareholders described above, there shall be added to the stated capital of the Resulting Issuer Shares, in respect of the Resulting Issuer Shares issued by the Resulting Issuer to the former Participating Harvest Shareholders:

    (iv) in the case of the Resulting Issuer Subordinate Voting Shares, an amount equal to the aggregate paid-up capital of the Harvest Subordinate Voting Shares (other than the Harvest Subordinate Voting Shares held by any Harvest Dissenting Shareholders) immediately prior to such exchange;

    (v) in the case of the Resulting Issuer Multiple Voting Shares, an amount equal to the aggregate paid-up capital of the Harvest Multiple Voting Shares (other than the Harvest Multiple Voting Shares held by any Harvest Dissenting Shareholders) immediately prior to such exchange; and

    (vi) in the case of the Resulting Issuer Super Voting Shares, an amount equal to the aggregate paid-up capital of the Harvest Super Voting Shares (other than the Harvest Super Voting Shares held by any Harvest Dissenting Shareholders) immediately prior to such exchange;

12. each Harvest Option outstanding immediately prior to the Effective Time, whether or not vested, shall be, and shall be deemed to be, terminated and cancelled in its entirety and in exchange therefor each holder of such Harvest Option shall be entitled to receive a Replacement Option to acquire from the Resulting Issuer the number of Resulting Issuer Subordinate Voting Shares equal to the number of Harvest Subordinate Voting Shares subject to such Harvest Option immediately prior to the Effective Time. The exercise price per Resulting Issuer Subordinate Voting Share subject to a Replacement Option shall be an amount equal to the exercise price per Harvest Subordinate Voting Share subject to each such Harvest Option immediately before the Effective Time. Except as provided in the Plan of Arrangement, all terms and conditions of a Replacement Option, including the term to expiry, conditions to and manner of exercising, will be the same as the Harvest Option for which it was exchanged, and the exchange shall not provide any optionee with any additional benefits as compared to those under his, her or its original Harvest Option;

13. each Harvest Compensation Option outstanding immediately before the Effective Time shall be, and shall be deemed to be, terminated and cancelled in its entirety and in exchange therefore each holder of such Harvest Compensation Option shall be entitled to receive a Replacement Compensation Option to acquire from the Resulting Issuer the number of Resulting Issuer Subordinate Voting Shares equal to the number of Harvest Subordinate Voting Shares subject to such Harvest Compensation Option immediately prior to the Effective Time. The exercise price per Resulting Issuer Subordinate Voting Share subject to a Replacement Compensation Option shall be an amount equal to the exercise price per Harvest Subordinate Voting Share subject to each such Harvest Compensation Option immediately before the Effective Time. Except as

provided in the Plan of Arrangement, all terms and conditions of a Replacement Compensation Option, including the term to expiry, conditions to and manner of exercising, will be the same as the Harvest Compensation Option for which it was exchanged, and the exchange shall not provide any optionee with any additional benefits as compared to those under his, her or its original Harvest Compensation Option; and

14. each Harvest RSU outstanding immediately before the Effective Time, shall be, and shall be deemed to be, terminated and cancelled in its entirety and in exchange therefore each holder of such Harvest RSU shall be entitled to receive a Replacement RSU entitling the holder to receive the same number of Resulting Issuer Subordinate Voting Shares as the number of Harvest Subordinate Voting Shares that the holder was entitled to receive under such Harvest RSU. Except as provided in the Plan of Arrangement, all terms and conditions of a Replacement RSU will be the same as the Harvest RSU for which it was exchanged, and the exchange shall not provide any holder of Harvest RSUs with any additional benefits as compared to those under his or her original Harvest RSU;

provided that none of the foregoing events or transactions shall occur or be deemed to occur unless all of the foregoing occur or is deemed to occur.

As of and from the Effective Time, (i) each Parentco Share (other than Parentco Shares held immediately prior to such time by Parentco Dissenting Shareholders and other than the Initial Parentco Shares), and any certificates deemed to represent such Parentco Shares, will only represent the right to receive in exchange therefor the corresponding Resulting Issuer Shares that the holder is entitled to receive in accordance with the Plan of Arrangement, and (ii) each Harvest Share (other than Harvest Shares held immediately prior to such time by Harvest Dissenting Shareholders) and any certificates deemed to represent such Harvest Shares will represent only the right to receive in exchange therefor the corresponding Resulting Issuer Shares that the holder is entitled to receive in accordance with the Plan of Arrangement.

Upon completion of the Business Combination, the directors of the Resulting Issuer are expected to be the current directors of Harvest.

Background to the Business Combination

The following is a summary of the principal meetings, discussions and activities that preceded the execution of the Letter Agreement, the Business Combination Agreement and the public announcement of the Business Combination.

Throughout July and August, 2018, Jason Vedadi, the Executive Chairman of Harvest and George Archos, the Chief Executive Officer and Chairman of Verano, met to discuss the possibility of a merger transaction which would combine the Harvest Business and the Verano Business into one public vehicle. During this time, the Harvest team conducted some preliminary due diligence on Verano and its operations, as well as reviewing various financial matters and pricing models. These preliminary discussions did not materialize into further negotiations as Verano, still a private company, was assessing potential strategies for going public and was initiating the preparation of its audited financial statements, while Harvest was already actively pursuing its going public transaction by way of a reverse take-over. On October 1, 2018, Harvest announced it had entered into a binding letter of intent with RockBridge Resources Inc., the vehicle it used to complete the RTO. The RTO was completed on November 14, 2018, with the Harvest Subordinate Voting Shares commencing trading on the CSE on November 15, 2018.

In December, 2018, communications between the Parties began again and included various discussions about potential acquisitions of certain Verano cannabis facilities by Harvest and possible financing opportunities pursuant to which Harvest would finance various real estate acquisitions by Verano. The Parties discussed a number of viable opportunities between the two companies and ultimately concluded that a business combination was the preferred course of action as there were a number of business fundamentals and synergies between the two companies that would make a combination advantageous for the shareholders of both companies.

In early February 2019, each of Harvest and Verano engaged Canadian and U.S. legal counsel to discuss possible deal structures and consider the various tax and securities law aspects of a proposed merger between the two companies. In addition, Mr. Vedadi and Mr. Archos discussed key business terms, including a preliminary discussion on pricing,

and the parties identified what next steps were, including commencing a formal due diligence process. On February 16, 2019, the parties entered into a confidentiality agreement. Harvest discussed with its legal counsel the appropriateness of striking a special committee of the Harvest Board to consider the details of a potential transaction and the need for appropriate opinions of financial advisors as to the ultimate fairness of any such transaction from a financial point of view. Harvest also instructed its counsel to commence drafting of the Letter Agreement pursuant to which Harvest would offer to acquire all of the issued and outstanding securities of Verano.

On February 21, 2019 Harvest delivered to Verano the Letter Agreement which outlined the terms by which Harvest would consider an acquisition of Verano. The Letter Agreement included the proposed exchange ratio, requirements for completion of definitive documentation, lockup requirements, representations and warranties from both parties and the covenants and conditions precedent that would be required to be adhered to and fulfilled prior to completion of the transaction. It also provided for a termination payment in the event that the parties did not enter into definitive documentation prior to a specified date. The Letter Agreement including non-solicitation obligations on both parties and other obligations for each party to provide full access to all properties, personnel, books and records for due diligence purposes.

As matters with respect to the Verano transaction were advancing, the Harvest Board resolved to appoint the Harvest Special Committee with a mandate to (among other things) review and assess the proposed Business Combination and terms of the Letter Agreement and further definitive documentation and make recommendations to the Harvest Board with respect to the Business Combination. The Harvest Special Committee is comprised of Mr. Mark Barnard and Mr. Elroy Sailor, both of whom are independent directors of Harvest.

On February 22, 2019, Harvest entered into an engagement letter with INFOR Financial to provide an independent fairness opinion to the Harvest Special Committee with respect to the fairness, from a financial point of view, of the consideration to be paid by Harvest to Verano pursuant to the Business Combination.

On February 25, 2019, the Harvest Board and the Harvest Special Committee met and were provided an update by Mr. Vedadi with respect to Verano, the proposed Transactions and the intended structure and details of the Business Combination. The Harvest Board was given the opportunity to ask questions of management and discussions ensued. The Harvest Board and the Harvest Special Committee were supportive of the initial terms of the Transactions and of Harvest management continuing to negotiate the Letter Agreement with Verano. Following completion of the board meeting, the Harvest Special Committee met separately with legal counsel and were given an opportunity to ask questions and discuss the proposed Letter Agreement and Transactions.

For the next several weeks Harvest and Verano, along with their counsel, negotiated the terms of the Letter Agreement. Verano provided comments with respect to the initial version of the Letter Agreement provided to them and counsel continued to revise and exchange drafts. Discussions were had among Verano and Harvest regarding the business issues and the fundamental deal terms were agreed to and finalized.

On March 4, 2019, Harvest consulted with Eight Capital in connection with certain aspects of the proposed Transactions, including the share exchange ratio and acquisition structure.

On March 7, 2019, Harvest received an engagement letter from Eight Capital to act as financial advisor to Harvest and to provide a fairness opinion to the Harvest Board with respect to the fairness, from a financial point of view, of the consideration to be paid by Harvest to acquire the Verano Business. On March 10, 2019, Harvest formally entered into the Eight Capital engagement letter.

On March 10, 2019, the Harvest Special Committee met with its legal and financial advisors. INFOR Financial made a presentation to the Harvest Special Committee and provided its oral fairness opinion (subsequently confirmed in writing) that, on the basis of the assumptions, limitations and qualifications to be set forth in the INFOR Financial Fairness Opinion subsequently delivered to them, as of the date of the opinion, the consideration to be paid by Harvest pursuant to the Letter Agreement is fair, from a financial point of view, to the Harvest Shareholders.

Also on March 10, 2019, a meeting of the Harvest Board was convened with legal and financial advisors. During the meeting, the Harvest Board was informed that an agreement in principle had been reached between Harvest and

Verano, and a summary of the final terms and conditions of the proposed transaction and the Letter Agreement were provided by management and legal counsel to the Harvest Board. Eight Capital delivered a presentation to the Harvest Board and provided its oral fairness opinion (subsequently confirmed in writing) that, on the basis of the assumptions, limitations and qualifications to be set forth in the Eight Fairness Opinion subsequently delivered by them, as of the date of the opinion, the consideration to be paid by Harvest pursuant to the Letter Agreement is fair, from a financial point of view.

In light of the advice, reports and opinions it had received (including the oral fairness opinions from INFOR Financial and Eight Capital), and following further discussion, the Harvest Special Committee unanimously recommended to the Harvest Board the entering into of the Letter Agreement and the Harvest Board unanimously determined that the proposed Transactions to be entered into with Verano, and the consideration to be paid in connection with such acquisition, was in the best interests of Harvest and authorized the entering into of the Letter Agreement and the negotiation and completion of the definitive documentation in connection therewith.

On March 11, 2019, prior to the opening of the CSE, Harvest and Verano executed the Letter Agreement and Harvest issued a press release announcing the proposed Transactions.

Following the public announcement of the Letter Agreement, Harvest and Verano, along with their legal counsel, commenced drafting of the Business Combination Agreement and determined the structure the proposed Transaction would take. On March 29, 2019 a draft of the Business Combination Agreement was delivered to Verano for review and comment. Throughout the first two weeks of April, the Parties continued to negotiate and structure the Transactions. Various drafts of the Business Combination Agreement were exchanged and legal counsel and management for both Verano and Harvest worked to settle outstanding matters. During this time, Harvest continued its due diligence process and made numerous requests which Verano responded to in a timely manner.

Pursuant to the Letter Agreement, the Parties were required to enter into the Business Combination Agreement within 30 days of the date of the Letter Agreement. The Parties extended this date in order to allow for the continued negotiation and settlement of the Business Combination Agreement.

On April 22, 2019, the Harvest Board and the Harvest Special Committee were convened and were provided with the details of the Business Combination Agreement and the Plan of Arrangement. The Harvest Board and the Harvest Special Committee were given the opportunity to ask questions of management and legal counsel. Following discussions, the Harvest Special Committee unanimously recommended to the Harvest Board the entering into of the Business Combination Agreement, and the Harvest Board unanimously approved the entering into of the Business Combination Agreement. At the close of business on April 22, 2019, Harvest and Verano executed the Business Combination Agreement and entered into voting support agreements with each of Jason Vedadi and Steve White and certain of the unit holders of Verano.

On April 23, 2019, prior to the opening of the CSE, Harvest issued a press release announcing the entering into of the Business Combination Agreement.

Recommendation of the Harvest Special Committee

The Harvest Special Committee was formed to review and evaluate the Transactions, oversee and supervise the process carried out by Harvest in negotiating and entering into the Letter Agreement and the Business Combination Agreement, and to make recommendations to the Harvest Board with respect to the Business Combination. INFOR Financial was retained to act as financial advisors to the Harvest Special Committee.

After careful consideration, including receiving the INFOR Financial Fairness Opinion delivered to the Harvest Special Committee, as well as a thorough review of the Letter Agreement, the Business Combination Agreement, and other matters, the Harvest Special Committee unanimously determined that each of the execution of the Letter Agreement and the Business Combination Agreement and the completion of the Business Combination is in the best interests of Harvest. Accordingly, the Harvest Special Committee unanimously recommended that the Harvest Board approve the Letter Agreement, the Business Combination Agreement and the completion of the Business Combination.

Recommendation of the Harvest Board

After careful consideration, including receiving the fairness opinion of Eight Capital delivered to the Harvest Board, as well as a thorough review of the Letter Agreement, the Business Combination Agreement, and other matters, the Harvest Board, upon the unanimous recommendation of the Harvest Special Committee, unanimously determined that the execution of each of the Letter Agreement and the Business Combination Agreement and the completion of the Business Combination is in the best interests of Harvest. **Accordingly, the Harvest Board unanimously approved the Letter Agreement, the Business Combination Agreement and the completion of the Business Combination and unanimously recommends that Harvest Shareholders vote FOR the Harvest Arrangement Resolution.**

Reasons for the Business Combination

The Harvest Board, in unanimously determining that the Business Combination and Arrangement is in the best interests of Harvest and is fair to Harvest Shareholders, and in recommending that Harvest Shareholders vote in favour of the Harvest Arrangement Resolution, consulted with the Harvest Special Committee, Harvest's senior management, its financial advisor, Eight Capital, and its legal counsel, and considered and relied upon a number of factors, including, among others, the following:

(a) that the Resulting Issuer Shares to be received by Harvest Shareholders under the Arrangement offer Harvest Shareholders an opportunity to own shares in a larger vertically integrated cannabis company with one of the largest footprints in the United States, including cultivation, manufacturing, and retail facilities, construction, real estate, technology, operational, and brand building expertise, providing Harvest Shareholders with exposure to strong growth opportunities in the cannabis industry in the United States;

(b) Harvest's financial advisor, Eight Capital, provided its opinion to the Harvest Board to the effect that, as of March 10, 2019, and subject to the assumptions, limitations and qualifications set out in the Eight Fairness Opinion, the consideration to be paid by Harvest for the Verano Business is fair, from a financial point of view;

(c) INFOR Financial, independent advisor to the Harvest Special Committee, provided its opinion to the Harvest Special Committee to the effect that, as of March 10, 2019, and subject to the assumptions, limitations and qualifications set out in the INFOR Financial Fairness Opinion, the consideration to be paid by Harvest for the Verano Business is fair, from a financial point of view;

(d) the fact that INFOR Financial was independent of Verano and Harvest for purposes of the Business Combination;

(e) holder(s) of Harvest Options, Harvest Compensation Options and Harvest RSUs will receive Replacement Options, Replacement Compensation Options and Replacement RSUs;

(f) the fact that Harvest's and Verano's respective representations, warranties and covenants and the conditions to their respective obligations set forth in the Business Combination Agreement are reasonable in the judgment of the Harvest Board following consultations with its advisors, and are the product of arm's length negotiations between Harvest and its advisors and Verano and its advisors;

(g) the terms of the Business Combination Agreement allow the Harvest Board to respond, in accordance with its fiduciary duties, to an unsolicited Harvest Acquisition Proposal that would be reasonably likely, if consummated in accordance with its terms, to be a Harvest Superior Proposal;

(h) the fact that the Harvest Arrangement Resolution must be approved by the Harvest Required Shareholder Approval;

(i) the fact that the Arrangement must also be approved by the Court, which will consider the substantive and procedural fairness of the Arrangement to all Harvest Shareholders;

(j) that any Harvest Shareholder who opposes the Business Combination may, on strict compliance with certain conditions, exercise Harvest Dissent Rights and receive the fair value of such Harvest Dissenting Shareholder's Harvest Shares; and

(k) that Harvest Shareholders generally will benefit from a tax deferred rollover under the Code and/or the Tax Act in respect of any capital gains that would otherwise be realized on the exchange of their Harvest Shares for Resulting Issuer Shares.

In the course of its deliberations, the Harvest Board also identified and considered a variety of risks, including, but not limited to:

(a) concerns about Harvest Shareholders being diluted and the uncertainty of the value of Resulting Issuer Shares as there is no public market for them; and

(b) the risks to Harvest if the Business Combination is not completed, including the costs to Harvest in pursuing the Business Combination and the diversion of management attention away from the conduct of Harvest's business in the ordinary course.

The foregoing summary of the information and factors considered by the Harvest Board is not, and is not intended to be, exhaustive. In view of the wide variety of factors and information considered in connection with their evaluation of the Business Combination, the Harvest Board did not find it practicable to, and therefore did not, quantify or otherwise attempt to assign any relative weight to each specific factor or item of information considered in reaching its conclusion and recommendation. In addition, individual members of the Harvest Board may have given different weight to different factors or items of information.

Eight Fairness Opinion

Pursuant to an engagement letter dated March 10, 2019, Harvest retained Eight Capital to provide Harvest with various advisory services in connection with the Business Combination including, among other things, the provision of the Eight Fairness Opinion.

On March 10, 2019, Eight Capital delivered its oral opinion to the Harvest Board, that as of the date thereof and subject to the assumptions, limitations and qualifications stated therein, the consideration to be paid by Harvest to acquire the Verano Business is fair, from a financial point of view. This opinion was subsequently confirmed in writing as at March 11, 2019 by the Eight Fairness Opinion.

Eight Capital has not been asked to prepare and has not prepared a formal valuation or appraisal of the securities or assets of Harvest, Verano or any of their affiliates, and the Eight Fairness Opinion should not be construed as such. The Eight Fairness Opinion is not, and should not be construed as, advice as to the price at which the securities of Harvest may trade at any time.

The terms of the engagement letter between Harvest and Eight Capital provide that Eight Capital will receive a fee for rendering the Eight Fairness Opinion and certain fees for its advisory services in connection with the Business Combination, a substantial portion of which are contingent upon the successful completion of the Arrangement. Eight Capital is also to be reimbursed for its reasonable out-of-pocket expenses. Furthermore, Harvest has agreed to indemnify Eight Capital, in certain circumstances, against certain liabilities that might arise out of its engagement.

The Eight Fairness Opinion is rendered on the basis of securities markets, economic, financial and general business conditions prevailing as at the date thereof and the conditions and prospects, financial and otherwise, of Harvest and Verano as publicly disclosed and as they have been represented to Eight Capital. In Eight Capital's analyses and in connection with preparing the Eight Fairness Opinion, Eight Capital made numerous assumptions with respect to

industry performance, general business, market and economic conditions and other matters, many of which are beyond the control of any party involved in the Business Combination.

The full text of the Eight Fairness Opinion, which sets forth, among other things, the assumptions made, information reviewed, matters considered and limitations on the scope of review undertaken, is included in Appendix "D" to this Circular. The Eight Fairness Opinion was provided to the Harvest Board for its exclusive use only in considering the Business Combination and may not be used or relied upon by any other person or for any other purpose without Eight Capital's prior written consent. The Eight Fairness Opinion addresses only the fairness, from a financial point of view, of the consideration to be paid by Harvest to acquire the Verano Business, and does not address any other aspect of the Business Combination. The Eight Fairness Opinion does not address the relative merits of the Business Combination as compared to any other strategic alternatives that may be available to Harvest. The Eight Fairness Opinion does not constitute a recommendation as to how any Harvest Shareholder should vote or act on any matter relating to the Arrangement. The summary of the Eight Fairness Opinion set forth in this Circular is qualified in its entirety by reference to the full text of the Eight Fairness Opinion. Harvest Shareholders are urged to read the Eight Fairness Opinion carefully and in its entirety. See "*The Arrangement – Eight Fairness Opinion*".

INFOR Financial Fairness Opinion

Pursuant to an engagement letter dated February 22, 2019, the Harvest Special Committee retained INFOR Financial to provide an opinion as to the fairness, from a financial point of view, to the Harvest Shareholders of the consideration to be paid by Harvest for the Verano Business.

On March 10, 2019, INFOR Financial verbally delivered its opinion to the Harvest Special Committee, subsequently confirmed in writing on March 11, 2019, that as at the date thereof, the consideration to be paid by Harvest in connection with the acquisition of the Verano Business is fair, from a financial point of view. The full text of the INFOR Financial Fairness Opinion, setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the INFOR Financial Fairness Opinion, is included in Appendix "D" to this Circular. The summary of the INFOR Financial Fairness Opinion described in this Circular is qualified in its entirety by reference to the full text of the INFOR Financial Fairness Opinion.

The terms of the engagement letter between the Harvest Special Committee and INFOR Financial provide that INFOR Financial will receive a fee for rendering the INFOR Financial Fairness Opinion. These fees are fixed and not contingent upon the successful completion of the Business Combination. INFOR Financial is also to be reimbursed for its reasonable out-of-pocket expenses. Furthermore, Harvest has agreed to indemnify INFOR Financial, in certain circumstances, against certain liabilities that might arise out of its engagement.

The INFOR Financial Fairness Opinion was provided solely for the information and assistance of the Harvest Special Committee in connection with its consideration of the Business Combination and is not a recommendation to any Harvest Shareholder as to how to vote or act on any matter relating to the Arrangement. The INFOR Financial Fairness Opinion was only one factor that the Harvest Special Committee took into consideration in making its determination to recommend that the Harvest Shareholders vote in favour of the Harvest Arrangement Resolution.

See "*The Arrangement – INFOR Financial Fairness Opinion*".

Treatment of Harvest Options

Subject to the terms and conditions of the Business Combination Agreement, and notwithstanding the terms of the Harvest Options, each Harvest Option will, pursuant to the Plan of Arrangement, be exchanged for a Replacement Option.

Treatment of Harvest Compensation Options

Subject to the terms and conditions of the Business Combination Agreement, and notwithstanding the terms of the Harvest Compensation Options, each Harvest Compensation Option will, pursuant to the Plan of Arrangement, be exchanged for a Replacement Compensation Option.

Treatment of Harvest RSUs

Subject to the terms and conditions of the Business Combination Agreement, and notwithstanding the terms of the Harvest RSUs, each Harvest RSU will pursuant, to the Plan of Arrangement, be exchanged for a Replacement RSU.

Approval of Harvest Arrangement Resolution

At the Meeting, the Harvest Shareholders will be asked to approve the Harvest Arrangement Resolution, the full text of which is set out in Appendix "B" to this Circular. In order for the Harvest Arrangement Resolution to become effective, as provided in the Interim Order and by the BCBCA, the Harvest Arrangement Resolution must be approved by the Harvest Required Shareholder Approval.

Should Harvest Shareholders fail to approve the Harvest Arrangement Resolution by the requisite votes, the Business Combination will not be completed.

The Harvest Board has approved the terms of the Business Combination Agreement and the Plan of Arrangement it entails, and recommends that the Harvest Shareholders vote FOR the Harvest Arrangement Resolution. See "*The Business Combination — Recommendation of the Harvest Board*" above.

The Harvest Board also unanimously recommends that Harvest Shareholders vote FOR the approval of the Resulting Issuer Equity Incentive Plan.

Harvest Shareholder Voting Support Agreements

On April 22, 2019, Parentco and Verano entered into the Harvest Shareholder Voting Support Agreements with the Harvest Voting Support Shareholders. The Harvest Shareholder Voting Support Agreements set forth, among other things, the agreement of such shareholders to vote their Harvest Shares in favour of the Business Combination and any other matter necessary for the consummation of the Business Combination.

The Harvest Shareholder Voting Support Agreements require voting support and prevent such shareholders from exercising Harvest Dissent Rights. Each Harvest Voting Support Shareholder has agreed to vote any Harvest Shares owned legally or beneficially by them or over which he or she exercises control or direction (directly or indirectly) in favour of the Business Combination. Pursuant to the Harvest Shareholder Voting Support Agreements, each Harvest Voting Support Shareholder may not (i) take any such action that may facilitate or lead to a Harvest Acquisition Proposal, or (ii) vote any such Harvest Shares in favour of any transaction constituting a Harvest Acquisition Proposal.

Under the Harvest Shareholder Voting Support Agreements, Harvest Voting Support Shareholders are prevented from directly or indirectly accepting or assisting in the completion of any transaction for a proposed acquisition of at least a majority of the Harvest Shares, other than the Business Combination. Harvest Voting Support Shareholders are not to take any action that may reduce the success of or materially delay the completion of the Business Combination.

The Harvest Shareholder Voting Support Agreements terminate automatically at the earliest to occur of: (i) mutual agreement of the Harvest Voting Support Shareholder, Parentco and Verano, (ii) the closing of the Business Combination, or (iii) the completion of the Arrangement.

Verano Unit Holder Voting Support Agreements

On April 22, 2019, Harvest and Newco entered into Verano Unit Holder Voting Support Agreements with the Verano Voting Support Unit Holders. The Verano Unit Holder Voting Support Agreements contain substantially similar provisions as those outlined under the heading "*Harvest Shareholder Voting Support Agreements*". The Verano Unit Holder Voting Support Agreements set forth, among other things, the agreement of such unitholders to vote their Verano Units in favour of the Business Combination and any other matter necessary for the consummation of the Business Combination.

The Verano Unit Holder Voting Support Agreements require voting support and prevent such unitholders from exercising Parentco Dissent Rights. Each Verano Voting Support Unit Holder has agreed to vote any Verano Units owned legally or beneficially by them or over which he or she exercises control or direction (directly or indirectly) in favour of the Business Combination. Pursuant to the Verano Unit Holder Voting Support Agreements, each Verano Voting Support Unit Holder may not (i) take any such action that may facilitate or lead to a Verano Acquisition Proposal, or (ii) vote any such Verano Units in favour of any transaction constituting a Verano Acquisition Proposal.

Under the Verano Unit Holder Voting Support Agreements, Verano Voting Support Unit Holders are prevented from directly or indirectly accepting or assisting in the completion of any transaction for a proposed acquisition of at least a majority of the Verano Units, other than the Business Combination. Verano Voting Support Unit Holders are not to take any action that may reduce the success of or materially delay the completion of the Business Combination.

The Verano Unit Holder Voting Support Agreements terminate automatically at the earliest to occur of: (i) mutual agreement of the Verano Voting Support Unit Holder, Harvest and NewCo, (ii) written notice of the Verano Voting Support Unit Holder if there is a decrease in consideration payable under the Business Combination Agreement, (iii) the closing of the Business Combination, or (iv) the completion of the Arrangement.

Completion of the Business Combination

Subject to the provisions of the Business Combination Agreement and the Plan of Arrangement, the Arrangement will become effective at the Effective Time on the Effective Date, being the date on which the Arrangement Filings required to be filed under Division 5 of Part 9 of the BCBCA are filed, which date is expected to be two Business Days following the date upon which all of the conditions to completion of the Business Combination as set out in the Business Combination Agreement have been satisfied or waived in accordance with the Business Combination Agreement.

Procedure for Exchange of Harvest Securities

Harvest Shares

Odyssey Trust Company is acting as Depositary in connection with the Business Combination, pursuant to the terms of the Depositary Agreement. The Depositary will receive deposits of certificates or DRS Statements representing Harvest Shares, and an accompanying Letter of Transmittal, at the office specified in the Letter of Transmittal and will be responsible for delivering the Arrangement Consideration Shares to which Harvest Shareholders are entitled to under the Plan of Arrangement.

At the time of sending this Circular to each Harvest Shareholder, Harvest is also sending to each Registered Harvest Shareholder a Letter of Transmittal. The Letter of Transmittal is for use by Registered Harvest Shareholders only and is not to be used by Non-Registered Holders. Non-Registered Holders should contact their broker or other intermediary for instructions and assistance in receiving the Arrangement Consideration Shares in respect of their Harvest Shares.

Registered Harvest Shareholders are requested to tender to the Depositary any certificates or DRS Statements representing their Harvest Shares, along with a duly completed Letter of Transmittal. As soon as practicable after the Effective Date, the Depositary will forward to each Registered Harvest Shareholder that submitted a properly completed Letter of Transmittal to the Depositary, together with the certificate(s) or DRS Statement(s) representing the Harvest Shares held by such Harvest Shareholder immediately prior to the Effective Date, certificates or DRS Advices representing the appropriate number of Resulting Issuer Shares to which the Former Harvest Shareholder is entitled under the Plan of Arrangement, to be delivered to or at the direction of such Harvest Shareholder. DRS Advices representing the Resulting Issuer Shares to which the Former Harvest Shareholder is entitled under the Arrangement will be registered in such name or names as directed in the Letter of Transmittal and will either be (i) delivered to the address or addresses as such Harvest Shareholder directed in their Letter of Transmittal, or (ii) made available for pick up at the offices of the Depositary in accordance with the instructions of the Harvest Shareholder in the Letter of Transmittal. Instructions will be provided upon receipt of the DRS Advice representing the Resulting Issuer Shares for registered Former Harvest Shareholders that would like to request a Resulting Issuer Share certificate. DRS is a system that will allow Former Harvest Shareholders to hold their Resulting Issuer Shares in "book-entry"

form without having a physical share certificate issued as evidence of ownership. Instead, Resulting Issuer Shares will be held in the name of Former Harvest Shareholders and registered electronically in the Resulting Issuer's records, which will be maintained by its transfer agent and registrar, Odyssey Trust Company. The first time Resulting Issuer Shares are recorded under DRS (upon completion of the Arrangement), Former Harvest Shareholders will receive an initial DRS Advice acknowledging the number of Resulting Issuer Shares held in their DRS account. Any time that there is movement of Resulting Issuer Shares into or out of a Former Harvest Shareholder's DRS account, an updated DRS Advice will be mailed. Former Harvest Shareholders may request a statement at any time by contacting Odyssey Trust Company. There is no fee to participate in DRS and dividends, if any, will not be affected by DRS.

Only registered Former Harvest Shareholders will receive DRS Advices representing the Resulting Issuer Shares. A Registered Harvest Shareholder that did not submit a properly completed Letter of Transmittal prior to the Effective Date may take delivery of the DRS Advices representing the number of Resulting Issuer Shares to which the Former Harvest Shareholder is entitled under the Arrangement by delivering the certificate(s) or DRS Statement(s) representing Harvest Shares formerly held by them to the Depositary at the office indicated in the Letter of Transmittal at any time prior to the second anniversary of the Effective Date. Such certificates or DRS Statements must be accompanied by a duly completed Letter of Transmittal, together with such other documents as the Depositary may require. DRS Advices representing the Resulting Issuer Shares to which the Former Harvest Shareholder is entitled under the Arrangement will be registered in such name or names as directed in the Letter of Transmittal, and will either be (i) delivered to the address or addresses as such Harvest Shareholder directed in its Letter of Transmittal or (ii) made available for pick up at the office of the Depositary in accordance with the instructions of the Registered Harvest Shareholder in the Letter of Transmittal.

In the event any certificate or DRS Statement which, immediately before the Effective Time, represented one or more outstanding Harvest Shares in respect of which the holder was entitled to receive Arrangement Consideration Shares is lost, stolen or destroyed, upon the making of an affidavit or statutory declaration of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depositary will deliver in exchange for such lost, stolen or destroyed certificate or DRS Statement, the appropriate number of DRS Advices representing the number of Resulting Issuer Shares to which the Former Harvest Shareholder is entitled under the Plan of Arrangement. When authorizing delivery of DRS Advices representing the Resulting Issuer Shares to which a Former Harvest Shareholder is entitled under the Plan of Arrangement in exchange for any lost, stolen or destroyed certificate, such former holder to whom certificates and DRS Advices are to be delivered will be required, as a condition precedent to the delivery thereof, to give a bond satisfactory to Verano, Harvest, the Resulting Issuer and the Depositary in such amount as Verano, Harvest, the Resulting Issuer and the Depositary may direct, or to otherwise indemnify Verano, Harvest, the Resulting Issuer and the Depositary in a manner satisfactory to them against any claim that may be made against one or both of them with respect to the certificate or DRS Statement alleged to have been lost, stolen or destroyed.

A Registered Harvest Shareholder must deliver to the Depositary at the office listed in the Letter of Transmittal:

(a) the share certificates or DRS Statements representing their Harvest Shares;

(b) a Letter of Transmittal in the form accompanying this Circular, or a manually executed photocopy thereof, properly completed and duly executed as required by the instructions set out in the Letter of Transmittal; and

(c) any other relevant documents required by the instructions set out in the Letter of Transmittal.

Except as otherwise provided in the instructions to the Letter of Transmittal, the signature on the Letter of Transmittal must be guaranteed by an Eligible Institution. If a Letter of Transmittal is executed by a person other than the Registered Harvest Shareholder of the share certificate(s) or DRS Statement(s) deposited therewith, the share certificate(s) or DRS Statement(s) must be endorsed or be accompanied by an appropriate securities transfer power of attorney, duly and properly completed by the registered holder, with the signature on the endorsement panel, or securities transfer power of attorney guaranteed by an Eligible Institution.

Harvest Options

Harvest Optionholders are not required to take any action in order to receive the Replacement Options they are entitled to receive under the Arrangement. Upon completion of the Arrangement, the Replacement Option to be issued by the Resulting Issuer to a Harvest Optionholder will automatically be issued and registered in accordance with registration information previously provided by the Harvest Optionholder.

Harvest Compensation Options

Holders of Harvest Compensation Options are not required to take any action in order to receive the Replacement Compensation Options they are entitled to receive under the Arrangement. Upon completion of the Arrangement, the Replacement Compensation Options to be issued by the Resulting Issuer to a former holder of Harvest Compensation Options will automatically be issued and registered in accordance with registration information previously provided by the holder of such Harvest Compensation Option.

Harvest RSUs

Holders of Harvest RSU are not required to take any action in order to receive the Replacement RSUs they are entitled to receive under the Arrangement. Upon completion of the Arrangement, the Replacement RSUs to be issued by the Resulting Issuer to a holder of Harvest RSUs will automatically be issued and registered in accordance with registration information previously provided by such holder of Harvest RSUs.

No Fractional Shares to be Issued

In no event shall any Harvest Shareholder be entitled to a fractional Resulting Issuer Share under the Arrangement. Where the aggregate number of Resulting Issuer Shares to be issued to a Harvest Shareholder under the Arrangement would result in a fraction of a Resulting Issuer Share being issuable, the number of Resulting Issuer Shares to be received by such Harvest Shareholder shall be rounded down to the nearest whole Resulting Issuer Share and such Harvest Shareholder will not be entitled to any compensation in respect of any fractional Resulting Issuer Share.

Treatment of Dividends

No dividends or other distributions declared or made after the Effective Date with respect to the Harvest Shares with a record date after the Effective Date will be payable or paid to the holder of any un-surrendered certificates or DRS Statements representing Harvest Shares and no such dividends or other distributions will be payable until the surrender of such certificates or DRS Statements representing Harvest Shares in accordance with the terms of the Plan of Arrangement.

Cancellation of Rights after Two Years

Any Participating Harvest Shareholder who fails to deliver to the Depositary any certificates or DRS Statements representing their Harvest Shares, a duly completed Letter of Transmittal, and such other documents or instruments required to be delivered to the Depositary, on or before the second anniversary of the Effective Date, shall, as and from such date, cease to have any claim of any kind or nature against or any interest in Harvest or the Resulting Issuer, and all Arrangement Consideration Shares (and any dividends and other distributions on such Arrangement Consideration Shares) to which such former Participating Harvest Shareholder was entitled shall be deemed to have been surrendered to the Resulting Issuer and shall be paid over by the Depositary to the Resulting Issuer or as directed by the Resulting Issuer. None of Harvest, Verano or the Resulting Issuer, or any of their respective successors, will be liable to any person in respect of any Arrangement Consideration Shares (including any consideration previously held by the Depositary in trust for any such former holder) which is forfeited to Harvest, Verano or the Resulting Issuer or delivered to any public official pursuant to any applicable abandoned property, escheat or similar law. Accordingly, Participating Harvest Shareholders who do not deposit with the Depositary a duly completed Letter of Transmittal and certificates or DRS Statements representing their Harvest Shares on or before the date that is two years after the Effective Date will not receive any Arrangement Consideration Shares in exchange therefor, will not own any interest in Harvest, Verano or the Resulting Issuer and will not be paid any other compensation.

Unclaimed or Abandoned Property Law

Notwithstanding anything to the contrary herein, any consideration, including any forfeited consideration, shall be subject to all applicable abandoned property, escheat or similar laws in the United States to the extent such law applies to such consideration.

Court Approval of the Business Combination

The Plan of Arrangement being proposed pursuant to the Business Combination Agreement requires Court approval.

Interim Order

On May 23, 2019, Harvest obtained the Interim Order providing for the calling and holding of the Meeting, the grant of Harvest Dissent Rights and certain other procedural matters. The text of the Petition and Interim Order is set out in Appendix "E" to this Circular.

Final Order

Subject to the terms of the Business Combination Agreement, if (a) the Harvest Arrangement Resolution is approved at the Meeting by the Harvest Shareholders as provided for in the Interim Order and as required by applicable Law, (b) the Parentco Arrangement Resolution is approved at the Parentco Meeting by the Parentco Shareholders as provided for in the Interim Order and as required by applicable Law; and (c) the Harvest Shareholders and Parentco Shareholders have approved the Resulting Issuer Equity Incentive Plan, then as soon as reasonably practicable and no later than three (3) Business Days thereafter, Harvest, Parentco and Newco shall diligently pursue and take all steps necessary or desirable to have the hearing before the Court of the application for the Final Order pursuant to the BCBCA.

The application for the Final Order approving the Arrangement is anticipated to be scheduled for July 2, 2019 at 9:45 a.m. (Vancouver time), or as soon thereafter as counsel may be heard, at 800 Smithe St, Vancouver British Columbia, Canada V6Z 2E1 or at any other date and time as the Court may direct. Any Harvest Shareholder or any other interested party who wishes to appear or be represented and to present evidence or arguments at the hearing of the application for the Final Order must file and serve a Response to Petition and supporting affidavits no later than 5:00 p.m. (Vancouver time) two business days prior to the date of the application of the Final Order, along with any other documents required, all as set out in the Petition and Interim Order, the text of which are set out in Appendix "E" to this Circular, and satisfy any other requirements of the Court. Such persons should consult with their legal advisors as to the necessary requirements. In the event that the hearing is adjourned then, subject to further order of the Court, only those persons having previously filed and served a Response to Petition and supporting affidavits will be given notice of the adjournment.

The Court has broad discretion under the BCBCA when making orders with respect to the Arrangement, and the Court will consider, among other things, the fairness and reasonableness of the Arrangement, both from a substantive and a procedural point of view. The Court may approve the Arrangement, either as proposed or as amended, on the terms presented or substantially on those terms. Depending upon the nature of any required amendments, Harvest and/or Verano may determine not to proceed with the Arrangement and the Business Combination.

The Resulting Issuer Shares, Replacement Options, Replacement Compensation Options and Replacement RSUs to be issued under the Arrangement have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States, in reliance upon the Section 3(a)(10) Exemption. The Court will be advised at the hearing of the application for the Final Order that if the terms and conditions of the Arrangement, and the fairness thereof, are approved by the Court, the Resulting Issuer Shares, Replacement Options, Replacement Compensation Options and Replacement RSUs to be issued under the Arrangement will not require registration under the U.S. Securities Act, pursuant to the Section 3(a)(10) Exemption. Accordingly, Harvest expects that the Final Order of the Court will, if granted, constitute a basis for the exemption from the registration requirements of the U.S. Securities Act with respect to the distribution of Resulting Issuer Shares, Replacement Options, Replacement Compensation Options and Replacement RSUs to the Harvest Securityholders, as applicable, in connection with the

Arrangement. See "*The Business Combination — Regulatory Law Matters and Securities Law Matters — United States Securities Law Matters*" below.

For further information regarding the Court hearing and your rights in connection with the Court hearing, see the Interim Order attached at Appendix "E" to this Circular. The Petition and Interim Order constitutes notice of the Court hearing of the application for the Final Order and is your only notice of the Court hearing.

Regulatory Approvals

Completion of the Business Combination is subject to the condition precedent contained in the Business Combination Agreement relating to the Required Regulatory Approvals having been fulfilled.

The Parties have identified HSR Clearance as a Required Regulatory Approval. Under the HSR Act, certain transactions exceeding prescribed thresholds may not be completed until each applicable party has filed a Notification and Report Form with the DOJ and with the FTC and applicable waiting period requirements have been satisfied. The Business Combination exceeds the prescribed thresholds and therefore is subject to the applicable waiting period requirements of the HSR Act. Harvest and Verano anticipate that their respective Notification and Report Forms under the HSR Act will be filed with the DOJ and the FTC on or about May 29, 2019.

The waiting period under the HSR Act will expire 30 days after the Parties each file their Notification and Report Form, unless (x) earlier terminated by the FTC and the DOJ or (y) the FTC or the DOJ issues a Second Request prior to that time. If, within the 30-day waiting period, the FTC or the DOJ were to issue a Second Request (a circumstance the Parties reasonably anticipate), the waiting period with respect to the Business Combination would be extended until 30 days following substantial compliance by both Parties with the Second Request, unless the FTC or the DOJ terminates the extended waiting period prior to its expiration. The Parties are entitled to complete the Business Combination at the end of the waiting period or extended waiting period, as applicable, provided that the FTC or the DOJ has not taken action that results in a court order stopping the Business Combination. However, Harvest or Verano may decline to complete the Business Combination where, in connection with the Parties' seeking HSR Clearance, any Governmental Entity shall have filed a proceeding seeking a court order stopping the Business Combination. In any event, the expiration or termination of the waiting period does not bar the FTC or the DOJ from subsequently challenging the Business Combination as anticompetitive. Moreover, although there is no comparable prior notification protocol at the state level, each relevant state antitrust authority could also pursue court action challenging the Business Combination as anticompetitive. It is a condition to closing of the Business Combination that HSR Clearance be obtained (as it is a Required Regulatory Approval).

The Parties have determined that, or are continuing to evaluate whether, HSR Clearance also may be needed with regard to certain other aspects of the Business Combination, including one or more of the Pipeline Binding Acquisitions and Pipeline Contingent Acquisitions, and the receipt of Arrangement Consideration Shares by certain Harvest Shareholders, certain Verano Unit Holders, or others. The process for seeking HSR Clearance in those cases is analogous to the process described above.

As noted, the anticipated receipt of Arrangement Consideration Shares by certain Harvest Shareholders, certain Verano Unit Holders, or others, in connection with the transactions contemplated by the Business Combination could result in a separate compliance obligation under the HSR Act on the part of the particular recipient of those shares if the value (as determined under the HSR Act) of the Arrangement Consideration Shares to be held by such recipient (and others whose holdings must be aggregated with such recipient's, pursuant to the HSR Act) exceeds a specified threshold (currently $90.0 million). It is possible that an exemption under the HSR Act may apply in a particular case. One common exemption might apply where (x) the holder's holdings (aggregated as aforesaid) do not exceed 10% of the voting power of the applicable issuer, and (y) those holdings are held as passive investments only; but reliance on that exemption involves several critical technical requirements pursuant to rules established under the HSR Act. One other common exemption could apply in certain cases where the issuer is incorporated outside the United States; but that exemption, for the acquisition of voting securities of a "foreign issuer" (as defined in the rules under the HSR Act), is not anticipated to be applicable here. In any event, the responsibility for determining any compliance obligation under the HSR Act rests with the anticipated recipient of any Arrangement Consideration Shares, and the Parties assume no responsibility with regard thereto. A recipient's failure to comply with the HSR Act could result in a civil penalty for each day in violation; the maximum civil penalty currently is $42,530 per day. To the extent the

Parties, or the Resulting Issuer, determines that an anticipated recipient of any Arrangement Consideration Shares may be subject to compliance with the HSR Act in connection with such receipt, the Parties (or the Resulting Issuer) may be required to take certain actions under the HSR Act pending such compliance; and such actions may include, among other things, escrowing those shares or delaying the exchange for those shares.

Due to the complexity of the transactions contemplated by the Business Combination, it is possible that the FTC or DOJ may disagree with the determinations that Harvest and Verano have made regarding the aspects that are reportable under the HSR Act and the disclosures attendant thereto. Were that to occur, then it might be necessary to supplement or amend any filings already made, withdraw those filings and resubmit new ones, or effect additional filings as to any applicable aspects of the overall transaction. Any such circumstance may result in the restarting of existing waiting periods and the commencement of new ones.

Regulatory Law Matters and Securities Law Matters

Other than the Final Order, the Regulatory Approvals, and the necessary conditional approvals of the CSE having been obtained (including approval of the listing and posting for trading on the CSE of the Resulting Issuer Subordinate Voting Shares to be issued pursuant to the Arrangement), Harvest is not aware of any material approval, consent or other action by any federal, provincial, state or foreign government or any administrative or regulatory agency that would be required to be obtained in order to complete the Business Combination. In the event that any such approvals or consents are determined to be required, such approvals or consents will be sought, although any such additional requirements could delay the Effective Date or prevent the completion of the Business Combination. While there can be no assurance that any regulatory consents or approvals that are determined to be required will be obtained, Harvest currently anticipates that any such consents and approvals that are determined to be required will have been obtained or otherwise resolved by the Effective Date.

Canadian Securities Law Matters

Each Harvest Shareholder is urged to consult such Harvest Shareholder's professional advisors to determine the Canadian conditions and restrictions applicable to trades in Resulting Issuer Shares.

Status under Canadian Securities Laws

Harvest is a reporting issuer in British Columbia, Alberta, Saskatchewan and Ontario. The Harvest Subordinate Voting Shares currently trade on the CSE. Pursuant to the Arrangement: (i) Harvest Shareholders will exchange, on a 1:1 basis, their: (x) Harvest Subordinate Voting Shares for Resulting Issuer Subordinate Voting Shares, (y) Harvest Multiple Voting Shares for Resulting Issuer Multiple Voting Shares; and (z) Harvest Super Voting Shares for Resulting Issuer Super Voting Shares; (ii) holders of Harvest Options will exchange their Harvest Options for Replacement Options; (iii) holders of Harvest Compensation Options will exchange their Harvest Compensation Options for Replacement Compensation Options; and, (iv) holders of Harvest RSUs will exchange their Harvest RSUs for Replacement RSUs.

Upon completion of the Business Combination, it is expected that the Resulting Issuer will be a reporting issuer in British Columbia, Alberta, Saskatchewan and Ontario and that an application to list the Resulting Issuer Subordinate Voting Shares on the CSE will have been made. There can be no assurance as to if, or when, the Resulting Issuer Subordinate Voting Shares will be listed or traded. It is a mutual condition of the Business Combination that the CSE shall have conditionally approved the listing of the Resulting Issuer Subordinate Voting Shares to be issued pursuant to the Arrangement (as well as any Resulting Issuer Subordinate Voting Shares issuable upon the exercise or conversion of Replacement Options, Replacement Compensation Options or Replacement RSUs), subject in each case only to compliance with the usual requirements of the CSE, including customary post-closing deliveries. As the Resulting Issuer Subordinate Voting Shares are not currently listed on a stock exchange, unless and until such a listing is obtained, holders of Resulting Issuer Subordinate Voting Shares (and Resulting Issuer Multiple Voting Shares and Resulting Issuer Super Voting Shares which are convertible into Resulting Issuer Subordinate Voting Shares) may not have a market for their shares.

Distribution and Resale of Resulting Issuer Shares under Canadian Securities Laws

The distribution of the Resulting Issuer Shares will constitute a distribution of securities which is exempt from the prospectus requirements of Canadian securities legislation. The Resulting Issuer Shares received pursuant to the Business Combination will not be legended and may be resold through registered dealers in each of the provinces of Canada provided that (i) the trade is not a "control distribution" as defined in National Instrument 45-102 - *Resale of Securities*, (ii) no unusual effort is made to prepare the market or to create a demand for the Resulting Issuer Shares, (iii) no extraordinary commission or consideration is paid to a person in respect of such trade, and (iv) if the selling security holder is an insider or officer of the Resulting Issuer, the selling security holder has no reasonable grounds to believe that the Resulting Issuer is in default of applicable Securities Laws.

Each Harvest Shareholder is urged to consult such Harvest Shareholder's professional advisors to determine the Canadian conditions and restrictions applicable to trades in the Resulting Issuer Shares.

The Restricted Share Rules

OSC Rule 56-501 and Part 12 of NI 41-101 (collectively, the "**Restricted Share Rules**") regulate the creation and distribution of "restricted shares" (as defined in OSC Rule 56-501) and "restricted securities" (as defined in NI 41-101) by reporting issuers in Canada. The definitions of "restricted shares" and "restricted securities" include equity shares which have voting rights exercisable in all circumstances, irrespective of the number or percentage of shares owned, that are less, on a per share basis, than the voting rights attaching to any other shares of an outstanding class of shares of the issuer.

OSC Rule 56-501 provides, among other things, that prospectus exemptions under Ontario securities law are not available in respect of a "stock distribution" (as defined in OSC Rule 56-501), unless either (i) the "stock distribution", or (ii) the "reorganization" (as defined in OSC Rule 56-501) that resulted in the creation of the "restricted shares", received "minority approval" in addition to any other required security holder approval. NI 41-101 prohibits, among other things, the filing of a prospectus under which restricted securities, subject securities (as defined in NI 41-101) or securities that are, directly or indirectly, convertible into, or exercisable or exchangeable for, restricted securities or subject securities, are distributed unless the issuer receives minority approval of its securityholders.

"Minority approval" means, for the purposes of the Restricted Share Rules, approval by a majority of the votes cast by holders of voting shares, and if required by applicable corporate law, by a majority of the votes cast by holders of a class of shares voting separately as a class, other than, in both cases, (A) "affiliates" of the issuer, or (B) "control persons" of the issuer, as those terms are defined in the Restricted Share Rules.

The Resulting Issuer Subordinate Voting Shares and Resulting Issuer Multiple Voting Shares will be "restricted shares" (as defined under in OSC Rule 56-501) and "restricted securities" (as defined under NI 41-101). Therefore, so that the Resulting Issuer can utilize the prospectus exemptions under Ontario securities laws and file a prospectus in connection with the distribution of Resulting Issuer Subordinate Voting Shares or Resulting Issuer Multiple Voting Shares, in connection with (i) completing the Harvest Share Exchange and (ii) future offerings of Resulting Issuer Subordinate Voting Shares or Resulting Issuer Multiple Voting Shares without having to obtain the approval of Resulting Issuer Shareholders (in accordance with the Restricted Share Rules) for each distribution of Resulting Issuer Subordinate Voting Shares or Resulting Issuer Multiple Voting Shares, the Harvest Arrangement Resolution must be approved by a majority of the votes cast by Harvest Shareholders other than the votes attaching at the time to Harvest Shares held directly or indirectly by "affiliates" or "control persons" of Harvest.

To the best of the knowledge of management and the Harvest Board, there are no affiliates of Harvest that beneficially own any securities of Harvest. Jason Vedadi and Steve White, who hold approximately 35.4% and 32.6% of the votes attaching to all outstanding voting securities of Harvest, are considered "control persons" (within the meaning of such term in the Restricted Share Rules) and, accordingly the Harvest Shares held by each of Messrs. Vedadi and White may not be counted for the purpose of approval of the Harvest Arrangement Resolution for purposes of the Restricted Share Rules

The Resulting Issuer Multiple Voting Shares and the Resulting Issuer Subordinate Voting Shares are being created in order for the Resulting Issuer to meet the definition of a Foreign Private Issuer, as such term is defined pursuant to U.S. Securities Laws. For information on the purpose and business reasons for the creation and use of the restricted shares, see the risk factors "*Foreign Private Issuer Status*" and "*Loss of Foreign Private Issuer Status*" under the subtitle "*Risk Factors*" in Appendix "F"

Multilateral Instrument 61-101

As a reporting issuer in British Columbia, Alberta, Saskatchewan and Ontario, Harvest is, among other things, subject to MI 61-101. MI 61-101 regulates certain types of related party transactions to ensure equality of treatment among security holders and may require enhanced disclosure, approval by a majority of security holders (excluding persons who are "interested parties" under applicable Law), independent valuations and, in certain instances, approval and oversight of certain transactions by a special committee of independent directors. The protections afforded by MI 61-101 apply to, among other transactions, "related party transactions" (as defined in MI 61-101), being transactions with a "related party" (as defined in MI 61-101), and "business combinations" (as defined in MI 61-101) which may terminate the interests of security holders without their consent.

MI 61-101 provides that where a "related party" of an issuer is entitled to receive a "collateral benefit" (as defined in MI 61-101) in connection with an arrangement transaction (such as the Plan of Arrangement), such transaction is considered a "business combination" for the purposes of MI 61-101 and subject to minority approval requirements and such "related party" is an "interested party" (as defined in MI 61-101).

A "collateral benefit" (as defined under MI 61-101) includes any benefit that a "related party" of Harvest (which includes the directors and senior officers of Harvest, as well as any 10% securityholder) is entitled to receive, directly or indirectly, as a consequence of the Business Combination, including, without limitation, an increase in salary, a lump sum payment, a payment for surrendering securities, or other enhancement in benefits related to part or future services as an employee, director or consultant of Harvest or the Resulting Issuer. However, MI 61-101 excludes from the meaning of "collateral benefit" certain benefits to a related party received solely in connection with the related party's services as an employee, director or consultant of an issuer or an affiliated entity of the issuer or a successor to the business of the issuer where, among other things: (a) the benefit is not conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to the related party for securities relinquished under the transaction; (b) the conferring of the benefit is not, by its terms, conditional on the related party supporting the transaction in any manner; (c) full particulars of the benefit are disclosed in the disclosure document for the transaction; and, (d) (i) at the time the transaction was agreed to, the related party and its associated entities beneficially own or exercise control or direction over less than 1% of the outstanding shares of the issuer, or (ii) an independent committee, acting in good faith, determines that the value of the collateral benefit, net of any offsetting costs to the related party, is less than 5% of the value of the consideration the related party expects to receive in exchange for his or her equity securities under the terms of the Business Combination.

To the knowledge of Harvest, no "related party" will, or may be entitled to, receive a "collateral benefit" within the meaning of MI 61-101. Accordingly, the Business Combination is not a "business combination" within the meaning of MI 61-101.

United States Securities Law Matters

The following discussion is a general overview of certain requirements of United States federal Securities Laws that may be applicable to Harvest Securityholders in the United States. The discussion is based in part on non-binding interpretations and no-action letters provided by the staff of the SEC, which do not have the force of law. **All Harvest Securityholders in the United States are urged to consult with their own legal counsel to ensure that any subsequent resale of securities issued or distributed to them under the Business Combination complies with applicable securities legislation.**

Further information applicable to Harvest Securityholders in the United States is disclosed under the heading "*Note to United States Securityholders*".

The following discussion does not address the Canadian securities laws that will apply to the issue or resale of securities by Harvest Securityholders within Canada. Harvest Securityholders reselling their securities in Canada must comply with Canadian securities laws, as outlined elsewhere in this Circular.

Status under U.S. Securities Laws

The Resulting Issuer is expected to be a "**foreign private issuer**" as defined in Rule 405 under the

U.S. Securities Act and Rule 3b-4 under the U.S. Exchange Act. The Resulting Issuer will apply to have the Resulting Issuer Subordinate Voting Shares to be issued under the Business Combination listed on the CSE and quoted on the OTCQX.

Exemption Relied Upon from the Registration Requirements of the U.S. Securities Act

The Resulting Issuer Shares, Replacement Options, Replacement Compensation Options and Replacement RSUs to be issued pursuant to the Arrangement have not been and will not be registered under the provisions of the U.S. Securities Act or the securities laws of any state of the United States in reliance upon the Section 3(a)(10) Exemption. The Section 3(a)(10) Exemption exempts securities issued in exchange for one or more outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by a court or authorized governmental entity, after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued have the right to appear and receive adequate and timely notice thereof. The Section 3(a)(10) Exemption does not exempt securities issued in connection with the exercise of convertible or derivative securities that were originally exempt from the registration requirements of the U.S. Securities Act pursuant to the Section 3(a)(10) Exemption or under applicable securities laws of any state of the United States.

Resales of the Resulting Issuer securities after the Effective Date

The Resulting Issuer Shares, Replacement Options, Replacement Compensation Options and Replacement RSUs to be held by Harvest Securityholders following completion of the Arrangement will be freely tradable in the U.S. under U.S. federal securities laws, except by persons who are "affiliates" of the Resulting Issuer at the Effective Date or within 90 days prior to the Effective Date. Persons who may be deemed to be "affiliates" of an issuer include individuals or entities that control, are controlled by, or are under common control with, the issuer, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer. Any resale of such Resulting Issuer securities by such an affiliate may be subject to the registration requirements of the U.S. Securities Act and applicable state securities laws, absent an exemption therefrom (including the exemption provided by Rule 144, discussed below). The Replacement Options and Replacement RSUs may only be transferred pursuant to the terms and conditions of the Resulting Issuer Equity Incentive Plan. It is not intended that the Resulting Issuer Subordinate Voting Shares or any other securities of the Resulting Issuer are to be listed on a United States stock exchange.

Resales by Affiliates of the Resulting Issuer outside the U.S. under Regulation S

Under Rule 904 of Regulation S under the U.S. Securities Act, persons who are deemed "affiliates" of the Resulting Issuer following the Effective Date solely by virtue of their status as an officer, director or principal shareholder of the Resulting Issuer may resell their Resulting Issuer securities, as applicable, outside the United States in an "offshore transaction" (which would include a sale through the physical trading floor of an established non-U.S. stock exchange or through the facilities of certain specified non-U.S. stock exchanges (including the CSE); provided that neither the seller (nor any person acting on behalf of the seller) knows that the transaction has been prearranged with a buyer in the United States) if neither the seller, an affiliate nor any person acting on behalf of the seller engages in "directed selling efforts," in the United States, including any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the securities being offered and no selling commission, fee or other remuneration is paid in connection with such sale other than a usual and customary broker's commission. In addition, with respect to any holder of Resulting Issuer securities who is an "affiliate" of such

entity upon completion of the Business Combination other than by virtue of such person's status as an officer, director of such entity, additional restrictions apply.

Resales by Affiliates of the Resulting Issuer in the U.S. under Rule 144

As described above, persons who are not deemed "affiliates" of the Resulting Issuer at the Effective Date and who have not been affiliates of the Resulting Issuer within 90 days of the Effective Date may freely resell their Resulting Issuer securities, as applicable, in the U.S. without the need to comply with any safe harbor exemption, such as the exemption provided by Rule 144 under the U.S. Securities Act.

Persons who are "affiliates" of the Resulting Issuer at the Effective Date or who have been "affiliates" of the Resulting Issuer within 90 days of the Effective Date, and who wish to sell their Resulting Issuer securities in the U.S., will need to avail themselves of an exemption from registration under the U.S. Securities Act (absent an effective resale registration statement filed under the U.S. Securities Act). Rule 144 provides such an exemption, enabling affiliates of the Resulting Issuer to sell the Resulting Issuer securities, as applicable, that they receive in connection with the Business Combination, provided that the number of such securities sold during any three-month period does not exceed 1% of the then outstanding class of such securities, subject to specified restrictions on the manner of sale, notice requirements, aggregation rules and the availability of current public information about the Resulting Issuer.

Exercise of the Replacement Options, Replacement Compensation Options, and Replacement RSUs

The Replacement Options and Replacement Compensation Options may not be exercised, and the Replacement RSUs may not be settled, by or on behalf of a person in the "United States" or a "U.S. person" (as such terms are defined in Rule 902 of Regulation S under the U.S. Securities Act), except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. Prior to the issuance of any Resulting Issuer Shares pursuant to any such exercise or settlement, the Resulting Issuer may require the delivery of an opinion of counsel or other evidence or certifications reasonably satisfactory to the Resulting Issuer to the effect that the issuance or settlement of such Resulting Issuer Shares does not require registration under the U.S. Securities Act.

The foregoing discussion is only a general overview of certain requirements of United States Securities Laws applicable to the securities received upon completion of the Business Combination. All holders of such securities are urged to consult with counsel to ensure that the resale of their securities complies with applicable United States Securities Laws.

Fees and Expenses

All expenses incurred in connection with the Business Combination and the transactions contemplated thereby shall be paid by the party incurring such expense.

Interests of Certain Persons in the Business Combination

In considering the recommendation of the Harvest Board with respect to the Business Combination, Harvest Shareholders should be aware that certain members of Harvest's management and the Harvest Board have certain interests in connection with the Business Combination that may present them with actual or potential conflicts of interest in connection with the Business Combination.

The table below sets forth the number and percentage of Harvest Subordinate Voting Shares, Harvest Multiple Voting Shares, Harvest Super Voting Shares and Harvest Options that the directors and officers of Harvest and any of their respective affiliates and associates since the beginning of the last completed financial year of Harvest beneficially own or exercise control or direction over, directly or indirectly, as of the date hereof.

Other than the interests and benefits described below, none of the directors or officers of Harvest, or to the knowledge of the directors and officers of Harvest, any of their respective associates or affiliates of the issuer, or insiders (other than a director or officer) of the issuer or any person acting jointly or in concert with the issuer has any material interest, direct or indirect, as a director, officer, shareholder, security holder or creditor of Harvest or otherwise in any

matter to be acted upon in connection with the Business Combination or that would materially affect the Business Combination.

Name and Position[1]	Subordinate Voting Shares	% of issued Class	Multiple Voting Shares	% of issued Class[2]	Super Voting Shares	% of issued Class[2]	Options	% of issued Options[2][3]	Resulting Issuer Subordinate Voting Shares to be Received	Resulting Issuer Multiple Voting Shares to be Received	Resulting Issuer Super Voting Shares to be Received	Replacement Options to be Received
Jason Vedadi, ***Officer and Director***	-	-	417,541	19.9%	1,000,000	50%	2,900,000	12.01%	-	417,541	1,000,000	2,900,000
Steve White, ***Officer and Director***	-	-	229,966	11%	1,000,000	50%	3,500,000	14.50%	-	229,966	1,000,000	3,500,000
Steve Gutterman, ***Officer***	-	-	-	-	-	-	3,000,000	12.43%	-	-	-	3,000,000
Leo Jaschke, ***Officer***	-	-	-	-	-	-	1,000,000	4.14%	-	-	-	1,000,000
Mark Barnard, ***Director***	-	-	-	-	-	-	300,000	1.24%	-	-	-	300,000
Frank Bedu-Addo, ***Director***	-	-	-	-	-	-	-	-	-	-	-	-
Elroy Sailor, ***Director***	-	-	-	-	-	-	300,000	1.24%	-	-	-	300,000

Notes:

(1) Owned directly or indirectly.
(2) The information as to Harvest Shares and Harvest Options beneficially owned or over which a director or officer exercises control or direction, not being within the knowledge of Harvest, has been furnished by each respective director and officer individually. Such percentages are based on 2,095,190.04 Harvest Multiple Voting Shares, 2,000,000 Harvest Super Voting Shares, and 24,138,329 Harvest Options issued and outstanding as of the Record Date.
(3) Such Harvest Options have exercise prices ranging from $6.55 to $11.22.

Directors

The Harvest directors (other than directors who are also executive officers) do not hold any Harvest Shares.

The Harvest directors (other than directors who are also executive officers) hold, in the aggregate, 600,000 Harvest Options, representing approximately 2.48% of the Harvest Options outstanding on the Record Date.

All of the Harvest Options held by the Harvest directors will be treated in the same fashion under the Arrangement as Harvest Options held by every other Harvest Optionholder.

Executive Officers

The executive officers of Harvest, in the aggregate, hold: (i) nil Harvest Subordinate Voting Shares; (ii) 647,507 Harvest Multiple Voting Shares representing in the aggregate approximately 30.9% of all issued and outstanding Harvest Multiple Voting Shares on a non-diluted basis; and (iii) 2,000,000 Harvest Super Voting Shares representing in the aggregate 100% of all issued and outstanding Harvest Super Voting Shares on a non-diluted basis. The executive officers of Harvest, in the aggregate, hold 9,000,000 Harvest Options, representing approximately 37.18% of the Harvest Options outstanding on the Record Date. All of the Harvest Shares and Harvest Options held by the Harvest directors will be treated in the same fashion under the Arrangement as Harvest Shares and Harvest Options held by every other Harvest Shareholder and Harvest Optionholder, respectively.

Indemnification and Insurance

The parties to the Business Combination Agreement have agreed that all rights to indemnification or exculpation existing in favour of current and former directors or officers of Verano and its subsidiaries and of Harvest and its subsidiaries, as provided in their respective articles, notice of articles and by-laws, or in any agreement, will survive

the completion of the Business Combination and be assumed by the Resulting Issuer and will continue in full force and effect.

Harvest Shareholder Voting Support Agreements

The following persons listed under the section titled "*Interests of Certain Persons in the Business Combination*" have entered into Harvest Shareholder Voting Support Agreements: Jason Vedadi and Steve White. Upon completion of the Business Combination, each of Jason Vedadi and Steve White will have employment positions with the Resulting Issuer.

See "*The Business Combination — Harvest Shareholder Voting Support Agreements*".

The Business Combination Agreement

The description of the Business Combination Agreement, both below and elsewhere in this Circular, is a summary only, is not exhaustive and is qualified in its entirety by reference to the terms of the Business Combination Agreement, which is incorporated by reference herein and may be found under Harvest's profile on SEDAR at www.sedar.com.

Effective Date and Conditions of Business Combination

If the Harvest Arrangement Resolution is passed, the Final Order of the Court is obtained approving the Arrangement and all other conditions to the Arrangement becoming effective are satisfied or waived, the Arrangement will become effective on the Effective Date at the Effective Time.

Representations and Warranties

The Business Combination Agreement contains customary representations and warranties made by Harvest to Verano, Parentco and Newco. Those representations and warranties were made solely for purposes of the Business Combination Agreement and may be subject to important qualifications, limitations and exceptions agreed to by the parties in connection with negotiating its terms. In particular, some of the representations and warranties are subject to a contractual standard of materiality or material adverse effect different from that generally applicable to public disclosure to Harvest Shareholders, or are used for the purpose of allocating risk between the parties to the Business Combination Agreement. For the foregoing reasons, you should not rely on the representations and warranties contained in the Business Combination Agreement as statements of factual information at the time they were made or otherwise.

Harvest has provided representations and warranties to Verano, Newco and Parentco that include the following: organization, qualification and authorization of Harvest; absence of conflicts; required consents; required votes of Harvest shareholders; governmental approvals and consents; brokerage and finder's fees payable; legal proceedings; governmental orders; tax matters; public filings; capitalization; Harvest's Subsidiaries; financial statements; undisclosed liabilities; absence of certain changes, events and conditions; inventory; accounts receivable; insurance; compliance with laws; environmental matters; title to assets; real property; intellectual property; related party transactions; books and records; and, anti-money laundering and corrupt practices legislation.

Parentco has provided representations and warranties to the other Parties that include the following: organization and qualification of Parentco and Merger Sub; authority of Parentco and Merger Sub relative to the Business Combination Agreement; business of Parentco; capitalization of Parentco and Merger Sub; Parentco shareholder approval; and issuances of Parentco shares.

Newco has provided representations and warranties to the other Parties that include the following: organization and qualification; authority relative to the Business Combination Agreement; business of Newco; and capitalization of Newco.

Verano has provided representations and warranties to the other Parties that include the following: organization and qualification; authorization of Verano relative to the Business Combination Agreement; organization of Verano's

Subsidiaries; capitalization of Verano and its Subsidiaries; Subsidiaries; absence of conflicts; required consents; financial statements; undisclosed liabilities; absence of certain changes, events and conditions; material contracts; title to assets; real property; condition and sufficiency of assets; intellectual property; inventory; accounts receivable; insurance; legal proceedings; governmental orders; compliance with laws; environmental matters; employee benefit matters; employment matters; taxes; related party transactions; brokerage and finder's fees payable; books and records; information in the Harvest circular; anti-money laundering and corrupt practices legislation; and. matters relating to acquisition targets.

The representations and warranties of the parties contained in the Business Combination Agreement shall survive the completion of the Business Combination for a period of 12 months, subject to certain exceptions.

Conditions to the Business Combination Becoming Effective

The obligations of the Parties to consummate the Transactions is subject to certain conditions which must have been satisfied or waived, which conditions are summarized below.

Mutual Conditions

In order for the Transactions to become effective, certain conditions must have been satisfied or waived, at or before the Closing including but not limited to:

(a) the Parentco Arrangement Resolution shall have been approved and adopted at the Parentco Meeting in accordance with the Interim Order and the Business Combination Agreement;

(b) the Harvest Arrangement Resolution shall have been approved and adopted at the Meeting in accordance with the Interim Order and the Business Combination Agreement;

(c) the Resulting Issuer Equity Incentive Plan shall have been approved and adopted at the Parentco Meeting and at the Meeting;

(d) the Interim Order and the Final Order shall have each been obtained on terms consistent with the Business Combination Agreement, and shall not have been set aside or modified, on appeal or otherwise, in a manner unacceptable to any of Harvest or Verano, each acting reasonably;

(e) no Governmental Entity shall have enacted, issued, promulgated, enforced, entered any Governmental Order which is in effect and has the effect of making the Transactions illegal, otherwise restraining or prohibiting consummation of the Transactions or causing any of the Transactions to be rescinded or otherwise modified following completion thereof (or, where arising in connection with seeking HSR Clearance, any Governmental Entity shall have filed a proceeding seeking such a Governmental Order); but shall not include any of the foregoing which results from any act taken by Harvest after the date of the Business Combination Agreement (other than the Harvest Roll-up Exchange), including the acquisition, directly or indirectly, of any Permit from a third party;

(f) the Resulting Issuer Subordinate Voting Shares shall have been conditionally approved for listing, subject to issuance, on the CSE;

(g) the issuance of the Arrangement Consideration Shares, the Replacement Options, the Replacement Compensation Options and the Replacement RSUs shall be exempt from the prospectus requirements of Canadian Securities Laws and shall be exempt from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereof;

(h) there shall be no resale restrictions on the Arrangement Consideration Shares issued in connection with the Transactions under Canadian Securities Laws, except in respect of those holders that are

subject to restrictions on resale as a result of being a "control person" under Canadian Securities Laws;

(i) Parentco shall have delivered, in accordance with the Payment Allocation Schedule and the Plan of Arrangement, (i) to the Depositary, the Arrangement Consideration Shares to be issued pursuant to the Arrangement, other than the Escrow Shares, and (ii) to the Escrow Agent, the Escrow Shares;

(j) in accordance with Sections 8.03 and 8.04 of the Business Combination Agreement, Commercial Arrangements or dispositions shall have been entered into for all Non-Key Licenses save and except for Commercial Arrangements or dispositions which cannot be entered into prior to Closing, as set forth in Sections 8.03 and 8.04 of the Business Combination Agreement; and,

(k) the Business Combination Agreement shall not have been terminated.

The foregoing conditions are for the mutual benefit of Harvest, Verano, Newco and Parentco and may be waived by mutual consent of Harvest, Verano Newco and Parentco in writing at any time.

Harvest Conditions

The obligation of Harvest to complete the Transactions is subject to the fulfillment, or waiver by Harvest, of the following additional conditions at or before the Closing:

(a) each of the representations and warranties of Verano contained in Sections 4.01, 4.02, 4.04, 4.06, 4.07, 4.17(a), 4.19, 4.21, 4.26, 4.27, 4.28(a)(e)(k)(l)(i))(n) and (p) of the Business Combination Agreement (collectively, the "**Verano Specified Representations**") shall be true and correct in all material respects as of the Closing Date as though made at the Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case, they shall be true and correct on and as of such earlier date). The representations and warranties of Verano contained in Section 4.03 (Capitalization) and Section 4.17(b) (Cannabis Permits) of the Business Combination Agreement shall be true and correct as of the Closing Date as though made at the Closing Date. Each of the representations and warranties of Verano contained in the Business Combination Agreement (other than the Verano Specified Representations and the representations and warranties of Verano contained in Section 4.03 (Capitalization) and Section 4.17(b) (Cannabis Permits) of the Business Combination Agreement) shall be true and correct as at the Closing Date as though made at the Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case, they shall be true and correct on and as of such earlier date), except, in either case, where the failure of such representations and warranties to be so true and correct would not have a Verano Material Adverse Effect;

(b) each of the representations and warranties of Parentco contained in Article 6 of the Business Combination Agreement shall be true and correct as of the Closing Date as though made at the Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case, they shall be true and correct on and as of such earlier date);

(c) Verano shall have duly performed and complied in all material respects (and in all respects in the case of any agreements, covenants and conditions qualified by materiality or Material Adverse Effect) with all agreements, covenants and conditions required by the Business Combination Agreement to be performed or complied with by it prior to or on the Closing Date;

(d) Parentco shall have duly performed and complied in all material respects (and in all respects in the case of any agreements, covenants and conditions qualified by materiality or Material Adverse Effect) with all agreements, covenants and conditions required by the Business Combination Agreement to be performed or complied with by it prior to or on the Closing Date;

(e) all Required Regulatory Approvals and all approvals, consents and waivers that are listed in Section 10.02(e) of the Verano Disclosure Schedules shall have been received, and executed counterparts thereof shall have been delivered to Harvest at or prior to the Closing, save and except for those approvals, consents or waivers which cannot be obtained due to a change in Law or any act taken by Harvest (including any act taken prior to the date of the Business Combination Agreement) including the acquisition, directly or indirectly of any Permit from a third party;

(f) from the date of the Business Combination Agreement, there shall not have occurred any Verano Material Adverse Effect, nor shall any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, would result in a Verano Material Adverse Effect;

(g) Harvest shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of Verano, that each of the conditions set forth in Section 10.02(a) and Section 10.02(c) of the Business Combination Agreement have been satisfied;

(h) Harvest shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of Parentco, that each of the conditions set forth in Section 10.02(b) and Section 10.02(d), of the Business Combination Agreement have been satisfied;

(i) Verano and/or Parentco, as applicable, shall have delivered to Harvest each of the documents referred to in Section 2.10(c) of the Business Combination Agreement;

(j) the Verano U.S. Merger, Unit Exchange, Qualified Holdco Exchange and Qualified Pipeline Exchange shall have occurred;

(k) Transfer Consents or Commercial Arrangements for each of the Key Licenses shall have been obtained, save and except for those Transfer Consents or Commercial Arrangements which cannot be obtained as a result of the completion by Harvest of any acquisition of one or more Permits and its failure or inability to divest, transfer, or otherwise dispose of such Permit prior to the Closing Date;

(l) all Verano Equity Instruments shall have been paid off, extinguished or otherwise cancelled with no further affect or obligation to any Person, except as disclosed on any Verano Disclosure Schedule;

(m) the number of Verano Units held by Verano Unit Holders exercising or purporting to exercise Parentco Dissent Rights shall not exceed 5% of the number of Verano Units issued and outstanding on the date hereof;

(n) all securities issued in connection with the Verano U.S. Merger shall be exempt from the registration requirements of the U.S. Securities Act and all applicable state securities laws;

(o) Verano shall provide Harvest with: (i) if the Outside Date occurs 120 days or more following the 2019 fiscal year end of Verano, audited financial statements of Verano consisting of the combined statements of financial position of Verano at December 31, 2019, and the related combined statements of operations, combined statements of changes in members' equity and combined statements of cash flows of Verano for the year then ended; (ii) if the Outside Date occurs 150 or more days following the 2019 fiscal year end of Verano, the audited financial statements referred to in (i) above and unaudited financial statements of Verano for the most recently completed interim three-month period of Verano ended 60 days or more prior to the Outside Date; (iii) if the Outside Date occurs after the 2019 fiscal year end of Verano but prior to the 120th day following such fiscal year end, unaudited financial statements of Verano in respect of the interim period ended September 30, 2019; and (iv) if the Outside Date occurs prior to the 2019 fiscal year end of Verano, unaudited financial statements of Verano in respect of the most recently completed interim period ended 60 days or more prior to the Outside Date. In addition, Verano shall provide such cooperation and assistance as Harvest may reasonably require to prepare and complete a business acquisition report

in respect of the Business Combination pursuant to Part 8 of National Instrument 51-102 – Continuous Disclosure Obligations; and

(p) Verano shall have delivered consent to assignments and amendment to the Management Services Agreements and Verano Options listed in Schedule 10.02(p) of the Verano Disclosure Schedules, on such terms and conditions as reasonably approved by Harvest.

The foregoing conditions are for the sole benefit of Harvest and may be waived, in whole or in part, by Harvest in writing at any time.

Verano Conditions

The obligation of Verano to complete the Transactions is subject to the fulfillment, or waiver by Verano, of the following additional conditions at or before the Closing:

(a) each of the representations and warranties of Harvest contained in Sections 5.01, 5.07, 5.09, 5.10, 5.11, 5.12, 5.17, 5.24 and 5.25 of the Business Combination Agreement (the "**Harvest Specified Representations**") shall be true and correct in all material respects as of the Closing Date as though made on the Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case, they shall be true and correct on and as of such earlier date. Each of the representations and warranties of Harvest contained in the Business Combination Agreement (other than the Harvest Specified Representations) shall be true and correct as of the Closing Date as though made on the Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case, they shall be true and correct on and as of such earlier date), except, in either case, where the failure of such representations and warranties to be so true and correct would not have a Harvest Material Adverse Effect;

(b) each of the representations and warranties of Newco contained in Article 7 of the Business Combination Agreement shall be true and correct as of the Closing Date as though made on the Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case, they shall be true and correct on and as of such earlier date);

(c) Harvest shall have duly performed and complied with all agreements, covenants and conditions required by the Business Combination Agreement to be performed or complied with by it prior to or on the Closing Date;

(d) Newco shall have duly performed and complied with all agreements, covenants and conditions required by the Business Combination Agreement to be performed or complied with by it prior to or on the Closing Date;

(e) all Required Regulatory Approvals and all approvals, consents and waivers that are listed in Section 10.03(e) of the Harvest Disclosure Schedules shall have been received, and executed counterparts thereof shall have been delivered to Verano at or prior to the Closing, save and except for those approvals, consents or waivers which cannot be obtained due to a change in Law;

(f) Harvest and Newco, as applicable, shall have delivered to Verano and Parentco each of the documents referred to in Section 2.10(d) and Section 2.10(e) of the Business Combination Agreement;

(g) Verano shall have received a certificate, dated the Effective Date and signed by a duly authorized officer of Harvest, that each of the conditions set forth in Section 10.03(a) and Section 10.03(c) of the Business Combination Agreement have been satisfied;

(h) Verano shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of Newco, that each of the conditions set forth in Section 10.03(b) and Section 10.03(d) of the Business Combination Agreement have been satisfied; and

(i) from the date of the Business Combination Agreement, there shall not have occurred any Harvest Material Adverse Effect, nor shall any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, would result in a Harvest Material Adverse Effect.

The foregoing conditions are be for the sole benefit of Verano and may be waived by it in whole or in part at any time.

Parentco Conditions

The obligation of Parentco to complete the Transactions Combination is subject to the fulfillment, or waiver by Parentco, of each of the following conditions precedent on or before the Closing Date:

(a) each of the Harvest Specified Representations shall be true and correct in all material respects as of the Closing Date as though made on the Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case, they shall be true and correct on and as of such earlier date). Each of the representations and warranties of Harvest contained in the Business Combination Agreement (other than the Harvest Specified Representations) shall be true and correct as of the Closing Date as though made on the Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case, they shall be true and correct on and as of such earlier date), except, in either case, where the failure of such representations and warranties to be so true and correct would not a Harvest Material Adverse Effect;

(b) Harvest shall have duly performed and complied with all agreements, covenants and conditions required by the Business Combination Agreement to be performed or complied with by it prior to or on the Closing Date; and

(c) Newco shall have duly performed and complied with all agreements, covenants and conditions required by the Business Combination Agreement to be performed or complied with by it prior to or on the Closing Date.

The foregoing conditions will be for the sole benefit of Parentco and may be waived by it in whole or in part at any time.

Non-Solicitation Covenant in Favour of Verano

Under the Business Combination Agreement, except as otherwise provided in the Business Combination Agreement, Harvest and its Affiliates shall not, directly or indirectly, through any officer, director, employee, advisor, representative, agent or otherwise, and shall instruct and use commercially reasonable efforts to cause its and its Affiliates' respective representatives not to:

(a) make, solicit, assist, initiate, encourage or otherwise facilitate any inquiries, proposals or offers from any other Person (including any of its officers or employees) relating to any Harvest Acquisition Proposal, or furnish to any Person any information with respect to, or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any other Person to do or seek to do any of the foregoing;

(b) engage in any discussions or negotiations regarding, or provide any information with respect to, or otherwise co-operate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any other Person to make or complete any Harvest Acquisition Proposal, provided that, for greater certainty, Harvest may advise any Person making an unsolicited Harvest Acquisition Proposal that such Harvest Acquisition Proposal does not constitute a Harvest Superior Proposal when the Harvest Board has so determined;

(c) withdraw, modify or qualify, or propose publicly to withdraw, modify or qualify, in any manner adverse to Verano, the approval or recommendation of the Harvest Board or any committee thereof of the Business Combination Agreement or the Transactions;

(d) approve, recommend or remain neutral with respect to, or propose publicly to approve, recommend or remain neutral with respect to, any Harvest Acquisition Proposal; or

(e) accept or enter into, or publicly propose to accept or enter into, any letter of intent, agreement in principle, agreement, arrangement or undertaking related to any Harvest Acquisition Proposal;

provided, however, that nothing contained in the Business Combination Agreement shall prevent the Harvest Board from, and the Harvest Board shall be permitted to, engage in discussions or negotiations with, or respond to enquiries from any Person that has made a bona fide unsolicited written Acquisition Proposal that the Harvest Board has determined constitutes a Harvest Superior Proposal, or provide information pursuant to any such Person, in each case, where the requirements outlined in the Business Combination Agreement are met.

Harvest agreed to cease and cause to be terminated any existing discussions or negotiations with any Person (other than Verano) with respect to any potential Harvest Acquisition Proposal and, in connection therewith, Harvest agreed to discontinue access to any of its confidential information being given to any Person other than Verano. Harvest further agreed not to release any third party from any confidentiality, non-solicitation or standstill agreement to which such third party is a party, or terminate, modify, amend or waive the terms thereof and Harvest undertakes to enforce, or cause its Subsidiaries to enforce, all standstill, non-disclosure, non-disturbance, non-solicitation and similar covenants that it or any of its Subsidiaries have entered into prior to the date of the Business Combination Agreement or entered into after the date of the Business Combination Agreement.

Harvest agreed to provide notice (first, immediately orally, and then within 24 hours in writing) to Verano of any bona fide Harvest Acquisition Proposal or any proposal, inquiry or offer that could lead to a Harvest Acquisition Proposal or any amendments to the foregoing or any request for non-public information relating to Harvest or any of its Subsidiaries in connection with such a Harvest Acquisition Proposal or potential Harvest Acquisition Proposal or for access to the properties, books or records of Harvest or any Subsidiary by any Person that informs Harvest, any member of the Harvest Board or such Subsidiary that it is considering making, or has made, a Harvest Acquisition Proposal. Such notice must indicate the identity of the Person making such proposal, inquiry or contact, all material terms thereof, including price, and such other details of the proposal, inquiry or contact known to Harvest, and must include copies of any such proposal, inquiry, offer or request or any amendment to any of the foregoing.

If the Harvest Board receives a request for material non-public information from a Person who proposes to Harvest a bona fide Harvest Acquisition Proposal, or indicates a possible intent to do so, Harvest may contact the Person making the Harvest Acquisition Proposal and its representatives solely for the purpose of clarifying the terms and conditions of such Harvest Acquisition Proposal and the likelihood of its consummation so as to determine whether such Harvest Acquisition Proposal is a Harvest Superior Proposal; provided that Harvest shall promptly provide Verano with copies of all correspondence, including email and other electronic and digital communications, and information provided to or received from such Person. If: (x) the Harvest Board reasonably determines that such Harvest Acquisition Proposal constitutes a Harvest Superior Proposal; and (y) in the opinion of the Harvest Board, acting in good faith and on written advice from their outside legal advisors, the failure to provide such Person with access to information regarding Harvest and its Subsidiaries would be inconsistent with the fiduciary duties of the Harvest Board, then, and only in such case, Harvest may provide such Person with access to information regarding Harvest and its Subsidiaries, subject to the execution of a confidentiality agreement which is customary in such situations and which, in any event and taken as a whole, is no less favourable to Harvest than the Confidentiality Agreement; provided that Harvest sends a copy of any such confidentiality agreement to Verano promptly upon its execution and Verano is provided with a list of, and, at the request of Verano, copies of, the information provided to such Person and immediately provided with access to similar information to which such Person was provided.

Harvest agreed that it will not accept, approve or enter into any agreement (a "**Harvest Proposed Agreement**"), other than a confidentiality agreement as contemplated by Section 8.22(d) of the Business Combination Agreement, with any Person providing for or to facilitate any Harvest Acquisition Proposal unless:

(a) the Harvest Board reasonably determines, after consultation with its outside legal counsel and financial advisors, that the Harvest Acquisition Proposal constitutes a Harvest Superior Proposal;

(b) the Harvest Board determines in good faith after consultation with outside legal counsel and financial advisors that the failure to take action with respect to such Harvest Superior Proposal would be inconsistent with its fiduciary duties under applicable Law;

(c) the Meeting has not occurred;

(d) Harvest has complied with the relevant sections of the Business Combination Agreement;

(e) Harvest has provided Verano with a notice in writing that there is a Harvest Superior Proposal together with all documentation related to and detailing the Harvest Superior Proposal, including a copy of any Harvest Proposed Agreement relating to such Harvest Superior Proposal, and a written notice from the Harvest Board regarding the value in financial terms that the Harvest Board has, in consultation with its financial advisors, reasonably determined should be ascribed to any non-cash consideration offered under the Harvest Superior Proposal, such documents to be so provided to Verano not less than five (5) Business Days prior to the proposed acceptance, approval, recommendation or execution of the Harvest Proposed Agreement by Harvest;

(f) five (5) Business Days shall have elapsed from the date Verano received from Harvest the notice and documentation and, if Verano has proposed to amend the terms of the Business Combination, the Harvest Board shall have reasonably determined, in good faith, after consultation with its financial advisors and outside legal counsel, that the Harvest Acquisition Proposal is a Harvest Superior Proposal compared to the proposed amendment to the terms of the Business Combination by Verano;

(g) Harvest concurrently terminates the Business Combination Agreement in accordance with the relevant terms thereof; and

(h) Harvest has previously, or concurrently will have, paid to Verano (or as directed by Verano) the Termination Fee in accordance with the terms hereof;

and Harvest further agreed that it will not withdraw, modify or qualify (or propose to withdraw, modify or qualify) in any manner adverse to Verano the approval or recommendation of the Harvest Arrangement Resolution, nor accept, approve or recommend any Harvest Acquisition Proposal unless the above requirements have been satisfied.

Harvest acknowledges and has agreed that, during the five (5) Business Day periods or such longer period as Harvest may approve for such purpose, Verano shall have the opportunity, but not the obligation, to propose to amend the terms of the Business Combination Agreement and the Business Combination and Harvest shall co-operate with Verano with respect thereto, including negotiating in good faith with Verano to enable Verano to make such adjustments to the terms and conditions of the Business Combination Agreement and the Business Combination as Verano deems appropriate in its sole discretion and as would enable Verano to proceed with the Business Combination and any related transactions on such adjusted terms. The Harvest Board will review promptly, diligently and in good faith any proposal by Verano to amend the terms of the Business Combination in order to reasonably determine, in good faith in the exercise of its fiduciary duties, whether Verano's proposal to amend the Business Combination would result in the Harvest Acquisition Proposal not being a Harvest Superior Proposal compared to the proposed amendment to the terms of the Business Combination.

The Harvest Board shall promptly reaffirm and communicate its recommendation of the Harvest Arrangement Resolution by press release after: (a) any Harvest Acquisition Proposal which the Harvest Board reasonably determines not to be a Harvest Superior Proposal is publicly announced or made; or (b) the Harvest Board reasonably determines that a proposed amendment to the terms of the Business Combination would result in the Harvest Acquisition Proposal which has been publicly announced or made not being a Harvest Superior Proposal, and Verano has so amended the terms of the Business Combination. Verano and its counsel shall be given a reasonable opportunity

to review and comment on the form and content of any such press release, recognizing that whether or not such comments are required by applicable Laws or the fiduciary duties of the Harvest Board, the form and content of such press release will be determined by Harvest, acting reasonably and upon the advice of outside legal counsel.

Nothing in the Business Combination Agreement shall prevent the Harvest Board from complying with its disclosure obligations under applicable Law. Further, nothing in the Business Combination Agreement shall prevent the Harvest Board from making any disclosure to Harvest Shareholders to the extent the Harvest Board, acting in good faith and upon the written advice of its legal advisors, shall have first determined that the failure to make such disclosure would be inconsistent with the fiduciary duties of the Harvest Board or such disclosure is otherwise required under applicable Law, provided, however, that, notwithstanding the Harvest Board shall be permitted to make such disclosure, the Harvest Board shall not be permitted to make a Harvest Change in Recommendation, other than as permitted by the Business Combination Agreement. Verano and its counsel shall be given a reasonable opportunity to review and comment on the form and content of any such disclosure, recognizing that whether or not such comments are required by applicable Laws or the fiduciary duties of the Harvest Board will be determined by Harvest, acting reasonably and upon the advice of outside legal counsel.

Harvest acknowledged and agreed that each successive modification of any Harvest Acquisition Proposal shall constitute a new Harvest Acquisition Proposal for the purposes of the Business Combination Agreement.

Harvest agreed to ensure that the officers, directors and employees of Harvest and its Subsidiaries and any investment bankers or other advisors or representatives retained by Harvest and/or its Subsidiaries in connection with the transactions contemplated by the Business Combination Agreement are aware of the provisions of the Business Combination Agreement, and Harvest shall be responsible for any action or inaction that would constitute a breach of the Business Combination Agreement by such officers, directors, employees, investment bankers, advisors or representatives as if such Persons or entities were direct Parties thereto.

If Harvest provides Verano with the notice of a Harvest Acquisition Proposal contemplated in the Business Combination Agreement on a date that is less than seven (7) calendar days prior to the Meeting, Harvest shall adjourn the Meeting to a date that is not less than seven (7) calendar days and not more than ten (10) calendar days after the date of such notice, provided, however, that the Meeting shall not be adjourned or postponed to a date later than the seventh (7th) Business Day prior to the Outside Date.

Non-Solicitation Covenant in Favour of Harvest

Under the Business Combination Agreement, except as otherwise provided in the Business Combination Agreement, Verano and its Affiliates shall not, directly or indirectly, through any officer, director, employee, advisor, representative, agent or otherwise, and shall instruct and use commercially reasonable efforts to cause its and its Affiliates' respective representatives not to:

(a) make, solicit, assist, initiate, encourage or otherwise facilitate any inquiries, proposals or offers from any other Person (including any of its officers or employees) relating to any Verano Acquisition Proposal, or furnish to any Person any information with respect to, or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any other Person to do or seek to do any of the foregoing;

(b) engage in any discussions or negotiations regarding, or provide any information with respect to, or otherwise co-operate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any other Person to make or complete any Verano Acquisition Proposal, provided that, for greater certainty, the Company may advise any Person making an unsolicited Verano Acquisition Proposal that such Verano Acquisition Proposal does not constitute a Verano Superior Proposal when the Verano Board has so determined;

(c) withdraw, modify or qualify, or propose publicly to withdraw, modify or qualify, in any manner adverse to Harvest, the approval or recommendation of the Verano Board or any committee thereof of the Business Combination Agreement or the Transactions;

(d) approve, recommend or remain neutral with respect to, or propose publicly to approve, recommend or remain neutral with respect to, any Verano Acquisition Proposal; or

(e) accept or enter into, or publicly propose to accept or enter into, any letter of intent, agreement in principle, agreement, arrangement or undertaking related to any Verano Acquisition Proposal;

provided, however, that nothing contained in the Business Combination Agreement shall prevent the Verano Board from, and the Verano Board shall be permitted, prior to the Parentco Meeting, to engage in discussions or negotiations with, or respond to enquiries from any Person that has made a bona fide unsolicited written Verano Acquisition Proposal that did not result from a breach of Section 8.21 of the Business Combination Agreement that the Verano Board has determined constitutes a Verano Superior Proposal, or provide information pursuant to Section 8.21(d) of the Business Combination Agreement to any such Person, in each case, where the requirements of Section 8.21(d) of the Business Combination Agreement are met

Verano agreed to cease and cause to be terminated any existing discussions or negotiations with any Person (other than Harvest) with respect to any potential Verano Acquisition Proposal and, in connection therewith, Harvest agreed to discontinue access to any of its confidential information being given to any Person other than Harvest. Verano further agreed not to release any third party from any confidentiality, non-solicitation or standstill agreement to which such third party is a party, or terminate, modify, amend or waive the terms thereof and Verano undertakes to enforce, or cause its Subsidiaries to enforce, all standstill, non-disclosure, non-disturbance, non-solicitation and similar covenants that it or any of its Subsidiaries have entered into prior to the date of the Business Combination Agreement or enter into after the date of the Business Combination Agreement.

Verano agreed to provide notice (first, immediately orally, and then within 24 hours in writing) to Harvest of any bona fide Verano Acquisition Proposal or any proposal, inquiry or offer that could lead to an Verano Acquisition Proposal or any amendments to the foregoing or any request for non-public information relating to Verano or any of its Subsidiaries in connection with such an Verano Acquisition Proposal or potential Verano Acquisition Proposal or for access to the properties, books or records of Verano or any Subsidiary by any Person that informs Verano, any member of the Verano Board or such Subsidiary that it is considering making, or has made, a Verano Acquisition Proposal. Such notice must indicate the identity of the Person making such proposal, inquiry or contact, all material terms thereof, including price, and such other details of the proposal, inquiry or contact known to Verano, and must include copies of any such proposal, inquiry, offer or request or any amendment to any of the foregoing.

If the Verano Board receives a request for material non-public information from a Person who proposes to Verano a bona fide Verano Acquisition Proposal, or indicates a possible intent to do so, Verano may contact the Person making the Verano Acquisition Proposal and its representatives solely for the purpose of clarifying the terms and conditions of such Verano Acquisition Proposal and the likelihood of its consummation so as to determine whether such Verano Acquisition Proposal is a Verano Superior Proposal; provided that Verano shall promptly provide Harvest with copies of all correspondence, including email and other electronic and digital communications, and information provided to or received from such Person. If: (x) the Verano Board reasonably determines that such Verano Acquisition Proposal constitutes a Verano Superior Proposal; and (y) in the opinion of the Verano Board, acting in good faith and on written advice from their outside legal advisors, the failure to provide such Person with access to information regarding Verano and its Subsidiaries would be inconsistent with the fiduciary duties of the Verano Board, then, and only in such case, Verano may provide such Person with access to information regarding Verano and its Subsidiaries, subject to the execution of a confidentiality agreement which is customary in such situations and which, in any event and taken as a whole, is no less favourable to Verano than the Confidentiality Agreement; provided that Verano sends a copy of any such confidentiality agreement to Harvest promptly upon its execution and Harvest is provided with a list of, and, at the request of Harvest, copies of, the information provided to such Person and immediately provided with access to similar information to which such Person was provided.

Verano agreed that it will not accept, approve or enter into any agreement (a "**Verano Proposed Agreement**"), other than a confidentiality agreement as contemplated by Section 8.21(d) of the Business Combination Agreement, with any Person providing for or to facilitate any Verano Acquisition Proposal unless:

(a) the Verano Board reasonably determines, after consultation with its outside legal counsel and financial advisors, that the Verano Acquisition Proposal constitutes a Verano Superior Proposal;

(b) the Verano Board determines in good faith after consultation with outside legal counsel and financial advisors that the failure to take action with respect to such Verano Superior Proposal would be inconsistent with its fiduciary duties under applicable Law;

(c) the Parentco Meeting has not occurred;

(d) Verano has complied with the relevant sections of the Business Combination Agreement;

(e) Verano has provided Harvest with a notice in writing that there is a Verano Superior Proposal together with all documentation related to and detailing the Verano Superior Proposal, including a copy of any Verano Proposed Agreement relating to such Verano Superior Proposal, and a written notice from the Verano Board regarding the value in financial terms that the Verano Board has, in consultation with its financial advisors, reasonably determined should be ascribed to any non-cash consideration offered under the Verano Superior Proposal, such documents to be so provided to Verano not less than five (5) Business Days prior to the proposed acceptance, approval, recommendation or execution of the Verano Proposed Agreement by Verano;

(f) five (5) Business Days shall have elapsed from the date Harvest received from Verano the notice and documentation and, if Harvest has proposed to amend the terms of the Business Combination, the Verano Board shall have reasonably determined, in good faith, after consultation with its financial advisors and outside legal counsel, that the Verano Acquisition Proposal is a Verano Superior Proposal compared to the proposed amendment to the terms of the Business Combination by Harvest;

(g) Verano concurrently terminates the Business Combination Agreement in accordance with the relevant terms thereof; and

(h) Verano has previously, or concurrently will have, paid to Harvest (or as directed by Harvest) the Termination Fee in accordance with the terms hereof;

and Verano further agreed that it will not withdraw, modify or qualify (or propose to withdraw, modify or qualify) in any manner adverse to Harvest the approval or recommendation of the Transactions, nor accept, approve or recommend any Verano Acquisition Proposal unless the above requirements have been satisfied.

Verano acknowledges and has agreed that, during the five (5) Business Day periods or such longer period as Verano may approve for such purpose, Harvest shall have the opportunity, but not the obligation, to propose to amend the terms of the Business Combination Agreement and the Business Combination and Verano shall co-operate with Harvest with respect thereto, including negotiating in good faith with Harvest to enable Harvest to make such adjustments to the terms and conditions of the Business Combination Agreement and the Business Combination as Harvest deems appropriate in its sole discretion and as would enable Harvest to proceed with the Business Combination and any related transactions on such adjusted terms. The Verano Board will review promptly, diligently and in good faith any proposal by Harvest to amend the terms of the Business Combination in order to reasonably determine, in good faith in the exercise of its fiduciary duties, whether Harvest's proposal to amend the Business Combination would result in the Verano Acquisition Proposal not being a Verano Superior Proposal compared to the proposed amendment to the terms of the Business Combination.

The Verano Board shall promptly reaffirm and communicate its recommendation of the Transactions by press release after: (a) any Verano Acquisition Proposal which the Verano Board reasonably determines not to be a Verano Superior Proposal is publicly announced or made; or (b) the Verano Board reasonably determines that a proposed amendment to the terms of the Business Combination would result in the Verano Acquisition Proposal which has been publicly announced or made not being a Verano Superior Proposal, and Harvest has so amended the terms of the Business Combination. Harvest and its counsel shall be given a reasonable opportunity to review and comment on the form and content of any such press release, recognizing that whether or not such comments are required by applicable Laws or the fiduciary duties of the Verano Board, the form and content of such press release will be determined by Verano, acting reasonably and upon the advice of outside legal counsel.

Nothing in the Business Combination Agreement shall prevent the Verano Board from complying with its disclosure obligations under applicable Law. Further, nothing in the Business Combination Agreement shall prevent the Verano Board from making any disclosure to Verano Unit Holders to the extent the Verano Board, acting in good faith and upon the written advice of its legal advisors, shall have first determined that the failure to make such disclosure would be inconsistent with the fiduciary duties of the Verano Board or such disclosure is otherwise required under applicable Law, provided, however, that, notwithstanding the Verano Board shall be permitted to make such disclosure, the Verano Board shall not be permitted to make a Verano Change in Recommendation, other than as permitted by the Business Combination Agreement. Harvest and its counsel shall be given a reasonable opportunity to review and comment on the form and content of any such disclosure, recognizing that whether or not such comments are required by applicable Laws or the fiduciary duties of the Verano Board will be determined by Verano, acting reasonably and upon the advice of outside legal counsel.

Verano acknowledged and agreed that each successive modification of any Verano Acquisition Proposal shall constitute a new Verano Acquisition Proposal for the purposes of the Business Combination Agreement.

Verano agreed to ensure that the officers, directors and employees of Verano and its Subsidiaries and any investment bankers or other advisors or representatives retained by Verano and/or its Subsidiaries in connection with the transactions contemplated by the Business Combination Agreement are aware of the provisions of the Business Combination Agreement, and Verano shall be responsible for any action or inaction that would constitute a breach of the Business Combination Agreement by such officers, directors, employees, investment bankers, advisors or representatives as if such Persons or entities were direct Parties thereto.

If Verano provides Harvest with the notice of a Verano Acquisition Proposal contemplated in the Business Combination Agreement on a date that is less than seven (7) calendar days prior to the Parentco Meeting, the Parentco Meeting shall be adjourned to a date that is not less than seven (7) calendar days and not more than ten (10) calendar days after the date of such notice, provided, however, that the Parentco Meeting shall not be adjourned or postponed to a date later than the seventh (7th) Business Day prior to the Outside Date.

Indemnification

For a period of twelve (12) months after the Closing Date, and subject to the other terms and conditions of the Business Combination Agreement, each of the Verano Unit Holders and the Qualified Holdco Shareholders who receive Arrangement Consideration Shares pursuant to the Arrangement jointly shall indemnify and defend each of the Resulting Issuer and its affiliates and their respective representatives against and hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all losses incurred, sustained by or imposed upon them based upon, arising out of, with respect to or by reason of: (i) any inaccuracies in or breach of the representations and warranties of the Business Combination Agreement and certain other documents; (ii) breach or non-fulfillment of covenants or obligations to be performed by Verano or Parentco under the Business Combination Agreement; or, (iii) any claim against Verano or any subsidiary of Verano, or affecting any of their respective property or assets (whether owned or leased), at law or in equity, that arise out of or are based on any event, fact, condition or change that occurred or was in existence prior to the Closing Date, that has been judicially determined by final non-appealable order issued by a court of competent jurisdiction and such award or judgment individually or in the aggregate is in excess of $5,000,000.

For a period of twelve (12) months after the Closing Date, and subject to the other terms and conditions of the Business Combination Agreement, Harvest and the Resulting Issuer jointly shall indemnify and defend each Verano Unit Holder, Qualified Holdco Shareholder and/or Qualified Pipeline Equity Holder who receives Arrangement Consideration Shares and their affiliates and respective representatives against and hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all losses incurred, sustained by or imposed upon them based upon, arising out of: (i) any inaccuracies in or breach of the representations and warranties of the Business Combination Agreement and certain other documents; or, (ii) breach or non-fulfillment of covenants or obligations to be performed by Harvest or Newco under the Business Combination Agreement

The Business Combination Agreement also provides for certain other terms and conditions relating to the reliance on the indemnification provisions contained in the Business Combination Agreement.

Termination

The Business Combination Agreement may be terminated at any time prior to the Closing (notwithstanding the Parentco Shareholder Approval, the Harvest Shareholder approval, and/or approval by the Court, as applicable):

(a) by the mutual written consent of Verano and Harvest;

(b) by Harvest by written notice to Parentco and Verano, if Harvest is not then in material breach of any provision of the Business Combination Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Verano pursuant to the Business Combination Agreement that would give rise to the failure of any of the conditions specified in Article 10 of the Business Combination Agreement and such breach, inaccuracy or failure has not been cured by Verano within ten (10) days of Verano's receipt of written notice of such breach from Parentco or Harvest;

(c) by Verano by written notice to Parentco and Harvest, if Verano is not then in material breach of any provision of the Business Combination Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Harvest pursuant to the Business Combination Agreement that would give rise to the failure of any of the conditions specified in Article 10 of the Business Combination Agreement and such breach, inaccuracy or failure has not been cured by Harvest within ten (10) days of receipt of written notice of such breach from Verano;

(d) by any of Parentco, Harvest or Verano in the event that (i) there shall be any Law that makes consummation of the Transactions illegal or otherwise prohibited or (ii) any Governmental Entity shall have issued a Governmental Order restraining or enjoining the Transactions, and such Governmental Order shall have become final and non-appealable, other than as a result of any act taken by Harvest or any change in Law;

(e) by Harvest if holders of more than 5% of the Unit Exchange Shares have exercised Parentco Dissent Rights;

(f) by Verano or Harvest if:

(i) prior to the Effective Time: (1) the Verano Board fails to recommend or withdraws, amends, modifies or qualifies, in a manner adverse to Harvest, or fails to publicly reaffirm its recommendation of the Transactions within three (3) calendar days (and in any case prior to the Parentco Meeting) after having been requested in writing by Harvest, to do so (a "**Verano Change in Recommendation**"); or (2) the Verano Board shall have approved or recommended any Verano Acquisition Proposal; or

(ii) Harvest has been notified in writing by Verano that the Verano Board has authorized Verano to enter into a Verano Proposed Agreement in accordance with Section 8.21(e) of the Business Combination Agreement, and either: (A) Harvest does not deliver an amended Transactions proposal within five (5) Business Days of delivery of the Verano Proposed Agreement to Harvest; or (B) Harvest delivers an amended Transactions proposal pursuant to Section 8.21(f) of the Business Combination Agreement but the Verano Board determines following the conclusion of such five (5) Business Day period, acting in good faith and in the proper discharge of its fiduciary duties following advice of outside legal counsel and financial advisors, that the Verano Acquisition Proposal provided in the Verano Proposed Agreement continues to be a Verano Superior Proposal in comparison to the amended Transactions terms offered by Harvest;

provided that no termination pursuant to the foregoing provisions of the Business Combination Agreement shall be effective unless and until Verano shall have paid to Harvest the Termination Fee by wire transfer of immediately available funds;

(g) by Verano or Harvest if:

(i) prior to the Effective Time: (1) the Harvest Board fails to recommend or withdraws, amends, modifies or qualifies, in a manner adverse to Verano, or fails to publicly reaffirm its recommendation of the Business Combination within three (3) calendar days (and in any case prior to the Meeting) after having been requested in writing by Verano, to do so (a "**Harvest Change in Recommendation**"); or (2) the Harvest Board shall have approved or recommended any Harvest Acquisition Proposal; or

(ii) Verano has been notified in writing by Harvest that the Harvest Board has authorized Harvest to enter into a Harvest Proposed Agreement in accordance with Section 8.22(e) of the Business Combination Agreement, and either: (A) Verano does not deliver an amended Transactions proposal within five (5) Business Days of delivery of the Harvest Proposed Agreement to Verano; or (B) Verano delivers an amended Transactions proposal pursuant to Section 8.22(f) of the Business Combination Agreement but the Harvest Board determines following the conclusion of such five (5) Business Day period, acting in good faith and in the proper discharge of its fiduciary duties following advice of outside legal counsel and financial advisors, that the Harvest Acquisition Proposal provided in the Harvest Proposed Agreement continues to be a Harvest Superior Proposal in comparison to the amended Transactions terms offered by Verano;

provided that no termination under the foregoing provisions of the Business Combination Agreement shall be effective unless and until Harvest shall have paid to Verano the Termination Fee by wire transfer of immediately available funds;

(h) by Verano or Harvest if the Parentco Arrangement Resolution is not approved or adopted at the Parentco Meeting in accordance with the Interim Order and the Business Combination Agreement, in which case Verano shall concurrently pay to Harvest the Termination Fee by wire transfer of immediately available funds

(i) by Verano or Harvest if the Harvest Arrangement Resolution is not approved or adopted at the Meeting in accordance with the Interim Order and the Business Combination Agreement, in which case Harvest shall concurrently pay to Verano the Termination Fee by wire transfer of immediately available funds; or

(j) if the Arrangement has not been consummated on or before the Outside Date; provided, however, that the right to terminate the Business Combination Agreement shall in that case not be available to any Party whose breach of any representation, warranty, covenant, or agreement set forth in the Business Combination Agreement has been the primary cause of, or resulted in, the failure of the Arrangement to be consummated on or before the such specified date.

If either Verano or Harvest wish to terminate the Business Combination Agreement pursuant to the terms of the Business Combination Agreement, it shall give notice of such termination to the other party, specifying in reasonable detail the basis for the exercise of its termination right.

DISSENT RIGHTS OF HARVEST SHAREHOLDERS

Registered Harvest Shareholders who wish to dissent should take note that strict compliance with the dissent procedures under the BCBCA is required.

Dissenting to the Harvest Arrangement Resolution

The following description of the Harvest Dissent Rights is not a comprehensive statement of the procedures to be followed by a Harvest Dissenting Shareholder who seeks payment of the fair value of its Harvest Shares and is qualified in its entirety by the reference to the full text of Sections 237 to 247 of the BCBCA, which is attached to this Circular as Appendix "G", as modified by the Plan of Arrangement, which is attached to this Circular as Appendix "C", the Interim Order, which is attached to this Circular as Appendix "E", and the Final Order. A Harvest Dissenting Shareholder who intends to exercise Harvest Dissent Rights should carefully consider and comply with the provisions of Sections 237 to 247 of the BCBCA, as modified by the Plan of Arrangement, the Interim Order and the Final Order.

The statutory provisions dealing with the right of dissent are technical and complex. Any Harvest Dissenting Shareholder should seek independent legal advice, as failure to comply strictly with the provisions of Sections 237 to 247 of the BCBCA, as modified by the Plan of Arrangement, the Interim Order and the Final Order, may result in the loss of all Harvest Dissent Rights.

The Court hearing the application for the Final Order has the discretion to alter the Harvest Dissent Rights described herein based on the evidence presented at such hearing.

Pursuant to the Interim Order and the Plan of Arrangement, each Registered Harvest Shareholder may exercise Harvest Dissent Rights under Sections 238 to 247 of the BCBCA as modified by the Plan of Arrangement, the Interim Order, and the Final Order, in respect of the Harvest Arrangement Resolution. Each Harvest Dissenting Shareholder is entitled to be paid the fair value (determined as of the close of business on the last Business Day before the Harvest Arrangement Resolution is adopted at the Meeting) of all, but not less than all, of the holder's Harvest Shares, provided that the holder duly dissents to the Harvest Arrangement Resolution in accordance with the Harvest Dissent Rights.

A Non-Registered Holder who wishes to dissent with respect to its Harvest Shares should be aware that only Registered Harvest Shareholders are entitled to exercise Harvest Dissent Rights. A Registered Harvest Shareholder such as an intermediary who holds Harvest Shares as nominee for Non-Registered Holders, some of whom wish to dissent, shall exercise Harvest Dissent Rights on behalf of such Non-Registered Holders with respect to the Harvest Shares held for such Non-Registered Holders.

Notwithstanding Section 242(1)(a) of the BCBCA, the written Notice of Dissent to the Harvest Arrangement Resolution must be received from Harvest Shareholders who wish to dissent by Harvest at Attn: David Gruber, 666 Burrard Street, Suite 2500, Vancouver, British Columbia, Canada V6C 2X8, not later than 5:00 p.m. (Vancouver time) two Business Days immediately preceding the date of the Meeting (as it may be adjourned or postponed from time to time). Any failure by a Harvest Shareholder to fully comply may result in the loss of that holder's Harvest Dissent Rights. Non-Registered Holders who wish to exercise Harvest Dissent Rights must arrange for the Registered Harvest Shareholder holding their Harvest Shares to deliver such Notice of Dissent.

To exercise Harvest Dissent Rights, a Harvest Shareholder must dissent with respect to all Harvest Shares of which it is the beneficial owner. A Registered Harvest Shareholder who wishes to dissent must deliver the Notice of Dissent to Harvest as set forth above and such Notice of Dissent must strictly comply with the requirements of Section 242 of the BCBCA. Any failure by a Harvest Shareholder to fully comply with the provisions of the BCBCA, as modified by the Plan of Arrangement, the Interim Order and the Final Order, may result in the loss of that holder's Harvest Dissent Rights.

To exercise Harvest Dissent Rights, a Registered Harvest Shareholder must prepare a separate Notice of Dissent for him, her or itself, if dissenting on his, her or its own behalf, and one for each other beneficial Harvest Shareholder who beneficially owns Harvest Shares registered in such Registered Harvest Shareholder's name and on whose behalf such Registered Harvest Shareholder intends to exercise rights to dissent; and, if dissenting on its own behalf, must dissent with respect to all of the Harvest Shares registered in his, her or its name or if dissenting on behalf of a beneficial Harvest Shareholder, with respect to all of the Harvest Shares registered in his, her or its name and beneficially owned by such beneficial Harvest Shareholder. The Notice of Dissent must set out the number, and the class and series, as applicable, of Harvest Shares in respect of which the Harvest Dissent Rights are being exercised (the "**Notice Shares**") and: (a) if such Notice Shares constitute all of the Harvest Shares of which the Harvest Shareholder is the registered and beneficial owner and the Harvest Shareholder owns no other Harvest Shares

beneficially, a statement to that effect; (b) if such Notice Shares constitute all of the Harvest Shares of which the Harvest Shareholder is both the registered and beneficial owner, but the Harvest Shareholder owns additional Harvest Shares beneficially, a statement to that effect and the names of the Registered Harvest Shareholders of those other Harvest Shares, the number of Harvest Shares held by each such Registered Harvest Shareholder and a statement that written notices of dissent are being or have been sent with respect to such other Harvest Shares; and (c) if the Harvest Dissent Rights are being exercised by a Registered Harvest Shareholder who is not the beneficial owner of such Notice Shares, a statement to that effect and the name and address of the beneficial Harvest Shareholder and a statement that the Registered Harvest Shareholder is dissenting with respect to all Harvest Shares of the beneficial Harvest Shareholder registered in such Registered Harvest Shareholder's name.

If the Harvest Arrangement Resolution is approved, and Harvest notifies a Registered Harvest Shareholder of Harvest's intention to act upon the authority of the Harvest Arrangement Resolution pursuant to Section 243 of the BCBCA, in order to exercise Harvest Dissent Rights such Harvest Shareholder must, if such Harvest Shareholder wishes to proceed with the dissent, within one month after the date of such notice, send to Harvest or its transfer agent a written statement that such holder requires Harvest to purchase of all of the Notice Shares. Such written statement must be accompanied by the certificate(s) or DRS Statement(s) representing such Notice Shares, and, if the dissent is being exercised by the Harvest Shareholder on behalf of a beneficial Harvest Shareholder who is not such Registered Harvest Shareholder, a written statement that: (i) is signed by the beneficial Harvest Shareholder on whose behalf dissent is being exercised; and (ii) sets out whether or not the such beneficial Harvest Shareholders is the beneficial owner of other Harvest Shares and, if so, sets out: (A) the names of the registered owners of those other shares, (B) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and (C) that dissent is being exercised in respect of all of those other shares, all in accordance with Section 244 of the BCBCA.

Subsequently, subject to the provisions of the BCBCA relating to the termination of Harvest Dissent Rights, the Harvest Shareholder becomes a Harvest Dissenting Shareholder, and is deemed to have sold and Harvest is deemed to have purchased the Notice Shares. Such Harvest Dissenting Shareholder may not vote, or exercise or assert any rights of a Harvest Shareholder in respect of such Notice Shares, other than the rights set forth in Division 2 of Part 8 of the BCBCA, as modified by the Plan of Arrangement, the Interim Order and the Final Order.

Harvest Dissenting Shareholders who duly exercise Harvest Dissent Rights and who are ultimately:

(a) determined to be entitled to be paid fair value for their Notice Shares by Harvest (which fair value, notwithstanding anything to the contrary contained in the BCBCA, shall be determined as of the close of business on the day before the Effective Date), shall be deemed to have irrevocably transferred such Notice Shares to Harvest in exchange for the right to be paid fair value for such Notice Shares, for cancellation immediately prior to the Effective Time by Harvest and Harvest shall thereupon be obligated to pay the amount therefore determined to be the fair value of such Notice Shares from an escrow fund established for such purpose; or

(b) not entitled to be paid fair value for their Notice Shares by Harvest, for any reason, shall be deemed to have participated in the Arrangement on the same basis as a registered holder of a Harvest Share that has not exercised the Harvest Dissent Rights.

In no circumstances shall the Resulting Issuer, Parentco, Harvest, or any other person be required to recognize such Harvest Dissenting Shareholders as Harvest Shareholders after cancellation of the Notice Shares, which cancellation is to occur at the Effective Time, and each such Person who has exercised Harvest Dissent Rights will cease to be entitled to the rights of the registered holders of Harvest Shares in respect of the Notice Shares and the central securities registers of Harvest will be amended to reflect that such former holder is no longer the holder of such Notice Shares as and from the Effective Time.

The delivery of a Notice of Dissent, as discussed above, does not deprive a Dissenting Shareholder of the right to vote at the Meeting on the Harvest Arrangement Resolution; however, a Harvest Dissenting Shareholder is not entitled to exercise the Harvest Dissent Rights with respect to any of his, her or its Harvest Shares if the Harvest Dissenting Shareholder votes in favour of the Harvest Arrangement Resolution. A vote against the Harvest Arrangement Resolution, whether in person or by proxy, does not constitute a Notice of Dissent.

A Harvest Dissenting Shareholder and Harvest may agree on the payout value of the Notice Shares; otherwise, either party may apply to the Court to determine the fair value of the Notice Shares or apply for an order that value be established by arbitration or by reference to the registrar or a referee of the Court. After a determination of the payout value of the Notice Shares, Harvest must then promptly pay that amount to the Harvest Dissenting Shareholder.

Harvest Dissent Rights with respect to Notice Shares will terminate and cease to apply to the Harvest Dissenting Shareholder if, before full payment is made for the Notice Shares, the Arrangement in respect of which the Notice of Dissent was sent is abandoned or by its terms will not proceed, a court permanently enjoins or sets aside the corporate action approved by the Harvest Arrangement Resolution, or the Harvest Dissenting Shareholder withdraws the Notice of Dissent with Harvest's written consent. If any of these events occur, Harvest must return the share certificates or DRS Advices representing the Notice Shares to the Harvest Dissenting Shareholder and the Harvest Dissenting Shareholder regains the ability to vote and exercise its rights as a Harvest Shareholder.

The discussion above is only a summary of the Harvest Dissent Rights, which are technical and complex. A Harvest Shareholder who intends to exercise Harvest Dissent Rights must strictly adhere to the procedures established in Sections 237 to 247 of the BCBCA, as modified by the Plan of Arrangement, the Interim Order, and the Final Order, and failure to do so may result in the loss of all Harvest Dissent Rights. Persons who are beneficial Harvest Shareholders registered in the name of an intermediary, or in some other name, who wish to exercise Harvest Dissent Rights, should be aware that only the registered owner of such Harvest Shares is entitled to dissent.

Harvest suggests that any Harvest Shareholder wishing to avail himself or herself of Harvest Dissent Rights seek his or her own legal advice, as failure to comply strictly with the applicable provisions of the BCBCA, the Interim Order, the Final Order and the Plan of Arrangement may prejudice the availability of Harvest Dissent Rights. Harvest Dissenting Shareholders should note that the exercise of Harvest Dissent Rights can be a complex, time-consuming and expensive process.

If a Harvest Dissenting Shareholder fails to strictly comply with the requirements of the Harvest Dissent Rights, it will lose its Harvest Dissent Rights, Harvest will return to the Harvest Dissenting Shareholder the certificate(s) and/or DRS Statement(s) representing the Notice Shares that were delivered to Harvest, if any, and if the Arrangement is completed, that Harvest Dissenting Shareholder will be deemed to have participated in the Arrangement on the same terms as a Harvest Shareholder who has not exercised Harvest Dissent Rights.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is, as of the date of this Circular, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to Harvest Shareholders who beneficially own Harvest Shares and exchange their Harvest Shares for Resulting Issuer Shares pursuant to the Arrangement and who at all relevant times, for purposes of the Tax Act, (i) hold their Harvest Shares, and will hold any Resulting Issuer Shares acquired pursuant to the Arrangement, as capital property, (ii) deal at arm's length with each of Harvest, Verano and the Resulting Issuer, and (iii) are not affiliated with Harvest, Verano or the Resulting Issuer (each such person, a "**Holder**"). Generally, Harvest Shares and Resulting Issuer Shares will be considered to be capital property to the holder thereof provided that they are not held in the course of carrying on a business of buying and selling securities and have not been acquired in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Harvest Shareholders who are resident in Canada for purposes of the Tax Act and who might not otherwise be considered to hold their Harvest Shares or Resulting Issuer Shares as capital property may, in certain circumstances, be entitled to have their Harvest Shares and Resulting Issuer Shares, and any other "Canadian security" (as defined in the Tax Act), owned by such holders in the taxation year in which the election is made, and in all subsequent taxation years, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Harvest Shareholders should consult their own tax advisors regarding the potential application and consequences of this election in their particular circumstances.

This summary is not applicable to a Holder: (i) that is a "financial institution" (as defined in the Tax Act for purposes of the mark-to-market rules); (ii) an interest in which is a "tax shelter investment" (as defined in the Tax Act); (iii) that is a "specified financial institution" (as defined in the Tax Act); (iv) that has made a "functional currency" election under section 261 of the Tax Act; (v) that has received, or receives, Harvest Shares upon the exercise of a Harvest

Option or pursuant to any other employee compensation plan; (vi) that is a corporation resident in Canada and that is, or becomes (or does not deal at arm's length for purposes of the Tax Act with a corporation resident in Canada that is or becomes), as part of a series of transactions or events that includes the Arrangement, controlled by a non-resident person (or by a group of non-resident persons that do not deal at arm's length with each other for purposes of the Tax Act); (vii) that has entered into, or enters into, a "derivative forward agreement" or "synthetic disposition arrangement" (each as defined in the Tax Act) with respect to its Harvest Shares or Resulting Issuer Shares; or (viii) that receives dividends on its Harvest Shares or Resulting Issuer Shares under, or as part of, a "dividend rental arrangement" (as defined in the Tax Act). This summary also does not address the tax considerations applicable to holders of Harvest Options or Harvest Compensation Options. **Such holders should consult their own tax advisors.**

This summary is based upon the provisions of the Tax Act in force on the date of this Circular and the current published administrative policies and assessing practices of the CRA publicly available prior to the date of this Circular. This summary takes into account all specific proposals to amend the Tax Act which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date of this Circular (the "**Tax Proposals**") and assumes that the Tax Proposals will be enacted in their current form. There can be no assurance that any of the Tax Proposals will be implemented in their current form or at all. Except for the Tax Proposals, this summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, or changes in the administrative or assessing practices and policies of the CRA. In addition, this summary does not take into account other federal or any provincial, territorial or foreign tax legislation or considerations, which may differ significantly from the Canadian federal income tax considerations discussed in this Circular.

For purposes of the Tax Act, all amounts (including amounts related to the acquisition, holding or disposition of Harvest Shares or Resulting Issuer Shares, such as dividends, adjusted cost base and proceeds of disposition) must be expressed in Canadian dollars using the daily rate of exchange quoted by the Bank of Canada on the date such amounts arose, or such other rate of exchange as is acceptable to the CRA. The amount of income, capital gains, losses and capital losses may be affected by changes in foreign currency exchange rates.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to a Holder in respect of the transactions described herein. The income or other tax consequences will vary depending on the particular circumstances of the Holder, including the province or provinces in which the Holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice or representations to any particular Holder. Moreover, no advance income tax ruling has been applied for or obtained from the CRA to confirm the tax consequences of any of the transactions described herein. Holders should consult their own legal and tax advisors for advice with respect to the tax consequences of the transactions described in this Circular based on their particular circumstances.

Residents of Canada

The following portion of this summary is generally applicable to a Holder who at all relevant times, for purposes of the Tax Act, is or is deemed to be resident in Canada (a "**Resident Holder**"). The following portion of this summary, other than the portion under the heading "*Certain Canadian Federal Income Tax Considerations – Residents of Canada – Harvest Dissenting Shareholders*", applies to Resident Holders that are not Harvest Dissenting Shareholders.

Exchange of Harvest Shares for Resulting Issuer Shares

A Resident Holder that receives Resulting Issuer Shares in exchange for its Harvest Shares pursuant to the Harvest Share Exchange under the Arrangement will generally be eligible to treat the exchange as an automatic tax-deferred rollover under the provisions of section 85.1 of the Tax Act, with the result that such Resident Holder will be deemed to have disposed of its Harvest Shares for proceeds of disposition equal to the adjusted cost base of such shares immediately before the exchange, and to have acquired the Resulting Issuer Shares received by it pursuant to the Arrangement at a cost equal to such adjusted cost base.

The automatic tax-deferral treatment described above will not apply where the Resident Holder has, in its income tax return for the taxation year in which the Harvest Share Exchange takes place, included in computing its income for

the year any portion of the gain or loss otherwise determined from the disposition of such exchanged Harvest Shares. A Resident Holder that includes in income any portion of the gain or loss otherwise determined in respect of the disposition of Harvest Shares pursuant to the Harvest Share Exchange under the Arrangement will be deemed to have disposed of such Harvest Shares for proceeds of disposition equal to the fair market value of the Resulting Issuer Shares received in exchange therefor at the effective time of the Harvest Share Exchange. In that case, the Resident Holder will generally realize a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Holder of the Harvest Shares immediately before the exchange, while the cost to a Resident Holder of any Resulting Issuer Shares acquired on the exchange will be equal to the fair market value of such Resulting Issuer Shares at the effective time of the exchange.

For a description of the treatment of capital gains and capital losses, see "*Certain Canadian Federal Income Tax Considerations – Residents of Canada – Taxation of Capital Gains and Capital Losses*" below.

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a "**taxable capital gain**") realized by a Resident Holder in a taxation year must be included in the Resident Holder's income for the year, and one-half of any capital loss (an "**allowable capital loss**") realized by a Resident Holder in a taxation year must be deducted from taxable capital gains realized by the Resident Holder in that year. Allowable capital losses for a taxation year in excess of taxable capital gains for that year may generally be carried back and deducted in any of the three preceding taxation years, or carried forward and deducted in any subsequent taxation year, against net taxable capital gains realized in such years, to the extent and under the circumstances specified in the Tax Act.

If the Resident Holder is a corporation, the amount of any capital loss realized on a disposition or deemed disposition by the Resident Holder of a Harvest Share or Resultant Issuer Share may be reduced by the amount of dividends received or deemed to have been received by it on such share (and, in certain circumstances, a share exchanged for such share), to the extent and under the circumstances prescribed by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns such shares, or where a trust or partnership of which a corporation is a beneficiary or a member is a member of a partnership or a beneficiary of a trust that owns any such shares. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

A Resident Holder that, throughout the relevant taxation year, is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional tax (refundable in certain circumstances) on its "aggregate investment income" (as defined in the Tax Act), including any taxable capital gains.

Dividends on Resulting Issuer Shares

A Resident Holder generally will be required to include in computing its income for a taxation year any dividends received or deemed to be received on such Resident Holder's Resulting Issuer Shares during such taxation year.

In the case of a Resident Holder who is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules generally applicable to dividends received from "taxable Canadian corporations" (as defined in the Tax Act), including the enhanced gross-up and dividend tax credit if such dividends are designated as "eligible dividends" (as defined in the Tax Act) by the Resulting Issuer. There may be limitations on the ability of the Resulting Issuer to designate dividends as eligible dividends.

In the case of a Resident Holder that is a corporation, the amount of any taxable dividend received or deemed to be received on such Resident Holder's Resulting Issuer Shares and included in the Resident Holder's income for the taxation year generally will be deductible in computing the Resident Holder's taxable income. In certain circumstances, subsection 55(2) of the Tax Act may treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Resident Holder that is a "private corporation" (as defined in the Tax Act) or any other corporation resident in Canada controlled, whether because of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), may be liable under Part IV of the Tax Act to pay an additional tax (refundable in certain circumstances) on dividends received or deemed to be received on the Resulting Issuer Shares to the extent that such dividends are deductible in computing the Resident Holder's taxable income for the taxation year.

U.S. withholding tax may be required to be paid by a Resident Holder in connection with dividends received from the Resulting Issuer. See the discussion below under the heading "*Certain United States Federal Income Tax Considerations*". It is uncertain whether a Resident Holder would be eligible for a deduction or credit under the Tax Act in respect of any such U.S. withholding tax. If a Resident Holder is not eligible for a deduction or credit under the Tax Act in respect of any such U.S. withholding tax, then double taxation in respect of the dividends would arise. Resident Holders should consult their own tax advisors regarding their eligibility for such deductions or credits.

Disposition of Resulting Issuer Shares

A disposition or deemed disposition of a Resulting Issuer Share by a Resident Holder (except to the Resulting Issuer, unless purchased by the Resulting Issuer in the open market in a manner in which shares are normally purchased by any member of the public in the open market) will generally result in the Resident Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition of such Resulting Issuer Share are greater (or less) than the aggregate of the Resident Holder's adjusted cost base of such Resulting Issuer Share and any reasonable costs of disposition. For a description of the treatment of capital gains and capital losses, see "*Certain Canadian Federal Income Tax Considerations – Residents of Canada – Taxation of Capital Gains and Capital Losses*" above.

U.S. tax may be required to be paid by a Resident Holder in connection with the realization of a capital gain on the disposition of a Resulting Issuer Share. See the discussion below under the heading "*Certain United States Federal Income Tax Considerations*". It is uncertain whether a Resident Holder would be eligible for a deduction or credit under the Tax Act in respect of any such U.S. tax. If a Resident Holder is not eligible for a deduction or credit under the Tax Act in respect of any such U.S. tax, then double taxation in respect of the capital gain would arise. Resident Holders should consult their own tax advisors regarding their eligibility for such deductions or credits.

Alternative Minimum Tax

Capital gains realized and taxable dividends received or deemed to be received by a Resident Holder that is an individual (including certain trusts) may affect the Resident Holder's liability to pay alternative minimum tax under the Tax Act. Resident Holders should consult their own tax advisors with respect to the application of alternative minimum tax.

Harvest Dissenting Shareholders

The following portion of this summary applies to Resident Holders that are Harvest Dissenting Shareholders.

A Resident Holder who, as a result of the exercise of Harvest Dissent Rights, is entitled to be paid the fair value of its Harvest Shares by Harvest will be deemed to have received a dividend equal to the amount, if any, by which the payment received (other than that portion that is in respect of interest, if any, awarded by the Court) exceeds the "paid-up capital" (determined for purposes of the Tax Act) attributable to such Harvest Shares immediately before their surrender to Harvest pursuant to the Arrangement. The tax consequences described above under the heading "*Certain Canadian Federal Income Tax Considerations – Residents of Canada – Dividends on Resulting Issuer Shares*" will generally apply with respect to such deemed dividend.

In addition, the Resident Holder will be considered to have disposed of such Harvest Shares for proceeds of disposition equal to the payment received (other than that portion that is in respect of interest, if any, awarded by the Court), less the amount of deemed dividend arising on the surrender of such shares as described above. The Resident Holder will, in general, realize a capital gain (or a capital loss) equal to the amount by which such proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to such holder of the Harvest

Shares immediately before their surrender to Harvest pursuant to the Arrangement. Any such capital gain or capital loss will be subject to the same tax treatment as described above under the heading "*Certain Canadian Federal Income Tax Considerations – Residents of Canada – Taxation of Capital Gains and Capital Losses*".

Interest, if any, awarded by the Court to a Resident Holder who is a Harvest Dissenting Shareholder will be included in the Resident Holder's income for the purposes of the Tax Act.

Harvest Dissenting Shareholders should consult their own tax advisors with respect to the tax implications to them of the exercise of their Harvest Dissent Rights.

Non-Residents of Canada

The following portion of this summary is generally applicable to a Holder who at all relevant times, for purposes of the Tax Act, (i) is not resident in Canada and is not deemed to be resident in Canada, (ii) does not use or hold, and is not deemed to use or hold, its Harvest Shares (or any Resulting Issuer Shares) in, or in the course of carrying on, a business in Canada, (iii) is not a person who carries on an insurance business in Canada and elsewhere, (iv) is not an "authorized foreign bank" (as defined in the Tax Act), and (v) is not a "foreign affiliate" (as defined in the Tax Act) of a person resident in Canada at the end of the Holder's taxation year in which the Effective Time occurs (a "**Non-Resident Holder**"). The following portion of this summary, other than the portion under the heading "*Certain Canadian Federal Income Tax Considerations – Non-Residents of Canada – Harvest Dissenting Shareholders*", applies to Non-Resident Holders that are not Harvest Dissenting Shareholders.

Exchange of Harvest Shares for Resulting Issuer Shares

A Non-Resident Holder will not be subject to Canadian tax in respect of any gain realized on the disposition of its Harvest Shares pursuant to the Arrangement unless the Harvest Shares constitute "taxable Canadian property" (as defined in the Tax Act) of the Non-Resident Holder and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention.

A Harvest Share will generally only be "taxable Canadian property" of a Non-Resident Holder at the time of disposition of such Harvest Share if, at any time during the 60-month period immediately preceding the disposition, (i) more than 50% of the fair market value of the Harvest Share was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource properties" (as defined in the Tax Act), "timber resource properties" (as defined in the Tax Act) and options in respect of, interests in, or civil law rights in, any such properties whether or not the properties exist, and (ii) in the case of a Harvest Share that is listed on a "designated stock exchange" for purposes of the Tax Act (which currently includes the CSE) at the time of disposition of such Harvest Share, the Non-Resident Holder, either alone or together with persons with whom the Non-Resident Holder did not deal at arm's length and with any partnership in which the Non-Resident Holder or persons with whom the Non-Resident Holder did not deal at arm's length held a membership interest directly or indirectly through one or more partnerships, owned 25% or more of the issued shares of any class of Harvest. A Harvest Share may be deemed to be "taxable Canadian property" in certain other circumstances.

Even if the Harvest Shares are "taxable Canadian property" to a Non-Resident Holder, such Non-Resident Holder may be exempt from Canadian tax on the disposition of such Harvest Shares by virtue of an applicable income tax treaty or convention.

If the Harvest Shares are "taxable Canadian property" to a Non-Resident Holder and such Non-Resident Holder is not exempt from Canadian tax in respect of the disposition of such Harvest Shares pursuant to an applicable income tax treaty or convention, the tax consequences as described above under the headings "*Certain Canadian Federal Income Tax Considerations – Residents of Canada – Exchange of Harvest Shares for Resulting Issuer Shares*" (including with respect to the ability to treat the exchange as an automatic tax-deferred rollover under the provisions of section 85.1 of the Tax Act) and "*Certain Canadian Federal Income Tax Considerations – Residents of Canada – Taxation of Capital Gains and Capital Losses*" will generally apply. Non-Resident Holders whose Harvest Shares may constitute "taxable Canadian property" should consult their own tax advisors.

Dividends on Resulting Issuer Shares

A Non-Resident Holder will be subject to Canadian withholding tax on the amount of any dividends paid, deemed to be paid, or credited to it on its Resulting Issuer Shares. Under the Tax Act, the rate of withholding is 25% of the gross amount of the dividend. The withholding rate may be reduced pursuant to the provisions of an applicable income tax treaty or convention. Under the *Canada-United States Tax Convention* (1980), as amended (the "**Canada–US Tax Treaty**"), the withholding rate on any such dividend beneficially owned by a Non-Resident Holder that is a resident of the United States for purposes of the Canada–US Tax Treaty and fully entitled to the benefits of such treaty is generally reduced to 15%.

Disposition of Resulting Issuer Shares

A Non-Resident Holder will not be subject to Canadian tax in respect of any capital gain realized on the disposition of its Resulting Issuer Shares acquired pursuant to the Arrangement unless such shares constitute "taxable Canadian property" (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention. The considerations applicable to determining whether a Non-Resident Holder's Resulting Issuer Shares constitute "taxable Canadian property" are similar to those discussed above with respect to a Non-Resident Holder's Harvest Shares under the heading "*Certain Canadian Federal Income Tax Considerations – Non-Residents of Canada – Exchange of Harvest Shares for Resulting Issuer Shares*", provided that if the Non-Resident Holder's Harvest Shares are "taxable Canadian property", the Resulting Issuer Shares received by such holder therefor pursuant to the Arrangement will generally be deemed to be taxable Canadian property to such holder for a 60-month period.

Harvest Dissenting Shareholders

The following portion of this summary applies to Non-Resident Holders that are Harvest Dissenting Shareholders.

A Non-Resident Holder who, as a result of the exercise of Harvest Dissent Rights, is entitled to be paid the fair value of its Harvest Shares by Harvest will be deemed to have received a dividend equal to the amount, if any, by which the payment received (other than that portion that is in respect of interest, if any, awarded by the Court) exceeds the "paid-up capital" (determined for purposes of the Tax Act) attributable to such Harvest Shares immediately before their surrender to Harvest pursuant to the Arrangement. Any such deemed dividend will be subject to non-resident withholding tax under the Tax Act at a rate of 25% of the gross amount of the dividend, unless the rate is reduced by an applicable income tax treaty or convention.

A Non-Resident Holder that is a Harvest Dissenting Shareholder will not be subject to tax under the Tax Act on any capital gain realized on the disposition of its Harvest Shares unless such Harvest Shares are "taxable Canadian property" of the Non-Resident Holder and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention. See the discussion above under the heading "*Certain Canadian Federal Income Tax Considerations – Non-Residents of Canada – Exchange of Harvest Shares for Resulting Issuer Shares*". For purposes of computing the amount of any capital gain on the disposition of Harvest Shares by a Non-Resident Holder that is a Harvest Dissenting Shareholder, the Non-Resident Holder's proceeds of disposition will be reduced by the amount of any deemed dividend received by the Non-Resident Holder as described in the immediately preceding paragraph.

Interest, if any, awarded by the Court to a Non-Resident Holder who is a Harvest Dissenting Shareholder will not be subject to Canadian withholding tax.

Harvest Dissenting Shareholders should consult their own tax advisors with respect to the tax implications to them of the exercise of their Harvest Dissent Rights.

Eligibility for Investment

The Resulting Issuer Shares received by Harvest Shareholders pursuant to the Arrangement will be "qualified investments" under the Tax Act at a particular time for a trust governed by a registered retirement savings plan, registered retirement income fund, registered education savings plan, registered disability savings plan or tax-free

savings account (collectively, "**Registered Plans**") or a trust governed by a deferred profit sharing plan if, at the particular time, (i) such Resulting Issuer Shares are listed on a "designated stock exchange" (as defined in the Tax Act) in Canada, which currently includes the CSE, or (ii) the Resulting Issuer is, or is deemed to be, a "public corporation" for purposes of the Tax Act.

The Resulting Issuer will be a "public corporation" at a particular time if, at that time, shares of any class of the Resulting Issuer are listed on a "designated stock exchange" (as defined in the Tax Act) in Canada, which currently includes the CSE. The Business Combination Agreement contemplates that Parentco will apply to have the Resulting Issuer Subordinate Voting Shares listed on the CSE. If the Resulting Issuer Subordinate Voting Shares are not listed on a designated stock exchange in Canada at the time they are issued pursuant to the Arrangement, but such shares become listed on a designated stock exchange in Canada before the filing-due date for the Resulting Issuer's first income tax return and the Resulting Issuer makes the appropriate election to be a "public corporation" in that income tax return, the Resulting Issuer will be deemed to be a "public corporation" for purposes of the Tax Act with effect from the beginning of its first taxation year, in which case the Resulting Issuer Shares issued to Harvest Shareholders pursuant to the Arrangement will be considered to be qualified investments for Registered Plans from the date of issuance.

Notwithstanding that the Resulting Issuer Shares may be "qualified investments" under the Tax Act for Registered Plans as described above, the holder of, or annuitant or subscriber under, a Registered Plan (the "**Controlling Individual**") will be subject to a penalty tax in respect of Resulting Issuer Shares held in a Registered Plan if such securities are a "prohibited investment" for the particular Registered Plan. A Resulting Issuer Share generally will be a "prohibited investment" for a Registered Plan if the Controlling Individual does not deal at arm's length with the Resulting Issuer for purposes of the Tax Act or the Controlling Individual has a "significant interest" (as defined in subsection 207.01(4) of the Tax Act) in the Resulting Issuer. Notwithstanding the foregoing, the Resulting Issuer Shares generally will not be a "prohibited investment" for a Registered Plan if the Resulting Issuer Shares are "excluded property" as defined in subsection 207.01(1) of the Tax Act for a Registered Plan. **Harvest Shareholders who hold their Harvest Shares through a Registered Plan should consult their own tax advisors as to whether any Resulting Issuer Shares receivable pursuant to the Arrangement will be a "prohibited investment" in their particular circumstances.**

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a general discussion of certain U.S. federal income tax considerations relating to the Combined Exchange and to the receipt of Resulting Issuer Shares by U.S. Holders (as defined below) pursuant to the Combined Exchange and to the ownership and disposition of such Resulting Issuer Shares by such U.S. Holders following the Combined Exchange, and the ownership and disposition of such Resulting Issuer Shares by Non-U.S. Holders (as defined below). This discussion applies only to holders that hold Harvest Shares or Resulting Issuer Shares, as applicable, as capital assets for U.S. federal income tax purposes (generally, property held for investment). This discussion does not address any tax considerations applicable to a holder of options, warrants, or any other right to acquire Harvest Shares (or, post-transaction, Resulting Issuer Shares), including without limitation, the Harvest Options, Harvest Compensation Options and Harvest RSUs. The discussion is based on and subject to the Code, the U.S. Treasury Regulations promulgated thereunder, administrative rulings and court decisions in effect on the date hereof, all of which are subject to change, possibly with retroactive effect, and to differing interpretations. No legal opinion from U.S. legal counsel or ruling from the IRS has been requested, or is expected to be obtained, regarding the U.S. federal income tax consequences described herein. This discussion is not binding on the IRS or any court, and there can be no assurance that the IRS will not take a contrary position or that any contrary position taken by the IRS will not be sustained by a court. This discussion also assumes that the Business Combination is carried out as described in this Circular.

The discussion does not constitute tax advice and does not address all of the U.S. federal income tax considerations that may be relevant to specific holders in light of their particular circumstances or to holders subject to special treatment under U.S. federal income tax law including:

- banks, thrifts, mutual funds and other financial institutions;

- regulated investment companies and real estate investment trusts;
- traders in securities who elect to apply a mark-to-market method of accounting;
- broker-dealers;
- tax-exempt organizations and pension funds;
- insurance companies;
- dealers or brokers in securities or foreign currency;
- individual retirement and other deferred accounts;
- U.S. Holders whose functional currency is not the U.S. dollar;
- U.S. expatriates;
- except to the limited extent specifically described herein, U.S. Holders who own, directly, indirectly or constructively, five percent (5%) or more of the total voting power or total value of all of the outstanding stock of Harvest (or who, following the Combined Exchange, will own, directly, indirectly or constructively, five percent (5%) or more of the total voting power or total value of all of the outstanding stock of the Resulting Issuer);
- Holders that are required to accelerate the recognition of any item of gross income with respect to Resulting Issuer Shares as a result of such income being recognized on an applicable financial statement;
- "passive foreign investment companies" or "controlled foreign corporations";
- persons liable for the alternative minimum tax;
- holders who hold their shares as part of a straddle, hedging, conversion, constructive sale or other risk reduction transaction;
- partnerships or other pass-through entities; and
- holders who received their shares through the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan.

This discussion does not address any non-income tax considerations or any non-U.S., state or local tax consequences. Except as discussed below, this discussion does not address tax filing and reporting requirements.

For purposes of this discussion, a "**U.S. Holder**" means a beneficial owner of Harvest Shares at the time of the Combined Exchange or, as the context may require, a beneficial owner of Resulting Issuer Shares received as a result of the Combined Exchange, that is:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or

- a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (2) the trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person for U.S. federal income tax purposes.

If a partnership, including for this purpose any entity or arrangement that is treated as a partnership or other "pass-through" entity for U.S. federal income tax purposes, holds Harvest Shares at the time of the Combined Exchange or Resulting Issuer Shares after the Combined Exchange, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. A shareholder that is a partnership and the partners (or other owners) in such partnership should consult their own tax advisors about the U.S. federal income tax consequences of the Combined Exchange and the ownership and disposition of Resulting Issuer Shares after the Combined Exchange.

Pursuant to Section 7874(b) of the Code and the U.S. Treasury Regulations promulgated thereunder, solely for U.S. federal income tax purposes, Harvest is currently classified as a U.S. domestic corporation.

INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE U.S. FEDERAL INCOME AND OTHER TAX CONSIDERATIONS RELATING TO THE COMBINED EXCHANGE, THE RECEIPT, OWNERSHIP AND DISPOSITION OF RESULTING ISSUER SHARES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES, AS WELL AS THE EFFECT OF ANY STATE, LOCAL OR NON-U.S. TAX LAWS.

Tax Classification of the Resulting Issuer as a U.S. Domestic Corporation

Pursuant to Section 7874(b) of the Code and the U.S. Treasury Regulations promulgated thereunder, notwithstanding that the Resulting Issuer will be organized under the provisions of the BCBCA, solely for U.S. federal income tax purposes, it is anticipated that the Resulting Issuer will be classified as a U.S. domestic corporation.

The Resulting Issuer will be subject to a number of significant and complicated U.S. federal income tax consequences as a result of being treated as a U.S. domestic corporation for U.S. federal income tax purposes, and this summary does not attempt to describe all such U.S. federal income tax consequences. Section 7874 of the Code and the U.S. Treasury Regulations promulgated thereunder do not address all the possible tax consequences that arise from the Resulting Issuer being treated as a U.S. domestic corporation for U.S. federal income tax purposes. Accordingly, there may be additional or unforeseen U.S. federal income tax consequences to the Resulting Issuer that are not discussed in this summary.

Generally, the Resulting Issuer will be subject to U.S. federal income tax on its worldwide taxable income (regardless of whether such income is "U.S. source" or "foreign source") and will be required to file a U.S. federal income tax return annually with the IRS. The Resulting Issuer anticipates that it will also be subject to tax in Canada. It is unclear how the foreign tax credit rules under the Code will operate in certain circumstances, given the treatment of the Resulting Issuer as a U.S. domestic corporation for U.S. federal income tax purposes and the taxation of the Resulting Issuer in Canada. Accordingly, it is possible that the Resulting issuer will be subject to double taxation with respect to all or part of its taxable income. It is anticipated that such U.S. and Canadian tax treatment will continue indefinitely and that the Resulting Issuer Shares will be treated indefinitely as shares in a U.S. domestic corporation for U.S. federal income tax purposes, notwithstanding future transfers. The remainder of this summary assumes that the Resulting Issuer will be treated as a U.S. domestic corporation for U.S. federal income tax purposes.

U.S. Federal Tax Consequences to U.S. Holders

Receipt of Resulting Issuer Shares Pursuant to the Harvest Arrangement Resolution

The parties intend that (i) the Business Combination Agreement is treated as a "plan of reorganization" under Section 368 of the Code, (ii) the Combined Exchange is treated a Combination and Exchange, (iii) the Harvest Share Exchange is treated as a Reorganization, and (iv) the Resulting Issuer will be treated as a U.S. domestic corporation under Section 7874 of the Code after the completion of the Combined Exchange. Neither Harvest nor Verano has sought or obtained

either a ruling from the IRS or an opinion of counsel regarding any of the tax consequences of the Combined Exchange. Accordingly, there can be no assurance that the IRS will not successfully challenge the intended U.S. federal income tax treatment described in the preceding sentence. The tax consequences of the Combined Exchange qualifying as a Contribution and Exchange or as a taxable transaction are discussed below. U.S. Holders should consult their own U.S. tax advisors regarding the proper tax reporting of the Combined Exchange.

Assuming the Combined Exchange qualifies as a Contribution and Exchange, then in general:

- a U.S. Holder will not recognize income, gain or loss upon the surrender of Harvest Shares and the receipt of Resulting Issuer Shares in the Combined Exchange;
- the aggregate tax basis of Resulting Issuer Shares received by a U.S. Holder in the Combined Exchange will be the same as such U.S. Holder's aggregate tax basis in Harvest Shares surrendered in the Combined Exchange; and
- the holding period of Resulting Issuer Shares received by a U.S. Holder pursuant to the Combined Exchange will include the holding period of the Harvest Shares held by such U.S. Holder.

If the Combined Exchange fails to qualify as a Contribution and Exchange (and the Harvest Share Exchange fails to qualify as a Reorganization), a U.S. Holder of Harvest Shares generally would be treated as if it had sold such shares in a taxable transaction. In such event, a U.S. Holder would recognize gain or loss equal to the difference between the U.S. Holder's adjusted basis in its Harvest Shares and the fair market value of the Resulting Issuer Shares received in exchange therefor, such U.S. Holder's aggregate basis in the Resulting Issuer Shares received would equal the fair market value of such shares at such time, and such U.S. Holder's holding period in such shares would begin the day after the Combined Exchange.

Dissenting U.S. Holders

A U.S. Holder who exercises the right to dissent from the Harvest Arrangement Resolution generally will recognize gain or loss upon the exchange of Harvest Shares for cash in an amount equal to the difference between (i) the cash received, other than amounts, if any, which are or are deemed to be interest for U.S. federal income tax purposes, which amounts will be taxed as ordinary income, and (ii) such holder's adjusted tax basis in Harvest Shares. Such gain or loss generally will be capital gain or loss and generally will be long-term capital gain if the holder held the Harvest Shares for more than twelve months as of the completion of the Business Combination. The taxation of dissenting holders is complex, and U.S. Holders contemplating the exercise of dissenters' rights should consult their own tax advisors as to the application of the foregoing rules with regard to their particular circumstances.

Ownership and Disposition of Resulting Issuer Shares

Distributions

Distributions of cash or property on Resulting Issuer Shares will constitute dividends for U.S. federal income tax purposes to the extent paid from Resulting Issuer's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Dividends generally will be taxable to a non-corporate U.S. Holder at the preferential rates applicable to long-term capital gains, provided that such holder meets certain holding period and other requirements. Distributions in excess thereof will first constitute a return of capital and be applied against and reduce a U.S. Holder's adjusted tax basis in its Resulting Issuer Shares, but not below zero, and thereafter be treated as capital gain and will be treated as described under "- *Sale or Other Taxable Disposition*" below.

Dividends received by corporate U.S. Holders may be eligible for a dividends received deduction, subject to certain restrictions relating to, among others, the corporate U.S. Holder's taxable income, holding period and debt financing.

Sale or Other Taxable Disposition

Upon the sale or other taxable disposition of Resulting Issuer Shares, a U.S. Holder generally will recognize capital gain or loss equal to the difference between (i) the amount realized by such U.S. Holder in connection with such sale or other taxable disposition, and (ii) such U.S. Holder's adjusted tax basis in such stock. Such capital gain or loss generally will be long-term capital gain or loss if the U.S. Holder held such Resulting Issuer Shares for more than twelve months as of the time of sale or other taxable disposition. U.S. Holders who are individuals are eligible for preferential rates of taxation respecting their long-term capital gains. Deductions for capital losses are subject to limitations.

Foreign Tax Credit Limitations Applicable to Resulting Issuer Shares

Because it is anticipated that the Resulting Issuer will be subject to tax both as a U.S. domestic corporation and as a Canadian corporation, a U.S. Holder may pay, through withholding, Canadian tax, as well as U.S. federal income tax, with respect to dividends paid on its Resulting Issuer Shares. For U.S. federal income tax purposes, a U.S. Holder may elect for any taxable year to receive either a credit or a deduction for all foreign income taxes paid by the holder during the year. Complex limitations apply to the foreign tax credit, including a general limitation that the credit cannot exceed the proportionate share of a taxpayer's U.S. federal income tax that the taxpayer's foreign source taxable income bears to the taxpayer's worldwide taxable income. In applying this limitation, items of income and deduction must be classified, under complex rules, as either foreign source or U.S. source. The status of the Resulting Issuer as a U.S. domestic corporation for U.S. federal income tax purposes will cause dividends paid by the Resulting Issuer to be treated as U.S. source rather than foreign source income for this purpose. As a result, a foreign tax credit may be unavailable for any Canadian tax paid on dividends received from the Resulting Issuer. Similarly, to the extent a sale or disposition of the Resulting Issuer Shares by a U.S. Holder results in Canadian tax payable by the U.S. Holder (for example, because the Resulting Issuer Shares constitute taxable Canadian property within the meaning of the Tax Act), a U.S. foreign tax credit may be unavailable to the U.S. Holder for such Canadian tax. In each case, however, the U.S. Holder should be able to take a deduction for the U.S. Holder's Canadian tax paid, provided that the U.S. Holder has not elected to credit other foreign taxes during the same taxable year.

The foreign tax credit rules are complex, and each U.S. Holder should consult its own tax advisors regarding these rules.

Other Tax Matters

Additional Tax on Passive Income

Certain U.S. Holders that are individuals, estates or trusts (other than trusts that are exempt from tax) will be subject to a 3.8% tax on all or a portion of their "net investment income," which includes dividends on the Harvest Shares or Resulting Issuer Shares and net gains recognized on the disposition of the Harvest Shares or Resulting Issuer Shares (including in connection with an exchange made pursuant to the Combined Exchange). U.S. Holders that are individuals, estates or trusts should consult their own tax advisors regarding the applicability of this tax to any of their income or gains in respect of the Harvest Shares or Resulting Issuer Shares.

Receipt of Foreign Currency

The amount of any distribution or proceeds paid in Canadian dollars to a U.S. Holder in connection with the ownership of Resulting Issuer Shares, or on the sale, exchange or other taxable disposition of Resulting Issuer Shares, or any Canadian dollars received in connection with the Business Combination (including, but not limited to, by U.S. Holders exercising dissent rights in respect of the Harvest Arrangement Resolution), will be included in the gross income of a U.S. Holder as translated into U.S. dollars calculated by reference to the exchange rate prevailing on the date of actual or constructive receipt of the distribution or proceeds, regardless of whether the Canadian dollars are converted into U.S. dollars at that time. If the Canadian dollars received are not converted into U.S. dollars on the date of receipt, a U.S. Holder will have a basis in the Canadian dollars equal to its U.S. dollar value on the date of receipt. Different rules apply to U.S. Holders who use the accrual method of tax accounting. Any U.S. Holder who receives payment in Canadian dollars and engages in a subsequent conversion or other disposition of the Canadian dollars may have a

foreign currency exchange gain or loss that would be treated as ordinary income or loss, and generally will be U.S. source income or loss for foreign tax credit purposes. Each U.S. Holder should consult its own U.S. tax advisor regarding the U.S. federal income tax consequences of receiving, owning, and disposing of Canadian dollars.

Information Reporting and Backup Withholding

U.S. Holders of Harvest Shares may be subject to information reporting and may be subject to backup withholding, currently at a 24% rate, on consideration received in exchange for Harvest Shares. Distributions on, or the proceeds from a sale or other disposition of, Resulting Issuer Shares paid within the U.S. also may be subject to information reporting and backup withholding.

Backup withholding generally will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and certifies that it is not subject to backup withholding on an IRS Form W- 9 (or substitute form); or is otherwise exempt from backup withholding.

Backup withholding is not an additional tax. Any amounts withheld from a payment to a holder under the backup withholding rules may be credited against the U.S. Holder's U.S. federal income tax liability, and a holder may obtain a refund of any excess amounts withheld by filing the appropriate claim for refund with the IRS in a timely manner and furnishing any required information.

The discussion of reporting requirements set forth above is not intended to constitute an exhaustive description of all reporting requirements that may apply to a U.S. Holder. Each U.S. Holder should consult its own tax advisor regarding applicable reporting requirements and the information reporting and backup withholding rules.

Disclosure Requirements for Specified Foreign Financial Assets

Individual U.S. Holders (and certain U.S. entities specified in U.S. Treasury Department guidance) who, during any taxable year, hold any interest in any "specified foreign financial asset" generally will be required to file with their U.S. federal income tax returns certain information on IRS Form 8938 if the aggregate value of all such assets exceeds certain specified amounts. "Specified foreign financial asset" generally includes any financial account maintained with a non-U.S. financial institution and may also include Harvest or Resulting Issuer Shares if they are not held in an account maintained with a financial institution. Substantial penalties may be imposed, and the period of limitations on assessment and collection of U.S. federal income taxes may be extended, in the event of a failure to comply. U.S. Holders should consult their own tax advisors as to the possible application to them of this filing requirement.

Tax Considerations for Non-U.S. Holders Regarding Holding and Disposing of Resulting Issuer Shares

Definition of a Non-U.S. Holder

For purposes of this discussion, a "**Non-U.S. Holder**" is any beneficial owner of Resulting Issuer Shares after giving effect to the Combined Exchange that is neither a U.S. Holder nor an entity treated as a partnership for U.S. federal income tax purposes.

Distributions

Distributions of cash or property on the Resulting Issuer Shares will constitute dividends for U.S. federal income tax purposes to the extent paid from Resulting Issuer's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess thereof will first constitute a return of capital and be applied against and reduce a Non-U.S. Holder's adjusted tax basis in its Resulting Issuer Shares, but not below zero, and thereafter be treated as capital gain and will be treated as described under "**-** *Sale or Other Taxable Disposition*" below.

Subject to the discussions under *"- Information Reporting and Backup Withholding*" and under "**-** *FATCA*" below, any dividend paid to a Non-U.S. Holder of Resulting Issuer Shares that is not effectively connected with the Non-U.S. Holder's conduct of a trade or business within the U.S. will be subject to U.S. federal withholding tax at a rate of 30%, or such lower rate as may be specified under an applicable income tax treaty. In order to receive a reduced treaty rate,

a Non-U.S. Holder must provide its financial intermediary with an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or an appropriate successor form), properly certifying such holder's eligibility for the reduced rate. If a Non-U.S. Holder holds Resulting Issuer Shares through a financial institution or other agent acting on the Non-U.S. Holder's behalf, the Non-U.S. Holder will be required to provide appropriate documentation to such agent, and the Non-U.S. Holder's agent will then be required to provide such (or a similar) certification to us, either directly or through other intermediaries. A Non-U.S. Holder that does not timely furnish the required certification, but that qualifies for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their own tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

Dividends paid to a Non-U.S. Holder that are effectively connected with the Non-U.S. Holder's conduct of a trade or business in the U.S. (or, if required by an applicable income tax treaty, are attributable to a U.S. permanent establishment, or fixed base, of the Non-U.S. Holder) generally will be exempt from the withholding tax described above and instead will be subject to U.S. federal income tax on a net income basis at the graduated U.S. federal income tax rates in the same manner as if the Non-U.S. Holder were a U.S. person. In such case, the Resulting Issuer will not have to withhold U.S. federal tax so long as the Non-U.S. Holder timely complies with the applicable certification and disclosure requirements. In order to obtain this exemption from withholding tax, a Non-U.S. Holder must provide its financial intermediary with an IRS Form W-8ECI properly certifying its eligibility for such exemption. Any such effectively connected dividends received by a corporate Non-U.S. Holder may be subject to an additional "branch profits tax" at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty), as adjusted for certain items. Non-U.S. Holders should consult their own tax advisors regarding any applicable tax treaties that may provide for different rules.

Sale or Other Taxable Disposition

Subject to the discussions under "**-** *Information Reporting and Backup Withholding*" and under "**-** *FATCA*" below, any gain realized on the sale or other disposition of Resulting Issuer Shares by a Non-U.S. Holder generally will not be subject to U.S. federal income tax unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the U.S. (or, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment, or fixed base, of the Non-U.S. Holder);

- the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition, and certain other conditions are met; or

- the rules of the Foreign Investment in Real Property Tax Act of 1980 ("**FIRPTA**") apply to treat the gain as effectively connected with a U.S. trade or business.

A Non-U.S. Holder who has gain that is described in the first bullet point immediately above will be subject to U.S. federal income tax on the gain derived from the sale or other disposition pursuant to graduated U.S. federal income tax rates in the same manner as if it were a U.S. person. In addition, a corporate Non-U.S. Holder described in the first bullet point immediately above may be subject to the branch profits tax equal to 30% of its effectively connected earnings and profits (or at such lower rate as may be specified by an applicable income tax treaty), as adjusted for certain items.

A Non-U.S. Holder who meets the requirements described in the second bullet point immediately above will be subject to a flat 30% tax (or a lower tax rate specified by an applicable tax treaty) on the gain derived from the sale or other disposition, which gain may be offset by certain U.S. source capital losses (even though the individual is not considered a resident of the U.S.), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, pursuant to FIRPTA, in general, a Non-U.S. Holder is subject to U.S. federal income tax in the same manner as a U.S. Holder on any gain realized on the sale or other disposition of a "U.S. real property interest" ("**USRPI**"). For purposes of these rules, a USRPI generally includes stock in a U.S. corporation

(like Resulting Issuer Shares) assuming the U.S. corporation's interests in U.S. real property constitute 50% or more, by value, of the sum of the U.S. corporation's (i) assets used in a trade or business, (ii) U.S. real property interests, and (iii) interests in real property outside of the U.S. A U.S. corporation whose interests in U.S. real property constitute 50% or more, by value, of the sum of such assets is commonly referred to as a U.S. real property holding corporation ("**USRPHC**"). Neither Harvest nor Resulting Issuer is currently, or anticipates becoming, a USRPHC.

Information Reporting and Backup Withholding

With respect to distributions and dividends on Resulting Issuer Shares, the Resulting Issuer must report annually to the IRS and to each Non-U.S. Holder the amount of distributions and dividends paid to such Non-U.S. Holder and any tax withheld with respect to such distributions and dividends, regardless of whether withholding was required with respect thereto. Copies of the information returns reporting such dividends and distributions and withholding also may be made available to the tax authorities in the country in which the Non-U.S. Holder resides or is established under the provisions of an applicable income tax treaty, tax information exchange agreement or other arrangement. A Non-U.S. Holder will be subject to backup withholding for dividends and distributions paid to such Non-U.S. Holder unless either (i) such Non-U.S. Holder certifies under penalty of perjury that it is not a U.S. person (as defined in the Code), which certification is generally satisfied by providing a properly executed IRS Form W-8BEN, IRS Form W-8BEN-E, or IRS Form W-8ECI (or appropriate successor form), and the payor does not have actual knowledge or reason to know that such holder is a U.S. person, or (ii) such Non-U.S. Holder otherwise establishes an exemption.

With respect to sales or other dispositions of Resulting Issuer Shares, information reporting and, depending on the circumstances, backup withholding will apply to the proceeds of a sale or other disposition of Resulting Issuer Shares within the U.S. or conducted through certain U.S. related financial intermediaries, unless either (i) such Non-U.S. Holder certifies under penalty of perjury that it is not a U.S. person (as defined in the Code), which certification is generally satisfied by providing a properly executed IRS Form W-8BEN, IRS Form W-8BEN-E, or IRS Form W-8ECI (or appropriate successor form), and the payor does not have actual knowledge or reason to know that such holder is a U.S. person, or (ii) such Non-U.S. Holder otherwise establishes an exemption.

Whether with respect to distributions and dividends, or the sale or other disposition of Resulting Issuer Shares, backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, if any, provided the required information is timely furnished to the IRS.

FATCA

Withholding taxes may be imposed pursuant to the Foreign Account Tax Compliance Act ("**FATCA**") (Sections 1471 through 1474 of the Code) on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, except as discussed below, a 30% withholding tax may be imposed on dividends on Resulting Issuer Shares paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code).

Such 30% FATCA withholding will not apply to a foreign financial institution if such institution undertakes certain diligence and reporting obligations, or otherwise qualifies for an exemption from these rules. The diligence and reporting obligations include, among others, entering into an agreement with the U.S. Department of Treasury pursuant to which the foreign financial institution must (i) undertake to identify accounts held by certain "specified United States persons" or "United States owned foreign entities" (each as defined in the Code), (ii) annually report certain information about such accounts, and (iii) withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the U.S. governing FATCA may be subject to different rules.

The 30% FATCA withholding will not apply to a non-financial foreign entity which either certifies that it does not have any "substantial United States owners" (as defined in the Code), furnishes identifying information regarding each substantial United States owner, or otherwise qualifies for an exemption from these rules.

Under the applicable U.S. Treasury Regulations and administrative guidance, withholding under FATCA generally applies to payments of dividends on Resulting Issuer Shares.

INFORMATION CONCERNING HARVEST

Harvest was founded in Arizona and received its first license there in 2012. Harvest currently holds licenses or has operations in cannabis facilities in Arizona, Arkansas, California, Maryland, Michigan, Nevada, North Dakota, Ohio, Florida, Massachusetts and Pennsylvania, with pending applications in and planned expansion into California, Illinois, and Michigan. In addition, Harvest owns carbon dioxide extraction, distillation, purification and manufacturing technology used to produce a line of therapeutic cannabis topicals, vapes and Gems featuring rare cannabinoids and a hemp-derived product line sold in Colorado with plans for nationwide distribution.

Harvest is a reporting issuer in British Columbia, Alberta, Saskatchewan and Ontario. Harvest's registered offices are located at 1010 - 1030 West Georgia Street, Vancouver British Columbia, V6E 2Y3, Canada and its head office is located at 1155 W. Rio Salado Parkway, Suite 201, Tempe, Arizona, 85281.

Trading Price and Volume Data

On November 14, 2018, Harvest (previously RockBridge Resources Inc.), 1185928 B.C. Ltd. ("**Subco**"), Harvest Enterprises, Inc. ("**Harvest Privateco**"), HVST Finco (Canada) Inc. ("**Canadian Finco**") and Harvest Finco, Inc. ("**U.S. Finco")** entered into a business combination agreement whereby Harvest, Subco, Enterprises, Canadian Finco and U.S. Finco combined their respective businesses (the "**RTO**")**.** The RTO was structured as a series of transactions, including a Canadian three-cornered amalgamation transaction and a series of U.S. reorganization steps. Upon completion of the RTO, the Harvest Subordinate Voting Shares were listed on the CSE under the symbol "HARV". The following table sets forth the volume of trading and price ranges of the Harvest Shares on the CSE for each month since April 2018.

Period[(1)]	High C$	Low C$	Volume
May 2018	Nil	Nil	Nil
June 2018	Nil	Nil	Nil
July 2018	Nil	Nil	Nil
August 2018	0.135	0.090	68,097
September 2018	0.275	0.075	273,249
October 2018	0.275	0.075	Nil
November 2018	8.40	5.60	8,997,700
December 2018	7.28	4.56	7,770,323
January 2019	9.08	6.57	9,430,783
February 2019	11.20	9.05	11,421,214
March 2019	13.77	7.78	18,051,181
April 2019	14.50	10.49	20,956
May 1-23, 2019	10.97	10.36	48,5702

(1) Prior to the completion of the RTO, the stock in Harvest was trading as RockBridge Resources Inc. on the TSX Venture Exchange under the symbol "RBE". On November 14, 2018, such stock halted trading on the TSX Venture Exchange and following the completion of the RTO on November 15, 2018, the Harvest Shares began trading on the CSE under the symbol "HARV".

The closing price of the Harvest Shares on the CSE on April 18, 2019, the last trading day preceding the announcement of the Business Combination, was Cdn$12.35.

Prior Purchases and Sales

Except as set forth below and excluding securities purchased or sold pursuant to the exercise of Harvest Options or Harvest Compensation Options, Harvest has not purchased or sold Harvest Shares during the 12 months prior to date hereof.

Issue Date	Number of Securities Issued	Price per Security	Class of Security	Total Issue Price
11/13/2018	1,322,554	Nil[(1)]	Harvest Compensation Options	-
11/14/2018	62,330,432	$6.55	Harvest Subordinate Voting Shares	408,264,330
11/14/2018	2,113,948	$6.55	Harvest Multiple Voting Shares	13,846.359
11/14/2018	2,000,000	$6.55	Harvest Super Voting Shares	13,100,000
11/14/2018	9,321,250	Nil[(2)]	Harvest Options	-
3/14/2019	12,650,250	Nil[(3)]	Harvest Options	-
5/1/2019	327,500	Nil[(4)]	Harvest Options	-
5/2/2019	60,329	Nil[(5)]	Harvest RSUs	-
5/7/2019	2,335,000	Nil[(6)]	Harvest Options	-

Notes:

(1) The Harvest Compensation Options were issued to the agents in connection with a subscription receipt financing conducted in support of the RTO. Each Harvest Compensation Option is exercisable into one Harvest Subordinate Voting Share at any time until November 13, 2020 at an exercise price of $6.55. On completion of the Business Combination, each Harvest Compensation Option will be exchanged for a Replacement Option. When exercised the securities issued will be Resulting Issuer Subordinate Voting Shares.

(2) Issued under the Harvest Equity Incentive Plan at an exercise price of $6.55. Expiry date is November 14, 2028. On completion of the Business Combination, each Harvest Option will be exchanged for a Replacement Option. When exercised the securities issued will be Resulting Issuer Subordinate Voting Shares.

(3) Issued under the Harvest Equity Incentive Plan at an exercise price of $7.75. Expiry date is March 14, 2029. On completion of the Business Combination, each Harvest Option will be exchanged for a Replacement Option. When exercised the securities issued will be Resulting Issuer Subordinate Voting Shares.

(4) Issued under the Harvest Equity Incentive Plan at an exercise price of $8.75. Expiry date is May 1, 2029. On completion of the Business Combination, each Harvest Option will be exchanged for a Replacement Option. When exercised the securities issued will be Resulting Issuer Subordinate Voting Shares.

(5) Issued under the Harvest Equity Incentive Plan. On completion of the Business Combination, each Harvest RSU will be exchanged for a Replacement RSU. When converted the securities issued will be Resulting Issuer Subordinate Voting Shares.

(6) Issued under the Harvest Equity Incentive Plan at an exercise price of $8.13. Expiry date is May 7, 2029. On completion of the Business Combination, each Harvest Option will be exchanged for a Replacement Option. When exercised the securities issued will be Resulting Issuer Subordinate Voting Shares.

Securities Subject to Business Combination

Outstanding Securities

The following securities of Harvest are issued and outstanding:

- 73,620,099 Harvest Subordinate Voting Shares;
- 2,095,190.04 Harvest Multiple Voting Shares;
- 2,000,000 Harvest Super Voting Shares;

- 24,138,329 Harvest Options;
- 537,085 Harvest Compensation Options; and
- 60,329 Harvest RSUs.

Description of Harvest Subordinate Voting Shares

Right to Notice and Vote:	Holders of Harvest Subordinate Voting Shares are entitled to notice of and to attend any meeting of the shareholders of Harvest, except a meeting of which only holders of another particular class or series of shares of Harvest will have the right to vote. At each such meeting, holders of Harvest Subordinate Voting Shares are entitled to one vote in respect of each Harvest Subordinate Voting Share held.
Class Rights:	As long as any Harvest Subordinate Voting Shares remain outstanding, Harvest will not, without the consent of the holders of the Harvest Subordinate Voting Shares by separate special resolution, prejudice or interfere with any right attached to the Harvest Subordinate Voting Shares. Holders of Harvest Subordinate Voting Shares are not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Harvest Subordinate Voting Shares, or bonds, debentures or other securities of Harvest.
Dividends:	Holders of Harvest Subordinate Voting Shares are entitled to receive, as and when declared by the directors of Harvest, dividends in cash or property of Harvest. No dividend will be declared or paid on the Harvest Subordinate Voting Shares unless Harvest simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Harvest Subordinate Voting Share basis) on the Harvest Multiple Voting Shares and Harvest Super Voting Shares.
Participation:	In the event of the liquidation, dissolution or winding-up of Harvest, whether voluntary or involuntary, or in the event of any other distribution of assets of Harvest among its shareholders for the purpose of winding up its affairs, the holders of Harvest Subordinate Voting Shares will, subject to the prior rights of the holders of any shares of Harvest ranking in priority to the Harvest Subordinate Voting Shares, be entitled to participate rateably along with all other holders of Harvest Subordinate Voting Shares, Harvest Multiple Voting Shares (on an as-converted to Harvest Subordinate Voting Share basis) and Harvest Super Voting Shares (on an as-converted to Harvest Subordinate Voting Share basis).
Changes:	No subdivision or consolidation of the Harvest Subordinate Voting Shares, Harvest Multiple Voting Shares or Harvest Super Voting Shares shall occur unless, simultaneously, the Harvest Subordinate Voting Shares, Harvest Multiple Voting Shares and Harvest Super Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.
Conversion:	In the event that an offer is made to purchase Harvest Multiple Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Harvest Multiple Voting Shares are then listed, to be made to all or substantially all the holders of Harvest Multiple Voting Shares in a given province or territory of Canada to which these requirements apply, each Harvest Subordinate Voting Share shall become convertible at the option of the holder into Harvest Multiple Voting Shares at the inverse of the Harvest MVS Conversion Ratio then in effect at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such

shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Harvest Subordinate Voting Shares for the purpose of depositing the resulting Harvest Multiple Voting Shares pursuant to the offer, and for no other reason. In such event, the Harvest's transfer agent shall deposit the resulting Harvest Multiple Voting Shares on behalf of the holder. Should the Harvest Multiple Voting Shares issued upon conversion and tendered in response to the offer be withdrawn by shareholders or not taken up by the offeror, or should the offer be abandoned or withdrawn, the Harvest Multiple Voting Shares resulting from the conversion shall be automatically reconverted, without further intervention on the part of Harvest or on the part of the holder, into Harvest Subordinate Voting Shares at the Harvest MVS Conversion Ratio then in effect.

Redemption Right: Harvest is entitled to redeem the Harvest Subordinate Voting Shares of an "Unsuitable Person" in certain circumstances. See "*Securities Subject to Business Combination - Redemption Right from Harvest Unsuitable Person*".

Description of Harvest Multiple Voting Shares

Right to Vote: Holders of Harvest Multiple Voting Shares are entitled to notice of and to attend at any meeting of the shareholders of Harvest, except a meeting of which only holders of another particular class or series of shares of the Harvest have the right to vote. At each such meeting, holders of Harvest Multiple Voting Shares are entitled to one vote in respect of each Harvest Subordinate Voting Share into which such Harvest Multiple Voting Share could then be converted (currently 100 votes per Harvest Multiple Voting Share held).

Class Rights: As long as any Harvest Multiple Voting Shares remain outstanding, Harvest will not, without the consent of the holders of the Harvest Multiple Voting Shares by separate special resolution, prejudice or interfere with any right attached to the Harvest Multiple Voting Shares. Additionally, consent of the holders of a majority of the outstanding Harvest Multiple Voting Shares and Harvest Super Voting Shares will be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Harvest Multiple Voting Shares. Holders of Harvest Multiple Voting Shares will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Harvest Subordinate Voting Shares, or bonds, debentures or other securities of Harvest.

Dividends: The holders of the Harvest Multiple Voting Shares are entitled to receive such dividends as may be declared and paid to holders of the Harvest Subordinate Voting Shares in any financial year as the Harvest Board of Harvest may by resolution determine, on an as-converted to Harvest Subordinate Voting Share basis. No dividend will be declared or paid on the Harvest Multiple Voting Shares unless Harvest simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Harvest Subordinate Voting Share basis) on the Harvest Subordinate Voting Shares and Harvest Super Voting Shares.

Participation: In the event of the liquidation, dissolution or winding-up of Harvest, whether voluntary or involuntary, or in the event of any other distribution of assets of Harvest among its shareholders for the purpose of winding up its affairs, the holders of Harvest Multiple Voting Shares will, subject to the prior rights of the holders of any shares of the Resulting Issuer ranking in priority to the Harvest Multiple Voting Shares, be entitled to participate rateably along with all other holders of Harvest Multiple Voting Shares (on an as-converted to Harvest Subordinate Voting Share basis), Harvest Subordinate Voting Shares and Harvest Super Voting Shares (on an as-converted to Harvest Subordinate Voting Share basis).

Changes:	No subdivision or consolidation of the Harvest Subordinate Voting Shares, Harvest Multiple Voting Shares or Harvest Super Voting Shares shall occur unless, simultaneously, the Harvest Subordinate Voting Shares, Harvest Multiple Voting Shares and Harvest Super Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.
Conversion:	The Harvest Multiple Voting Shares each have a restricted right to convert into 100 Harvest Subordinate Voting Shares (the "**Harvest MVS Conversion Ratio**"), subject to adjustments for certain customary corporate changes. The ability to convert the Harvest Multiple Voting Shares is subject to a restriction that the aggregate number of Harvest Subordinate Voting Shares, Harvest Multiple Voting Shares and Harvest Super Voting Shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the U.S. Securities Act) may not exceed forty percent (40%) of the aggregate number of Harvest Subordinate Voting Shares, Harvest Multiple Voting Shares and Harvest Super Voting Shares issued and outstanding after giving effect to such conversions, and to a restriction on beneficial ownership of Harvest Subordinate Voting Shares exceeding certain levels. In addition, the Harvest Multiple Voting Shares will be automatically converted into Harvest Subordinate Voting Shares in certain circumstances, including upon the registration of the Harvest Subordinate Voting Shares under the U.S. Securities Act. In the event that an offer is made to purchase Harvest Subordinate Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Harvest Subordinate Voting Shares are then listed, to be made to all or substantially all the holders of Harvest Subordinate Voting Shares in a given province or territory of Canada to which these requirements apply, each Harvest Multiple Voting Share shall become convertible at the option of the holder into Harvest Subordinate Voting Shares at the Harvest MVS Conversion Ratio at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may be exercised in respect of Harvest Multiple Voting Shares for the purpose of depositing the resulting Harvest Subordinate Voting Shares pursuant to the offer. Should the Harvest Subordinate Voting Shares issued upon conversion and tendered in response to the offer be withdrawn by shareholders or not taken up by the offeror, or should the offer be abandoned or withdrawn, the Harvest Subordinate Voting Shares resulting from the conversion shall be automatically reconverted, without further intervention on the part of Harvest or on the part of the holder, into Harvest Multiple Voting Shares at the inverse of the Harvest MVS Conversion Ratio then in effect.

Description of Harvest Super Voting Shares

Right to Vote:	Holders of Harvest Super Voting Shares are entitled to notice of and to attend at any meeting of the shareholders of Harvest, except a meeting of which only holders of another particular class or series of shares of Harvest will have the right to vote. At each such meeting, holders of Harvest Super Voting Shares are entitled to 200 votes in respect of each Harvest Subordinate Voting Share into which such Harvest Super Voting Share could ultimately then be converted (currently 1 Harvest Subordinate Voting Share per Harvest Super Voting Share held).
Class Rights:	As long as any Harvest Super Voting Shares remain outstanding, Harvest will not, without the consent of the holders of the Harvest Super Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Harvest Super Voting Shares. Additionally, consent of the holders of a majority of the outstanding Harvest Super Voting Shares will be required for any action that authorizes

	or creates shares of any class having preferences superior to or on a parity with the Harvest Super Voting Shares. In connection with the exercise of the voting rights in respect of any such approvals, each holder of Harvest Super Voting Shares will have one vote in respect of each Harvest Super Voting Share held. The holders of Harvest Super Voting Shares will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Harvest Subordinate Voting Shares, bonds, debentures or other securities of the Harvest not convertible into Harvest Super Voting Shares.
Dividends:	The holders of the Harvest Super Voting Shares are entitled to receive such dividends as may be declared and paid to holders of the Harvest Subordinate Voting Shares in any financial year as the Harvest Board of Harvest may by resolution determine, on an as-converted to Harvest Subordinate Voting Share basis. No dividend will be declared or paid on the Harvest Super Voting Shares unless Harvest simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Harvest Subordinate Voting Share basis) on the Harvest Multiple Voting Shares and Harvest Subordinate Voting Shares.
Participation:	In the event of the liquidation, dissolution or winding-up of Harvest, whether voluntary or involuntary, or in the event of any other distribution of assets of Harvest among its shareholders for the purpose of winding up its affairs, the holders of Harvest Super Voting Shares will, subject to the prior rights of the holders of any shares of the Harvest ranking in priority to the Harvest Super Voting Shares, be entitled to participate rateably along with all other holders of Harvest Super Voting Shares (on an as-converted to Harvest Subordinate Voting Share basis), Harvest Subordinate Voting Shares and Multiple Voting Shares (on an as-converted to Harvest Subordinate Voting Share basis).
Changes:	No subdivision or consolidation of the Harvest Subordinate Voting Shares, Harvest Multiple Voting Shares or Harvest Super Voting Shares shall occur unless, simultaneously, the Harvest Subordinate Voting Shares, Harvest Multiple Voting Shares and Harvest Super Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.
Conversion:	Each Harvest Super Voting Share has a right to convert into one (1) Harvest Subordinate Voting Share subject to customary adjustments for certain corporate changes.
Automatic Conversion by Harvest:	Some or all of the Harvest Super Voting Shares will automatically be converted into an equal number of Harvest Subordinate Voting Shares (subject to customary adjustments for certain corporate changes) in the following circumstances: (a) upon the transfer by the holder thereof to anyone other than (i) an immediate family member of Jason Vedadi or Steven White (the "**Harvest Initial Holders**") or a transfer for purposes of estate or tax planning to a company or person that is wholly beneficially owned by a Harvest Initial Holder or immediate family members of a Harvest Initial Holder or which a Harvest Initial Holder or immediate family members of a Harvest Initial Holder are the sole beneficiaries thereof; or (ii) a party approved by the Harvest (together with the Harvest Initial Holders, "**Harvest Permitted Holders**"); or (b) if at any time the aggregate number of issued and outstanding Harvest Super Voting Shares beneficially owned, directly or indirectly, by an Initial Holder of the Harvest Super Voting Shares and the Harvest Initial Holder's predecessor or transferor, permitted transferees and permitted successors, divided by the number of Harvest Super Voting Shares beneficially owned, directly or indirectly, by the holder (and the Initial Holder's predecessor or transferor, permitted transferees and permitted successors) as at the date of completion of the Harvest Business Combination is less than 50%. The

Harvest Initial Holders of Harvest Super Voting Shares will, from time to time upon the request of the Harvest, provide to the Harvest evidence as to such Initial Holders' direct and indirect beneficial ownership (and that of its permitted transferees and permitted successors) of Harvest Super Voting Shares to enable the Harvest to determine if its right to convert has occurred. For purposes of these calculations, a holder of Harvest Super Voting Shares will be deemed to beneficially own Harvest Super Voting Shares held by an intermediate company or fund in proportion to their equity ownership of such company or fund, unless such company or fund holds such shares for the benefit of such holder, in which case they will be deemed to own 100% of such shares held for their benefit.

Harvest is not required to convert Harvest Super Voting Shares on a pro-rata basis among the holders of Harvest Super Voting Shares.

Redemption Right from Harvest Unsuitable Person

Harvest has a redemption right for Harvest Subordinate Voting Shares to allow Harvest to comply with applicable licensing regulations. The purpose of the redemption right is to provide Harvest with a means of protecting itself from having a shareholder (or a groups of persons that the Harvest Board believes is acting jointly or in concert) (a "**Harvest Unsuitable Person**") with an ownership interest of, whether of record or beneficially (or having the power to exercise control or direction over), five percent (5%) or more of the issued and outstanding shares of Harvest (calculated on as-converted to Harvest Subordinate Voting Shares basis), who a Governmental Entity granting licenses to Harvest (including to any Harvest Subsidiary) has determined to be unsuitable to own shares, or whose ownership of Harvest Shares may result in the loss, suspension or revocation (or similar action) with respect to any licenses relating to Harvest's conduct of business (being the conduct of any activities relating to the cultivation, processing and dispensing of cannabis and cannabis-derived products in the United States, which include the owning and operating of cannabis licenses) or in Harvest being unable to obtain any new licenses in the normal course, including, but not limited to, as a result of such person's failure to apply for a suitability review from or to otherwise fail to comply with the requirements of a Governmental Entity, as determined by the Harvest Board, in its sole discretion, after consultation with legal counsel and if a license application has been filed, after consultation with the applicable Governmental Entity.

The terms of the Harvest Subordinate Voting Shares provide Harvest with a right, but not the obligation, at its option, to redeem Harvest Subordinate Voting Shares held by a Harvest Unsuitable Person at the redemption price per share, unless otherwise required by a Governmental Entity, equal to Fair Market Value as described below. This right is required in order for Harvest to comply with regulations in various jurisdictions where Harvest conducts business or is expected to conduct business, which provide that the shareholders of a company requiring a license who hold over a certain percentage threshold of the issued and outstanding shares of Harvest cannot be deemed "unsuitable" by the applicable Governmental Entity issuing the license in order for such company's license to be issued and to remain valid and in effect.

A redemption notice may be delivered by Harvest to the Harvest Unsuitable Person and will set forth: (i) the redemption date, (ii) the number of Harvest Subordinate Voting Shares to be redeemed, (iii) the formula pursuant to which the redemption price will be determined and the manner of payment therefor, (iv) the place where such Harvest Subordinate Voting Shares (or certificate thereto, as applicable) will be surrendered for payment, duly endorsed in blank or accompanied by proper instruments of transfer, (v) a copy of the Harvest Valuation Opinion (as defined herein) if Harvest is no longer listed on the CSE or another recognized securities exchange, and (vi) any other requirement of surrender of the redeemed shares. The redemption notice will be sent to the Harvest Unsuitable Person not less than 30 trading days prior to the redemption date, except as otherwise provided below. Harvest will send a written notice confirming the amount of the redemption price as soon as possible following the determination of such redemption price. The redemption notice may be conditional such that Harvest need not redeem the Harvest Subordinate Voting Shares on the redemption date if the Harvest Board determines, in its sole discretion, that such redemption is no longer advisable or necessary.

For purposes of the foregoing, "Fair Market Value" means: (i) the volume weighted average trading price of the Harvest Subordinate Voting Shares during the five (5) trading day period immediately after the date of the redemption notice on the CSE or other national or regional securities exchange on which the Harvest Subordinate Voting Shares

are listed, or (ii) if no such quotations are available, the fair market value per share of such Harvest Subordinate Voting Shares as set forth in a valuation and fairness opinion ("**Harvest Valuation Opinion**") from an investment banking firm of nationally recognized standing in Canada (qualified to perform such task and which is disinterested in the contemplated redemption and has not in the then past two years provided services for a fee to Harvest or its affiliates) or a disinterested nationally recognized accounting firm.

The redemption date will be not less than 30 trading days from the date of the redemption notice unless a Governmental Entity requires that the Harvest Subordinate Voting Shares be redeemed as of an earlier date, in which case the redemption date will be such earlier date, and if there is an outstanding redemption notice, Harvest will issue an amended redemption notice reflecting the new redemption date forthwith.

From and after the date the redemption notice is delivered, a Harvest Unsuitable Person owning Harvest Subordinate Voting Shares called for redemption will cease to have any voting rights. From and after the redemption date, any and all rights of any nature which may be held by a Harvest Unsuitable Person with respect to such person's Harvest Subordinate Voting Shares will cease and, thereafter, the Harvest Unsuitable Person will be entitled only to receive the redemption price, without interest, on the redemption date; provided, however, that if any such Harvest Subordinate Voting Shares come to be owned solely by persons other than a Harvest Unsuitable Person (such as by transfer of such Harvest Subordinate Voting Shares to a liquidating trust, subject to the approval of any applicable Governmental Entity), such persons may exercise voting rights of such Harvest Subordinate Voting Shares and the Harvest Board may determine, in its sole discretion, not to redeem such Harvest Subordinate Voting Shares. Harvest's redemption right is unilateral and, unless a Harvest Unsuitable Person otherwise disposes of his, her or its Harvest Subordinate Voting Shares, such Harvest Unsuitable Person cannot prevent Harvest from exercising its redemption right.

Following redemption, the redeemed Harvest Shares will be cancelled.

If Harvest exercises its right to redeem Harvest Subordinate Voting Shares from a Harvest Unsuitable Person, (i) Harvest may fund the redemption price, which may be substantial in amount in certain circumstances, from its existing cash resources, the incurrence of indebtedness, the issuance of additional securities including debt securities, the issuance of a promissory note issued to the Harvest Unsuitable Person or a combination of the foregoing sources of funding, (ii) the number of Subordinate Voting Shares outstanding will be reduced by the number of applicable shares redeemed, and (iii) Harvest cannot provide any assurance that the redemption will adequately address the concerns of any Governmental Entities or enable Harvest to make all required governmental filings or obtain and maintain all licenses, permits or other governmental approvals that are required to conduct its business. Harvest cannot prevent a Harvest Unsuitable Person from acquiring or reacquiring shares, and can only address such unsuitability by exercising its redemption rights pursuant to the redemption provision. To the extent required by applicable laws, Harvest may deduct and withhold any tax from the redemption price. To the extent any amounts are so withheld and are timely remitted to the applicable Governmental Entity, such amounts shall be treated for all purposes herein as having been paid to the person in respect of which such deduction and withholding was made.

A person (or group of persons acting jointly or in concert) is prohibited from acquiring or disposing of five percent (5%) or more of the issued and outstanding shares of Harvest (calculated on an as-converted to Harvest Subordinate Voting Shares basis), directly or indirectly, in one or more transactions, without providing 15 days' advance written notice to Harvest by mail sent to Harvest's registered office to the attention of the Corporate Secretary. The foregoing restriction will not apply to the ownership, acquisition or disposition of shares as a result of: (i) a transfer of Harvest Subordinate Voting Shares occurring by operation of law including, inter alia, the transfer of Harvest Subordinate Voting Shares to a trustee in bankruptcy, (ii) an acquisition or proposed acquisition by one or more underwriters or portfolio managers who hold Harvest Subordinate Voting Shares for the purposes of distribution to the public or for the benefit of a third party provided that such third party is in compliance with the foregoing restriction, or (iii) the conversion, exchange or exercise of securities of Harvest following the Harvest Business Combination (other than the Harvest Subordinate Voting Shares) duly issued or granted by Harvest, into or for Harvest Subordinate Voting Shares, in accordance with their respective terms. If the Harvest Board reasonably believes that any such person (or group of persons acting jointly or in concert) may have failed to comply with the foregoing restrictions, Harvest may apply to the Court, or such other court of competent jurisdiction for an order directing that such person or group disclose the number of Harvest Shares held.

Notwithstanding the foregoing, Harvest may not be able to exercise its redemption rights in full or at all. Under the BCBCA, Harvest may not make any payment to redeem its shares if there are reasonable grounds for believing that Harvest is unable to pay its liabilities as they become due in the ordinary course of its business or if making the payment of the redemption price or providing the consideration would cause Harvest to be unable to pay its liabilities as they become due in the ordinary course of its business. Furthermore, the Letter Credit Agreement contains (and Harvest may become subject to other) contractual restrictions on its ability to redeem its shares. In the event that restrictions prohibit Harvest from exercising its redemption rights in part or in full, Harvest will not be able to exercise its redemption rights absent a waiver of such restrictions, which Harvest may not be able to obtain on acceptable terms or at all.

Description of Harvest Options

The Harvest Options are the options to purchase Harvest Subordinate Voting Shares issued pursuant to the Harvest Equity Incentive Plan.

Description of Harvest Compensation Options

The Harvest Compensation Options were issued to the agents in connection with a subscription receipt financing conducted in support of the RTO. Each Harvest Compensation Option is exercisable into one Harvest Subordinate Voting Share at any time until November 13, 2020 at an exercise price of $6.55.

Description of Harvest RSUs

Harvest RSUs are granted in reference to a specified number of Harvest Subordinate Voting Shares and entitle the holder to receive, on achievement of specific performance goals established by the Compensation Committee, after a period of continued service with Harvest or its affiliates or any combination of the above as set forth in the applicable award agreement, one Harvest Subordinate Voting Share for each such Harvest Subordinate Voting Share covered by the Harvest RSU; provided, that the Compensation Committee may elect to pay cash, or part cash and part Subordinate Voting Shares in lieu of delivering only Subordinate Voting Shares. The Compensation Committee may, in its discretion, accelerate the vesting of Harvest RSUs. Unless otherwise provided in the applicable award agreement or as may be determined by the Compensation Committee, upon a Participant's termination of service with Harvest, the unvested portion of the Harvest RSUs will be forfeited.

Dividend Policy

Harvest has not paid any dividends on the Harvest Shares since its incorporation. The Resulting Issuer will likely reinvest all future earnings to finance the development and growth of its business. As a result, it is not intended that the Resulting Issuer will pay dividends in the foreseeable future. Any future determination to pay distributions will be at the discretion of the Resulting Issuer Board and will depend on the financial condition, business environment, operating results, capital requirements, any contractual restrictions on the payment of distributions and any other factors that the Resulting Issuer Board deems relevant. The Resulting Issuer will not be bound or limited in any way to pay dividends in the event that the Resulting Issuer Board determines that a dividend is in the best interest of its shareholders.

INFORMATION CONCERNING VERANO

Although originally formed in 2017, Verano was organized in 2018 as the culmination of years of operational experience in the legalized cannabis industry. Co-Founder George Archos first entered the cannabis industry in 2014 by founding Ataraxia, LLC, the first operational cultivation center in the State of Illinois's medical cannabis pilot program. Quickly developing a large market share in Illinois, Mr. Archos began expanding his footprint by acquiring assets in other legalized states. Simultaneously, Co-Founder Sam Dorf had been working on applying and winning competitive applications and negotiating M&A transactions in the cannabis space. Mr. Archos and Mr. Dorf teamed up on many of the assets which ended up in Verano's portfolio. By the completion of its roll-up, and through accretive acquisitions and winning new licenses, Verano became one of the largest multi-state vertically integrated operators in the cannabis industry. The Verano team, which has grown as the business has grown, has deep operational expertise

in cultivation, manufacturing, legislation, permitting, zoning and retail sales. Verano currently holds, manages, licenses, and/or controls licenses/permits in the States of Arkansas, California, Ohio, Illinois, Maryland, Massachusetts, Michigan, Nevada, New Jersey, Oklahoma, and the Commonwealth of Puerto Rico, with additional pending applications in Michigan, Oklahoma, and California.

Verano's registered office is located at 251 Little Falls Drive, Wilmington, Delaware, 19808 and its head office is located at 415 North Dearborn Street, 4th Floor, Chicago, Illinois, 60654.

The description of Verano, both below and elsewhere in this Circular, is a summary only, is not exhaustive and is qualified in its entirety by reference to the information relating to Verano contained in Appendix "F" to this Circular.

Capitalization

The following securities of Verano are subject to the Business Combination:

Security	Prior giving effect to the closing of the Business Combination
Class A Units	0
Class B Units	26,501,178
Warrant	751,973[1]

Notes:

(1) Warrant to Purchase Membership Interests, issued September 12, 2018, and amended January 4, 2019, granting ZenNorth, LLC the right to purchase up to 751,973 Class B Units of Verano.

Description of Verano Class A Units

Units of Verano evidencing an interest in Verano owned by a member, including such member's right (a) to its distributive share of net income, net losses and other items of income, gain, loss and deduction of the Company; (b) to its distributive share of the assets of the Company; (c) to vote on, consent to, or otherwise participate in any decision of the members as provided in the Verano Operating Agreement; and (d) to any and all other benefits to which such member may be entitled as provided in the Verano Operating Agreement or the DLLCA; *provided, however*, that Verano Class A Units shall have the relative rights, powers and duties set forth in the Verano Operating Agreement, and the interest in Verano represented by Verano Class A Units shall be determined in accordance with such relative rights, powers and duties.

Description of Verano Class B Units

Units means of Verano evidencing an interest in Verano owned by a member, including such member's right (a) to its distributive share of net income, net losses and other items of income, gain, loss and deduction of the Company; (b) to its distributive share of the assets of the Company; (c) to vote on, consent to, or otherwise participate in any decision of the members as provided in the Verano Operating Agreement; and (d) to any and all other benefits to which such member may be entitled as provided in the Verano Operating Agreement or the DLLCA; *provided, however,* that Verano Class B Units shall have the relative rights, powers and duties set forth in the Verano Operating Agreement, and the interest in Verano represented by Verano Class B Units shall be determined in accordance with such relative rights, powers and duties.

Description of Warrant

Warrant to purchase up to 751,973 Verano Class B Units at a price of $4.03 per unit.

Prior Sales and Purchases

For the 12-month period prior to the date of the Circular, Verano issued or granted the following Verano securities during the 12 months prior to date hereof.

Issue Date	Number of Securities Issued	Price per Security	Class of Security	Total Issue Price
August 17, 2018	10,000,000	$8.97	Class B	$88,230,481.00
September 15, 2018	837,403	$24.82	Class B	$20,784,317.00
October 25, 2018	1,625,652	$24.82		$40,348,690.00
October 26, 2018	4,049,701	$21.73**	Class B	$88,000,000.00
January 4, 2019	9,627,837	N/A	Class B	N/A (Corrective Issuance)
February 11, 2019	360,585	$21.73	Class B	$7,835,512.05

**Corrected via January 4, 2019, Corrective Issuance.

Management

Brief descriptions of the biographies of management of Verano are set out below:

George Archos, Co-Founder, CEO, Chairman of the Board

George Archos is a veteran in the logistics and operations spaces. Building on his extensive experience in coordinating complex freight delivery operations, as well as designing and operating successful restaurants, George entered the cannabis industry in 2014 when he founded Ataraxia Grow and Labs in Illinois and was the first to receive authorization to grow medical cannabis out of 21 recipients of the medical licenses. George's diligence, perseverance, and work ethic have made him one of the cannabis industry's most successful entrepreneurs. Leveraging his devotion to quality and a unique results-oriented approach to the cannabis industry, George has overseen the development of some of cannabis's most highly-coveted operations and brands.

George's restaurants across the Chicagoland area, bear the imprint of his devotion to quality and customer service, earning him multiple awards and recognition. George's unique experience, his drive, and his commitment to quality, coupled with his capacity to establish, build, and effectively run multi-jurisdictional companies, are an asset to Verano.

Sam Dorf, Esq., Founder, Chief Growth Officer

A cannabis industry veteran and architect of some of the largest deals in the space, Sam Dorf, Esq., serves as Verano's Chief Growth Officer. Born and raised in the Chicagoland area, Sam is recognized as one of cannabis's most successful merit-based application strategists, adept at building and coordinating local teams, lining up funding and real estate assets, and working with local municipalities to create the strongest applicant teams. Over the past 5 years, Sam has propelled Verano's growth with wins in Illinois, Maryland, Nevada, Ohio, and New Jersey.

In addition to heading up Verano's expansion through merit-based applications, Sam has proven adept at coordinating strategic mergers and acquisitions, increasing Verano's market penetration in States where it currently operates as well as new markets that bolster Verano's national smart-growth expansion strategy. In this pursuit, Sam has successfully raised over $40 million and obtained 19 licenses spanning five States. Sam is also integral to the creation, design, and development of Verano's diverse brands and products. From inception to execution, Sam works with Verano's team of professionals to ensure that Verano's products are best-in-class in each vertical, and has been indispensable to Verano's reputation as the creator and producer of top-shelf brands and products.

Ron Goodson, President, Chief Operating Officer

Ron Goodson is a senior executive with more than 39 years of success within the food, beverage and consumer goods industry. Leveraging his extensive experience, Ron has consistently driven revenue and profit growth for one of the

largest food and beverage companies in the world, PepsiCo. Ron's success in the food, beverage and consumer goods industry ideally supports Verano's growth as a legal medical and adult-use cannabis consumer goods company.

Ron's knowledge of organizational structure, monetizing new product launches on creating strategies to re-ignite under-performing sales to drive revenue and reach profit goals will benefit Verano across its entire enterprise as it scales its operations nationally and internationally. His broad areas of expertise include sales, operations, profit and loss management, key account, development, legislative/lobbyist work, employee recruitment and retainment, motivation, competitive analysis, senior board work, marketing, compensation structures, acquisition and integration, product development and forecasting.

Ron began his career North America Pepsi Beverages Company in 1979, rising from a series of leadership roles with increasing responsibility to nine years as Vice President and General Manager for the Southwest Market in North America. In this assignment, Ron successfully led one of the largest PepsiCo markets, while integrating several independent bottlers through acquisitions. Ron also spearheaded all new product development/brand extensions while aggressively driving operating profits with organic volume/revenue growth and through improving costs and productivity in the Southwest Market. He previously led operations in New Mexico and Texas where he grew volume, share and profit at double digit rates for three years in a row. Ron was responsible for completing and transitioning a $360 million bottler acquisition into a highly successful and prospering PepsiCo venture and has developed a reputation for his ability to find, develop, retain and promote talent across PepsiCo worldwide.

Ron studied Business Management at Wright State University and is a consultant and speaker with the University of Phoenix Masters' program. Ron was an earlier investor and board member of Good Times Restaurants which is publicly traded (GTIM). Ron values community service, demonstrated through his executive board involvement with City of Hope, National Hispanic Scholarship Fund, YMCA and United Way.

Darren Weiss, Esq., General Counsel, Chief Legal Officer

Darren is deeply involved in Verano's operations at every level, and applies his management and analytical skills across the organization to help streamline processes, standardize operations, and bolster performance. From conceptualization to design and implementation, Darren leverages his many years of corporate experience to bring professionalism and efficiency across Verano. A cannabis industry veteran and seasoned corporate attorney and business advisor, Darren is also a frequent author and speaker on legal and operational issues affecting the legalized cannabis industry and is viewed as a cannabis industry thought leader.

Darren joined Verano after leaving his position as a Principal at a large law firm, where he headed up the firm's cannabis practice. Instrumental in the formation and organization of cannabis companies across the U.S., Darren has worked with privately- and publicly-held cannabis companies on corporate financing; drafting and negotiating investment documents, licensing agreements, and vendor contracts; and providing business advice and counsel on competitive licensing applications and cannabis business design and strategy. Darren has been counsel to both investors and cannabis businesses and has helped close multi-million dollar transactions and provided counsel in the creation of multi-state brands and products.

Darren currently sits on the Executive Committee and Board of the Maryland Wholesale Medical Cannabis Trade Association, was named to the Baltimore Business Journal 's 40 Under 40 List, was awarded the 2016 Innovator of the Year prize, and is identified as a 2017 People to Know in the Law. Darren received his Bachelor's Degree *magna cum laude* from Washington University in St. Louis and his Juris Doctorate *cum laude* from George Mason University School of Law. Prior to law school, Darren worked as a business consultant providing performance management and business operational consulting services for public and private-sector clients.

Anthony Marsico, Executive Vice President-Retail

Anthony Marsico plays a critical role in the branding and national expansion of the Zen Leaf™ dispensary brand that holds, controls, or licenses cannabis permits throughout the United States and Puerto Rico. Anthony has led the charge, creating and implementing procedures and protocols that satisfy the strict compliance and security standards in each

state where Zen Leaf operates. He has also laid the framework for success in each market emphasizing meeting patient needs, community outreach programs, and providing educational consultations and materials for all patients.

Anthony cofounded Illinois' first licensed facility, Ataraxia Grow and Labs, in 2014 alongside Verano's Chairman George Archos. His attention to detail, meticulous reporting, and drive for perfection have proven invaluable in understanding the intricacies of the operations side and propelling Ataraxia to the top of the Illinois market with its well-known Goldleaf™ brand.

Anthony's successful background of venture capitalism and real estate investment prepared him well, giving him added insight that he applies in his evolving role in expanding Zen Leaf's cannabis retail operations. Anthony graduated from Lewis University with a Bachelor of Science in Business Administration with emphasis on International Business.

Chris Fotopolous, Esq., Executive Vice President-Real Estate (Legal)

Chris is responsible for ensuring Verano's dispensary and cultivation operations are in compliance with State and Federal laws. Chris is an attorney with thirteen years of legal experience representing local banks in commercial litigation disputes, commercial real estate clients in the purchase and sale of residential, commercial and industrial properties and developing corporate structure for privately held entities. Chris was an important part of Ataraxia's successful application to grow medicinal cannabis in Illinois under the Compassionate Use of Medical Cannabis Pilot Program Act. In 2015, Ataraxia became the first licensed cultivation center in Illinois to cultivate cannabis.

Chris was admitted to the Illinois State Bar in May 2005. He began his legal career as an in-house attorney for Resurgence Financial LLC, which at the time appeared on the Inc. 500 list of fastest growing private companies in the United States. Chris has successfully negotiated the purchase of a $100 million credit card portfolio.

Chris received his Bachelor of Science degree in Finance from DePaul University and his Juris Doctor Degree from The John Marshall Law School in Chicago. While in law school, Chris was a member of the Phi Delta Phi Honors Fraternity in his first year and served as the Executive Justice of the Moot Court Honors Program in his second year. In his final year, Chris served as the Chief Justice of the Moot Court Honors Program. In addition to serving on the board, Chris participated in numerous national moot court competitions. More notably, the Tulane Mardi Gras Sports Law Invitation Moot Court Competition and The John Marshall Law School's International Privacy Law Competition. Chris is fluent in Modern Greek. He is active in the Greek Community and currently serves as a Council Member for the Hellenic American Leadership Council (HALC), an organization formed to emphasize civic leadership in Hellenic issues. He is also an active supporter of the American Heart Association.

Corporate Cease Trade Orders or Bankruptcies; Penalties or Sanctions; Personal Bankruptcies

None

Principal Securityholders

The following Persons own, directly or indirectly, or exercise control or direction over more than 10% of any class of voting securities of Verano.

Name, Jurisdiction of Residence	Class A Units	% of issued Class	Class B Units	% of issued Class
George Archos (IL)	-	-	7,115,954	26.85%
Sol Global Investments Corp.	-	-	4,049,701	15.28%

Note: The total number of securities set out in the table above includes those held both directly and indirectly.

Dividend Policy

Verano has not paid any dividends on the Verano Units since its inception.

INFORMATION CONCERNING THE RESULTING ISSUER FOLLOWING THE BUSINESS COMBINATION

General

After completion of the Business Combination, Harvest and Verano expect that the business and operations of Harvest and Verano will be consolidated and the registered office of the Resulting Issuer will be located at 2500 Park Place, 666 Burrard Street, Vancouver, British Columbia, Canada, V6C 2X8 and the head office will be located at 1155 W. Rio Salado Parkway, Suite 201, Tempe, AZ 85281.

The description of the Resulting Issuer, both below and elsewhere in this Circular, is a summary only, is not exhaustive and is qualified in its entirety by reference to the information relating to the Resulting Issuer contained in Appendix "F" to this Circular.

Total Funds Available

Upon completion of the Business Combination, the *pro forma* working capital position of the Resulting Issuer as of December 31, 2018, after giving effect to the Business Combination, as if it had been completed on that date, is $290,166,000. This amount reflects the combined working capital of Verano and Harvest as at December 31, 2018.

Directors and Executive Officers of the Resulting Issuer

Upon completion of the Business Combination, the Resulting Issuer Board will consist of five directors, expected to be Steven White, Jason Vedadi, Mark Barnard, Elroy Sailor and Frank Bedu-Addo. In all cases, each such nominee shall satisfy the director qualification requirements of the BCBCA, shall be subject to applicable regulatory approvals and shall otherwise possess the skills and aptitude necessary to serve as a director of a publicly-traded reporting issuer in Canada.

Description of Share Capital

The Resulting Issuer will be authorized to issue an unlimited number of Resulting Issuer Subordinate Voting Shares, an unlimited number of Resulting Issuer Multiple Voting Shares and an unlimited number of Resulting Issuer Super Voting Shares. Upon completion of the Business Combination (and assuming that former holders of equity interests in Verano only receive Resulting Issuer Multiple Voting Shares, and not Resulting Issuer Subordinate Voting Shares, pursuant to the Arrangement), it is anticipated that the Resulting Issuer Subordinate Voting Shares will represent approximately 7.8% of the voting rights attached to the outstanding securities of the Resulting Issuer, the Resulting Issuer Multiple Voting Shares will represent approximately 42.9% of the voting rights attached to the outstanding securities of the Resulting Issuer and the Resulting Issuer Super Voting Shares will represent approximately 49.3% of the voting rights attached to the outstanding securities of the Resulting Issuer (in each case, on a fully-diluted basis).

The following is a summary of the rights, privileges, restrictions and conditions attached to the Resulting Issuer Subordinate Voting Shares, the Resulting Issuer Multiple Voting Shares and the Resulting Issuer Super Voting Shares.

Description of Resulting Issuer Subordinate Voting Shares

Right to Notice and Vote:	Holders of Resulting Issuer Subordinate Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of the Resulting Issuer, except a meeting of which only holders of another particular class or series of shares of Resulting Issuer will have the right to vote. At each such meeting, holders of Resulting Issuer Subordinate Voting Shares will be entitled to one vote in respect of each Resulting Issuer Subordinate Voting Share held.
Class Rights:	As long as any Resulting Issuer Subordinate Voting Shares remain outstanding, the Resulting Issuer will not, without the consent of the holders of the Resulting Issuer Subordinate Voting Shares by separate special resolution, prejudice or interfere with any

rights attached to the Resulting Issuer Subordinate Voting Shares. Holders of Subordinate Voting Shares will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Resulting Issuer Subordinate Voting Shares, or bonds, debentures or other securities of the Resulting Issuer.

Dividends: Holders of Resulting Issuer Subordinate Voting Shares will be entitled to receive as and when declared by the directors of the Resulting Issuer, dividends in cash or property of the Resulting Issuer. No dividend will be declared or paid on the Resulting Issuer Subordinate Voting Shares unless the Resulting Issuer simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Resulting Issuer Subordinate Voting Share basis) on the Resulting Issuer Multiple Voting Shares and Resulting Issuer Super Voting Shares.

Participation: In the event of the liquidation, dissolution or winding-up of the Resulting Issuer, whether voluntary or involuntary, or in the event of any other distribution of assets of the Resulting Issuer among its shareholders for the purpose of winding up its affairs, the holders of Resulting Issuer Subordinate Voting Shares will, subject to the prior rights of the holders of any shares of the Resulting Issuer ranking in priority to the Resulting Issuer Subordinate Voting Shares, be entitled to participate rateably along with all other holders of Resulting Issuer Subordinate Voting Shares, Resulting Issuer Multiple Voting Shares (on an as-converted to Resulting Issuer Subordinate Voting Share basis) and Resulting Issuer Super Voting Shares (on an as-converted to Resulting Issuer Subordinate Voting Share basis).

Changes: No subdivision or consolidation of the Resulting Issuer Subordinate Voting Shares, Resulting Issuer Multiple Voting Shares or Resulting Issuer Super Voting Shares shall occur unless, simultaneously, the Resulting Issuer Subordinate Voting Shares, Resulting Issuer Multiple Voting Shares and Resulting Issuer Super Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

Conversion: In the event that an offer is made to purchase Resulting Issuer Multiple Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Resulting Issuer Multiple Voting Shares are then listed, to be made to all or substantially all the holders of Resulting Issuer Multiple Voting Shares in a given province or territory of Canada to which these requirements apply, each Resulting Issuer Subordinate Voting Share shall become convertible at the option of the holder into Resulting Issuer Multiple Voting Shares at the inverse of the Resulting Issuer MVS Conversion Ratio then in effect at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Resulting Issuer Subordinate Voting Shares for the purpose of depositing the resulting Resulting Issuer Multiple Voting Shares pursuant to the offer, and for no other reason. In such event, the Resulting Issuer's transfer agent shall deposit the resulting Resulting Issuer Multiple Voting Shares on behalf of the holder. Should the Resulting Issuer Multiple Voting Shares issued upon conversion and tendered in response to the offer be withdrawn by shareholders or not taken up by the offeror, or should the offer be abandoned or withdrawn, the Resulting Issuer Multiple Voting Shares resulting from the conversion shall be automatically reconverted, without further intervention on the part of the Resulting Issuer or on the part of the holder, into Resulting Issuer Subordinate Voting Shares at the Resulting Issuer MVS Conversion Ratio then in effect.

Resulting Issuer Redemption Right:	The Resulting Issuer will be entitled to redeem the Resulting Issuer Subordinate Voting Shares of an "Unsuitable Person" in certain circumstances. See "*Securities Subject to Business Combination - Redemption Right for a Resulting Issuer Unsuitable Person*".

Description of Resulting Issuer Multiple Voting Shares

Right to Vote:	Holders of Resulting Issuer Multiple Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of the Resulting Issuer, except a meeting of which only holders of another particular class or series of shares of the Resulting Issuer will have the right to vote. At each such meeting, holders of Resulting Issuer Multiple Voting Shares will be entitled to one vote in respect of each the Resulting Issuer Subordinate Voting Share into which such Multiple Voting Share could then be converted (initially 100 votes per Resulting Issuer Multiple Voting Share held).
Class Rights:	As long as any Resulting Issuer Multiple Voting Shares remain outstanding, the Resulting Issuer will not, without the consent of the holders of the Resulting Issuer Multiple Voting Shares by separate special resolution, prejudice or interfere with any right attached to the Resulting Issuer Multiple Voting Shares. . Additionally, consent of the holders of a majority of the outstanding Resulting Issuer Multiple Voting Shares and Resulting Issuer Super Voting Shares will be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Resulting Issuer Multiple Voting Shares. Holders of Resulting Issuer Multiple Voting Shares will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Resulting Issuer Multiple Voting Shares, or bonds, debentures or other securities of the Resulting Issuer.
Dividends:	The holders of Resulting Issuer Multiple Voting Shares are entitled to receive such dividends as may be declared and paid to holders of the Resulting Issuer Subordinate Voting Shares in any financial year as the Board of the Resulting Issuer may by resolution determine, on an as-converted to Resulting Issuer Subordinate Voting Shares basis. No dividend will be declared or paid on the Resulting Issuer Multiple Voting Shares unless the Resulting Issuer simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Resulting Issuer Subordinate Voting Shares basis) on the Resulting Issuer Subordinate Voting Shares and Resulting Issuer Super Voting Shares.
Participation:	In the event of the liquidation, dissolution or winding-up of the Resulting Issuer, whether voluntary or involuntary, or in the event of any other distribution of assets of the Resulting Issuer among its shareholders for the purpose of winding up its affairs, the holders of Resulting Issuer Multiple Voting Shares will, subject to the prior rights of the holders of any shares of the Resulting Issuer ranking in priority to the Resulting Issuer Multiple Voting Shares, be entitled to participate rateably along with all other holders of Resulting Issuer Multiple Voting Shares (on an as-converted to Resulting Issuer Subordinate Voting Share basis), Resulting Issuer Subordinate Voting Shares and Resulting Issuer Super Voting Shares (on an as-converted to the Resulting Issuer Subordinate Voting Share basis).
Changes:	No subdivision or consolidation of the Resulting Issuer Subordinate Voting Shares, Resulting Issuer Multiple Voting Shares or Resulting Issuer Super Voting Shares shall occur unless, simultaneously, the Resulting Issuer Subordinate Voting Shares, Resulting Issuer Multiple Voting Shares and Resulting Issuer Super Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.
Conversion:	The Resulting Issuer Multiple Voting Shares each have a restricted right to convert into one hundred (100) Resulting Issuer Subordinate Voting Shares (the "**Resulting Issuer**

MVS Conversion Ratio"), subject to adjustments for certain customary corporate changes. The ability to convert the Resulting Issuer Multiple Voting Shares is subject to a restriction that the aggregate number of Resulting Issuer Subordinate Voting Shares, Resulting Issuer Multiple Voting Shares and Resulting Issuer Super Voting Shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the U.S. Securities Act) may not exceed forty percent (40%) of the aggregate number of Resulting Issuer Subordinate Voting Shares, Resulting Issuer Multiple Voting Shares and Resulting Issuer Super Voting Shares issued and outstanding after giving effect to such conversions and to a restriction on beneficial ownership of Resulting Issuer Subordinate Voting Shares exceeding certain levels. In addition, the Resulting Issuer Multiple Voting Shares will be automatically converted into Resulting Issuer Subordinate Voting Shares in certain circumstances, including upon the registration of the Resulting Issuer Subordinate Voting Shares under the U.S. Securities Act.

In the event that an offer is made to purchase Resulting Issuer Subordinate Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Resulting Issuer Subordinate Voting Shares are then listed, to be made to all or substantially all the holders of Subordinate Voting Shares in a given province or territory of Canada to which these requirements apply, each Resulting Issuer Multiple Voting Share shall become convertible at the option of the holder into Resulting Issuer Subordinate Voting Shares at the Resulting Issuer MVS Conversion Ratio at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may be exercised in respect of Resulting Issuer Multiple Voting Shares for the purpose of depositing the resulting Resulting Issuer Subordinate Voting Shares pursuant to the offer. Should the Resulting Issuer Subordinate Voting Shares issued upon conversion and tendered in response to the offer be withdrawn by shareholders or not taken up by the offeror, or should the offer be abandoned or withdrawn, the Resulting Issuer Subordinate Voting Shares resulting from the conversion shall be automatically reconverted, without further intervention on the part of the Resulting Issuer or on the part of the holder, into Resulting Issuer Multiple Voting Shares at the inverse of the Resulting Issuer MVS Conversion Ratio then in effect.

Resulting Issuer Redemption Right:	The Resulting Issuer will be entitled to redeem the Resulting Issuer Multiple Voting Shares of an "Unsuitable Person" in certain circumstances. See "*Securities Subject to Business Combination - Redemption Right from a Resulting Issuer Unsuitable Person*".

Description of Resulting Issuer Super Voting Shares

Issuance:	The Resulting Issuer Super Voting Shares are only issuable in connection with the closing of the Business Combination.
Right to Vote:	Holders of Resulting Issuer Super Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of the Resulting Issuer, except a meeting of which only holders of another particular class or series of shares of the Resulting Issuer will have the right to vote. At each such meeting, holders of Resulting Issuer Super Voting Shares will be entitled to two hundred (200) votes in respect of each Resulting Issuer Subordinate Voting Share into which such the Resulting Issuer Super Voting Share could ultimately then be converted (initially one (1) Resulting Issuer Subordinate Voting Share per Resulting Issuer Super Voting Share held).
Class Rights:	As long as any Resulting Issuer Super Voting Shares remain outstanding, the Resulting Issuer will not, without the consent of the holders of the Resulting Issuer Super Voting Shares by separate special resolution, prejudice or interfere with any right or special

	right attached to the Resulting Issuer Super Voting Shares. Additionally, consent of the holders of a majority of the outstanding Resulting Issuer Super Voting Shares will be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Resulting Issuer Super Voting Shares. In connection with the exercise of the voting rights in respect of any such approvals, each holder of Resulting Issuer Super Voting Shares will have one vote in respect of each Resulting Issuer Super Voting Share held. The holders of Resulting Issuer Super Voting Shares will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Resulting Issuer Super Voting Shares, or bonds, debentures or other securities of the Resulting Issuer.
Dividends:	The holders of Resulting Issuer Super Voting Shares are entitled to receive such dividends as may be declared and paid to holders of Resulting Issuer Subordinate Voting Shares in any financial year as the Board of the Resulting Issuer may by resolution determine, on an as-converted to Resulting Issuer Subordinate Voting Shares basis. No dividend will be declared or paid on the Resulting Issuer Super Voting Shares unless the Resulting Issuer simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Resulting Issuer Subordinate Voting Shares basis) on the Resulting Issuer Multiple Voting Shares and Resulting Issuer Subordinate Voting Shares.
Participation:	In the event of the liquidation, dissolution or winding-up of the Resulting Issuer, whether voluntary or involuntary, or in the event of any other distribution of assets of the Resulting Issuer among its shareholders for the purpose of winding up its affairs, the holders of Resulting Issuer Super Voting Shares will, subject to the prior rights of the holders of any shares of the Resulting Issuer ranking in priority to the Resulting Issuer Super Voting Shares, be entitled to participate rateably along with all other holders of Resulting Issuer Super Voting Shares (on an as-converted to Resulting Issuer Subordinate Voting Shares basis), Resulting Issuer Subordinate Voting Shares and Multiple Voting Shares (on an as-converted to Resulting Issuer Subordinate Voting Shares basis).
Changes:	No subdivision or consolidation of the Resulting Issuer Subordinate Voting Shares, Resulting Issuer Multiple Voting Shares or Resulting Issuer Super Voting Shares shall occur unless, simultaneously, the Resulting Issuer Subordinate Voting Shares, Resulting Issuer Multiple Voting Shares and Resulting Issuer Super Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.
Conversion:	Each Resulting Issuer Super Voting Share will be convertible at the option of the holder into one Resulting Issuer Subordinate Voting Share, subject to customary adjustments for certain corporate changes.
Automatic Conversion by Resulting Issuer:	Some or all of the Resulting Issuer Super Voting Shares will automatically be converted into an equal number of Resulting Issuer Subordinate Voting Shares (subject to customary adjustments for certain corporate changes) in the following circumstances: (a) upon the transfer by the holder thereof to anyone other than (i) an immediate family member of the Resulting Issuer Initial Holders or a transfer for purposes of estate or tax planning to a company or person that is wholly beneficially owned by a Resulting Issuer Initial Holder or immediate family members of a Resulting Issuer Initial Holder or which a Resulting Issuer Initial Holder or immediate family members of a Resulting Issuer Initial Holder are the sole beneficiaries thereof; or (ii) a party approved by the Resulting Issuer, in which case the Resulting Issuer Super Voting Shares that are the subject to such a transfer shall automatically be converted into Resulting Issuer Subordinate Voting Shares; or

(b) if at any time the aggregate number of issued and outstanding Resulting Issuer Super Voting Shares beneficially owned, directly or indirectly, at such time by a Resulting Issuer Initial Holder and the Resulting Issuer Initial Holder's permitted transferees and permitted successors, divided by the number of Resulting Issuer Super Voting Shares beneficially owned, directly or indirectly, by the Resulting Issuer at the date of completion of the Business Combination, is less than 50%, in which case all of the Resulting Issuer Super Voting Shares held by such Resulting Issuer Initial Holder will automatically be converted into Resulting Issuer Subordinate Voting Shares. Each Resulting Issuer Initial Holders will, from time to time upon the request of the Resulting Issuer, provide to the Resulting Issuer evidence as to such Resulting Issuer Initial Holder's direct and indirect beneficial ownership (and that of its permitted transferees and permitted successors) of Resulting Issuer Super Voting Shares to enable the Resulting Issuer to determine if the right to convert Resulting Issuer Super Voting Shares has occurred. For purposes of these calculations, a holder of Resulting Issuer Super Voting Shares will be deemed to beneficially own Resulting Issuer Super Voting Shares held by an intermediate company or fund in proportion to their equity ownership of such company or fund, unless such company or fund holds such shares for the benefit of such holder, in which case they will be deemed to own 100% of such shares held for their benefit.

The Resulting Issuer is not required to convert Resulting Issuer Super Voting Shares on a pro-rata basis among the holders of Resulting Issuer Super Voting Shares.

Redemption Right from Resulting Issuer Unsuitable Person

The Resulting Issuer will, subject to certain conditions, be entitled to redeem Resulting Issuer Subordinate Voting Shares and/or Resulting Issuer Multiple Voting Shares held by certain shareholders in order to permit the Resulting Issuer to comply with applicable licensing regulations. The purpose of the redemption right is to provide the Resulting Issuer with a means of protecting itself from having a shareholder (or a group of persons who the Resulting Issuer Board reasonably believes are acting jointly or in concert) (a "**Resulting Issuer Unsuitable Person**") with an ownership interest of, whether of record or beneficially (or having the power to exercise control or direction over), five percent (5%) or more of the issued and outstanding Resulting Issuer Shares (calculated on as-converted to Resulting Issuer Subordinate Voting Shares basis), who a Governmental Entity granting licenses to the Resulting Issuer (including to any subsidiary) has determined to be unsuitable to own shares, or whose ownership of Resulting Issuer Subordinate Voting Shares and/or Resulting Issuer Multiple Voting Shares may result in the loss, suspension or revocation (or similar action with respect to any licenses relating to the conduct of the Resulting Issuer's business relating to the cultivation, processing and dispensing of cannabis and cannabis-derived products in the United States or in the Resulting Issuer being unable to obtain any new licenses in the normal course, including, but not limited to, as a result of such person's failure to apply for a suitability review from or to otherwise fail to comply with the requirements of a Governmental Entity, as determined by the Resulting Issuer Board in its sole discretion after consultation with legal counsel and, if a license application has been filed, after consultation with the applicable Governmental Entity.

The terms of the Resulting Issuer Subordinate Voting Shares and Resulting Issuer Multiple Voting Shares will provide the Resulting Issuer with a right, but not the obligation, at its option, to redeem Resulting Issuer Subordinate Voting Shares and/or Resulting Issuer Multiple Voting Shares held by a Resulting Unsuitable Person at a redemption price per share, unless otherwise required by any Governmental Entity, equal to the Resulting Issuer Unsuitable Person Redemption Price (as described below). This right is required in order for the Resulting Issuer to comply with regulations in various jurisdictions where the Resulting Issuer conducts business or is expected to conduct business, which provide that the shareholders of a company requiring a license who hold over a certain percentage threshold of the issued and outstanding shares of the Resulting Issuer cannot be deemed "unsuitable" by the applicable Governmental Entity issuing the license in order for such license to be issued and to remain valid and in effect.

A redemption notice may be delivered by the Resulting Issuer to any Resulting Issuer Unsuitable Person setting forth: (i) the redemption date, (ii) the number of Resulting Issuer Subordinate Voting Shares and/or Resulting Issuer Multiple Voting Shares to be redeemed, (iii) the formula pursuant to which the redemption price will be determined and the manner of payment therefor, (iv) the place where such Resulting Issuer Subordinate Voting Shares and/or Resulting

Issuer Multiple Voting Shares (or certificate thereto, as applicable) will be surrendered for payment, duly endorsed in blank or accompanied by proper instruments of transfer, (v) a copy of the Resulting Issuer Valuation Opinion (as defined below) if the Resulting Issuer is no longer listed on the CSE or another recognized securities exchange, and (vi) any other requirement of surrender of the redeemed shares. The redemption notice will be sent to the Resulting Issuer Unsuitable Person not less than 30 trading days prior to the redemption date, except as otherwise provided below. The Resulting Issuer will send a written notice confirming the amount of the redemption price as soon as possible following the determination of such redemption price. The redemption notice may be conditional such that the Resulting Issuer need not redeem the Resulting Issuer Subordinate Voting Shares and/or the Resulting Issuer Multiple Voting Shares on the redemption date if the Resulting Issuer Board determines, in its sole discretion, that such redemption is no longer advisable or necessary.

For purposes of the foregoing, the "**Resulting Issuer Unsuitable Person Redemption Price**" means: (i) in the case of Resulting Issuer Subordinate Voting Shares, the volume-weighted average trading price of the Resulting Issuer Subordinate Voting Shares during the five (5) trading day period immediately after the date of the redemption notice on the CSE or other national or regional securities exchange on which the Resulting Issuer Subordinate Voting Shares are listed; (ii) in the case of the Resulting Issuer Multiple Voting Shares, the amount determined under (i) multiplied by the Resulting Issuer MVS Conversion Ratio in effect at the time the redemption notice is delivered, or (iii) if no such quotations are available, the fair market value per share of such Resulting Issuer Subordinate Voting Shares and/or Resulting Issuer Multiple Voting Shares as set forth in a valuation and fairness opinion ("**Resulting Issuer Valuation Opinion")** from an investment banking firm of nationally recognized standing in Canada (qualified to perform such task and which is disinterested in the contemplated redemption and has not in the then past two years provided services for a fee to the Resulting or its affiliates) or a disinterested nationally recognized accounting firm.

The redemption date will be not less than 30 trading days from the date of the redemption notice unless a Governmental Entity requires that the Resulting Issuer Subordinate Voting Shares and/or Resulting Issuer Multiple Voting Shares be redeemed as of an earlier date, in which case the redemption date will be such earlier date, and if there is an outstanding redemption notice, the Resulting Issuer will issue an amended redemption notice reflecting the new redemption date forthwith.

From and after the date the redemption notice is delivered, a Resulting Issuer Unsuitable Person owning Resulting Issuer Subordinate Voting Shares and/or Resulting Issuer Multiple Voting Shares called for redemption will cease to have any voting rights. From and after the redemption date, any and all rights of any nature which may be held by a Resulting Issuer Unsuitable Person with respect to such person's Resulting Issuer Subordinate Voting Shares and/or Resulting Issuer Multiple Voting Shares will cease and, thereafter, the Resulting Issuer Unsuitable Person will be entitled only to receive the redemption price, without interest, on the redemption date; provided, however, that if any such Resulting Issuer Subordinate Voting Shares and/or Resulting Issuer Multiple Voting Shares come to be owned solely by persons other than a Resulting Issuer Unsuitable Person (such as by transfer of such Resulting Issuer Subordinate Voting Shares and/or Resulting Issuer Multiple Voting Shares to a liquidating trust, subject to the approval of any applicable Governmental Entity), such persons may exercise voting rights of such Resulting Issuer Subordinate Voting Shares and/or Resulting Issuer Multiple Voting Shares and the Resulting Issuer Board may determine, in its sole discretion, not to redeem such Resulting Issuer Subordinate Voting Shares and/or Resulting Issuer Multiple Voting Shares. The Resulting Issuer's redemption right is unilateral, and unless a Resulting Issuer Unsuitable Person otherwise disposes of his, her or its Resulting Issuer Subordinate Voting Shares and/or Resulting Issuer Multiple Voting Shares, such Resulting Issuer Unsuitable Person cannot prevent the Resulting Issuer from exercising its redemption right.

Following redemption, the redeemed Resulting Issuer Subordinate Voting Shares and/or Resulting Issuer Multiple Voting Shares will be cancelled.

If the Resulting Issuer exercises its right to redeem Resulting Issuer Subordinate Voting Shares and/or Resulting Issuer Multiple Voting Shares from a Resulting Issuer Unsuitable Person, (i) the Resulting Issuer may fund the redemption price, which may be substantial in amount in certain circumstances, from its existing cash resources, the incurrence of indebtedness, the issuance of additional securities including debt securities, the issuance of a promissory note issued to the Resulting Issuer Unsuitable Person or a combination of the foregoing sources of funding, (ii) the number of Resulting Issuer Subordinate Voting Shares and/or Resulting Issuer Multiple Voting Shares outstanding will be reduced by the number of applicable shares redeemed, and (iii) the Resulting Issuer cannot provide any assurance that

the redemption will adequately address the concerns of any Governmental Entity or enable the Resulting Issuer to make all required governmental filings or obtain and maintain all licenses, permits or other governmental approvals that are required to conduct its business. The Resulting Issuer cannot prevent a Resulting Issuer Unsuitable Person from acquiring or reacquiring Resulting Issuer Shares, and can only address such unsuitability by exercising its redemption rights pursuant to the redemption provision. To the extent required by applicable Laws, the Resulting Issuer may deduct and withhold any tax from the redemption price. To the extent any amounts are so withheld and are timely remitted to the applicable Governmental Entity, such amounts shall be treated for all purposes as having been paid to the person in respect of which such deduction and withholding was made.

A person (or group of persons acting jointly or in concert) will be prohibited from acquiring or disposing of five percent (5%) or more of the issued and outstanding shares of the Resulting Issuer (calculated on an as-converted to Resulting Issuer Subordinate Voting Share basis), directly or indirectly, in one or more transactions, without providing 15 days' advance written notice to the Resulting Issuer by mail sent to the Resulting Issuer's registered office to the attention of the corporate secretary. The foregoing restriction will not apply to the ownership, acquisition or disposition of shares as a result of: (i) a transfer of Resulting Issuer Shares occurring by operation of law including, inter alia, the transfer of Resulting Issuer Shares to a trustee in bankruptcy, (ii) an acquisition or proposed acquisition by one or more underwriters or portfolio managers who hold Resulting Issuer Shares for the purposes of distribution to the public or for the benefit of a third party, provided that such third party is in compliance with the foregoing restriction, or (iii) a conversion, exchange or exercise of securities of the Resulting Issuer, duly issued or granted by the Resulting Issuer, into or for Resulting Issuer Subordinate Voting Shares in accordance with their respective terms. If the Board reasonably believes that any such holder of Resulting Issuer Shares may have failed to comply with the foregoing restrictions, the Resulting Issuer may apply to the Court, or such other court of competent jurisdiction, for an order directing that such shareholder disclose the number of Resulting Issuer Shares held.

Notwithstanding the adoption of the proposed redemption provisions, the Resulting Issuer may not be able to exercise its redemption rights in full or at all. Under the BCBCA, the Resulting Issuer may not make any payment to redeem shares if there are reasonable grounds for believing that the Resulting Issuer is unable to pay its liabilities as they become due in the ordinary course of its business or if making the payment of the redemption price or providing the consideration would cause the Resulting Issuer to be unable to pay its liabilities as they become due in the ordinary course of its business. In the event that such restrictions prohibit the Resulting Issuer from exercising its redemption rights in part or in full, the Resulting Issuer will not be able to exercise its redemption rights absent a waiver of such restrictions, which the Resulting Issuer may not be able to obtain on acceptable terms or at all.

Resulting Issuer Replacement Options, Replacement Compensation Options and Replacement RSUs

See Appendix "F" - *Information about the Resulting Issuer* for information about the Replacement Options, Replacement Compensation Options and Replacement RSUs.

Selected Unaudited *Pro forma* Consolidated Financial Information of the Resulting Issuer

The selected *pro forma* financial information of the Resulting Issuer set forth below should be read in conjunction with the *pro forma* financial statements of the Resulting Issuer and the accompanying notes thereto attached as Appendix "I" to the Circular. The unaudited *pro forma* consolidated statements of financial position and the unaudited *pro forma* consolidated statement of operations are comprised of information derived from the financial statements for each of Verano and Harvest for the most recently completed annual financial period.

The unaudited *pro forma* consolidated statements of financial position gives effect to the Business Combination as if the Business Combination had occurred on December 31, 2018. The unaudited *pro forma* consolidated statement of operations gives effect to the Business Combination as if the Business Combination had occurred at the beginning of the financial period covered by such statements.

The summary unaudited *pro forma* consolidated financial information is not intended to be indicative of the results that would actually have occurred, or the results expected in future periods, had the events reflected in the applicable financial statements occurred on the dates indicated. Actual amounts recorded upon consummation of the Business Combination will differ from the *pro forma* information presented herein. No attempt has been made to calculate or estimate potential synergies between Verano and Harvest. The unaudited *pro forma* consolidated financial statement

information set forth herein is extracted from and should be read in conjunction with the unaudited *pro forma* consolidated financial statements and the accompanying notes included in Appendix "I" to the Circular.

Unaudited *Pro forma* Consolidated Statements of Financial Position as at December 31, 2018

All figures presented are in $US	**Harvest December 31, 2018**	**Verano December 31, 2018**	**Adjustments**	***Pro forma* Consolidated**
Total Assets	478,599,000	148,547,000	725,037,000	1,352,183,000
Total Liabilities	98,802,000	22,667,000	-	121,469,000
Total Members' Equity (Deficit)	379,797,000	125,880,000	725,037,000	1,230,714,000

Unaudited *Pro forma* Consolidated Statement of Operations for the Period Ended December 31, 2018

All figures presented are in $US	**Harvest year ended December 31, 2018**	**Verano year ended December 31, 2018**	**Adjustments**	***Pro forma* Consolidated**
Gross Profit	26,952,000	18,926,000	-	45,878,000
Operating (loss) income	(12,874,000)	8,575,000	-	(4,299,000)
(Loss) income before non-controlling interest	(68,066,000)	3,709,000	-	(64,357,000)
Net Loss Attributable to Members of the Resulting Issuer	(67,465,000)	(562,000)	-	(68,027,000)

Auditors, Transfer Agent and Registrar

The auditors of the Resulting Issuer following completion of the Business Combination will be Haynie and Company, LLC, and the transfer agent and registrar for the Resulting Issuer Shares in Canada will be Odyssey Trust Company at its principal office in Calgary, Alberta.

OTHER MATTERS TO BE CONSIDERED AT THE MEETING

Resulting Issuer Equity Incentive Plan

The Harvest Equity Incentive Plan was first approved by Harvest Shareholders on November 13, 2018 in connection with the completion of the RTO. The Resulting Issuer Equity Incentive Plan will be substantially in the same form as the Harvest Equity Incentive Plan.

Summary of the Resulting Issuer Equity Incentive Plan

The principal features of the Resulting Issuer Equity Incentive Plan are summarized below.

Purpose

The purpose of the Resulting Issuer Equity Incentive Plan is to enable the Resulting Issuer and its affiliated companies to: (i) promote and retain employees, officers, consultants, advisors and directors capable of assuring the future success of the Resulting Issuer, (ii) to offer such persons incentives to put forth maximum efforts, and (iii) to compensate such persons through various stock and cash-based arrangements and provide them with opportunities for stock ownership, thereby aligning the interests of such persons and Resulting Issuer Shareholders.

The Resulting Issuer Equity Incentive Plan permits the grant of (i) nonqualified stock options ("**Resulting Issuer NQSOs**") and incentive stock options ("**Resulting Issuer ISOs**") (collectively, "**Resulting Issuer Options**"), (ii) restricted stock awards, (iii) restricted stock units ("**Resulting Issuer RSUs**"), (iv) stock appreciation rights ("**Resulting Issuer SARs**"), (v) performance compensation awards and (vi) other stock-based awards, which are referred to herein collectively as "**Awards**," as more fully described below.

Eligibility

Any of the Resulting Issuer's employees, officers, directors, consultants (who are natural persons) (the "**Participants**") are eligible to participate in the Resulting Issuer Equity Incentive Plan if selected by the Compensation Committee of the Resulting Issuer (the "**Resulting Issuer Compensation Committee**"). The basis of participation of an individual under the Resulting Issuer Equity Incentive Plan, and the type and amount of any Award that an individual will be entitled to receive under the Resulting Issuer Equity Incentive Plan, will be determined by the Resulting Issuer Compensation Committee based on its judgment as to the best interests of the Resulting Issuer and its shareholders, and therefore cannot be determined in advance.

The maximum number of Resulting Issuer Subordinate Voting Shares that may be issued under the Resulting Issuer Equity Incentive Plan shall be determined by the Resulting Issuer Board from time to time, but in no case shall exceed, in the aggregate, 10% of the number of Resulting Issuer Subordinate Voting Shares then outstanding. Notwithstanding the foregoing, a maximum of 20,000,000 Resulting Issuer Subordinate Voting Shares may be issued as Resulting Issuer ISOs, subject to adjustment as provided in the Resulting Issuer Equity Incentive Plan. Any shares subject to an Award under the Resulting Issuer Equity Incentive Plan that are forfeited, cancelled, expire unexercised, are settled in cash, or are used or withheld to satisfy tax withholding obligations of a Participant shall again be available for Awards under the Resulting Issuer Equity Incentive Plan. Other than an award made pursuant to any election by the director to receive an award in lieu of all or a portion of annual and committee retainers and meeting fees, no non-employee director may be granted any award or Awards denominated in Resulting Issuer Subordinate Voting Shares that exceed in the aggregate $1 million in any calendar year. If, and so long as, the Resulting Issuer is listed on the CSE, the aggregate number of Resulting Issuer Shares issued or issuable to persons providing investor relations activities (as defined in CSE policies) as compensation within a one-year period, shall not exceed 1% of the total number of Resulting Issuer Subordinate Voting Shares then outstanding. For the purposes of the Resulting Issuer Equity Incentive Plan, the term outstanding Resulting Issuer Subordinate Voting Shares includes the number of Resulting Issuer Subordinate Voting Shares issuable on conversion of the Resulting Issuer Super Voting Shares and Resulting Issuer Multiple Voting Shares.

In the event of: (i) any dividend, recapitalization, forward or reverse stock split, reorganization, merger, amalgamation, consolidation, split-up, split-off, combination, repurchase or exchange of Resulting Issuer Subordinate Voting Shares or other securities of the Resulting Issuer; (ii) issuance of warrants or other rights to acquire Resulting Issuer Subordinate Voting Shares or other securities of the Resulting Issuer or other similar corporate transaction or events which affects the Resulting Issuer Subordinate Voting Shares; (iii) unusual or nonrecurring events affecting the Resulting Issuer, the financial statements of the Resulting Issuer; or (iv) changes in applicable rules, rulings, regulations or other requirements of any governmental body or securities exchange or inter-dealer quotation system, accounting principles or law, the Resulting Issuer Compensation Committee may make such adjustment, which is appropriate in order to prevent dilution or enlargement of the rights of Participants under the Resulting Issuer Equity Incentive Plan, to (i) the number and kind of shares which may thereafter be issued in connection with Awards, (ii) the number and kind of shares issuable in respect of outstanding Awards, (iii) the purchase price or exercise price relating to any Award or, if deemed appropriate, make provision for a cash payment with respect to any outstanding Award, and (iv) any share limit set forth in the Resulting Issuer Equity Incentive Plan.

Awards

1. Resulting Issuer Options

The Resulting Issuer Compensation Committee is authorized to grant Resulting Issuer Options to purchase Resulting Issuer Subordinate Voting Shares that are either Resulting Issuer ISOs, meaning they are intended to satisfy the requirements of Section 422 of the Code, or Resulting Issuer NQSOs, meaning they are not intended to satisfy the requirements of Section 422 of the Code. Resulting Issuer Options granted under the Resulting Issuer Equity Incentive Plan will be subject to the terms and conditions established by the Resulting Issuer Compensation Committee. Under the terms of the Resulting Issuer Equity Incentive Plan, unless the Resulting Issuer Compensation Committee determines otherwise, in the case that a Resulting Issuer Option is substituted for another Resulting Issuer Option in connection with a corporate transaction, the exercise price of the Resulting Issuer Option will not be less than the fair market value (as determined under the Resulting Issuer Equity Incentive Plan) of the shares at the time of grant. Resulting Issuer Options granted under the Resulting Issuer Equity Incentive Plan will be subject to such terms,

including the exercise price and the conditions and timing of exercise, as may be determined by the Resulting Issuer Compensation Committee and specified in the applicable award agreement. The maximum term of an Resulting Issuer Option granted under the Resulting Issuer Equity Incentive Plan will be ten years from the date of grant (or five years in the case of a Resulting Issuer ISO granted to a Resulting Issuer Shareholder who holds more than 10% of the Resulting Issuer Shares). Payment in respect of the exercise of a Resulting Issuer Option may be made in cash or by check, by surrender of unrestricted shares (at their fair market value on the date of exercise) or by such other method as the Resulting Issuer Compensation Committee may determine to be appropriate. Additional minimum provisions set forth in the Resulting Issuer Equity Incentive Plan shall apply to awards granted to California participants if such award is granted in reliance on Section 25102(o) of the California Corporations Code.

2. Restricted Stock

A restricted stock award is a grant of Resulting Issuer Subordinate Voting Shares which are subject to forfeiture restrictions during a restriction period. The Resulting Issuer Compensation Committee will determine the price, if any, to be paid by the Participant for each Resulting Issuer Subordinate Voting Share subject to a restricted stock award. The Resulting Issuer Compensation Committee may condition the expiration of the restriction period, if any, upon: (i) the Participant's continued service over a period of time with the Resulting Issuer or its affiliates; (ii) the achievement by the Participant, the Resulting Issuer or its affiliates of any other performance goals set by the Resulting Issuer Compensation Committee; or (iii) any combination of the above conditions, as specified in the applicable award agreement. If the specified conditions are not attained, the Participant will forfeit the portion of the restricted stock award with respect to which those conditions are not attained, and the underlying Resulting Issuer Subordinate Voting Shares will be forfeited. At the end of the restriction period, if the conditions, if any, have been satisfied, the restrictions imposed will lapse with respect to the applicable number of Resulting Issuer Subordinate Voting Shares. During the restriction period, unless otherwise provided in the applicable award agreement, a Participant will have the right to vote the shares underlying the restricted stock award; however, all dividends will remain subject to restriction until the stock with respect to which the dividend was payable lapses. The Resulting Issuer Compensation Committee may, in its discretion, accelerate the vesting and delivery of shares of restricted stock. Unless otherwise provided in the applicable award agreement or as may be determined by the Resulting Issuer Compensation Committee, upon a Participant's termination of service with the Resulting Issuer, the unvested portion of a restricted stock award will be forfeited.

3. Resulting Issuer RSUs

Resulting Issuer RSUs are granted in reference to a specified number of Resulting Issuer Subordinate Voting Shares and entitle the holder to receive, on achievement of specific performance goals established by the Resulting Issuer Compensation Committee, after a period of continued service with the Resulting Issuer or its affiliates or any combination of the above as set forth in the applicable award agreement, one Resulting Issuer Subordinate Voting Share for each such Resulting Issuer Subordinate Voting Share covered by the Resulting Issuer RSU; provided, that the Resulting Issuer Compensation Committee may elect to pay cash, or part cash and part Resulting Issuer Subordinate Voting Shares in lieu of delivering only Resulting Issuer Subordinate Voting Shares. The Resulting Issuer Compensation Committee may, in its discretion, accelerate the vesting of Resulting Issuer RSUs. Unless otherwise provided in the applicable award agreement or as may be determined by the Resulting Issuer Compensation Committee, upon a Participant's termination of service with the Resulting Issuer, the unvested portion of the Resulting Issuer RSUs will be forfeited.

4. Stock Appreciation Rights

A Resulting Issuer SAR entitles the recipient to receive, upon exercise of the Resulting Issuer SAR, the increase in the fair market value of a specified number of Resulting Issuer Subordinate Voting Shares from the date of the grant of the Resulting Issuer SAR and the date of exercise payable in Resulting Issuer Subordinate Voting Shares. Any grant may specify a vesting period or periods before the Resulting Issuer SAR may become exercisable and permissible dates or periods on or during which the Resulting Issuer SAR shall be exercisable. No Resulting Issuer SAR may be exercised more than ten years from the grant date. Upon a Participant's termination of service, the same general conditions applicable to Resulting Issuer Options as described above would be applicable to the Resulting Issuer SAR.

5. Other Stock-Based Awards

The Resulting Issuer Compensation Committee may grant other awards that are denominated or valued in whole or in part by reference to Resulting Issuer Subordinate Voting Shares. The Resulting Issuer Compensation Committee shall determine the terms and condition of such awards. No other stock-based award shall contain a purchase right or option-like exercise feature.

General

The Resulting Issuer Compensation Committee may impose restrictions on the grant, exercise or payment of an Award as it determines appropriate. Generally, Awards granted under the Resulting Issuer Equity Incentive Plan shall be nontransferable except by will or by the laws of descent and distribution. No Participant shall have any rights as a shareholder with respect to Resulting Issuer Subordinate Voting Shares covered by Resulting Issuer Options, Resulting Issuer SARs, restricted stock awards, Resulting Issuer RSUs or other stock-based awards, unless and until such Awards are settled in Resulting Issuer Subordinate Voting Shares.

No Resulting Issuer Option (or, if applicable, Resulting Issuer SARs) shall be exercisable, no Resulting Issuer Subordinate Voting Shares shall be issued, no certificates for Resulting Issuer Subordinate Voting Shares shall be delivered and no payment shall be made under the Resulting Issuer Equity Incentive Plan except in compliance with all applicable Laws.

The Resulting Issuer Board may amend, alter, suspend, discontinue or terminate the Resulting Issuer Equity Incentive Plan and the Resulting Issuer Compensation Committee may amend any outstanding Award at any time; provided that (i) such amendment, alteration, suspension, discontinuation, or termination shall be subject to the approval of the Resulting Issuer Shareholders if such approval is necessary to comply with any tax or regulatory requirement applicable to the Resulting Issuer Equity Incentive Plan (including, without limitation, as necessary to comply with any rules or requirements of applicable securities exchange), and (ii) no such amendment or termination may adversely affect Awards then outstanding without the Award holder's permission.

In the event of any reorganization, merger, consolidation, split-up, spin-off, combination, plan of arrangement, take-over bid or tender offer, repurchase or exchange of Resulting Issuer Subordinate Voting Shares or other securities of the Resulting Issuer or any other similar corporate transaction or event involving the Resulting Issuer (or the Resulting Issuer shall enter into a written agreement to undergo such a transaction or event), the Resulting Issuer Compensation Committee or the Resulting Issuer Board may, in its sole discretion, provide for any (or a combination) of the following to be effective upon the consummation of the event (or effective immediately prior to the consummation of the event, provided that the consummation of the event subsequently occurs):

- termination of the Award, whether or not vested, in exchange for cash and/or other property, if any, equal to the amount that would have been attained upon the exercise of the vested portion of the Award or realization of the Participant's vested rights,
- the replacement of the Award with other rights or property selected by the Resulting Issuer Compensation Committee or the Resulting Issuer Board, in its sole discretion,
- assumption of the Award by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices,
- that the Award shall be exercisable or payable or fully vested with respect to all Resulting Issuer Subordinate Voting Shares covered thereby, notwithstanding anything to the contrary in the applicable award agreement, or
- that the Award cannot vest, be exercised or become payable after a date certain in the future, which may be the effective date of the event.

Tax Withholding

The Resulting Issuer may take such action as it deems appropriate to ensure that all applicable federal, state, provincial, local and/or foreign payroll, withholding, income or other taxes, which are the sole and absolute responsibility of a Participant, are withheld or collected from such Participant.

The above is a summary description of the material terms of the Resulting Issuer Equity Incentive Plan, with such description being qualified in its entirety by reference to the full text of each of the Resulting Issuer Equity Incentive Plan, a copy of which is attached hereto at Appendix "J".

Annual Matters

Harvest Shareholders will also be asked to consider the Annual Matters, being:

1. to fix the number of Directors for the ensuing year at 5, subject to such increases as may be permitted by the articles of Harvest;

2. to elect the directors of Harvest for the ensuing year (or, if the Business Combination is completed, for the period up to the effective time of the Business Combination);

3. to receive the audited consolidated financial statements of Harvest for the year ended December 31, 2018 and the report of the auditors thereon;

4. to appoint the auditors of Harvest for the ensuing year and to authorize the directors of Harvest to fix their remuneration; and,

5. to transact all such further and other business as may properly be transacted at such meeting or any adjournment thereof.

Information with respect to the Annual Matters is set out in Appendix "K".

RISK FACTORS

In evaluating the Harvest Arrangement Resolution, Harvest Shareholders should carefully consider the following risk factors relating to the Business Combination. The following risk factors are not a definitive list of all risk factors associated with the Business Combination. Additional risks and uncertainties, including those currently unknown or considered immaterial by Harvest, may also adversely affect the Harvest Shares or the Resulting Issuer Shares and/or the businesses of the Resulting Issuer following the Business Combination. In addition to the risk factors relating to the Business Combination set out below, Harvest Shareholders should also carefully consider the risk factors associated with the business of Verano and the Resulting Issuer included in this Circular and in the documents incorporated by reference herein. See the section "*Risk Factors*", in the information relating to the Resulting Issuer attached as Appendix "F" to this Circular. If any of the risk factors materialize, the expectations, and the predictions based on them, may need to be re-evaluated.

Risk Factors Related to the Business Combination

There can be no certainty that all conditions precedent to the Business Combination will be satisfied. Failure to complete the Business Combination could negatively impact the share price of the Harvest Shares or otherwise adversely affect the business of Harvest.

The completion of the Business Combination is subject to a number of conditions precedent, certain of which are outside the control of Harvest, including receipt of the Final Order, the Regulatory Approvals, and the approval of the CSE. There can be no certainty, nor can Harvest provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. If the Business Combination is not completed, the market price of the Harvest Subordinate Voting Shares may decline to the extent that the current market price reflects a market assumption that the Business Combination will be completed. If the Business Combination is not completed and the Harvest Board decides to seek another merger, arrangement, or other transaction, there can be no assurance that it will be able to find

a party willing to pay an equivalent or more attractive price than the total consideration to shareholders pursuant to the Business Combination.

The Business Combination Agreement may be terminated in certain circumstances, including in the event of a change having a Material Adverse Effect on Harvest.

Each of Harvest and Verano has the right to terminate the Business Combination Agreement in certain circumstances. Accordingly, there is no certainty, nor can Harvest provide any assurance, that the Business Combination Agreement will not be terminated by either Harvest or Verano before the completion of the Business Combination. For example, Verano has the right, in certain circumstances, to terminate the Business Combination Agreement if changes occur that have a Harvest Material Adverse Effect. Although a Harvest Material Adverse Effect excludes certain events that are beyond the control of Harvest (such as general changes in global economic conditions or changes that affect the cannabis industry generally and which do not materially disproportionately affect Harvest compared to other companies of similar size operating in the cannabis industry), there is no assurance that a change having a Harvest Material Adverse Effect will not occur before the Effective Date, in which case Verano could elect to terminate the Business Combination Agreement and the Business Combination would not proceed.

The Termination Fee provided under the Business Combination Agreement if the Business Combination Agreement is terminated in certain circumstances may discourage other parties from attempting to acquire Harvest.

Under the Business Combination Agreement, Harvest is required to pay the Termination Fee of $100,000,000 in the event the Business Combination Agreement is terminated in certain circumstances. The Termination Fee may discourage other parties from attempting to acquire the Harvest Shares, even if those parties would otherwise be willing to offer greater value than that offered under the Business Combination . See "*The Business Combination – The Business Combination Agreement – Termination Fee*".

Harvest will incur costs even if the Business Combination is not completed and may have to pay the Termination Fee.

Certain costs related to the Business Combination, such as legal, accounting and certain financial advisor fees, must be paid by Harvest even if the Business Combination is not completed. If the Business Combination Agreement is terminated, Harvest may be required in certain circumstances to pay Verano the Termination Fee. See "*The Business Combination – The Business Combination Agreement — Termination*".

Harvest directors and executive officers may have interests in the Business Combination that are different from those of the Harvest Shareholders.

In considering the recommendation of the Harvest Board to vote in favour of the Harvest Arrangement Resolution, Harvest Shareholders should be aware that certain members of the Harvest Board and management team have agreements or arrangements that provide them with interests in the Business Combination that differ from, or are in addition to, those of Harvest Shareholders generally. See "*The Business Combination — Interests of Certain Persons in the Business Combination*".

Harvest Shareholders will receive a fixed number of Resulting Issuer Shares.

Harvest Shareholders will receive a fixed number of Resulting Issuer Shares under the Business Combination. Similarly, former holders of equity interests in Verano will receive a fixed number of Resulting Issuer Shares under the Business Combination, based on an exchange ratio which reflects the relative value of the Verano Business compared to the Harvest Business as of the date of the Business Combination Agreement. The number of Resulting Issuer Shares to be received by Harvest Shareholders and former holders of equity interests in Verano under the Business Combination will not be adjusted to reflect any change in the value of the Verano Business relative to the Harvest Business between the date of the Business Combination Agreement and the Effective Date. As a result, the value of the Resulting Issuer Shares to be received by Harvest Shareholders under the Business Combination may be greater or less than, and could vary significantly from, the market value of the Harvest Shares at the dates referenced in this Circular. In particular, there can be no assurance that the value of the Resulting Issuer Shares on the Effective

Date will not be lower than the value of the corresponding class of Harvest Shares on the date of the Meeting. Many of the factors that affect the market price of the Resulting Issuer Shares are beyond the control of Resulting Issuer and Harvest, respectively. These factors include fluctuations in commodity prices, fluctuations in currency exchange rates, changes in the regulatory environment, adverse political developments, prevailing conditions in the capital markets and interest rate fluctuations.

Verano and Harvest may not integrate successfully.

If approved, the Business Combination will involve the integration of companies that previously operated independently. As a result, the Business Combination will present challenges to the Resulting Issuer's management, including the integration of the operations, systems and personnel of Harvest and Verano, and special risks, including possible unanticipated liabilities, unanticipated costs, diversion of management's attention and the loss of key employees. The difficulties management encounters in the transition and integration process could have an adverse effect on the revenues, level of expenses and operating results of the Resulting Issuer following completion of the Business Combination. As a result of these factors, it is possible that any benefits expected from the Business Combination will not be realized.

Canadian tax risks if the Resulting Issuer Subordinate Voting Shares are not listed on a designated stock exchange.

If the Resulting Issuer Subordinate Voting Shares are not listed on a designated stock exchange in Canada before the filing-due date for the Resulting Issuer's first income tax return, or if the Resulting Issuer does not otherwise satisfy the conditions in the Tax Act to be a "public corporation", the Resulting Issuer Shares will not be considered to be a qualified investment for Registered Plans from their date of issue. Where a Registered Plan acquires a Resulting Issuer Share in circumstances where the Resulting Issuer Share is not a qualified investment under the Tax Act for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the Controlling Individual under the Registered Plan, including that the Registered Plan may become subject to penalty taxes and the Controlling Individual of such Registered Plan may be deemed to have received income therefrom or be subject to a penalty tax. See "*Eligibility for Investment*".

In addition, if the Resulting Issuer Subordinate Voting Shares are not listed on a designated stock exchange, such shares would be "taxable Canadian property" to a Non-Resident Holder at the time of disposition if, at any time during the 60-month period immediately preceding the disposition, such shares derived more than 50% of their fair market value from one or any combination of real or immovable property in Canada, "Canadian resource properties", "timber resource properties" (each as defined in the Tax Act) and options in respect of, or interests in, or for civil law rights in, any such properties. Further, if such shares constitute "taxable Canadian property" but not treaty-protected property to a Non-Resident Holder, the withholding, reporting, and compliance procedures under section 116 of the Tax Act will apply. See "*Certain Canadian Federal Income Tax Considerations — Non-Residents of Canada*".

Harvest/Verano may incur significant U.S. tax liabilities under section 280E of the Code.

Section 280E of the Code prohibits businesses from deducting certain expenses associated with trafficking controlled substances (within the meaning of Schedule I and II of the United States Controlled Substances Act). The IRS has invoked Section 280E in tax audits against various cannabis businesses in the U.S. that are permitted under applicable state laws. Although the IRS issued a clarification allowing the deduction of certain expenses, the scope of such items is interpreted very narrowly, and the bulk of operating costs and general administrative costs are not permissible deductions. While there are currently several pending cases before various administrative and federal courts challenging these restrictions, there is no guarantee that these courts will issue an interpretation of Section 280E favorable to cannabis businesses.

OTHER INFORMATION

Indebtedness of Directors and Executive Officers

At no time during the financial year ended December 31, 2018 or within 30 days of the date of this Circular has any director, officer or employee, or former director, officer or employee, of Harvest or any of its subsidiaries, or any associate or affiliate of any such director, officer or employee, been indebted to Harvest.

Other Matters

Management of Harvest is not aware of any matters to come before the Meeting other than as set forth in the Notice of Meeting that accompanies this Circular. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed Form of Proxy to vote the Harvest Shares represented thereby in accordance with their best judgment on such matter.

Additional Information

Additional information regarding Harvest can be found on SEDAR at www.sedar.com. Financial information regarding Harvest is provided in the comparative annual financial statements and management's discussion and analysis of Harvest for its most recently completed financial year which can be found on SEDAR at www.sedar.com, together with Harvest's other public disclosure.

LEGAL MATTERS

Certain Canadian legal matters in connection with the Business Combination will be passed upon by Bennett Jones LLP on behalf of Harvest. As of the date hereof, the partners and associates of Bennett Jones LLP as a group beneficially owned, directly or indirectly, less than one percent of the Harvest Shares and less than one percent of the Resulting Issuer Shares.

APPROVAL OF DIRECTORS

The contents and sending of this Circular, including the Notice of Meeting, have been approved and authorized by the Harvest Board.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) Steven White
Steven White
Director and Chief Executive Officer

May 24, 2019

APPENDIX "A"
GLOSSARY OF TERMS

In this Circular and accompanying Notice of Meeting, unless there is something in the subject matter inconsistent therewith, the following terms shall have the respective meanings set out below, words importing the singular number shall include the plural and vice versa, and words importing any gender shall include all genders:

"Acquisition Target"	means a Person listed in Schedule "H" of the Business Combination Agreement that is acquired in a Pipeline Binding Acquisition for which the definitive acquisition documents have been executed by the parties thereto on or prior to the date of the Business Combination Agreement.
"Action"	means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.
"Affiliate"	of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.
"allowable capital loss"	has the meaning set forth under "*Certain Canadian Federal Income Tax Considerations – Residents of Canada – Taxation of Capital Gains and Capital Losses*".
"Annual Matters"	means the matters set forth in "*Summary – Annual Matters*".
"Arrangement"	means the arrangement under Division 5 of Part 9 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Business Combination Agreement, Section 6.1 of the Plan of Arrangement or made at the direction of the Court in the Final Order.
"Arrangement Consideration Shares"	means the Resulting Issuer Shares to be issued by the Resulting Issuer under the Plan of Arrangement to (i) Parentco Shareholders and Newco Shareholders pursuant to the Parentco Amalgamation, and (ii) Harvest Shareholders pursuant to the Harvest Share Exchange.
"Arrangement Filings"	has the meaning set forth in the Plan of Arrangement.
"Arrangement Parties"	means Harvest, Parentco and Newco.
"Awards"	has the meaning set forth in "*Other Matters to be Considered at the Meeting – Resulting Issuer Equity Incentive Plan – Purpose*".
"BCBCA"	means the *Business Corporations Act* (British Columbia), as amended.
"Broadridge"	has the meaning set forth under "*General Proxy Information – Voting Options – Voting for Non-Registered Holders*".

"Business Combination Agreement"	means the business combination agreement entered into between Harvest, Verano, Parentco and Newco, dated as of April 22, 2019.
"Business Combination"	means the combination of the Harvest Business and Verano Business under a combined corporate ownership structure in accordance with the terms and conditions of the Business Combination Agreement and Plan of Arrangement.
"Business Day"	means any day except Saturday, Sunday or any other day on which commercial banks located in any of Chicago, Illinois, Phoenix, Arizona or Vancouver, British Columbia are authorized or required by Law to be closed for business.
"Canada-US Tax Treaty"	has the meaning set forth under "*Certain Canadian Federal Income Tax Consideration – Non-Residents of Canada – Dividends on Resulting Issuer Shares*".
"Canadian Finco"	has the meaning set forth under "*Information Concerning Harvest – Trading Price and Volume Data*".
"Canadian Securities Laws"	means applicable Canadian provincial and territorial securities Laws.
"Circular"	means, collectively, the Notice of Meeting and this management information circular of Harvest, including all appendices hereto, sent to Harvest Shareholders in connection with the Meeting, including any amendments or supplements thereto.
"Closing"	has the meaning set forth in the Business Combination Agreement.
"Closing Date"	means the date on which the Closing occurs, which date shall be two Business Days after the last of the conditions to closing set forth in the Business Combination Agreement have been satisfied or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date), or such other date as Harvest and Verano may mutually agree upon in writing prior to the Closing Date, provided further that the Closing Date shall be the same date as the Effective Date.
"Code"	means the United States *Internal Revenue Code of 1986*, as amended, and the applicable U.S. Treasury Regulations.
"Combined Exchange"	has the meaning set forth under "*Summary – Income Tax Considerations – Summary of Certain U.S. Federal Income Tax Considerations*".
"Commercial Arrangements"	means a reasonable interim arrangement to secure the benefits of Key License or Non-Key License or the entity which owns the Key License or the Non-Key License with an Affiliate of Harvest in a form of agreement agreed to by the Parties.
"Compensation Committee"	means the Compensation Committee of Harvest.
"Confidentiality Agreement"	means the confidentiality agreement dated February 16, 2019 by and between Verano and Harvest Privateco.
"Contingent Target"	means a Person listed in Schedule "I" of the Business Combination Agreement that is acquired in a Pipeline Contingent Acquisition for which the definitive acquisition documents have not been executed by the parties thereto on or prior to the date of the Business Combination Agreement.

"Contribution and Exchange"	has the meaning set forth under "*Summary – Income Tax Considerations – Summary of Certain U.S. Federal Income Tax Considerations*".
"Controlling Individual"	has the meaning set forth under "*Certain Canadian Federal Income Tax Considerations – Eligibility for Investment*".
"Court"	means the Supreme Court of British Columbia.
"CRA"	means the Canada Revenue Agency.
"CSE"	means the Canadian Securities Exchange.
"Depositary"	means Odyssey Trust Company.
"DLLCA"	means the *Delaware Limited Liability Company Act*, as amended.
"DOJ"	means the Antitrust Division of the U.S. Department of Justice.
"DRS"	means Direct Registration System.
"DRS Advice"	means a DRS advice.
"DRS Statement"	means a statement evidencing Harvest Shares issued under the name of the applicable shareholder and registered electronically in Harvest's records.
"Effective Date"	has the meaning ascribed to such term in the Plan of Arrangement.
"Effective Time"	has the meaning ascribed to such term in the Plan of Arrangement.
"Eight Fairness Opinion"	means a formal written fairness opinion of Eight Capital and addressed to the Harvest Board to the effect that, as of the date of such opinion and subject to the assumptions, limitations and qualifications related to its opinion, the consideration to be paid by Harvest in connection with the acquisition of the Verano Business is fair, from a financial point of view, to Harvest.
"Eligible Institution"	means a Canadian Schedule I Chartered Bank, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP).
"Escrow Agent"	means Odyssey Trust Company, or such other escrow agent as shall be agreed to between Harvest and the Company, acting reasonably.
"Escrow Shares"	means, collectively, 10% of the aggregate number of Resulting Issuer Subordinate Voting Shares and 10% of the aggregate number of Resulting Issuer Multiple Voting Shares to be issued by the Resulting Issuer under the Arrangement pursuant to the Parentco Amalgamation to former Participating Verano Unit Holders and former Qualified Holdco Shareholders in exchange for their Parentco Shares.
"FATCA"	has the meaning set forth under "*Certain United States Federal Income Tax Considerations – Tax Considerations for Non-U.S. Holders Regarding Holding and Disposing of Resulting Issuer Shares – FATCA*".
"Final Order"	means the final order of the Court pursuant to Section 291 of the BCBCA, in a form acceptable to Harvest and Parentco, each acting reasonably, approving the Arrangement,

	as such order may be amended by the Court with the consent of Harvest and Parentco, each acting reasonably, any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended, on appeal, provided that any such amendment is acceptable to Harvest and Parentco, each acting reasonably, and complies with the restrictions on amendment set forth in the Business Combination Agreement.
"FIRPTA"	has the meaning set forth under "*Certain United States Federal Income Tax Considerations – Tax Considerations for Non-U.S. Holders Regarding Holding and Disposing of Resulting Issuer Shares – Sale or Other Taxable Disposition*".
"Foreign Private Issuer"	has the meaning given to such term in Rule 405 under the U.S. Securities Act and Rule 3b-4 under the U.S. Exchange Act.
"Former Harvest Shareholders"	means the holders of Harvest Shares immediately prior to the Effective Time.
"FTC"	means the U.S. Federal Trade Commission.
"Governmental Entity"	means any federal, state, provincial, local or foreign government or political subdivision thereof, or any agency, or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-Governmental Entity (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.
"Governmental Order"	means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Entity.
"Harvest"	means Harvest Health & Recreation Inc., a corporation incorporated under the laws of British Columbia.
"Harvest Acquisition Proposal"	means, other than the Transactions and other than any transaction among Harvest and one or more of its Subsidiaries, any offer, proposal or inquiry from any Person or group of Persons, whether or not in writing and whether or not delivered to the Harvest Shareholders, after the date hereof and prior to the Meeting relating to: (a) any transaction or agreement that could reasonably be expected to materially impede or delay the consummation of the Transactions; or (b) a public announcement or other public disclosure of an intention to do the foregoing, directly or indirectly.
"Harvest Arrangement Resolution"	means the resolution to be considered and, if thought fit, passed by the Harvest Required Shareholder Approval, substantially on the terms and in the form of Appendix "B" hereto.
"Harvest Board"	means the board of directors of Harvest.
"Harvest Business"	means the business of Harvest and the Harvest Subsidiaries of acquiring, owning and operating marijuana dispensaries, cultivation facilities and manufacturing businesses in the United States of America.
"Harvest Business Combination"	means the business combination between Harvest, Subco, Enterprises, Canadian Finco and U.S. Finco entered into on November 14, 2018.

"Harvest Cannabis Permits"	means the local and state cannabis permits issued to Harvest, the Harvest Subsidiaries or another Person, which are required to conduct the Harvest Business as of the date of the Business Combination Agreement, all of which are listed in the Harvest Disclosure Schedules.
"Harvest Change in Recommendation"	has the meaning set forth in "*The Business Combination Agreement – Termination*".
"Harvest Compensation Options"	means the compensation options to purchase Harvest Subordinate Voting Shares, which are outstanding immediately prior to the Effective Time.
"Harvest Disclosure Schedules"	means the disclosure schedules to the Business Combination Agreement delivered by Harvest concurrently with the execution and delivery of the Business Combination Agreement, as the same may be modified, supplemented or amended in accordance with Section 8.23 of the Business Combination Agreement.
"Harvest Dissent Rights"	means any rights of dissent exercisable by the Harvest Shareholders pursuant to Division 2 of Part 8 of the BCBCA (as modified by the terms of the Interim Order, Final Order and the Plan of Arrangement) in respect of the Harvest Arrangement Resolution.
"Harvest Dissenting Shareholder"	means a registered holder of Harvest Shares who dissents in respect of the Harvest Arrangement Resolution in strict compliance with the Harvest Dissent Rights, and who is ultimately entitled to be paid fair value for their Harvest Shares.
"Harvest Equity Incentive Plan"	means the equity incentive plan approved by Harvest Shareholders on November 13, 2018.
"Harvest Fairness Opinions"	means the Eight Fairness Opinion and the INFOR Financial Fairness Opinion.
"Harvest Initial Holders"	has the meaning set forth under "*Securities Subject to Business Combination – Harvest Super Voting Shares*".
"Harvest Material Adverse Effect"	means a Material Adverse Effect with respect to Harvest and the Harvest Subsidiaries.
"Harvest Multiple Voting Shares"	means the shares in the capital of Harvest designated as Multiple Voting Shares.
"Harvest MVS Conversion Ratio"	has the meaning set forth under "*Securities Subject to Business Combination – Description of Harvest Multiple Voting Shares*".
"Harvest Option In-The-Money Amount"	has the meaning set forth in the Plan of Arrangement.
"Harvest Optionholders"	means the holders of Harvest Options.
"Harvest Options"	means the options to purchase Harvest Subordinate Voting Shares awarded under the Harvest Equity Incentive Plan.

"Harvest Permitted Holders" has the meaning set forth under "*Securities Subject to Business Combination – Harvest Super Voting Shares*".

"Harvest Privateco" means Harvest Enterprises, Inc., a corporation incorporated under the laws of Delaware.

"Harvest Proposed Agreement" has the meaning set forth in "*The Business Combination – The Business Combination Agreement – Non-Solicitation Covenant in Favour of Verano*".

"Harvest Required Shareholder Approval" means:

(a) in respect of the Harvest Arrangement Resolution, not less than: (A) (i) 66.67% of the votes cast on the Harvest Arrangement Resolution by holders of Harvest Subordinate Voting Shares present in person or represented by proxy and entitled to vote at the Meeting, voting separately as a class, and (ii) a majority of the votes cast by holders of Harvest Subordinate Voting Shares present in person or represented by proxy and entitled to vote at the Meeting, voting separately as a class, other than the votes attaching to Harvest Subordinate Voting Shares held directly or indirectly by "affiliates" or "control persons" of Harvest, as such terms are defined in OSC Rule 56-501; (B) (i) 66.67% of the votes cast on the Harvest Arrangement Resolution by holders of Harvest Multiple Voting Shares present in person or represented by proxy and entitled to vote at the Meeting, voting separately as a class, and (ii) a majority of the votes cast by holders of Harvest Multiple Voting Shares present in person or represented by proxy and entitled to vote at the Meeting, voting separately as a class, other than the votes attaching to Harvest Multiple Voting Shares held directly or indirectly by "affiliates" or "control persons" of Harvest, as such terms are defined in OSC Rule 56-501; (C) (i) 66.67% of the votes cast on the Harvest Arrangement Resolution by holders of Harvest Super Voting Shares present in person or represented by proxy and entitled to vote at the Meeting, voting separately as a class, and (ii) a majority of the votes cast by holders of Harvest Super Voting Shares present in person or represented by proxy and entitled to vote at the Meeting, voting separately as a class, other than the votes attaching to Harvest Super Voting Shares held directly or indirectly by "affiliates" or "control persons" of Harvest, as such terms are defined in OSC Rule 56-501; (D) 66.67% of the votes cast on the Harvest Arrangement Resolution by holders of Harvest Super Voting Shares, Harvest Multiple Voting Shares and Harvest Super Voting Shares present in person or represented by proxy and entitled to vote at the Meeting, voting together as a single class; and, (E) a majority of the votes cast by Harvest Shareholders present in person or represented by proxy and entitled to vote at the Meeting other than the votes attaching to Harvest Shares held directly or indirectly by "affiliates" or "control persons" of Harvest, as such terms are defined in OSC Rule 56-501; and

(b) in respect of the Resulting Issuer Equity Incentive Plan Resolution, a simple majority of the votes cast on the Resulting Issuer Equity Incentive Plan Resolution excluding the votes for Harvest Shares held by "related parties" and "interested parties" as defined under MI 61-101.

"Harvest Roll-up Exchange" has the meaning set forth in the Business Combination Agreement.

"Harvest RSUs" means the restricted stock units granted under the Harvest Equity Incentive Plan.

"Harvest Securityholders" means the Harvest Shareholders, Harvest Optionholders, holders of Harvest Compensation Options, and holders of Harvest RSUs.

"Harvest Share Exchange"	means the exchange by Harvest Shareholders of their Harvest Shares for Resulting Issuer Shares pursuant to the Plan of Arrangement.
"Harvest Shareholder Voting Support Agreements"	means the voting support agreements (including all amendments thereto) signed by the Harvest Voting Support Shareholders setting forth the terms and conditions upon which they have agreed, among other things, to vote their Harvest Shares in favour of the Business Combination.
"Harvest Shareholders"	means the holders of Harvest Shares.
"Harvest Shares"	means the Harvest Super Voting Shares, the Harvest Multiple Voting Shares and the Harvest Subordinate Voting Shares.
"Harvest Special Committee"	means the special committee of the Harvest Board formed in connection with the Business Combination.
"Harvest Specified Representations"	has the meaning given to such a term under "*The Business Combination Agreement – Conditions to the Business Combination Becoming Effective – Verano Conditions*".
"Harvest Subordinate Voting Shares"	means the shares in the capital of Harvest designated as Subordinate Voting Shares.
"Harvest Subsidiaries"	means each of the subsidiaries listed in the Harvest Disclosure Schedules.
"Harvest Super Voting Shares"	means the shares in the capital of Harvest designated as Super Voting Shares.
"Harvest Superior Proposal"	means an unsolicited bona fide Harvest Acquisition Proposal made by a third party to Harvest or to the Harvest Shareholders that is communicated to the Harvest Board in writing prior to the Meeting: (a) that is reasonably capable of being completed without undue delay, taking into account all legal, financial, regulatory and other aspects of such proposal and the party making such proposal; (b) is not subject to any financing condition and in respect of which any required financing to complete such Harvest Acquisition Proposal has been demonstrated to be available to the satisfaction of the Harvest Board, acting in good faith (after receipt of advice from its outside legal counsel); (c) which is not subject to a due diligence and/or access condition; (d) that did not result from a breach Section 8.12 of the Business Combination Agreement by Harvest or its Representatives; and (e) in respect of which the Harvest Board determines in good faith (after receipt of advice from its outside legal counsel with respect to (X) below) that (X) failure to recommend such Harvest Acquisition Proposal to the Harvest Shareholders or other equity holders would be inconsistent with its fiduciary duties and (Y) which would, taking into account all of the terms and conditions of such Harvest Acquisition Proposal, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction more favourable to the Harvest Shareholders from a financial point of view than the Business Combination (including any adjustment to the terms and conditions of the Combination proposed by the Company pursuant to Subsection 8.22(f) of the Business Combination Agreement and after taking into account the impact to Harvest of paying the Termination Fee).
"Harvest Unsuitable Person"	has the meaning set forth under "*Securities Subject to Business Combination - Redemption Right from Harvest Unsuitable Person*".

"Harvest Valuation Opinion"	has the meaning set forth under "*Securities Subject to Business Combination - Redemption Right from Harvest Unsuitable Person*".
"Harvest Voting Support Shareholders"	means Jason Vedadi and Steven White, each of whom has signed a Harvest Shareholder Voting Support Agreement.
"Haynie"	has the meaning set forth in Appendix "K".
"Holder"	has the meaning set forth under "*Certain Canadian Federal Income Tax Considerations*".
"HSR Act"	means the United States *Hart-Scott-Rodino Antitrust Improvements Act of 1976*, as amended.
"HSR Clearance"	means the expiration or termination of all applicable waiting periods under the HSR Act.
"IFRS"	means International Financial Reporting Standards as issued by the International Accounting Standards Board that are applicable to public issuers in Canada.
"INFOR Financial"	means INFOR Financial Inc.
"INFOR Financial Fairness Opinion"	means a formal written fairness opinion of INFOR and addressed to the Harvest Board to the effect that, as of the date of such opinion and subject to the assumptions, limitations and qualifications related to its opinion, the consideration to be paid by Harvest in connection with the acquisition of the Verano Business is fair, from a financial point of view, to Harvest.
"Initial Parentco Shareholder"	means George P. Archos.
"Initial Parentco Shares"	means one hundred Parentco Common Shares issued to the Initial Parentco Shareholder.
"Initial Parentco Share Subscription Price"	means $0.01, being the amount paid by the Initial Parentco Shareholder per Initial Parentco Share.
"Interim Order"	means the interim order of the Court contemplated by the Business Combination Agreement and made pursuant to Section 291 of the BCBCA providing for, among other things, the calling and holding of the Meeting and Parentco Meeting, and the obtaining of the Harvest Required Shareholder Approval and Parentco Required Shareholder Approval, as the same may be amended by the Court with the consent of Harvest and the Company, each acting reasonably, provided that any such amendment complies with the restrictions on amendment set forth in the Business Combination Agreement.
"Intermediary"	has the meaning set forth under "*General Proxy Information – Voting Options – Voting for Non-Registered Holders*".
"IRS"	means the U.S. Internal Revenue Service.
"Key Licenses"	means the Verano Cannabis Permits set forth in Schedule "G" of the Business Combination Agreement.
"Law" or "Laws"	means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental

	Entity applicable to a Party, including its business and operations, except for any federal statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree, or other rule of law related to the federal illegality of cannabis, including, but not limited to, the manufacture, sale, and/or distribution of cannabis or cannabis infused products or financial, banking or other services related thereto.
"Lien"	means any mortgage, charge, pledge, hypothec, security interest, prior claim, encroachments, option, right of first refusal or first offer, occupancy right, covenant, assignment, lien (statutory or otherwise), defect of title, or restriction or adverse right or claim, or other third party interest or encumbrance of any kind, in each case, whether contingent or absolute.
"Letter Agreement"	means the letter agreement from Harvest to Verano to acquire the Verano Units dated March 11, 2019.
"Letter Credit Agreement"	means the credit agreement dated October 3, 2018, between Harvest Dispensaries, Cultivations & Production Facilities LLC, certain affiliates and related parties of Harvest Dispensaries, Cultivations & Production Facilities LLC, and Bridging Financing Inc., as agent for certain lenders from time to time.
"Letter of Transmittal"	means the letter of transmittal to be delivered by Harvest to the Harvest Shareholders together with this Circular, providing for the delivery of Harvest Shares to the Depositary.
"Material Adverse Effect"	means for any Party, any event, occurrence, fact, condition or change that is, or could reasonably be expected to become, individually or in the aggregate, materially adverse to (a) the business, results of operations, condition (financial or otherwise) or assets of such Party and its Subsidiaries, taken as a whole, or (b) the ability of such Party to consummate the Transactions to which it is a party on a timely basis; provided, however, that "Material Adverse Effect" shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) general economic or political conditions; (ii) any changes in financial or securities markets in general; (iii) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (iv) any action required or permitted by the Business Combination Agreement; (v) any changes in applicable Laws or accounting rules, including IFRS, and Laws governing the ownership, transfer, and/or management of Permits, the Harvest Business or Verano Business; (vi) the public announcement, pendency or completion of the Transactions; (vii) Harvest or a Harvest Subsidiary completing the acquisition of one or more Permits and its failure or inability to divest, transfer, or otherwise dispose of such Permit prior to the Closing Date which has the effect of requiring, whether by Law or Contract, any of the Companies to divest, transfer, or otherwise dispose of any Company Cannabis Permit(s); (viii) Harvest or a Harvest Subsidiary completing the acquisition of any Permits and its failure or inability to divest, transfer or otherwise dispose of such Permit prior to the Closing Date which materially impedes the ability of the Company to transfer any Verano Cannabis Permit or enter into a Commercial Arrangement with respect to any Verano Cannabis Permit including, any Key License; (ix) the public announcement, pendency or completion of the Transactions or (x) any matter disclosed in any of the disclosure schedules to the Business Combination Agreement; provided further, however, that any event, occurrence, fact, condition or change referred to in clauses (i) through (iii) above shall be taken into account in determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur to the extent (and only to the extent) that such event, occurrence, fact, condition or change has a disproportionate effect on such Party and its Subsidiaries, taken as a whole.
"Meeting"	means the annual and special meeting of Harvest Shareholders, including any adjournment or postponement thereof, to be called and held for the purpose of obtaining the approval of the Harvest Arrangement Resolution, the Resulting Issuer Equity

	Incentive Plan and other related matters, in accordance with the Interim Order as applicable.
"Merger Sub"	means the Delaware limited liability company to be formed by Parentco as contemplated by Section 2.08(a) of the Business Combination Agreement.
"MI 61-101"	means Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*.
"Named Executive Officer" or "NEO"	has the meaning set forth in Appendix "K".
"Newco"	means 1204599 B.C. Ltd., a company incorporated under the Laws of British Columbia.
"Newco Share"	means one (1) common share in the capital of Newco issued to the Newco Shareholder.
"**Newco Share Subscription Price**"	means $10.00, being the amount paid by the Newco Shareholder for the Newco Share.
"Newco Shareholder"	means Jason Vedadi.
"NI 41-101"	means National Instrument 41-101 - *General Prospectus Requirements.*
"NI 51-102"	has the meaning set forth in Appendix "K".
"NI 52-110"	has the meaning set forth in Appendix "K".
"NI 58-101"	has the meaning set forth in Appendix "K".
"Non-Key Licenses"	means all Verano Cannabis Permits which are not Key Licenses.
"Non-Registered Holder"	means a Harvest Shareholder who is not a Registered Harvest Shareholder.
"Non-Resident Holder"	has the meaning set forth under "*Certain Canadian Federal Income Tax Considerations – Non-Residents of Canada*".
"Non-U.S. Holder"	has the meaning set forth under "*Certain United States Federal Income Tax Considerations – Tax Considerations for Non-U.S. Holders Regarding Holding and Disposing of Resulting Issuer Shares – Definition of a Non-U.S. Holder*".
"Notice of Dissent"	means a written notice of dissent to the Arrangement Resolution by a Registered Harvest Shareholder in accordance with the Plan of Arrangement.
"Notice of Meeting"	means the notice to the Harvest Shareholders which accompanies this Circular.
"Notice Shares"	has the meaning set forth under "*Dissent Rights of Harvest Shareholders – Dissenting to the Harvest Arrangement Resolution* ".
"OSC Rule 56-501"	means Ontario Securities Commission Rule 56-501 – Restricted Shares.
"OTCQX"	means OTCQX International, a quotation platform operated by OTC Markets Group Inc.

"Outside Date"	means June 30, 2020.
"Parentco"	means 1204899 B.C. Ltd., a corporation incorporated under the Laws of British Columbia.
"Parentco Amalgamation"	means the merger of NewCo and Parentco to form the Resulting Issuer pursuant to the Plan of Arrangement.
"Parentco Arrangement Resolution"	means a resolution of the Parentco Shareholders in respect of the Arrangement to be considered at the Parentco Meeting, in substantially the form of Schedule E to the Business Combination Agreement.
"Parentco Articles Amendment"	means the amendment of the Parentco articles and notice of articles to create the Parentco Subordinate Voting Shares, the Parentco Multiple Voting Shares and the Parentco Super Voting Shares.
"Parentco Board"	means the board of directors of Parentco.
"Parentco Circular"	means the notice of the Parentco Meeting to be sent to Prospective Shareholders, and the accompanying information circular to be prepared in connection with the Parentco Meeting, together with any amendments thereto or supplements thereof in accordance with the terms of the Business Combination Agreement.
"Parentco Common Shares"	means the shares in the capital of Parentco designated as Common Shares.
"Parentco Dissent Rights"	means dissent rights given by Parentco to Prospective Shareholders in a manner consistent with the dissent rights under Section 238 of the BCBCA.
"Parentco Dissenting Shareholder"	means a Person who dissents in respect of the Parentco Arrangement Resolution in strict compliance with the Parentco Dissent Rights, and who is ultimately entitled to be paid fair value for their Parentco Shares.
"Parentco Equity Incentive Plan Resolution"	means an ordinary resolution of the Parentco Shareholders to approve the Resulting Issuer Equity Incentive Plan.
"Parentco Meeting"	means the meeting of the Initial Parentco Shareholder and the Prospective Shareholders, including any adjournment or postponement thereof in accordance with the terms of the Business Combination Agreement, that is to be convened as provided by the Interim Order to consider, and if deemed advisable approve, the Parentco Arrangement Resolution and the Parentco Equity Incentive Plan Resolution.
"Parentco Multiple Voting Shares"	means the shares in the capital of Parentco designated as Multiple Voting Shares, which Parentco Multiple Voting Shares shall have substantially the same rights and restrictions as the Harvest Multiple Voting Shares.
"Parentco Required Shareholder Approval"	means: (a) in respect of the Parentco Arrangement Resolution: (A) 66.67% of the votes cast on the Parentco Arrangement Resolution by holders of Parentco Shares present in person or represented by proxy and entitled to vote at the Parentco Meeting; and (B) if required by applicable Law, a simple majority of the votes cast on the Parentco

Arrangement Resolution excluding the votes for Parentco Shares held by "related parties" and "interested parties" as defined under MI 61-101; and

(b) in respect of the Parentco Equity Incentive Plan, a simple majority of the votes cast on the Parentco Equity Incentive Plan Resolution excluding the votes for Parentco Shares held by "related parties" and "interested parties" as defined under MI 61-101.

"Parentco Shareholders" means the holders of Parentco Shares.

"Parentco Shares" means the shares in the capital of Parentco, consisting of the Parentco Common Shares and, following the Parentco Articles Amendment, the Parentco Subordinate Voting Shares, the Parentco Multiple Voting Shares and the Parentco Super Voting Shares.

"Parentco Subordinate Voting Shares" means the shares in the capital of Parentco designated as Subordinate Voting Shares, which Parentco Subordinate Voting Shares shall have substantially the same rights and restrictions as the Harvest Subordinate Voting Shares.

"Parentco Super Voting Shares" means the shares in the capital of Parentco designated as Super Voting Shares, which Parentco Super Voting Shares shall have substantially the same rights and restrictions as the Harvest Super Voting Shares.

"Participants" has the meaning set forth in "*Other Matters to be Considered at the Meeting – Resulting Issuer Equity Incentive Plan – Summary of the Resulting Issuer Equity Incentive Plan – Eligibility*".

"Participating Harvest Shareholders" means Harvest Shareholders, other than Harvest Dissenting Shareholders, who hold Harvest Shares immediately prior to the Effective Time.

"Participating Verano Unit Holders" means Verano Unit Holders other than (i) any Verano Unit Holder that exercises Parentco Dissent Rights, and (ii) any Qualified Holdco.

"Parties" means Verano, Parentco, Newco and Harvest and "**Party**" means any of them.

"Permits" means, with respect to a Person, all permits, licenses, franchises, approvals, authorizations, registrations, certificates, variances and similar rights obtained, or required to be obtained, from Governmental Entities for the operation of that Person's business, and includes (a) with respect to Verano, the Verano Cannabis Permits, and (b) with respect to Harvest and the Harvest Subsidiaries, the Harvest Cannabis Permits.

"Person" means an individual, firm, trust, partnership, association, body corporate, unlimited liability corporation, joint venture, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity or group of Persons whether or not having legal status.

"Petition" means the petition attached at Appendix "E" to this Circular.

"Pipeline Acquisitions" means the Pipeline Binding Acquisitions and Pipeline Contingent Acquisitions.

"Pipeline Binding Acquisitions"	means the acquisitions of the Acquisition Targets.
"Pipeline Contingent Acquisitions"	means the acquisitions of the Contingent Targets.
"Plan of Arrangement"	means the plan of arrangement of Parentco, Newco and Harvest in substantially the same form of Appendix "C" to this Circular, and any amendments or variations thereto made in accordance with the Plan of Arrangement or upon the direction of the Court in the Final Order with the consent of Harvest and Parentco, each acting reasonably.
"Pre-Arrangement Transactions"	has the meaning set forth under "*The Business Combination – The Business Combination and Principal Steps under the Plan of Arrangement*".
"Prospective Shareholders"	means the Verano Unit Holders and Qualified Holdco Shareholders who would become shareholders in the Resulting Issuer as a result of the Transactions.
"Qualified Holdco"	means a corporation or limited liability company (i) that is organized under the laws of a State of the United States, (ii) a majority of the shares or interests in which are owned by Persons who are residents of a country other than the United States for U.S. income tax purposes, (iii) that owns Verano Units, (iv) that owns no other property or assets other than Verano Units and cash, (v) that has not exercised or purported to exercise, and does not exercise or purport to exercise, any Parentco Dissent Rights in respect of its Verano Units, (vi) that notifies the Company in writing, not more than ten (10) Business Days and not less than five (5) Business Days prior to the Closing Date (or within such other period or in such manner as Verano and Harvest may agree), that it elects to participate in the Qualified Holdco Exchange rather than having its Verano Units exchanged for Parentco Shares pursuant to the Unit Exchange, and (vii) in which all of the holders of shares or equity ownership interests have entered into a Qualified Holdco Exchange Agreement with Parentco in accordance with Section 8.19 of the Business Combination Agreement with respect to the exchange of their Qualified Holdco Shares with Parentco; provided that Parentco may waive the requirement in clause (vi) with respect to any corporation or limited liability company that has no shareholder or member that together with any Person that does not deal at arm's length for purposes of the Tax Act with such shareholder or member, holds 10% or more of the Verano Units.
"Qualified Holdco Exchange"	means the exchange contemplated by Section 2.08(b) of the Business Combination Agreement pursuant to which the Qualified Holdco Shareholders exchange all of their Qualified Holdco Shares for Parentco Shares in accordance with the terms and conditions of a Qualified Holdco Exchange Agreement.
"Qualified Holdco Exchange Agreement"	means one or more agreements with any and each Qualified Holdco and all of its Qualified Holdco Shareholders, pursuant to which such Qualified Holdco Shareholders agree to transfer all of their Qualified Holdco Shares to Parentco in exchange for Parentco Shares in accordance with Section 8.19 of the Business Combination Agreement.
"Qualified Holdco Exchange Shares"	means the Parentco Subordinate Voting Shares and/or the Parentco Multiple Voting Shares, as applicable, to be issued by Parentco to Qualified Holdco Shareholders pursuant to the Qualified Holdco Exchange.
"Qualified Holdco Shareholder"	means, with respect to a Qualified Holdco, a holder of Qualified Holdco Shares.

"Qualified Holdco Shares"	means, with respect to a Qualified Holdco, shares or equity ownership interests in such Qualified Holdco.
"Qualified Pipeline Entities"	means the Acquisition Targets and the Contingent Targets.
"Qualified Pipeline Equity Holder"	means, with respect to a Qualified Pipeline Entity, a Person (other than Verano or any Verano Subsidiary) that is a holder of Qualified Pipeline Interests in such Qualified Pipeline Entity.
"Qualified Pipeline Exchange"	means the exchange contemplated by Section 2.08(c) of the Business Combination Agreement pursuant to which the Qualified Pipeline Equity Holders exchange all of their Qualified Pipeline Interests for Parentco Shares in accordance with the terms and conditions of a Qualified Pipeline Exchange Agreement.
"Qualified Pipeline Exchange Agreement"	means one or more agreements with each Qualified Pipeline Entity and all of its Qualified Pipeline Equity Holders, pursuant to which such Qualified Pipeline Equity Holders agree to transfer all of their Qualified Pipeline Interests to Parentco in exchange for Parentco Shares in accordance with Section 8.20 of the Business Combination Agreement.
"Qualified Pipeline Exchange Shares"	means the Parentco Subordinate Voting Shares and/or the Parentco Multiple Voting Shares, as applicable, to be issued by Parentco to Qualified Pipeline Equity Holders pursuant to the Qualified Pipeline Exchange Agreements.
"Qualified Pipeline Interests"	means, with respect to a Qualified Pipeline Entity, shares or equity ownership interests in such Qualified Pipeline Entity.
"Record Date"	means May 13, 2019.
"Registered Harvest Shareholder"	means a registered holder of Harvest Shares.
"Registered Plans"	has the meaning set forth under "*Certain Canadian Federal Income Tax Considerations – Eligibility for Investment*".
"Registrar"	means the Registrar appointed pursuant to Section 400 of the BCBCA.
"Regulation S"	means Regulation S under the U.S. Securities Act.
"Regulatory Approval"	means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the waiver or lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Entities, including any of the foregoing required in order to comply with the HSR Act.
"Reorganization"	has the meaning set forth under "*Summary – Income Tax Considerations – Summary of Certain U.S. Federal Income Tax Considerations*".
"Replacement Compensation Options"	has the meaning set forth in the Plan of Arrangement.

"Replacement Option In-The-Money Amount"	has the meaning set forth in the Plan of Arrangement.
"Replacement Option"	has the meaning set forth in the Plan of Arrangement.
"Replacement RSU"	has the meaning set forth in the Plan of Arrangement.
"Required Regulatory Approval"	means: HSR Clearance; the approval of the Arrangement and Plan of Arrangement by the Court; the filing with the securities regulators in Canada and with the CSE of the Harvest Circular, including any applicable filings thereof with the SEC; the application for, and approval of, the listing on the CSE of the Resulting Issuer Subordinate Voting Shares to be issued under the Arrangement; and any consents, approvals, authorizations, designations, declarations, waivers or filings, the absence of which would have a Harvest Material Adverse Effect; and the Restricted Security Relief.
"Resident Holder"	has the meaning set forth under "*Certain Canadian Federal Income Tax Considerations – Residents of Canada*".
"Restricted Security Relief"	means an exemptive relief order issued by the applicable securities regulators in Canada to permit the distribution of Resulting Issuer Subordinate Voting Shares and related subject securities on the same basis as is currently permitted by Harvest (under a prospectus or under an exemption from the prospectus requirement), being as if the Resulting Issuer had completed a "restricted security reorganization" under National Instrument 41-101 – *General Prospectus Requirements* and a restricted share "reorganization" under Ontario Securities Commission Rule 56-501 – Restricted Shares.
"Restricted Share Rules"	has the meaning set forth under "*The Business Combination – Regulatory Law Matters and Securities Law Matters – The Restricted Share Rules*".
"Resulting Issuer"	means the company formed upon the merger of Parentco and Newco pursuant to the Parentco Amalgamation under the Arrangement.
"Resulting Issuer Board"	means the board of directors of the Resulting Issuer as constituted from time to time.
"Resulting Issuer Compensation Committee"	has the meaning set forth in "*Other Matters to be Considered at the Meeting – Resulting Issuer Equity Incentive Plan – Summary of the Resulting Issuer Equity Incentive Plan – Eligibility*".
"Resulting Issuer Director Nominees"	means Steven White, Jason Vedadi, Elroy Sailor, Mark Barnard and Fran Bedu-Addo.
"Resulting Issuer Equity Incentive Plan"	means the equity incentive plan of the Resulting Issuer in substantially the same form of Appendix "J" to this Circular.
"Resulting Issuer Equity Incentive Plan Resolution"	means an ordinary resolution of the Harvest Shareholders to approve the Resulting Issuer Equity Incentive Plan.
"Resulting Issuer Exchange Shares"	means the Resulting Issuer Shares to be issued to Participating Harvest Shareholders pursuant to the Harvest Share Exchange, which shall consist of:

(a) one Resulting Issuer Subordinate Voting Share for each Harvest Subordinate Voting Share;

(b) one Resulting Issuer Multiple Voting Share for each Harvest Multiple Voting Share; and

(c) one Resulting Issuer Super Voting Share for each Harvest Super Voting Share.

"Resulting Issuer Initial Holders" means Jason Vedadi or Steven White.

"Resulting Issuer ISOs" has the meaning set forth in "*Other Matters to be Considered at the Meeting – Resulting Issuer Equity Incentive Plan – Purpose*".

"Resulting Issuer Multiple Voting Shares" means the shares in the capital of the Resulting Issuer designated as Multiple Voting Shares.

"Resulting Issuer MVS Conversion Ratio" has the meaning set forth in "*Information Concerning the Resulting Issuer Following the Business Combination – Description of Share Capital – Resulting Issuer Subordinate Voting Shares*".

"Resulting Issuer NQSOs" has the meaning set forth in "*Other Matters to be Considered at the Meeting – Resulting Issuer Equity Incentive Plan – Purpose*".

"Resulting Issuer Options" has the meaning set forth in "*Other Matters to be Considered at the Meeting – Resulting Issuer Equity Incentive Plan – Purpose*".

"Resulting Issuer Permitted Shares" has the meaning set forth in "*Information Concerning the Resulting Issuer Following the Business Combination – Description of Share Capital – Resulting Issuer Multiple Voting Shares*".

"Resulting Issuer RSUs" has the meaning set forth in "*Other Matters to be Considered at the Meeting – Resulting Issuer Equity Incentive Plan – Purpose*".

"Resulting Issuer SARs" has the meaning set forth in "*Other Matters to be Considered at the Meeting – Resulting Issuer Equity Incentive Plan – Purpose*".

"Resulting Issuer Shares" means the Resulting Issuer Subordinate Voting Shares, the Resulting Issuer Multiple Voting Shares and the Resulting Issuer Multiple Voting Shares.

"Resulting Issuer Shareholder" means a holder of Resulting Issuer Shares.

"Resulting Issuer Subordinate Voting Shares" means the shares in the capital of the Resulting Issuer designated as Subordinate Voting Shares.

"Resulting Issuer Super Voting Shares" means the shares in the capital of the Resulting Issuer designated as Super Voting Shares.

"Resulting Issuer Unsuitable Person"	has the meaning set forth under "*Information Concerning the Resulting Issuer Following the Business Combination – Description of Share Capital – Redemption Right from Resulting Issuer Unsuitable Person*".
"Resulting Issuer Unsuitable Person Redemption Price"	has the meaning set forth under "*Information Concerning the Resulting Issuer Following the Business Combination – Description of Share Capital – Redemption Right from Resulting Issuer Unsuitable Person*".
"Resulting Issuer Valuation Opinion"	has the meaning set forth under "*Information Concerning the Resulting Issuer Following the Business Combination – Description of Share Capital – Redemption Right from Resulting Issuer Unsuitable Person*".
"RTO"	has the meaning set forth under "*Information Concerning Harvest – Trading Price and Volume Data*".
"SARs"	means the stock appreciation rights granted under the Harvest Equity Incentive Plan.
"SEC"	means the United States Securities and Exchange Commission.
"Second Request"	means a formal written request made under and in accordance with the HSR Act by the FTC or the DOJ to any Party for additional information and documentary material.
"Section 3(a)(10) Exemption"	has the meaning set forth under "*Note to United States Securityholders*"..
"SEDAR"	means the System for Electronic Document Analysis and Retrieval as outlined in NI 13-101, which can be accessed online at www.sedar.com.
"Subco"	has the meaning set forth under "*Information Concerning Harvest – Trading Price and Volume*".
"Tax" or "Taxes"	means, without duplication, any (i) national, state, provincial, municipal and local income, gross receipts, franchise, estimated, alternative minimum, add on minimum, sales, use, transfer, goods or services, registration, value added, excise, natural resources, severance, stamp, occupation, premium, windfall profit, environmental, customs, duties, levies, profits, real property, personal property, capital stock, social security (or similar), employment, unemployment, disability, payroll, license, employee or other withholding, unclaimed property or escheat, or other tax, of any kind whatsoever, including any interest, penalties or additions to tax, (ii) any liability for the payment of any amounts of the type described in clause (i) as a result of being a member of an affiliated, consolidated, combined or unitary group, as a result of any tax sharing, allocation or indemnity agreement, arrangement or understanding, or as a result of being liable for another Person's taxes as a transferee or successor, by agreement or otherwise and (iii) any Taxes as a result of amounts required to be included in income (A) under Section 951 of the Code in respect of "subpart F income" (as defined in Section 952 of the Code), (B) under Section 951A of the Code in respect of "global intangible low taxed income," in each case, for the taxable period in which the Closing occurs and that is attributable, based on an interim closing of the books at Closing, to the Pre-Closing Tax Period (including, for clarity, any increase in subpart F income pursuant to Section 965 of the Code), and (C) under Section 965(h) of the Code.
"taxable capital gain"	has the meaning set forth under "*Certain Canadian Federal Income Tax Considerations – Residents of Canada – Taxation of Capital Gains and Capital Losses*".

"Tax Act"	means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, as amended.
"Tax Proposals"	has the meaning set forth under "*Certain Canadian Federal Income Tax Considerations*".
"Termination Fee"	means $100,000,000.
"Transactions"	means the transactions contemplated under the Business Combination Agreement.
"Transfer Consent"	has the meaning set forth in the Business Combination Agreement.
"United States" or "U.S." or "USA"	means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.
"United States Securities Laws"	means the U.S. Securities Act, the U.S. Exchange Act and any other applicable U.S. state securities Laws.
"Unit Exchange"	means the exchange by Verano Unit Holders of their Verano Units for Parentco Shares pursuant to the Verano U.S. Merger, as contemplated by Section 2.08(b) of the Business Combination Agreement.
"Unit Exchange Shares"	means the Parentco Subordinate Voting Shares and/or the Parentco Multiple Voting Shares, as applicable, to be issued by Parentco to Verano Unit Holders (other than any Qualified Holdco) pursuant to the Unit Exchange.
"U.S. Exchange Act"	means the United States *Securities Exchange Act of 1934*, as amended, and the rules and regulations promulgated thereunder.
"U.S. Finco"	has the meaning set forth under "*Information Concerning Harvest – Trading Price and Volume Data*".
"U.S. Holder"	has the meaning set forth under "*Certain United States Federal Income Tax Considerations*".
"USRPHC"	has the meaning set forth under "*Certain United States Federal Income Tax Considerations – Tax Considerations for Non-U.S. Holders Regarding Holding and Disposing of Resulting Issuer Shares – Sale or Other Taxable Disposition*".
"USRPI"	has the meaning set forth under "*Certain United States Federal Income Tax Considerations – Tax Considerations for Non-U.S. Holders Regarding Holding and Disposing of Resulting Issuer Shares – Sale or Other Taxable Disposition*".
"U.S. Securities Act"	means the United States *Securities Act of 1933*, as amended, and the rules and regulations promulgated thereunder.
"U.S. Treasury Department"	means the United States Department of Treasury.
"U.S. Treasury Regulations"	means the regulations promulgated by the U.S. Treasury Department under the Code.
"U.S. Treaty"	means the Canada-United States Income Tax Convention with respect to taxes on income and capital (1980), as amended.

"Verano"	means Verano Holdings, LLC, a Delaware limited liability company.
"Verano Acquisition Proposal"	means, other than the Transactions, the Pipeline Acquisitions and any transaction among Verano and one or more of its Subsidiaries, any offer, proposal or inquiry from any Person or group of Persons, whether or not in writing and whether or not delivered to the shareholders or members, as the case may be, of Verano, after the date hereof and prior to the Parentco Meeting relating to: (a) any acquisition or purchase, direct or indirect, of: (i) the assets of Verano and/or one or more of its Subsidiaries that, individually or in the aggregate, constitute all or substantially all of the consolidated assets of Verano and its Subsidiaries, taken as a whole, or (ii) all or substantially all of any voting or equity securities or membership interests of Verano or any one or more of its Subsidiaries that, in the case of such Subsidiaries, individually or in the aggregate, contribute all or substantially all of the consolidated revenues or constitute all or substantially all of the consolidated assets of Verano and its Subsidiaries, taken as a whole; (b) any take-over bid, tender offer or exchange offer that, if consummated, would result in such Person or group of Persons beneficially owning all or substantially all of any class of voting or equity securities or membership interests of Verano; (c) a plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving Verano and/or any of its Subsidiaries whose assets or revenues, individually or in the aggregate, constitute 100% or more of the consolidated assets or revenues, as applicable, of the Company and its Subsidiaries, taken as a whole; or (d) a public announcement or other public disclosure of an intention to do the foregoing, directly or indirectly.
"Verano Board"	means the board of managers of Verano.
"Verano Business"	means the business of Verano and the Verano Subsidiaries of owning and operating marijuana dispensaries, cultivation facilities and manufacturing businesses in the United States of America.
"Verano Cannabis Consents"	means any and all consents or other requirements of any Governmental Entity or under any Verano Cannabis Permit held by Verano or any Verano Subsidiary or Affiliate of Verano in connection with the Verano Business.
"Verano Cannabis Permits"	means the local and state cannabis permits issued to Verano or a Verano Subsidiary, all of which are listed in the Verano Disclosure Schedules.
"Verano Change in Recommendation"	has the meaning set forth in "*The Business Combination Agreement – Termination*".
"Verano Class A Units"	means the Class A common units of Verano, as established by the Verano Operating Agreement.
"Verano Class B Units"	means the Class B common units of Verano, as established by the Verano Operating Agreement.
"Verano Disclosure Schedules"	means the disclosure schedules to the Business Combination Agreement delivered by Verano concurrently with the execution and delivery of the Business Combination Agreement, as the same may be modified, supplemented or amended in accordance with Section 8.23 of the Business Combination Agreement.
"Verano Equity Instruments"	means all of the authorized, issued and outstanding options, warrants, convertible securities or other rights, agreements, arrangements or commitments of any character relating to the membership units of Verano, as well as all agreements or arrangements (other than the Business Combination Agreement) obligating Verano to issue or sell any

	shares of capital stock or membership units of, or any other interest in, Verano contemplated in the Verano Disclosure Schedules.
"Verano Material Adverse Effect"	means a Material Adverse Effect with respect to Verano and the Verano Subsidiaries.
"Verano Operating Agreement"	means the limited liability company agreement dated as of August 16, 2018 among Verano and the Verano Unit Holders governing the operations and management of Verano, as the same may be amended from time to time.
"Verano Proposed Agreement"	has the meaning set forth in "*The Business Combination – The Business Combination Agreement – Non-Solicitation Covenant in Favour of Harvest*".
"Verano Specified Representations"	has the meaning set forth in "*The Business Combination Agreement – Conditions to the Business Combination Becoming Effective – Harvest Conditions*".
"Verano Subsidiaries"	mean the Subsidiaries of Verano, but excludes in all cases any Acquisition Target and all Persons proposed to be acquired in a Pipeline Contingent Transaction.
"Verano Superior Proposal"	means an unsolicited bona fide Verano Acquisition Proposal made by a third party to Verano or the Verano Unit Holders that is communicated to the Verano Board in writing prior to the Parentco Meeting: (a) that the Verano board determines in good faith (after receipt of advice from its outside legal counsel and financial advisors) is reasonably capable of being completed without undue delay, taking into account all legal, financial, regulatory and other aspects of such proposal and the party making such proposal; (b) is not subject to any financing condition and in respect of which any required financing to complete such Verano Acquisition Proposal has been demonstrated to be available to the satisfaction of the Verano Board, acting in good faith (after receipt of advice from its outside legal counsel); (c) which is not subject to a due diligence and/or access condition; (d) that did not result from a breach of Section 8.21 of the Business Combination Agreement by Verano or its Representatives; (e) is made available to the Verano Unit Holders or other equity securities, as applicable, on the same terms and conditions; and (f) in respect of which the Verano Board determines in good faith (after receipt of advice from its outside legal counsel and financial advisors with respect to (X) below) that (X) failure to recommend such Verano Acquisition Proposal to its members or other equity holders would be inconsistent with its fiduciary duties and (Y) which would, taking into account all of the terms and conditions of such Verano Acquisition Proposal, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction more favourable to the Verano Unit Holders from a financial point of view than the Business Combination (including any adjustment to the terms and conditions of the Combination proposed by Harvest pursuant to Subsection 8.21(f) of the Business Combination Agreement and after taking into account the impact to the Company of paying the Termination Fee).
"Verano Units"	means the Verano Class A Units and Verano Class B Units.
"Verano Unit Holders"	means the holders of Verano Units.
"Verano Unit Holder Voting Support Agreements"	means the voting support agreements (including all amendments thereto) signed by the Verano Voting Support Unit Holders setting forth the terms and conditions upon which

	they have agreed, among other things, to vote their Verano Units in favour of the Business Combination.
"Verano U.S. Merger"	means the merger between Verano and Merger Sub pursuant to the DLLCA, with Verano surviving and the separate existence of Merger Sub ceasing.
"Verano Voting Support Unit Holders"	means those persons that have signed a Verano Unit Holder Voting Support Agreement.
"VIF"	has the meaning set forth in "*General Proxy Information – Voting Options – Voting for Non-Registered Holders*".

APPENDIX "B"
HARVEST ARRANGEMENT RESOLUTION

RESOLUTION BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. The arrangement (the "**Arrangement**") under Division 5 of Part 9 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") involving 1204899 B.C. Ltd. ("**Parentco**"), 1204599 B.C. Ltd. ("**Newco**") and Harvest Health & Recreation Inc. ("**Harvest**"), as more particularly described and set forth in the management information circular of Harvest dated May 24, 2019 accompanying the notice of this meeting, as the Arrangement may be modified or amended in accordance with its terms, is hereby authorized, approved and adopted.

2. The plan of arrangement (the "**Plan of Arrangement**") involving Harvest, the full text of which is set out as Schedule "A" to the Business Combination Agreement made as of April 22, 2019, among Verano Holdings, LLC, Parentco, Newco, and Harvest (the "**Business Combination Agreement**"), as the Plan of Arrangement may be modified or amended in accordance with its terms, is hereby authorized, approved and adopted.

3. The Business Combination Agreement, the actions of the directors of Harvest in approving the Business Combination Agreement and the actions of the directors and officers of Harvest in executing and delivering the Business Combination Agreement and any amendments thereto in accordance with its terms are hereby ratified and approved.

4. Notwithstanding that this resolution has been passed (and the Plan of Arrangement adopted) by the shareholders of Harvest or that the Arrangement has been approved by the Supreme Court of British Columbia (the "**Court**"), the directors of Harvest are hereby authorized and empowered without further notice to or approval of the shareholders of Harvest at any time prior to the Effective Time (as defined in the Plan of Arrangement): (i) to amend the Business Combination Agreement or the Plan of Arrangement, to the extent permitted by the Business Combination Agreement or the Plan of Arrangement, and (ii) subject to the terms of the Business Combination Agreement, not to proceed with the Arrangement.

5. Any one director or officer of Harvest be and is hereby authorized and directed for and on behalf of Harvest to make an application to the Court for an order approving the Arrangement, to execute, under the corporate seal of Harvest or otherwise, and to deliver or file such other documents as are necessary or desirable to give effect to the Arrangement and the Plan of Arrangement in accordance with the Business Combination Agreement.

6. Any one director or officer of Harvest be and is hereby authorized and directed for and on behalf of Harvest to execute or cause to be executed, under the corporate seal of Harvest or otherwise, and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

APPENDIX "C"
PLAN OF ARRANGEMENT

See attached.

PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT UNDER DIVISION 5 OF PART 9 OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions.

In this Plan of Arrangement, unless indicated otherwise, the following terms shall have the following meanings:

"**Arrangement**" means the arrangement under Division 5 of Part 9 of the BCBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Business Combination Agreement, 6.1 of this Plan of Arrangement or made at the direction of the Court in the Final Order;

"**Arrangement Consideration Shares**" means the Resulting Issuer Shares to be issued:

(a) to the Participating ParentCo Shareholders and the Newco Shareholder pursuant to the ParentCo Amalgamation in Section 3.2(g); and

(b) to Participating Harvest Shareholders pursuant to the Harvest Exchange in Section 3.2(j);

"**Arrangement Consideration Shares Recipients**" means the Participating ParentCo Shareholders, the Newco Shareholder and the Participating Harvest Shareholders;

"**Arrangement Filings**" means the records and information required to be filed with the Registrar under Section 292(a) of the BCBCA in respect of the Arrangement, together with a copy of the Final Order;

"**Arrangement Issued Securities**" means all securities to be issued pursuant to the Arrangement;

"**BCBCA**" means the *Business Corporations Act* (British Columbia), including all regulations made thereunder, as promulgated or amended from time to time;

"**Business Combination Agreement**" means the business combination agreement dated as of April 22, 2019 between Harvest, Verano, ParentCo and Newco, as the same may be amended, amended and restated or supplemented from time to time in accordance with its terms;

"**Business Day**" means any day, other than a Saturday, a Sunday or a statutory holiday in Vancouver, British Columbia;

"**Company U.S. Merger**" has the meaning ascribed to such term in the Business Combination Agreement;

"**Court**" means the British Columbia Supreme Court;

"**Depositary**" means Odyssey Trust Company, appointed to act as depositary for the purpose of, among other things, exchanging certificates representing Harvest Shares for Arrangement Consideration Shares in connection with the Arrangement;

"**Effective Date**" means the date on which the Arrangement Filings are filed with the Registrar in accordance with the terms of the Business Combination Agreement;

"**Effective Time**" means the time on the Effective Date when the Arrangement Filings are filed with the Registrar in accordance with the terms of the Business Combination Agreement, or such other time on the Effective Date as the Parties may agree to in writing; provided that, notwithstanding the foregoing, the Effective Time shall not occur until after the completion of the Pre-Arrangement Transactions;

"**Electing Qualified Holdco Shareholders**" has the meaning ascribed to such term in the Business Combination Agreement;

"**Escrow Agent**" has the meaning ascribed to such term in the Business Combination Agreement;

"**Escrow Agreement**" has the meaning ascribed to such term in the Business Combination Agreement;

"**Escrow Shares**" has the meaning ascribed to such term in the Business Combination Agreement;

"**Final Order**" means the final order of the Court pursuant to Section 291 of the BCBCA approving the Arrangement, in a form acceptable to Harvest and ParentCo, each acting reasonably, as such order may be amended in accordance with the Business Combination Agreement at any time prior to the Effective Date or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or amended on appeal;

"**Governmental Entity**" means (i) any applicable multinational, federal, provincial, state, regional, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, whether domestic or foreign, (ii) any subdivision, agency, commission, board or authority of any of the foregoing, or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

"**Harvest**" means Harvest Health & Recreation Inc., a corporation organized under the BCBCA having incorporation number 808883;

"**Harvest Arrangement Resolution**" means the resolution approving this Plan of Arrangement to be considered at the Harvest Meeting, substantially in the form attached as Schedule D to the Business Combination Agreement, for which the Harvest Required Shareholder Approval is required to be obtained;

"Harvest Circular" means the notice of the Harvest Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information

incorporated by reference in, such management information circular, to be sent to Harvest Shareholders in connection with the Harvest Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of the Business Combination Agreement;

"**Harvest Compensation Option Holder**" means a holder of one or more Harvest Compensation Options;

"Harvest Compensation Options" means the compensation options to purchase Harvest Subordinate Voting Shares, which are outstanding immediately prior to the Effective Time;

"**Harvest Dissenting Shareholder**" means a registered holder of Harvest Shares who dissents in respect of the Harvest Arrangement Resolution in strict compliance with the Harvest Dissent Rights, and who is ultimately entitled to be paid fair value for their Harvest Shares;

"**Harvest Dissent Rights**" has the meaning ascribed to such term in 4.1;

"**Harvest Equity Incentive Plan**" has the meaning ascribed to such term in the Business Combination Agreement;

"**Harvest Equity Incentive Plan Resolution**" means the ordinary resolution approving the Resulting Issuer Equity Incentive Plan to be considered at the Harvest Meeting;

"**Harvest Exchange**" means the exchange by Participating Harvest Shareholders of their Harvest Shares for Resulting Issuer Shares pursuant to Section 3.2(j);

"**Harvest Letter of Transmittal**" means the letter of transmittal sent by Harvest to Harvest Shareholders for use in connection with the Arrangement, providing for the delivery of certificates representing Harvest Shares to the Depositary;

"**Harvest Meeting**" means the annual general and special meeting of Harvest Shareholders, including any adjournment or postponement of such meeting in accordance with the terms of the Business Combination Agreement, to be called and held in accordance with the Interim Order to consider the Harvest Arrangement Resolution and the Harvest Equity Incentive Plan Resolution;

"**Harvest Multiple Voting Shares**" means the shares in the capital of Harvest designated as Multiple Voting Shares, each currently entitling the holder thereof to one hundred (100) votes per share at shareholder meetings of Harvest;

"**Harvest Optionholder**" means a holder of Harvest Options;

"**Harvest Option In-The-Money-Amount**" means, in respect of a Harvest Option, the amount, if any, determined immediately before the Effective Time, by which the total fair market value of the Harvest Shares that a holder is entitled to acquire on exercise of the Harvest Option, exceeds the aggregate exercise price to acquire such Harvest Shares at that time;

"Harvest Options" means the options to purchase Harvest Subordinate Voting Shares issued pursuant to the Harvest Equity Incentive Plan, which are outstanding immediately prior to the Effective Time;

"**Harvest Required Shareholder Approval**" has the meaning ascribed to such term in the Business Combination Agreement.

"**Harvest RSU**" has the meaning ascribed to the term "Restricted Stock Unit" in the Harvest Equity Incentive Plan;

"**Harvest Share**" means a share in the capital of Harvest, and includes the Harvest Subordinate Voting Shares, the Harvest Multiple Voting Shares and the Harvest Super Voting Shares;

"**Harvest Shareholder**" means a registered or beneficial holder of one or more Harvest Shares, as the context requires;

"**Harvest Subordinate Voting Shares"** means the shares in the capital of Harvest designated as Subordinate Voting Shares, each entitling the holder thereof to one vote per share at shareholder meetings of Harvest;

"**Harvest Super Voting Shares**" means the shares in the capital of Harvest designated as Super Voting Shares, each entitling the holder thereof to two hundred (200) votes per share at shareholder meetings of Harvest;

"**Initial ParentCo Shares**" means one hundred (100) common shares in the capital of ParentCo issued to the Initial ParentCo Shareholder;

"**Initial ParentCo Shareholder**" has the meaning ascribed to such term in the Business Combination Agreement;

"**Initial ParentCo Share Subscription Price**" means $0.01 per Initial ParentCo Share, being the amount paid by the Initial ParentCo Shareholder per Initial ParentCo Share;

"**Interim Order**" means the interim order of the Court made pursuant to section 291 of the BCBCA, to be issued following the application therefor as contemplated by the Business Combination Agreement, providing for, among other things, the calling and holding of the Harvest Meeting and the ParentCo Meeting, and the obtaining of the Harvest Required Shareholder Approval and the ParentCo Required Shareholder Approval, as such order may be amended, supplemented or varied by the Court in accordance with the Business Combination Agreement;

"**Law**" means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is legally binding upon such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended;

"Lien" means any mortgage, charge, pledge, hypothec, security interest, prior claim, encroachments, option, right of first refusal or first offer, occupancy right, covenant, assignment, lien (statutory or otherwise), defect of title, or restriction or adverse right or claim, or other third party interest or encumbrance of any kind, in each case, whether contingent or absolute;

"**Merger LLC**" means a limited liability company to be formed by ParentCo pursuant to the Laws of the State of Delaware prior to the Effective Date for the purpose of participating in the Company U.S. Merger;

"**MVS Conversion Ratio**" means the "Conversion Ratio" as defined in the rights and restrictions attached to the Harvest Multiple Voting Shares in Harvest's articles and notice of articles, as such Conversion Ratio may be adjusted from time to time in accordance with the rights and restrictions attached to the Harvest Multiple Voting Shares, which Conversion Ratio at the date hereof is equal to one hundred (100);

"**MVS Exchange Ratio**" means the quotient (rounded to six decimal places) obtained when (i) the SVS Exchange Ratio, is divided by (ii) the MVS Conversion Ratio, as such MVS Exchange Ratio may be adjusted in accordance with Section 2.13 of the Business Combination Agreement;

"**Newco**" means 1204599 B.C. Ltd., a corporation organized under the BCBCA;

"**Newco Share**" means one (1) common share in the capital of Newco issued to the Newco Shareholder;

"**Newco Shareholder**" has the meaning ascribed to such term in the Business Combination Agreement;

"**Newco Share Subscription Price**" means $10.00, being the amount paid by the Newco Shareholder for the Newco Share;

"**paid-up capital**" has the meaning ascribed to such term in the Tax Act;

"**ParentCo**" means 1204899 B.C. Ltd., a corporation organized under the BCBCA;

"**ParentCo Amalgamation**" has the meaning ascribed to such term in Section 3.2(g).

"**ParentCo Arrangement Resolution**" means a special resolution of the ParentCo Shareholders in respect of the Arrangement to be considered at the ParentCo Meeting, in substantially the form of Schedule E to the Business Combination Agreement;

"**ParentCo Circular**" has the meaning ascribed to such term in the Business Combination Agreement;

"**ParentCo Dissenting Shareholder**" means a Person who dissents in respect of the ParentCo Arrangement Resolution in strict compliance with the ParentCo Dissent Rights, and who is ultimately entitled to be paid fair value for their ParentCo Shares;

"**ParentCo Dissent Rights**" has the meaning ascribed to such term in the ParentCo Circular;

"**ParentCo Equity Incentive Plan Resolution**" means the ordinary resolution approving the Resulting Issuer Equity Incentive Plan to be considered at the ParentCo Meeting;

"**ParentCo Letter of Transmittal**" means the letter of transmittal sent by ParentCo to ParentCo Prospective Shareholders for use in connection with the Arrangement;

"**ParentCo Meeting**" means the special meeting of ParentCo Shareholders, including any adjournment or postponement of such meeting in accordance with the terms of the Business Combination Agreement, to be called and held in accordance with the Interim Order to consider the ParentCo Arrangement Resolution and the ParentCo Equity Incentive Plan Resolution;

"**ParentCo Multiple Voting Shares**" means the shares in the capital of ParentCo designated as Multiple Voting Shares, each currently entitling the holder thereof to one hundred (100) votes per share at shareholder meetings of ParentCo;

"**ParentCo Prospective Shareholders**" means (i) Company Unit Holders who are entitled to receive ParentCo Shares pursuant to the Unit Exchange, and (ii) Electing Qualified Holdco Shareholders who are entitled to receive ParentCo Shares pursuant to the Qualified Holdco Exchange;

"**ParentCo Required Shareholder Approval**" has the meaning ascribed to such term in the Business Combination Agreement;

"**ParentCo Shareholders**" means the holders of ParentCo Shares;

"**ParentCo Shares**" means the ParentCo Subordinate Voting Shares, the ParentCo Multiple Voting Shares and the ParentCo Super Voting Shares;

"**ParentCo Subordinate Voting Shares**" means the shares in the capital of ParentCo designated as Subordinate Voting Shares, each currently entitling the holder thereof to one vote per share at shareholder meetings of ParentCo;

"**ParentCo Super Voting Shares**" means the shares in the capital of ParentCo designated as Super Voting Shares, each currently entitling the holder thereof to two hundred (200) votes per share at shareholder meetings of ParentCo;

"**Participating Harvest Shareholders**" means Harvest Shareholders, other than Harvest Dissenting Shareholders, who hold Harvest Shares immediately prior to the Effective Time;

"**Participating ParentCo Shareholders**" means ParentCo Shareholders, other than ParentCo Dissenting Shareholders, who hold ParentCo Shares immediately prior to the Effective Time, and for greater certainty includes ParentCo Shareholders, other than ParentCo Dissenting Shareholders, who receive or are entitled to receive ParentCo Shares pursuant to the Unit Exchange, the Qualified Holdco Exchange and the Qualified Pipeline Exchange;

"**Parties**" means, collectively, Harvest, ParentCo and Newco, and "**Party**" means any one of them;

"**Payment Allocation Schedule**" has the meaning ascribed to such term in the Business Combination Agreement;

"**Person**" means an individual, partnership, association, body corporate, joint venture, business organization, trustee, executor, administrative legal representative, Governmental Entity or any other entity, whether or not having legal status;

"**Plan of Arrangement**" means this plan of arrangement and any amendments or variations made in accordance with the Business Combination Agreement or this Plan of Arrangement, or made at the direction of the Court in the Final Order with the prior written consent of Harvest and ParentCo, each acting reasonably;

"**Pre-Arrangement Transactions**" means, collectively, the Company U.S. Merger, the Unit Exchange, the Qualified Holdco Exchange and the Qualified Pipeline Exchange;

"**Proscription Date**" has the meaning ascribed to such term in 5.2(c);

"**Qualified Holdco Exchange**" has the meaning ascribed to such term in the Business Combination Agreement;

"**Qualified Pipeline Exchange**" has the meaning ascribed to such term in the Business Combination Agreement;

"**Registrar**" means the person appointed as the Registrar of Companies under Section 400 of the BCBCA;

"**Replacement Compensation Option**" has the meaning ascribed to such term in Section 3.2(m);

"**Replacement Option**" has the meaning ascribed to such term in Section 3.2(l);

"**Replacement RSU**" has the meaning ascribed to such term in Section 3.2(n);

"**Replacement Option In-The-Money Amount**" means, in respect of a Replacement Option, the amount, if any, determined immediately after the exchange in Section 3.2(l), by which the fair market value of the Resulting Issuer Shares that a holder is entitled to acquire on exercise of the Replacement Option exceeds the aggregate exercise price to acquire such Resulting Issuer Shares at that time;

"**Resulting Issuer**" has the meaning ascribed to such term in Section 3.2(g);

"**Resulting Issuer Board Nominees**" means Steven White, Jason Vedadi, Elroy Sailor, Mark Barnard and Fran Bedu-Addo;

"**Resulting Issuer Arrangement Shares**" means the Resulting Issuer Shares to be issued to Participating ParentCo Shareholders pursuant to the ParentCo Amalgamation;

"**Resulting Issuer Exchange Shares**" means the Resulting Issuer Shares to be issued to Participating Harvest Shareholders pursuant to the Harvest Exchange, which shall consist of:

(a) one Resulting Issuer Subordinate Voting Share for each Harvest Subordinate Voting Share;

(b) one Resulting Issuer Multiple Voting Share for each Harvest Multiple Voting Share; and

(c) one Resulting Issuer Super Voting Share for each Harvest Super Voting Share;

"**Resulting Issuer Equity Incentive Plan**" has the meaning ascribed to such term in the Business Combination Agreement;

"**Resulting Issuer Multiple Voting Shares**" means the shares in the capital of the Resulting Issuer designated as Multiple Voting Shares, which shares shall have substantially the same rights and restrictions as the Harvest Multiple Voting Shares immediately prior to the Effective Time;

"**Resulting Issuer RSU**" has the meaning ascribed to the term "Restricted Stock Unit" in the Resulting Issuer Equity Incentive Plan;

"**Resulting Issuer Shares**" means the Resulting Issuer Subordinate Voting Shares, the Resulting Issuer Multiple Voting Shares and the Resulting Issuer Super Voting Shares;

"**Resulting Issuer Subordinate Voting Shares**" means the shares in the capital of the Resulting Issuer designated as Subordinate Voting Shares, which shares shall have substantially the same rights and restrictions as the Harvest Subordinate Voting Shares immediately prior to the Effective Time;

"**Resulting Issuer Super Voting Shares**" means the shares in the capital of the Resulting Issuer designated as Super Voting Shares, which shares shall have substantially the same rights and restrictions as the Harvest Super Voting Shares immediately prior to the Effective Time;

"**SVS Exchange Ratio**" means 4.7536, as such SVS Exchange Ratio may be adjusted in accordance with Section 2.13 of the Business Combination Agreement;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended;

"**TSX**" means the Toronto Stock Exchange;

"**United States**" and "**U.S.**" each mean the United States of America, its territories and possessions, any State of the United States and the District of Colombia;

"**Unit Exchange**" has the meaning ascribed to such term in the Business Combination Agreement;

"**U.S. Securities Act**" means the United States *Securities Act of 1933*, as amended, supplemented or restated from time to time and any successor to such statute, and the rules and regulations promulgated thereunder;

"**U.S. Tax Code**" means the United States *Internal Revenue Code of 1986*, as amended;

"**U.S. Treasury Regulations**" means the regulations promulgated under the U.S. Tax Code by the United States Department of the Treasury;

"**Verano**" means Verano Holdings, LLC, a limited liability company formed under the laws of the State of Delaware;

"**Verano Board**" means the board of managers of Verano;

"**Verano Operating Agreement**" means the limited liability company agreement dated as of August 16, 2018 among Verano and the Verano Unit Holders governing the operations and management of Verano, as the same may be amended from time to time;

"**Verano Unit**" has the meaning ascribed to the term "Unit" in the Verano Operating Agreement; and

"**Verano Unit Holders**" means the holders of Verano Units.

Capitalized words and phrases used herein that are defined in the Business Combination Agreement and not defined herein shall have the same meaning herein as in the Business Combination Agreement, unless the context otherwise requires.

1.2 Interpretation Not Affected By Headings.

The division of this Plan of Arrangement into Articles, Sections, Paragraphs and Subparagraphs and the insertion of headings herein are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. The terms "this Plan of Arrangement", "hereof", "herein", "hereto", "hereunder" and similar expressions refer to this Plan of Arrangement and not to any particular Article, Section or other portion hereof and include any instrument supplementary or ancillary hereto.

1.3 References to Articles, Sections, etc.

Unless otherwise indicated, references in this Plan of Arrangement to any Article, Section, Paragraph, Subparagraph or portion thereof are a reference to the applicable Article, Section, Paragraph, Subparagraph or portion thereof in this Plan of Arrangement.

1.4 Number, Gender and Persons.

In this Plan of Arrangement, unless the context otherwise requires, words importing the singular shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter and the word person and words importing persons shall include a natural person, firm, trust, partnership, association, corporation, joint venture or government (including any governmental agency, political subdivision or instrumentality thereof) and any other entity or group of persons of any kind or nature whatsoever.

1.5 Date for Any Action.

In the event that the date on which any action is required to be taken hereunder by any of the parties is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.6 Statutory References.

Unless otherwise indicated, references in this Plan of Arrangement to any statute include all regulations made pursuant to such statute and the provisions of any statute or regulation which amends, supplements or supersedes any such statute or regulation.

1.7 Currency.

Unless otherwise stated, all references to currency herein are expressed in lawful money of Canada, and "**$**" refers to Canadian dollars.

ARTICLE 2
COMBINATION AGREEMENT AND BINDING EFFECT

2.1 Business Combination Agreement.

This Plan of Arrangement is made pursuant to, and is subject to the provisions of, the Business Combination Agreement, except in respect of the sequence of the steps comprising the Arrangement, which shall occur in the order set forth herein.

2.2 Binding Effect.

As of and from the Effective Time, this Plan of Arrangement will be binding on: (i) Harvest, (ii) ParentCo, (iii) Newco, (iv) the Depositary, (v) the Escrow Agent, (vi) the Harvest Shareholders (including Dissenting Harvest Shareholders), (vii) all holders of Harvest Options and Harvest Compensation Options, (viii) the ParentCo Shareholders (including Dissenting ParentCo Shareholders), (ix) the Initial ParentCo Shareholder, (x) the Newco Shareholder, and (xi) the Arrangement Consideration Shares Recipients, in each case without any further act or formality required on the part of any Person.

2.3 Effective Time of Arrangement.

The exchanges, issuances and cancellations provided for in 3.2 shall be deemed to occur at the time and in the order specified in 3.2, notwithstanding that certain of the procedures related thereto are not completed until after such time.

ARTICLE 3
ARRANGEMENT

3.1 Preliminary Steps to the Arrangement.

The following preliminary steps shall occur prior to, and shall be conditions precedent to, the implementation of the Arrangement:

(a) the Qualified Holdco Exchange shall have occurred;

(b) the Qualified Pipeline Exchange shall have occurred;

(c) the Unit Exchange shall have occurred pursuant to the Company U.S. Merger;

(d) the Resulting Issuer Equity Incentive Plan shall have been approved at the ParentCo Meeting and at the Harvest Meeting; and

(e) the Resulting Issuer Director Nominees shall have consented to act as directors of the Resulting Issuer in accordance with the BCBCA.

3.2 Arrangement.

Commencing at the Effective Time, each of the following events or transactions shall occur and shall be deemed to occur in the following sequence, unless otherwise specifically provided in this Section 3.2, without any further act or formality on the part of any Person:

(a) each ParentCo Share held by a ParentCo Dissenting Shareholder shall be, and shall be deemed to be, surrendered to ParentCo by the holder thereof, free and clear of all Liens, claims or encumbrances, and each such ParentCo Share so surrendered shall be cancelled and thereupon each such ParentCo Dissenting Shareholder shall cease to have any rights as a holder of such ParentCo Shares other than a claim against ParentCo in an amount determined and payable in accordance with Article 4, and the name of such ParentCo Dissenting Shareholder shall be removed from ParentCo's central securities register for the ParentCo Shares;

(b) concurrently with the surrender and cancellation of ParentCo Shares held by ParentCo Dissenting Shareholders pursuant to 3.2(a), the capital of the applicable class of ParentCo Shares that includes any ParentCo Shares cancelled pursuant to 3.2(a) shall be reduced by an amount equal to the product obtained when (A) the capital of the ParentCo Shares of that class immediately prior to the Effective Time, is multiplied by (B) a fraction, the numerator of which is the number of ParentCo Shares of that class surrendered and cancelled pursuant to 3.2(a), and the denominator of which is the number of ParentCo Shares of that class outstanding immediately prior to the Effective Time;

(c) each Harvest Share held by a Harvest Dissenting Shareholder shall be, and shall be deemed to be, surrendered to Harvest by the holder thereof, free and clear of all Liens, claims or encumbrances, and each such Harvest Share so surrendered shall be cancelled and thereupon each such Harvest Dissenting Shareholder shall cease to have any rights as a holder of such Harvest Shares other than a claim against Harvest in an amount determined and payable in accordance with Article 4, and the name of such Harvest Dissenting Shareholder shall be removed from Harvest's central securities register for the Harvest Shares;

(d) concurrently with the surrender and cancellation of Harvest Shares held by Harvest Dissenting Shareholders pursuant to 3.2(c), the capital of the applicable class of Harvest Shares that includes any Harvest Shares cancelled pursuant to 3.2(c) shall be reduced by an amount equal to the product obtained when (A) the capital of the Harvest Shares of that class immediately prior to the Effective Time, is multiplied by (B) a fraction, the numerator of which is the number of Harvest Shares of that class surrendered and cancelled pursuant to 3.2(c), and the denominator of which

is the number of Harvest Shares of that class outstanding immediately prior to the Effective Time;

(e) the Initial ParentCo Shares shall be, and shall be deemed to be, transferred by the Initial ParentCo Shareholder to ParentCo, free and clear of all Liens, claims or encumbrances, for cancellation in exchange for the payment by ParentCo to the Initial ParentCo Shareholder of the Initial ParentCo Share Subscription Price, and upon such transfer the name of the Initial ParentCo Shareholder shall be removed from ParentCo's central securities register with respect to the ownership of the Initial ParentCo Shares;

(f) the name of Harvest shall be changed to " Harvest Health (Holdings), Inc." (or to such other name as is determined by Harvest and approved by the Registrar);

(g) Newco shall merge with and into ParentCo (the "**ParentCo Amalgamation**") to form one company (the "**Resulting Issuer**") with the same effect as if they had amalgamated under Section 269 of the BCBCA, except that the legal existence of ParentCo shall not cease and ParentCo shall survive the ParentCo Amalgamation as the Resulting Issuer notwithstanding the issue by the Registrar of a certificate of amalgamation and the assignment of a new incorporation number to the Resulting Issuer (and for the avoidance of doubt, the ParentCo Amalgamation is intended to qualify as an amalgamation as defined in subsection 87(1) of the Tax Act), and upon the ParentCo Amalgamation becoming effective:

(i) without limiting the generality of the foregoing, ParentCo shall survive the ParentCo Amalgamation as the Resulting Issuer;

(ii) the properties, rights and interests and obligations of ParentCo shall continue to be the properties, rights and interests and obligations of the Resulting Issuer;

(iii) the separate legal existence of Newco shall cease without Newco being liquidated or wound up, and the property, rights and interests and obligations of Newco shall become the property, rights and interests and obligations of the Resulting Issuer;

(iv) the Resulting Issuer shall continue to be liable for the liabilities and obligations of each of Newco and ParentCo;

(v) the Resulting Issuer shall be deemed to be the party plaintiff or the party defendant, as the case may be, in any civil action commenced by or against either ParentCo or Newco before the ParentCo Amalgamation has become effective;

(vi) a conviction against, or a ruling, order or judgment in favour of or against, either ParentCo or Newco may be enforced by or against the Resulting Issuer;

(vii) the name of the Resulting Issuer will be "Harvest Health & Recreation Inc.";

(viii) the Notice of Articles and Articles of the Resulting Issuer shall be substantially in the form of the Notice of Articles and Articles of ParentCo, except that the authorized share capital of the Resulting Issuer shall consist solely of an unlimited number of Resulting Issuer Subordinate Voting Shares, an unlimited number of Resulting Issuer Multiple Voting Shares and an unlimited number of Resulting Issuer Super Voting Shares, and not include any Common Shares;

(ix) the registered office of the Resulting Issuer shall be the registered office of ParentCo;

(x) subject to Section 3.2(g)(xi) the size of the board of directors of the Resulting Issuer shall be not less than five (5) and not more than nine (9) directors, as determined from time to time by the board of directors of the Resulting Issuer;

(xi) the initial size of the board of directors of the Resulting Issuer shall be five (5) directors, and the Resulting Issuer Board Nominees shall be the initial five directors of the board of directors of the Resulting Issuer, to hold office until the next annual meeting of the shareholders of the Resulting Issuer or until their successors are elected or appointed;

(xii) each ParentCo Subordinate Voting Share outstanding immediately prior to the ParentCo Amalgamation (excluding, for the avoidance of doubt, any ParentCo Subordinate Voting Share in respect of which the holder exercises ParentCo Dissent Rights) shall be, and shall be deemed to be, cancelled and the name of the holder of such ParentCo Subordinate Voting Share shall be removed from ParentCo's central securities register in respect of such ParentCo Subordinate Voting Share, and in consideration therefor such holder will receive a fully paid and non-assessable Resulting Issuer Subordinate Voting Share, and upon such exchange each such former holder of such exchanged ParentCo Subordinate Voting Shares shall, subject to Article 5, be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to exchange such ParentCo Subordinate Voting Share in accordance therewith and shall be entered in the Resulting Issuer's central securities register for the Resulting Issuer Subordinate Voting Shares as the legal and beneficial owner of such Resulting Issuer Subordinate Voting Share;

(xiii) each ParentCo Multiple Voting Share outstanding immediately prior to the ParentCo Amalgamation (excluding, for the avoidance of doubt, any ParentCo Multiple Voting Share in respect of which the holder exercises ParentCo Dissent Rights) shall be, and shall be deemed to be, cancelled and the name of the holder of such ParentCo Multiple Voting Share shall be removed from ParentCo's central securities register in respect of such

ParentCo Multiple Voting Share, and in consideration therefor such holder will receive a fully paid and non-assessable Resulting Issuer Multiple Voting Share, and upon such exchange each such former holder of such exchanged ParentCo Multiple Voting Shares shall, subject to Article 5, be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to exchange such ParentCo Multiple Voting Share in accordance therewith and shall be entered in the Resulting Issuer's central securities register for the Resulting Issuer Multiple Voting Shares as the legal and beneficial owner of such Resulting Issuer Multiple Voting Share;

(xiv) the Newco Share outstanding immediately prior to the ParentCo Amalgamation shall be, and shall be deemed to be, cancelled and the name of the holder of such Newco Share will be removed from Newco's central securities register in respect of such Newco Share, and in consideration therefor such holder will receive a fully paid and non-assessable Resulting Issuer Subordinate Voting Share, and upon such exchange such former holder of such exchanged Newco Share shall, subject to Article 5, be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to exchange such Newco Share in accordance therewith and shall be entered in the Resulting Issuer's central securities register for the Resulting Issuer Subordinate Voting Shares as the legal and beneficial owner of such Resulting Issuer Subordinate Voting Share;

(xv) concurrently with the exchange of the ParentCo Shares and the Newco Share in Section 3.2(g)(xii), Section 3.2(g)(xiii) and Section 3.2(g)(xiv), there shall be added to the stated capital of the Resulting Issuer Shares, in respect of the Resulting Issuer Shares issued by the Resulting Issuer to the former holders of such ParentCo Shares and the Newco Share:

(A) in the case of the Resulting Issuer Subordinate Voting Shares, an amount equal to the aggregate paid-up capital of the ParentCo Subordinate Voting Shares (other than the ParentCo Subordinate Voting Shares held by any Dissenting ParentCo Shareholders) and the Newco Share immediately prior to such exchange; and

(B) in the case of the Resulting Issuer Multiple Voting Shares, an amount equal to the aggregate paid-up capital of the ParentCo Multiple Voting Shares (other than the ParentCo Multiple Voting Shares held by any Dissenting ParentCo Shareholders) immediately prior to such exchange;

(h) the Resulting Issuer Equity Incentive Plan shall be, and shall be deemed to have been, approved;

(i) the one Resulting Issuer Subordinate Voting Share issued to the Newco Shareholder pursuant to Section 3.2(g)(xiv) shall, without any further action by or on behalf of the Newco Shareholder, be, and shall be deemed to be, canceled in exchange for the payment by the Resulting Issuer to the Newco Shareholder of the Newco Share Subscription Price, and upon such cancellation the name of the Newco Shareholder shall be removed from the Resulting Issuer's central securities register with respect to the ownership of such Resulting Issuer Subordinate Voting Share;

(j) each Harvest Share outstanding immediately prior to the Effective Time held by a Participating Harvest Shareholder shall be, and shall be deemed to be, transferred by the holder thereof to the Resulting Issuer, free and clear of all Liens, claims or encumbrances, in exchange for the applicable fully paid and non-assessable Resulting Issuer Exchange Share, and, subject to Article 5, upon such transfer:

(i) each such former holder of such transferred Harvest Shares shall cease to be the holder of such Harvest Share and to have any rights as a holder of such Harvest Share other than the rights of such former holder under this Section 3.2(j), and such former holder shall be removed from Harvest's central securities register for the Harvest Shares in respect of the Harvest Shares transferred by such former holder;

(ii) the Resulting Issuer shall be, and shall be deemed to be, the transferee of such Harvest Share;

(iii) Harvest shall make the appropriate entries in its central securities register for the Harvest Shares, showing the Resulting Issuer as the legal and beneficial owner of such transferred Harvest Shares; and

(iv) each such former Participating Harvest Shareholder shall, subject to Article 5, be entered in the Resulting Issuer's central securities register for the Resulting Issuer Shares in respect of the Resulting Issuer Exchange Shares issued to such former Participating Harvest Shareholder pursuant to this Section 3.2(j);

(k) concurrently with the exchange of the Harvest Shares in Section 3.2(j), there shall be added to the stated capital of the Resulting Issuer Shares, in respect of the Resulting Issuer Shares issued by the Resulting Issuer to the former Participating Harvest Shareholders:

(v) in the case of the Resulting Issuer Subordinate Voting Shares, an amount equal to the aggregate paid-up capital of the Harvest Subordinate Voting Shares (other than the Harvest Subordinate Voting Shares held by any Dissenting Harvest Shareholders) immediately prior to such exchange;

(vi) in the case of the Resulting Issuer Multiple Voting Shares, an amount equal to the aggregate paid-up capital of the Harvest Multiple Voting Shares (other than the Harvest Multiple Voting Shares held by any Dissenting Harvest Shareholders) immediately prior to such exchange; and

(vii) in the case of the Resulting Issuer Super Voting Shares, an amount equal to the aggregate paid-up capital of the Harvest Super Voting Shares (other than the Harvest Super Voting Shares held by any Dissenting Harvest Shareholders) immediately prior to such exchange;

(l) each Harvest Option outstanding immediately prior to the Effective Time, whether or not vested, shall be, and shall be deemed to be, terminated and cancelled in its entirety and in exchange therefor each holder of such Harvest Option shall be entitled to receive an option (each a "**Replacement Option**") to acquire from the Resulting Issuer the number of Resulting Issuer Subordinate Voting Shares equal to the number of Harvest Subordinate Voting Shares subject to such Harvest Option immediately prior to the Effective Time. The exercise price per Resulting Issuer Subordinate Voting Share subject to a Replacement Option shall be an amount equal to the exercise price per Harvest Subordinate Voting Share subject to each such Harvest Option immediately before the Effective Time. Except as provided herein, all terms and conditions of a Replacement Option, including the term to expiry, conditions to and manner of exercising, will be the same as the Harvest Option for which it was exchanged, and the exchange shall not provide any optionee with any additional benefits as compared to those under his, her or its original Harvest Option. It is intended that sections 1.424-1(a)(5) and 1.409A-1(b)(5)(v)(D) of the U.S. Treasury Regulations, as applicable, apply to such exchange of Harvest Options. Accordingly, and notwithstanding the foregoing, if required, the exercise price of a Replacement Option will be increased such that the Replacement Option In-The-Money Amount immediately after the application of this Section 3.2(l) does not exceed the Harvest Option In-The-Money Amount of the Harvest Option (or a fraction thereof) exchanged for such Replacement Option immediately before the exchange, so that on a share-by-share basis the ratio of the exercise price to the fair market value of such Harvest Option shall not be less favourable to the Harvest Optionholder than the ratio of the exercise price to the fair market value of such Replacement Option immediately following the exchange;

(m) each Harvest Compensation Option outstanding immediately before the Effective Time shall be, and shall be deemed to be, terminated and cancelled in its entirety and in exchange therefore each holder of such Harvest Compensation Option shall be entitled to receive an option (each, a "**Replacement Compensation Option**") to acquire from the Resulting Issuer the number of Resulting Issuer Subordinate Voting Shares equal to the number of Harvest Subordinate Voting Shares subject to such Harvest Compensation Option immediately prior to the Effective Time. The exercise price per Resulting Issuer Subordinate Voting Share subject to a Replacement Compensation Option shall be an amount equal to the exercise price per Harvest Subordinate Voting Share subject to each such Harvest Compensation Option immediately before the Effective Time. Except as provided herein, all terms and conditions of a Replacement Compensation Option, including the term to expiry, conditions to and manner of exercising, will be the same as the Harvest Compensation Option for which it was exchanged, and the exchange shall not

provide any optionee with any additional benefits as compared to those under his, her or its original Harvest Compensation Option; and

(n) each Harvest RSU outstanding immediately before the Effective Time, shall be, and shall be deemed to be, terminated and cancelled in its entirety and in exchange therefore each holder of such Harvest RSU shall be entitled to receive a Resulting Issuer RSU (each, a "**Replacement RSU**") entitling the holder to receive the same number of Resulting Issuer Subordinate Voting Shares as the number of Harvest Subordinate Voting Shares that the holder was entitled to receive under such Harvest RSU. Except as provided herein, all terms and conditions of a Replacement RSU will be the same as the Harvest RSU for which it was exchanged, and the exchange shall not provide any holder of Harvest RSUs with any additional benefits as compared to those under his or her original Harvest RSU.

ARTICLE 4
DISSENT RIGHTS

4.1 Harvest Rights of Dissent.

Pursuant to the Interim Order, a registered holder of Harvest Shares may exercise dissent rights with respect to the Harvest Shares held by such holder ("**Harvest Dissent Rights**") in connection with the Arrangement pursuant to and in accordance with Division 2 of Part 8 of the BCBCA, all as the same may be modified by the Interim Order, the Final Order and this 4.1; provided that the written notice of dissent to the Harvest Arrangement Resolution contemplated by Section 242 of the BCBCA must be sent to and received by Harvest not later than 5:00 p.m. (Toronto time) on the Business Day that is two (2) Business Days before the Harvest Meeting. Harvest Shareholders who exercise Harvest Dissent Rights and who:

(a) are ultimately determined to be entitled to be paid fair value from Harvest for the Harvest Shares in respect of which they have exercised Harvest Dissent Rights, will, notwithstanding anything to the contrary contained in Section 245 of the BCBCA, be deemed to have irrevocably transferred such Harvest Shares to Harvest pursuant to 3.2(c) in consideration of such fair value, and in no case will Harvest or the Resulting Issuer or any other Person be required to recognize such holders as holders of Harvest Shares after the Effective Time, and each Harvest Dissenting Shareholder will cease to be entitled to the rights of a Harvest Shareholder in respect of the Harvest Shares in relation to which such Harvest Dissenting Shareholder has exercised Harvest Dissent Rights and the central securities register of Harvest will be amended to reflect that such former holder is no longer the holder of such Harvest Shares as at and from the Effective Time; or

(b) are ultimately not entitled, for any reason, to be paid fair value for the Harvest Shares in respect of which they have exercised Harvest Dissent Rights, will be deemed to have participated in the Arrangement on the same basis as a Harvest Shareholder who has not exercised Harvest Dissent Rights.

In addition to any other restrictions set forth in the BCBCA or the Interim Order, none of the following Persons shall be entitled to exercise Harvest Dissent Rights: (i) Harvest Optionholders (with respect to any Harvest Options); (ii) Harvest Compensation Option Holders (with respect to any Harvest Compensation Options); and (iii) Harvest Shareholders who vote in favour of, or who have instructed a proxyholder to vote in favour of, the Harvest Arrangement Resolution.

4.2 ParentCo Rights of Dissent.

Pursuant to the Interim Order, a ParentCo Prospective Shareholder may exercise ParentCo Dissent Rights in connection with the Arrangement pursuant to and in accordance with Division 2 of Part 8 of the BCBCA, all as the same may be modified by the Interim Order, the Final Order and this 4.2; provided that the written notice of dissent to the ParentCo Arrangement Resolution contemplated by Section 242 of the BCBCA must be sent to and received by ParentCo not later than 5:00 p.m. (Toronto time) on the Business Day that is two (2) Business Days before the ParentCo Meeting. ParentCo Prospective Shareholders who exercise ParentCo Dissent Rights and who:

(a) are ultimately determined to be entitled to be paid fair value from ParentCo for the ParentCo Shares in respect of which they have exercised ParentCo Dissent Rights, will, notwithstanding anything to the contrary contained in Section 245 of the BCBCA, be deemed to have irrevocably transferred such ParentCo Shares to ParentCo pursuant to 3.2(a) in consideration of such fair value, and in no case will ParentCo or the Resulting Issuer or any other Person be required to recognize such holders as holders of ParentCo Shares after the Effective Time, and each ParentCo Dissenting Shareholder will cease to be entitled to the rights of a ParentCo Shareholder in respect of the ParentCo Shares in relation to which such ParentCo Dissenting Shareholder has exercised ParentCo Dissent Rights and the central securities register of ParentCo will be amended to reflect that such former holder is no longer the holder of such ParentCo Shares as at and from the Effective Time; or

(b) are ultimately not entitled, for any reason, to be paid fair value for the ParentCo Shares in respect of which they have exercised ParentCo Dissent Rights, will be deemed to have participated in the Arrangement on the same basis as a ParentCo Shareholder who has not exercised ParentCo Dissent Rights.

In addition to any other restrictions set forth in the BCBCA or the Interim Order, none of the following Persons shall be entitled to exercise ParentCo Dissent Rights: (i) any Electing Qualified Holdco or Electing Qualified Holdco Shareholders; (ii) any ParentCo Shareholders with respect to ParentCo Shares acquired by them pursuant to the Qualified Pipeline Exchange; and (ii) any ParentCo Shareholders who vote in favour of, or who have instructed a proxyholder to vote in favour of, the ParentCo Arrangement Resolution.

ARTICLE 5
DELIVERY AND PAYMENT

5.1 Deposit of Arrangement Consideration Shares by the Resulting Issuer.

Forthwith upon the Arrangement becoming effective, the Resulting Issuer shall deliver or arrange to be delivered to the Depositary certificates representing the aggregate Arrangement Consideration Shares required to be issued to all Arrangement Consideration Shares Recipients in accordance with the provisions of 3.2, which certificates shall be held by the Depositary as agent and nominee for the Arrangement Consideration Shares Recipients for distribution to such Arrangement Consideration Shares Recipients in accordance with the provisions of this Article 5.

5.2 Delivery and Payment of Arrangement Consideration Shares to Participating ParentCo Shareholders.

(a) Forthwith upon the Arrangement becoming effective, and subject to the prior receipt by the Depositary of the certificates representing the aggregate Arrangement Consideration Shares from the Resulting Issuer in accordance with Section 5.15.1, the Depositary shall deliver, or cause to be delivered, the Escrow Shares to the Escrow Agent, which Escrow Shares shall be held by the Escrow Agent pursuant to, and in accordance with the terms and conditions of, the Escrow Agreement.

(b) Upon delivery by a Participating ParentCo Shareholder to the Depositary of (i) a duly completed and executed ParentCo Letter of Transmittal in respect of outstanding ParentCo Shares which were exchanged for Resulting Issuer Shares pursuant to the ParentCo Amalgamation in Section 3.2(g), and (ii) such additional documents and instruments as the Depositary may reasonably require, such former holder of such ParentCo Shares shall be entitled to receive in exchange therefor, and the Depositary shall, subject to 5.5, deliver to such Participating ParentCo Shareholder, a certificate representing the aggregate Resulting Issuer Amalgamation Shares (or, if such Participating ParentCo Shareholder is entitled to receive Resulting Issuer Shares of more than one class, certificates representing the aggregate Resulting Issuer Shares of each such class), after first deducting any Escrow Shares that are allocated to such Participating ParentCo Shareholder pursuant to the Payment Allocation Schedule, which such holder is entitled to receive. Such Resulting Issuer Shares will be registered in such name or names and either (A) delivered to the address or addresses as such Participating ParentCo Shareholder directed in their ParentCo Letter of Transmittal; or (B) made available for pick up at the office of the Depositary in accordance with the instructions of the Participating ParentCo Shareholder in the ParentCo Letter of Transmittal.

(c) A Participating ParentCo Shareholder who fails to deliver to the Depositary a ParentCo Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require in accordance with 5.2(b) on or before the second anniversary of the Effective Date (the "**Proscription Date**") shall, following such Proscription Date, cease to have any claim or interest of any kind or nature against or in Harvest or the Resulting Issuer, and following such Proscription Date

all Resulting Issuer Amalgamation Shares (and any dividends and other distributions on such Resulting Issuer Amalgamation Shares) to which such former Participating ParentCo Shareholder was entitled shall be deemed to have been surrendered to the Resulting Issuer and shall be paid over by the Depositary to the Resulting Issuer or as directed by the Resulting Issuer.

(d) No dividends or other distributions declared or made after the Effective Date with respect to Resulting Issuer Shares with a record date on or after the Effective Date will be payable or paid to any Participating ParentCo Holder unless such Participating ParentCo Holder delivers to the Depositary a ParentCo Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require in accordance with 5.2(b). Subject to applicable Law and to 5.2(c) and 5.5, at the time of such delivery there shall, in addition to the delivery of the Resulting Issuer Amalgamation Shares to which such former Participating ParentCo Shareholder is entitled in accordance with 5.2(b), be delivered to such holder, without interest, the amount of the dividends and other distributions with a record date after the Effective Time theretofore paid with respect to such Resulting Issuer Amalgamation Shares.

(e) No Participating ParentCo Shareholder shall be entitled to receive any consideration or entitlement with respect to such holder's ParentCo Shares in connection with the transactions or events contemplated by this Plan of Arrangement other than any consideration or entitlement to which such holder is entitled to receive in accordance with 3.2, this 5.2 and the other terms of this Plan of Arrangement.

5.3 Delivery and Payment of Arrangement Consideration Shares to Participating Harvest Shareholders.

(a) Upon surrender to the Depositary for cancellation of a certificate(s) which immediately prior to the Effective Time represented outstanding Harvest Shares which were exchanged for Resulting Issuer Shares pursuant to the Harvest Exchange in Section 3.2(j), together with a duly completed and executed Harvest Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate(s) shall be entitled to receive in exchange therefor, and the Depositary shall, subject to 5.5, deliver to such Participating Harvest Shareholder a certificate representing the aggregate Resulting Issuer Exchange Shares (or, if such Participating Harvest Shareholder is entitled to receive Resulting Issuer Shares of more than one class, certificates representing the aggregate Resulting Issuer Shares of each such class) which such holder is entitled to receive, which Resulting Issuer Shares will be registered in such name or names and either (A) delivered to the address or addresses as such Participating Harvest Shareholder directed in their Harvest Letter of Transmittal; or (B) made available for pick up at the office of the Depositary in accordance with the instructions of the Participating Harvest Shareholder in the Harvest Letter of Transmittal, and any certificate representing Harvest Shares so surrendered shall forthwith thereafter be cancelled.

(b) Until surrendered as contemplated by 5.3(a), each certificate that immediately prior to the Effective Time represented Harvest Shares of a Participating Harvest Shareholder shall be deemed after the Effective Time to represent only the right to receive, upon surrender of such certificate, the Resulting Issuer Exchange Shares in lieu of such certificate as contemplated in 5.3(a), less any amounts withheld pursuant to 5.5. Any such certificate formerly representing Harvest Shares not duly surrendered on or before the Proscription Date shall, following the Proscription Date, cease to represent a claim by or interest of any former Participating Harvest Shareholder of any kind or nature against or in Harvest or the Resulting Issuer, and all Resulting Issuer Exchange Shares (and any dividends and other distributions on such Resulting Issuer Exchange Shares) to which such former Participating Harvest Shareholder was entitled shall be deemed to have been surrendered to the Resulting Issuer and shall be paid over by the Depositary to the Resulting Issuer or as directed by the Resulting Issuer.

(c) No dividends or other distributions declared or made after the Effective Date with respect to Resulting Issuer Shares with a record date on or after the Effective Date will be payable or paid to the holder of any unsurrendered certificate or certificates for Harvest Shares which, immediately prior to the Effective Date, represented outstanding Harvest Shares, until the surrender of such certificates to the Depositary. Subject to applicable Law and to 5.3(b) and 5.5, at the time of such surrender, there shall, in addition to the delivery of the Resulting Issuer Exchange Shares to which such former Participating Harvest Shareholder is thereby entitled, be delivered to such holder, without interest, the amount of the dividends and other distributions with a record date after the Effective Time theretofore paid with respect to such Resulting Issuer Exchange Shares.

(d) No Participating Harvest Shareholder shall be entitled to receive any consideration or entitlement with respect to such holder's Harvest Shares in connection with the transactions or events contemplated by this Plan of Arrangement other than any consideration or entitlement to which such holder is entitled to receive in accordance with 3.2, this 5.3 and the other terms of this Plan of Arrangement.

5.4 Lost Certificates.

In the event that any certificate which immediately prior to the Effective Time represented one or more outstanding Harvest Shares which were exchanged or transferred in accordance with 3.2 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed, the Depositary shall deliver in exchange for such lost, stolen or destroyed certificate, the consideration which such person is entitled to receive in accordance with 3.2, provided that, as a condition precedent to any such delivery by the Depositary, such person shall have provided a bond satisfactory to the Resulting Issuer and the Depositary in such amount as the Resulting Issuer and the Depositary may direct, or otherwise have indemnified the Resulting Issuer and the Depositary in a manner satisfactory to the Resulting Issuer and the Depositary, against any claim that may be made against the Resulting Issuer or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed and shall otherwise have taken such actions as may be required by the articles of Harvest.

5.5 Withholding Rights.

ParentCo, the Resulting Issuer, Harvest, the Depositary or the Escrow shall be entitled to deduct and withhold from any amount payable to any Person under this Plan of Arrangement (including, without limitation, any amounts payable pursuant to 4.1 or 4.2), such amounts as ParentCo, the Resulting Issuer, Harvest, the Depositary or the Escrow Agent determines, acting reasonably, are required or permitted to be deducted and withheld with respect to such payment under the Tax Act, the U.S. Tax Code or any provision of any other Law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Person in respect of which such withholding was made, provided that such amounts are actually remitted to the appropriate Governmental Entity.

5.6 U.S. Securities Laws Exemption.

Notwithstanding any provision herein to the contrary, Harvest, ParentCo and Newco agree that this Plan of Arrangement will be carried out with the intention that all Arrangement Issued Securities issued on completion of this Plan of Arrangement will be issued by the Resulting Issuer in reliance on the exemption from the registration requirements of the U.S. Securities Act, as provided by Section 3(a)(10) thereof.

ARTICLE 6
AMENDMENTS

6.1 Amendments to Plan of Arrangement.

(a) Harvest and ParentCo may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be (i) set out in writing, (ii) approved by Harvest and Verano, each acting reasonably, (iii) filed with the Court and, if made following the Harvest Meeting and/or the ParentCo Meeting, approved by the Court, and (iv) communicated to or approved by the Harvest Shareholders and ParentCo Prospective Shareholders if and as required by the Court.

(b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Harvest or Verano at any time prior to the Harvest Meeting and ParentCo Meeting (subject to the Business Combination Agreement), and if so proposed and accepted by the Persons voting at the Harvest Meeting and ParentCo Meeting (other than as may be required under the Interim Order), such amendment, modification or supplement shall become part of this Plan of Arrangement for all purposes.

(c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Harvest Meeting and/or ParentCo Meeting shall be effective only if (i) it is consented to in writing by each of Harvest and ParentCo (in each case, acting reasonably), and (ii) if required by the Court, it is consented to by some or all of the Harvest Shareholders and/or ParentCo Prospective Shareholders voting in the manner directed by the Court.

(d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date by ParentCo and Harvest, provided that it concerns a matter which, in the reasonable opinion of ParentCo and Harvest, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any Participating Harvest Shareholder or Participating ParentCo Shareholder.

ARTICLE 7
FURTHER ASSURANCES

7.1 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out in this Plan of Arrangement.

APPENDIX "D"
HARVEST FAIRNESS OPINIONS

See attached.

EIGHT CAPITAL

STRICTLY PRIVATE AND CONFIDENTIAL

March 11, 2019

Harvest Health & Recreation Inc.
1155 W. Rio Salado Parkway
Suite 201
Tempe, Arizona 85281

Re: Written Fairness Opinion

Eight Capital ("**Eight Capital**", "**we**", or "**us**") understands that Harvest Health & Recreation Inc. ("**Harvest**" or the "**Company**") has entered into a binding letter agreement (the "**Letter Agreement**") with Verano Holdings, LLC ("**Verano**"), pursuant to which Harvest will acquire, directly or indirectly through a wholly-owned subsidiary or controlled affiliate, all of the Class A membership units and Class B membership units of Verano (collectively, the "**Verano Units**"), by way of a merger, securities exchange or similar transaction (the "**Transaction**"). Pursuant to the Transaction, each holder of Verano Units will receive 4.7625 subordinate voting shares of Harvest (or the equivalent number of Multiple Voting Shares, on an as-converted basis).

We understand that the Transaction will be conditional upon the satisfaction of certain customary conditions, including: (i) the execution of definitive transaction documents in form and substance that is mutually acceptable to the respective parties; (ii) all necessary board, shareholder, governmental, court, regulatory, stock exchange, third person or other approvals; (iii) the covenants and obligations of each of the parties shall have been performed and complied with, in all material respects; and (iv) the representations and warranties of each of the parties shall be true and correct.

Engagement of Eight Capital

By letter agreement dated March 10, 2019 (the "**Engagement Agreement**"), Harvest retained Eight Capital to, among other things, provide an opinion to the board of directors of Harvest (the "**Board of Directors**") concerning the fairness, from a financial point of view, of the consideration to be paid by Harvest in connection with the Transaction (the "**Opinion**"). In that regard, Eight Capital provided a verbal fairness opinion to the Board of Directors on March 10 (Pacific Standard Time), 2019 (the "**Verbal Opinion**"), confirming the fairness, from a financial point of view, of the consideration to be paid by Harvest in connection with the Transaction.

Under the terms of the Engagement Agreement, Eight Capital will be paid a fee for rendering this Opinion, no portion of which is conditional upon this Opinion being favourable. Eight Capital is also entitled to reimbursement for reasonable out-of-pocket expenses incurred by Eight Capital in carrying out its obligations under the Engagement Agreement, whether or not the Transaction is completed. Harvest has also agreed to indemnify Eight Capital in respect of certain liabilities that might arise out of our engagement.

Pursuant to the terms of the Engagement Agreement, all written and oral opinions, advice, analysis and materials provided by Eight Capital in connection with our engagement thereunder, including the contents of any oral or written presentations, are intended solely for the benefit of Harvest and for internal use only in considering the Transaction and no such opinion, advice or material will be used for any other purpose whatsoever or reproduced, disseminated, quoted from or referred to in whole or in part at any time, in any manner of for any purpose, without Eight Capital's prior written consent in each specific instance.

Relationship with Interested Parties

None of Eight Capital's associates or affiliates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario)) of Harvest, Verano or any of their respective associates or affiliates.

As of the date hereof, Eight Capital and its affiliates own or control (i) less than 1.0% of the subordinate voting shares of Harvest, and (ii) less than 1.0% of the Verano Units.

Eight Capital has participated, as lead underwriter and joint bookrunner, in the November, 2018 offering of 33,305,294 subscription receipts of HVST Finco (Canada) Inc. ("**Harvest Finco**"), an affiliate of Harvest, for total gross proceeds of US$218,149,676.

Eight Capital has also provided certain financial advisory services to Harvest over the past 12 months, however Eight Capital has not been paid any fees in connection with such services.

Other than as described above, neither Eight Capital nor any of its associates or affiliates have provided any financial advisory services or participated in any financings involving Harvest, Verano of their associates or affiliates within the past twelve months.

Eight Capital may, in the future, in the ordinary course of business, perform financial advisory or investment banking services for Harvest, Verano or any of their respective associates or affiliates (the "**Transaction Parties**"). Eight Capital acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may, in the ordinary course of its business, have had and may in the future have positions in the securities of the Transaction parties and, from time to time, may have executed or may execute transactions on behalf of the Transaction parties or clients for which it received or may receive compensation. As an investment dealer, Eight Capital conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect to the Transaction parties or the Transaction. The rendering of this Opinion will not in any way affect Eight Capital's ability to continue to conduct such activities.

Credentials of Eight Capital

Eight Capital is one of Canada's leading independent full-service investment dealers with operations in mergers and acquisitions, corporate finance, equity sales and trading and investment research and a member of the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund. The Opinion expressed herein is the opinion of Eight Capital, the form and content of which have been approved for release by a committee of its executives, each of whom is experienced in merger, acquisition, divestiture and valuation matters.

Scope of Review

The assessment of fairness, from a financial point of view, must be determined in the context of the Transaction. In connection with rendering our Opinion, we have reviewed or carried out (as applicable), considered and relied upon, among other things, the following:

a) Draft of the Letter Agreement dated March 10, 2019;
b) The amended and restated listing statement of Harvest dated November 14, 2018;
c) Public filings submitted by Harvest to securities commissions or similar regulatory authorities in Canada which are available on SEDAR, including audited annual financial statements, management information circulars, filing statements, material change reports, press releases and interim financial statements;
d) Certain other internal financial, operational, corporate and other information prepared or provided by the management of Verano and Harvest;
e) Discussions with senior management of Harvest with respect to the information referred to herein and other issues considered by Eight Capital to be relevant;
f) Discussions with senior management of Verano with respect to the information referred to herein and other issues considered by Eight Capital to be relevant;
g) Certain public information relating to the business, financial and operating performance and equity trading history of Harvest and other selected public companies, to the extent considered by Eight Capital to be relevant;
h) Public information with respect to other transactions of a comparable nature considered by Eight Capital to be relevant;

i) Selected investment research reports published by equity research analysts and industry sources regarding Harvest;
j) Binding Letter of Intent between Harvest and Devine Hunter dated February 12, 2019;
k) Agreement and Plan of Merger and Reorganization by and among Harvest, Harvest California Acquisition Corp., Falcon, and the shareholders of Falcon;
l) Various studies relating to the illiquidity and lack of marketability for private companies and associated discounts applied to selected public market statistics in respect of such private companies;
m) Such other economic, financial market, industry and corporate information, investigations and analyses as Eight Capital considered necessary and appropriate in the circumstances; and
n) Multiple discussions with Bennett Jones LLP, external counsel to Harvest, concerning the Transaction.

We have not, to the best of our knowledge, been denied access by Harvest to any information which we requested. Eight Capital has assumed the completeness, accuracy and fair representation of all financial and other information, data, advice, opinions and representations obtained by us from public sources, including information relating to the Transaction parties, or provided to us as typical of this type of engagement. Eight Capital has not attempted to verify the accuracy or completeness of any such information, data, advice, opinions and representations.

Assumptions and Limitations

We have not been asked to prepare and have not prepared a formal valuation or appraisal of Harvest, Verano or any of their respective affiliates or of any of the assets, liabilities or securities of Harvest or Verano or any of their respective affiliates, and our opinion should not be construed as such. In addition, our opinion is not, and should not be construed as, advice as to the price at which common shares of either Harvest, Verano or the issuer resulting from the Transaction may trade or be valued at any future date.

With Harvest's approval, we have relied upon and have assumed the completeness, accuracy and fair presentation of all financial and other information, data, advice, opinions and representations obtained by us from public sources, or provided to us by Harvest and its respective affiliates or otherwise obtained pursuant to our engagement and our opinion is conditional upon such completeness, accuracy and fair presentation. Subject to the exercise of professional judgement and except as expressly described herein, we have not been requested to, or attempted to verify independently the completeness, accuracy or fairness of presentation of any of such information. We have not conducted or provided any valuation or appraisal of any assets or liabilities, nor have we evaluated the solvency of Harvest, Verano or any of their respective affiliates under any provincial or federal laws relating to bankruptcy, insolvency or similar matters. Without limiting the foregoing, we have not separately met with the independent auditor of Harvest in connection with preparing our Opinion and with Harvest's permission we have assumed the accuracy and fair presentation, and relied upon, Harvest's audited financial statements and the reports of auditors thereon, Verano's unaudited financial statements, and the interim unaudited financial statements of each of Harvest and Verano.

With respect to historical financial data, operating and financial forecasts and budgets and other forward-looking information provided to us concerning Harvest, Verano and/or the proposed Transaction described under the slide "Scope of Review" and relied upon in our analysis, we have assumed that they have been reasonably prepared on a basis reflecting the most reasonable assumptions, estimates and judgments of management of Harvest and Verano, respectively, having regard to its business, plans, financial conditions and future prospects.

In providing our Opinion, we have also assumed that: (i) each of Harvest and Verano will comply in all material respects with the terms of the Letter Agreement; (ii) any governmental, regulatory or other consents and approvals necessary for the completion of the Transaction will be waived or satisfied without any adverse effect on Harvest, Verano or the Transaction; (iii) the Transaction will be completed substantially in accordance with its terms as set forth in the Letter Agreement and without any adverse waiver or amendment of any material term or condition thereof and all applicable laws.

Except as expressly noted above and under the slide "Scope of Review", we have not conducted any investigation concerning the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Harvest, Verano or any of their respective affiliates.

The Company has represented to us, in a certificate of the Chief Executive Officer and the Executive Chairman of the Company dated the date hereof, among other things, that the information (financial or otherwise), data, documents and other materials of whatsoever nature or kind provided to us by or on behalf of the Company regarding the Company and its subsidiaries and their respective assets, including, without limitation, the written information and discussions concerning the Company referred to above under the heading "Scope of Review" (collectively, the "Information"), are true, complete and correct at the date the Information was provided to us and that, since the date on which the Information was provided to us, there has been no material change, financial or otherwise;

We are not legal, tax or accounting experts and we express no opinion concerning any legal, tax or accounting matters concerning the Transaction or the sufficiency of this letter for Harvest's purposes.

In rendering our Opinion, Eight Capital expresses no view as to the likelihood that the conditions to the Transaction will be satisfied or waived, or that the Transaction will be implemented within the time frame to be set out in the Letter Agreement.

Our Opinion is rendered on the basis of securities markets, economic, financial and general business conditions prevailing as at the date hereof and the conditions and prospects, financial and otherwise, of Harvest, as they are reflected in the Harvest Information or otherwise obtained by us from public sources including the materials noted above under the slides "Scope of Review", and as they were represented to us in our discussions with management of Harvest and its affiliates and advisors. Our Opinion is conditional on all assumptions being correct.

Our Opinion will be provided to the Board of Directors for its exclusive use only in considering the Transaction and may not be relied upon by any other person, used for any other purpose or published or disclosed to any other person without the prior written consent of Eight Capital. Our Opinion is not intended to be and does not constitute a recommendation to the Board of Directors or to any Harvest shareholder, security holder or creditor. Our Opinion does not address the relative merits of the Transaction compared to any other business strategies or transactions that might be available to Harvest.

Eight Capital believes that its financial analyses must be considered as a whole and that selecting portions of its analyses and the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying our Opinion. The preparation of a fairness opinion is complex and is not necessarily susceptible to partial analysis or summary description and any attempt to carry this out could lead to undue emphasis on any particular factor or analysis.

Our Opinion is given as of the date hereof and we disclaim any undertaking or obligation to advise any person of any change in any matter or fact affecting our Opinion that may come or be brought to our attention after the date hereof. Without limiting the foregoing, in the event there is any material change in any fact or matter affecting our Opinion after the date hereof, we reserve the right to change or withdraw our Opinion.

Approach to Fairness

In considering the fairness of the consideration to be paid by Harvest in connection with the Transaction, from a financial point of view, Eight Capital principally considered and relied upon the following approaches: (i) a comparison of selected financial multiples, to the extent publicly available, of selected precedent transactions to the multiples implied by the Transaction; (ii) a comparison of selected financial multiples of comparable trading public companies and the implied value for Harvest and Verano; (iii) an analysis of historical trading and analyst price targets (for Harvest only); and (iv) a "sum-of-the parts" analysis of Verano's assets.

Opinion

Based upon and subject to the foregoing, and such other matters as we consider relevant, Eight Capital is of the opinion that, as of the date hereof, the consideration to be paid by Harvest in connection with the Transaction is fair, from a financial point of view.

Yours very truly,

Eight Capital

INFOR Financial Inc.
200 Bay Street, Suite 2350
Toronto, ON M5J 2J2

March 11, 2019

Harvest Health & Recreation Inc.
1155 W. Rio Salado Parkway, Suite 201
Tempe, Arizona, USA
85281

To the special committee (the "Special Committee") of the Board of Directors (the "Board") of Harvest Health & Recreation Inc.

INFOR Financial Inc. ("INFOR Financial", "we", or "us") understands that Harvest Health & Recreation Inc. ("Harvest" or the "Company") has entered into a binding letter agreement (the "Letter Agreement") on the date hereof with Verano Holdings, LLC ("Verano"), which sets out the principal terms on which Harvest would acquire, directly or indirectly through a wholly-owned subsidiary or controlled affiliate, all of the outstanding Class A membership units and Class B membership units of Verano (collectively, the "Verano Units"), by way of a merger, securities exchange or similar transaction (the "Transaction"). Pursuant to the Transaction, in consideration for the acquisition of the Verano Units, Harvest will issue, directly or indirectly, to holders of Verano Units 4.7625 shares in the capital stock of Harvest for each Verano Unit (the "Exchange Ratio"), subject to adjustment as set out in the Letter Agreement, which shares shall be comprised of a combination of Harvest's subordinate voting shares and multiple voting shares (adjusted to 1/100th for each subordinate voting share) in such amounts in such classes as mutually agreed between Harvest and Verano, acting reasonably (the "Consideration").

The Letter Agreement provides that the Parties shall use commercially reasonable efforts to enter into a definitive agreement pursuant to which the Transaction would be consummated (the "Definitive Agreement") prior to the expiration of the Due Diligence Period (as defined in the Letter Agreement). We understand that the Transaction will be conditional upon the satisfaction of certain customary conditions, including: (i) the execution of the Definitive Agreement and other transaction documents in form and substance that is mutually acceptable to the respective parties; (ii) all necessary board, shareholder, governmental, court, regulatory, stock exchange, third person or other approvals; (iii) the covenants and obligations of each of the parties shall have been performed and complied with, in all material respects; and (iv) the representations and warranties of each of the parties shall be true and correct.

You have requested INFOR Financial's opinion (the "Opinion") with respect to the fairness, as of the date hereof of the Consideration to be paid by Harvest to the holders of Verano Units pursuant to the Transaction, from a financial point of view, to Harvest. This Opinion is provided pursuant to a letter agreement between INFOR Financial and the Corporation dated February 22, 2019 (the "Engagement Agreement"). In that regard, pursuant to the Engagement Agreement, on March 11, 2019, at the request of the Special Committee of Harvest, INFOR Financial verbally delivered the Opinion to the Special Committee based upon and subject to the scope of review, analyses, assumptions, limitations, qualifications and other matters described herein. This Opinion provides the same opinion, in writing, as that given orally by INFOR Financial on March 11, 2019.

INFOR Financial Engagement and Background

Harvest formally engaged INFOR Financial on February 22, 2019 pursuant to the Engagement Agreement solely to deliver the Opinion. INFOR Financial will receive a fee from Harvest for the delivery of the Opinion. In addition, INFOR Financial is to be reimbursed for its reasonable out-of-pocket expenses and is to be indemnified by Harvest as described in the indemnity that forms part of the Engagement Agreement. The fees payable to INFOR Financial by Harvest in respect of the delivery of the Opinion are not contingent upon the conclusions reached by INFOR Financial herein or the consummation of the Transaction.

Independence of INFOR Financial

None of INFOR Financial, its affiliates or associates, is an insider, associate or affiliate (as such terms are defined in the *Securities Act* (Ontario) (the "Act")) of Harvest or Verano or any of their respective associates or affiliates (the "Interested Parties").

INFOR Financial has neither provided financial advisory services nor participated in any financings involving Harvest or Verano over the past 24 months.

INFOR Financial has not entered into any agreements or arrangements with any Interested Party with respect to any future dealings. INFOR Financial may however, in the ordinary course of its business, provide financial advisory or investment banking services to one or more of the Interested Parties from time to time. INFOR Financial believes that it does not have any conflicts of interest (real or perceived) with regard to any Interested Party in providing this Opinion.

Credentials of INFOR Financial

INFOR Financial is an independent investment bank that offers advice on mergers and acquisitions, capital raises and corporate restructurings. INFOR Financial's principals have extensive experience working at leading accounting firms, law firms, asset management firms and both independent Canadian and global bank owned investment dealers where they served diverse industries including financial services, technology, media and communications, healthcare, industrials, and metals and mining. They have extensive experience providing advisory services on complex, transformative transactions and related capital markets activity.

Scope of Review

For the purpose of preparing the Opinion, INFOR Financial has analyzed financial, operational and other information relating to Harvest and Verano, including information derived from meetings and discussions with management of Harvest. Except as expressly described herein, INFOR Financial has not conducted any independent investigations to verify the accuracy and completeness thereof.

In connection with rendering the Opinion, INFOR Financial has reviewed and relied upon, among other things, the following:

a) the Letter Agreement;
b) audited consolidated financial statements of Harvest for the fiscal years ended December 31, 2016 and 2017 and the unaudited financial statements for the three and nine months ended September 30, 2018 and historical MD&A of Harvest for the fiscal years ended December 31, 2016 and 2017 and the MD&A for the three and nine months ended September 30, 2018;
c) unaudited consolidated financial statements of Verano for the fiscal years ended December 31, 2016 and 2017, and unaudited financial statements for the fiscal year ended December 31, 2018;
d) recent press releases, material change reports and other public documents filed by Harvest on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com;
e) certain other publicly available information related to the business, operations, financial conditions and trading history of Harvest and other selected publicly available information that INFOR Financial considered relevant;
f) certain internal financial, operational, corporate, budget and other information concerning Harvest and Verano and their respective subsidiaries (including financial models and forecasts), that was prepared and

provided by management of Harvest and Verano;

g) data on comparable companies and precedent transactions for companies in the cannabis sector that INFOR Financial considered relevant;

h) discussions with management regarding the past and current operations and financial conditions and prospects of Harvest and Verano, and other matters that INFOR Financial considered relevant;

i) select research reports prepared by equity research analysts covering Harvest and other comparable public entities;

j) discussions with Harvest's legal counsel relating to legal matters including with respect to the Letter Agreement;

k) a certificate of each of the Chief Executive Officer and the Chief Financial Officer of Harvest dated the date hereof (the "Certificates"); and

l) such other corporate, industry and financial market information, investigations and analyses as INFOR Financial considered necessary or appropriate in the circumstances.

INFOR Financial has not, to the best of its knowledge, been denied access by Harvest to any information requested. INFOR Financial did not meet with the auditors of Harvest or Verano and has assumed the accuracy and fair presentation of the audited and unaudited consolidated financial statements of Harvest and the unaudited consolidated financial statements of Verano and, as applicable, the reports of the auditors in respect of the audited consolidated financial statements of Harvest.

Assumptions and Limitations

As is provided for in the Engagement Agreement, INFOR Financial has relied upon the completeness, accuracy and fair presentation of all of the financial information, business plans, forecasts and other information, data and representations provided to INFOR Financial regarding Harvest, Verano and the Transaction, directly or indirectly, orally or in writing, by Harvest, its subsidiaries, associates and/or affiliates (with affiliates, subsidiaries and associates having the meanings ascribed to such terms in the Act) and/or any of their respective agents, advisors, consultants and representatives for the purpose of preparing the Opinion (collectively, the "Information"). The Opinion is conditional upon the completeness, accuracy and fair presentation of the Information. Subject to the exercise of professional judgment and except as expressly described herein, we have not attempted to verify independently the completeness, accuracy or fair presentation of any of the Information or investigated whether any changes have occurred to the facts set out or referred to in the Information subsequent to the date thereof.

With respect to the financial budgets, forecasts and other future oriented financial information of Harvest and Verano, in consultation with Harvest, we have assumed that such budgets, projections, forecasts and other future oriented financial information have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management team of Harvest and Verano at the time that they were prepared, except to the extent updated by more current information provided to us by the management team of Harvest. We express no view as to the reasonableness of such financial budgets, projections, forecasts and other future oriented financial information of Harvest or Verano, or the assumptions on which they are based.

We have also assumed that all of the representations and warranties contained in the Letter Agreement are correct as of the date hereof, the terms of the Definitive Agreement will be consistent with the Letter Agreement and that the Transaction will be completed substantially in accordance with the terms of the Letter Agreement and all applicable laws, and the accompanying management proxy circular or other disclosure document (each a "Disclosure Document") will disclose all material facts relating to the Transaction and the Transaction will satisfy all applicable legal requirements. In preparing our analysis, we have also applied the Exchange Ratio

without any adjustment.

The Chief Executive Officer and Chief Financial Officer of Harvest have represented to INFOR Financial in the Certificates, among other things, that (i) the Information obtained from senior management of Harvest or provided orally by senior management of Harvest to INFOR Financial relating to the Transaction for the purpose of preparing the Opinion was, at the date the Information was provided to INFOR Financial, complete, true and correct in all material respects, and did not contain any untrue statement of a material fact (as such term is defined in the Act) in respect of Harvest, Verano or any other subsidiary or affiliate of Harvest or Verano, or in respect of the Transaction or omit to state a material fact necessary to make the Information not misleading in light of the circumstances under which the Information was made or provided; and (ii) since the dates on which the Information was disclosed or provided to INFOR Financial, except as subsequently disclosed to INFOR Financial, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Harvest, Verano or any other subsidiary or affiliate of Harvest, Verano or the parties to the Transaction and no material change has occurred in the Information or any part thereof which would reasonably be expected to render the Information untrue or misleading in any material respect in the circumstances in which it was presented or have a material effect on the Opinion.

In arriving at our opinion as expressed herein, we have not made or prepared any valuation or appraisal of the securities, assets or liabilities of Harvest, Verano or any party to the Transaction, nor have we been furnished with any such valuations or appraisals, and our opinion should not be construed as any such valuation or appraisal. Moreover, the advice and opinions provided are not intended to constitute an opinion as to the "fair value" of Harvest, Verano, or any of the respective securities or assets thereof. INFOR Financial was not engaged to review any legal, tax or regulatory aspects of the Transaction and the Opinion does not address any such matters. We have relied upon, without independent verification, the assessment by Harvest and its legal and tax advisors with respect to such matters. In addition, the Opinion does not address the relative merits of the Transaction as compared to any strategic alternatives that may be available to Harvest. The Opinion is rendered on the basis of securities markets, economic, financial and general business conditions prevailing as at the date hereof and the condition and prospects, financial and otherwise, of Harvest and Verano, as they were reflected in the Information and as they have been represented to INFOR Financial in discussions with management of Harvest.

In considering the fairness of the Consideration to be paid by Harvest to the holders of Verano Units, from a financial point of view, to Harvest, we did not assess any income tax consequences of the Transaction to Harvest. We have not conducted, and we have assumed no obligation to conduct, any due diligence on the material contracts of Harvest, Verano, the parties to the Transaction or their subsidiaries. The Opinion is limited to the fairness, as of the date hereof, of the Consideration to be paid by Harvest to the holders of Verano Units pursuant to the Transaction, from a financial point of view, to Harvest, and we make no recommendation regarding, nor do we express any opinion as to, any decision which Harvest, the Board or Special Committee may make regarding the Transaction. In its analyses and in preparing the Opinion, INFOR Financial has made numerous assumptions with respect to industry trends and performance, general business and economic conditions and other regulatory matters, many of which are beyond the control of INFOR Financial or any party to the Transaction and, while INFOR Financial believes such assumptions to be reasonable under current circumstances as of the date hereof, they may prove to be incorrect. INFOR Financial believes that its analysis must be considered as a whole and that selecting portions of the analysis or the factors considered by it, without considering all factors and analysis together, could create a misleading view of the process underlying the Opinion.

The preparation of an opinion of this nature is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or

analysis. The Opinion has been provided solely for the use of the Special Committee and the Board for the purposes of considering the Transaction and may not be used or relied upon by any other person or for any other purpose without the express prior written consent of INFOR Financial. The Opinion is not to be reproduced, disseminated, quoted from or referred to (in whole or in part) without INFOR Financial's prior written consent.

This Opinion does not constitute a recommendation to any of the shareholders of Harvest ("Shareholders") as to whether such persons should vote in favour of the Transaction or any other matter. Under the terms of its engagement, INFOR Financial has consented to the inclusion of the text and description of the Opinion in any Disclosure Document to be mailed to Shareholders in connection with the Transaction, provided that such Disclosure Document is provided to INFOR Financial and the disclosure therein relating to INFOR Financial and the Opinion is approved by us, acting reasonably.

The Opinion is given as of the date hereof, and INFOR Financial disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Opinion which may come or be brought to INFOR Financial's attention after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Opinion after the date hereof, INFOR Financial reserves the right to change, modify or withdraw the Opinion.

Approach to Fairness

In connection with the Opinion, INFOR Financial has performed a variety of financial and comparative analyses. In arriving at the Opinion, INFOR Financial has not attributed any particular weight to any specific analysis or factor, but rather has made qualitative judgments based on our experience in rendering such opinions and on the circumstances and Information as a whole.

In considering the fairness, from a financial point of view, of the Consideration to be paid by Harvest to the holders of Verano Units pursuant to the Transaction, INFOR Financial reviewed, considered and relied upon or carried out, among other things, the following: (i) a comparison of the Consideration against the implied value of Verano based on publicly available business and financial data for precedent transactions; and (ii) a comparison of the Consideration against the implied value of Verano based on valuation multiples of certain publicly traded companies in the cannabis sector that were deemed comparable and relevant. A discounted future cash flow analysis of Verano was not performed given the unavailability of a long-term financial forecast for Verano which management of Harvest explained is due, in large part, to the highly uncertain regulatory environment in which Verano operates and the resulting uncertainty on future levels of revenue, profitability and cash flow for individual States and in aggregate for Verano. All financial analyses were conducted with information available as of market close on March 8, 2019.

INFOR Financial believes that its financial analyses must be considered as a whole and that selecting portions of its analyses or the factors considered by INFOR Financial, without considering all analyses and factors together, could create a misleading view of the process underlying this Opinion. INFOR Financial notes that the selection of comparable companies and precedent transactions involves considerable subjectivity, in particular among companies engaged in an emerging industry, operating in a rapidly evolving regulatory environment, and having low or negative earnings before interest, tax, depreciation and amortization ("EBITDA"), net income or free cash flows and significant stock price volatility. While none of the comparable companies or precedent transactions is identical to Verano or the Transaction and certain of them may have characteristics that are materially different from that of Verano and the Transaction, Harvest believes that they share certain business, financial, and/or operational characteristics with those of Verano and the Transaction and INFOR Financial used its professional judgment in selecting such comparable companies and precedent transactions.

Factors Considered

The assessment of the fairness of the Consideration to be paid to holders of Verano Units pursuant to the Transaction, from a financial point of view, to Harvest must be determined in context of the particular transaction. INFOR Financial based its conclusion in the Opinion upon a number of quantitative and qualitative factors including, but not limited to:

- the Consideration compares favourably with INFOR Financial's analysis of comparable company metrics by applying a range of both enterprise value ("EV") to revenue and EV to EBITDA multiples to Verano's financial projections. Comparable companies that were considered relevant were Curaleaf Holdings, Inc., Cresco Labs Inc., Green Thumb Industries Inc., Acreage Holdings, Inc., MedMen Enterprises Inc. and iAnthus Capital Holdings, Inc. INFOR Financial compared the trading multiples observed for the selected comparable companies with Verano, taking into account a number of factors including market capitalization, revenue and EBITDA profile, and operational footprint and other financial metrics that INFOR Financial considered relevant;
- the Consideration compares favourably with INFOR Financial's analysis of precedent transaction metrics in the cannabis sector by applying a range of both EV to revenue and EV to EBITDA multiples to Verano's financial projections. Precedent transactions considered included both U.S. and Canadian transactions. INFOR Financial compared the transaction multiples observed for the selected precedent transactions with Verano, taking into account factors such as size and trading liquidity, historical and forecast growth levels, revenue and EBITDA profile, and other financial metrics that INFOR Financial considered relevant;
- the Transaction is expected to provide Shareholders with greater trading liquidity;
- a review of the impact of the Transaction on Harvest's asset diversification, operating profile, growth prospects, and relative positioning versus peers; and
- other factors or analyses, which INFOR Financial judged, based on its experience in rendering such opinions, to be relevant.

Conclusion

Based upon and subject to the assumptions, qualifications and limitations contained herein, INFOR Financial is of the opinion that, as of the date hereof, the Consideration to be paid by Harvest to holders of Verano Units pursuant to the Transaction is fair, from a financial point of view, to Harvest.

Yours very truly,

INFOR Financial Inc.

INFOR FINANCIAL INC.

APPENDIX "E"
PETITION AND INTERIM ORDER

See attached.

S-195896

NO. _____
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF SECTION 291 OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING HARVEST HEALTH & RECREATION INC., 1204599 B.C. LTD. and 1204899 B.C. LTD.

HARVEST HEALTH & RECREATION INC. and 1204899 B.C. LTD.

PETITIONERS

PETITION TO THE COURT

This proceeding is brought by the petitioners for the relief set out in Part 1 below.

If you intend to respond to this petition, you or your lawyer must

(a) file a response to petition in Form 67 in the above-named registry of this court within the time for response to petition described below, and

(b) serve on the petitioners

(i) 2 copies of the filed response to petition, and

(ii) 2 copies of each filed affidavit on which you intend to rely at the hearing.

Orders, including orders granting the relief claimed, may be made against you, without any further notice to you, if you fail to file the response to petition within the time for response.

TIME FOR RESPONSE TO PETITION

A response to petition must be filed and served on the petitioner,

(a) if you reside anywhere within Canada, within 21 days after the date on which a copy of the filed petition was served on you,

(b) if you reside in the United States of America, within 35 days after the date on which a copy of the filed petition was served on you,

(c) if you reside elsewhere, within 49 days after the date on which a copy of the filed petition was served on you, or

(d) if the time for response has been set by order of the court, within that time.

(1)	The address of the registry is: The Law Courts 800 Smithe Street Vancouver, British Columbia, V6Z 2E1
(2)	The ADDRESS FOR SERVICE of the petitioner is: Bennett Jones LLP 2500 Park Place, 666 Burrard Street Vancouver, BC V6C 2X8 **Attention: David E. Gruber** Fax: (604) 891-5100 E-mail: gruberd@bennettjones.com And: Fasken Martineau DuMoulin LLP 550 Burrard Street, Suite 2900 Vancouver, BC V6C 0A3 **Attention: Mark Pontin** Lawyers for Parentco
(3)	The name and office address of the petitioner's lawyer is: Bennett Jones LLP 2500 Park Place, 666 Burrard Street Vancouver, BC V6C 2X8 **Attention: David E. Gruber** Lawyers for Harvest Health & Recreation Inc. Fasken Martineau DuMoulin LLP 550 Burrard Street, Suite 2900 Vancouver, BC V6C 0A3 **Attention: Mark Pontin** Lawyers for Parentco

CLAIM OF THE PETITIONER

Part 1: ORDERS SOUGHT

The Petitioner, Harvest Health & Recreation Inc. ("Harvest"), and 1204899 B.C. Ltd. ("Parentco") apply for:

1. an interim order (the "Interim Order") in the form attached as Schedule "A" to this Petition to the Court;

2. an order (the "Final Order") pursuant to section 291 of the *Business Corporations Act*, S.B.C., 2002, c. 57, as amended (the "BCBCA"):

    a. approving a proposed arrangement (the "Arrangement") and Plan of Arrangement (the "Plan of Arrangement"), described below, involving Harvest, 1204599 B.C. Ltd. ("Newco") and Parentco;

    b. declaring that the terms and conditions of the Arrangement are procedurally and substantively fair and reasonable;

    c. that the Arrangement be implemented in the manner and sequence set forth in the Plan of Arrangement, and pursuant to sections 291, 292 and 296 of the BCBCA, the Arrangement will take effect as of the Effective Time (as defined in the Plan of Arrangement);

    d. that the Arrangement shall be binding on Harvest, Newco, Parentco and their securityholders upon the taking effect of the Arrangement pursuant to section 297 of the BCBCA; and

    e. that Harvest, Newco or Parentco shall be entitled to seek the advice and direction of this Court as to the implementation of this Order or to apply for such further Order or Orders as may be appropriate; and

3. any other order for further relief as counsel may advise and this Court may deem just.

Part 2: FACTUAL BASIS

DEFINITIONS

1. Unless otherwise defined herein, the capitalized terms used in this affidavit shall have the meanings ascribed thereto in the draft Notice of Meeting and Management Information Circular of Harvest (the "Harvest Circular") attached as Exhibit "A" to the Affidavit of Jason Vedadi sworn May 20, 2018 (the "Vedadi Affidavit"), and Notice of Meeting and Management Information Circular of Parentco (the "Parentco Circular") attached as Exhibit "A" to the Affidavit of George Archos sworn May 20, 2019 (the "Archos Affidavit").

OVERVIEW

2. Harvest and Parentco have commenced this Petition to request this Court's approval of the Arrangement, in anticipation of:

   (a) a special and annual meeting of Harvest (the "Harvest Meeting") to be held on June 26, 2019 at which the holders of Harvest subordinate voting shares ("Harvest Subordinate Voting Shares"), multiple voting shares ("Harvest Multiple Voting Shares") and super voting shares ("Harvest Super Voting Shares") (collectively, the "Harvest Shares" and "Harvest Shareholders") will consider and, if determined advisable, pass a special resolution (the "Harvest Arrangement Resolution") authorizing, adopting and approving, with or without variation, the Arrangement and Plan of Arrangement (defined below) and in anticipation that the other conditions to the Arrangement will be met;

   (b) a special meeting of Parentco (the "Parentco Meeting") to be held on June 26, 2019 at which the holders of Parentco common shares together with those securityholders of Verano that have been granted contractual rights to vote and dissent (together, "Parentco Securityholders") will consider and, if determined advisable, pass a special resolution (the "Parentco Arrangement Resolution") authorizing, adopting and approving, with or without variation, the Arrangement

and Plan of Arrangement (defined below) and in anticipation that the other conditions to the Arrangement will be met

3. The steps and transactions relating to the Arrangement will be effected pursuant to a business combination agreement entered into between Harvest, Newco, Parentco and Verano Holdings LLC ("Verano") dated April 22, 2019 (the "Business Combination Agreement"), and the plan of arrangement (the "Plan of Arrangement") substantially in the form attached to the Circular as Appendix "D", as the same may be amended, modified or supplemented in accordance with the Business Combination Agreement or the direction of this Court.

4. The proposed Arrangement is part of a series of transactions (collectively, the "Business Combination") contemplated by the Business Combination Agreement, following which Harvest and Verano will continue under a combined corporate ownership structure formed by the merger of Newco with ParentCo (the "Resulting Issuer"). Subject to the exercise of dissent rights, securities of Harvest will, in general, be exchanged for securities of the Resulting Issuer.

5. Harvest and Verano are each involved in the cannabis industry. The Business Combination offers Harvest Shareholders an opportunity to own shares in a larger vertically integrated cannabis company with one of the largest footprints in the United States, including cultivation, manufacturing, and retail facilities, construction, real estate, technology, operational, and brand building expertise.

PARTIES

Harvest

6. Harvest, through its wholly owned subsidiaries, is one of the largest multi-state vertically integrated operators in the cannabis industry. The Harvest team brings broad operational expertise in cultivation, manufacturing, retail facilities, construction, real estate, technology, operations and brand building.

7. Harvest is a corporation existing under the BCBCA, with its registered office located at 1010 – 1030 West Georgia Street, Vancouver, British Columbia and its head office located at 1155 W. Rio Salado Parkway, Suite 201, Tempe, Arizona.

8. Harvest is a reporting issuer in each of British Columbia, Alberta, Saskatchewan and Ontario. Harvest Subordinate Voting Shares are listed for trading on the Canadian Securities Exchange under the symbol "HARV".

9. As of the "Harvest Record Date", which has been fixed as May 13, 2019, the issued and outstanding Harvest Shares included:

   (a) 73,620,099 Harvest Subordinate Voting Shares (holders of which are entitled to one vote in respect of each Harvest Subordinate Voting Share);

   (b) 2,095,190.04 Harvest Multiple Voting Shares (holders of which are entitled to one vote in respect of each Harvest Subordinate Voting Share into which such Harvest Multiple Voting Share could then be converted—currently 100); and

   (c) 2,000,000 Harvest Super Voting Shares (holders of which are entitled to 200 votes in respect of each Harvest Subordinate Voting Share into which such Harvest Super Voting Share could ultimately then be converted—currently 1).

10. Also issued and outstanding as of the Harvest Record Date are:

   (a) 24,208,329 options ("Harvest Options") awarded under the Harvest Equity Incentive Plan to purchase a Harvest Subordinate Voting Share;

   (b) 1,322,554 compensation options ("Harvest Compensation Options"); and

   (c) 60,329 outstanding Restricted Stock Units issued under the Harvest Equity Incentive Plan ("Harvest RSU").

Verano

11. Verano is incorporated pursuant to the laws of Delaware. Verano's principal place of business is located at 415 N. Dearborn Street, 4th Floor, Chicago, Illinois, 60654.

12. Verano is engaged in the business of ownership and/or operation of marijuana dispensaries, cultivation facilities and manufacturing businesses in the United States of America. Verano currently holds, manages, and/or controls licenses/permits in the States of Arkansas, California, Ohio, Illinois, Maryland, Massachusetts, Michigan, Nevada, New Jersey, Oklahoma, and the Commonwealth of Puerto Rico, with additional pending applications in Michigan, Oklahoma, and California

Parentco

13. ParentCo is a privately held corporation incorporated under the laws of British Columbia on April 11, 2019. ParentCo's Registered Records Office and head office is located at 550 Burrard Street, Suite 2900, Vancouver, British Columbia, V6C 0A3.

14. ParentCo is a British Columbia corporation formed for the purposes of giving effect to the Arrangement.

15. The authorized share capital of ParentCo consists of an unlimited number of common shares. As of April 11, 2019, 100 common shares without par value are issued and outstanding. No other securities of ParentCo are outstanding.

16. Upon closing of the Pre-Arrangement Transactions, Verano will be a direct subsidiary of ParentCo.

Newco

17. Newco is a corporation incorporated under the laws of British Columbia.

18. There is a single issued and outstanding Newco share, held by Jason Vedadi (the "Newco Share"). Under the terms of the proposed Arrangement, Newco will be merged with Parentco to form the Resulting Issuer, and the Newco Share will be exchanged for a Resulting Issuer Subordinate Voting Share. The Newco Share shall then be deemed to be cancelled in exchange for payment by the Resulting Issuer to Mr. Vedadi of the Initial Newco Share Subscription Price.

RECOMMENDATION AND REASONING OF THE HARVEST BOARD

19. As more fully described in the draft Circular and in the Vedadi Affidavit, the Arrangement in and the Business Combination Agreement are the result of arm's length negotiations conducted between representatives of Harvest and Verano that began in July and August of 2018, and have been ongoing since December of 2018.

20. The Board of Directors of Harvest (the "Harvest Board") has resolved to unanimously recommend that Harvest Shareholders vote in favour of the Harvest Arrangement Resolution, after consultation with its financial advisors and legal counsel and taking into consideration:

    (a) that the Resulting Issuer Shares to be received by Harvest Shareholders in the Business Combination offers Harvest Shareholders an opportunity to own shares in a larger vertically integrated cannabis company with one of the largest footprints in the United States, including cultivation, manufacturing, and retail facilities, construction, real estate, technology, operational, and brand building expertise, providing Harvest Shareholders with exposure to strong growth opportunities in the cannabis industry in the United States;

    (b) the fairness opinion of Eight Capital, financial advisor to Harvest Board to the effect that, as of March 10, 2019, and subject to the assumptions, limitations and qualifications set out in Eight Capital's fairness opinion, the consideration to be paid by Harvest for the Verano Business (as defined in the Circular) is fair, from a financial point of view;

    (c) the fairness opinion of INFOR Financial Corp. ("INFOR"), financial advisor to the special committee of the Harvest Board formed in connection with the Business Combination, to the effect that, as of March 10, 2019, and subject to the assumptions, limitations and qualifications set out in INFOR's fairness opinion, the consideration to be paid by Harvest for the Verano Business is fair, from a financial point of view;

(d) the fact that INFOR was independent of Verano and Harvest for purposes of the Business Combination;

(e) holder(s) of Harvest Options, Harvest Compensation Options and Harvest RSUs will receive Replacement Options, Replacement Compensation Options and Replacement RSUs;

(f) the fact that Harvest's and Verano's respective representations, warranties and covenants and the conditions to their respective obligations set forth in the Business Combination Agreement are reasonable in the judgment of the Harvest Board following consultations with its advisors, and are the product of arm's length negotiations between Harvest and its advisors and Verano and its advisors;

(g) the terms of the Business Combination Agreement allow the Harvest Board to respond, in accordance with its fiduciary duties, to an unsolicited Harvest Acquisition Proposal (as defined in the Circular) that would be reasonably likely, if consummated in accordance with its terms, to be a Harvest Superior Proposal (as defined in the Circular);

(h) the fact that the Harvest Arrangement Resolution must be approved by Harvest Shareholders as described below;

(i) the fact that the Arrangement must also be approved by this Court, which will consider the substantive and procedural fairness of the Arrangement to all Harvest Shareholders;

(j) that any Harvest Shareholder who opposes the Business Combination may, on strict compliance with certain conditions, exercise dissent rights and receive the fair value of the shares in respect of which dissent rights are exercised;

(k) that Harvest Shareholders generally will benefit from a tax deferred rollover under the *Internal Revenue Code of 1986* (U.S.) and/or *Income Tax Act* (Canada) in respect of any capital gains that would otherwise be realized on the exchange of their Harvest Shares for Resulting Issuer Shares;

(l) that Harvest Shareholders will generally benefit from a tax deferred rollover under the in respect of any capital gains that would otherwise be realized on the disposition of the Harvest Shares; and

(m) such other matters as the Harvest Board and its individual members considered relevant.

21. In the course of its deliberations, the Harvest Board also identified and considered a variety of risks, including, but not limited to:

(a) concerns about Harvest Shareholders being diluted and the uncertainty of the value of Resulting Issuer Shares as there is no public market for them; and

(b) the risks to Harvest if the Business Combination is not completed, including the costs to Harvest in pursuing the Business Combination and the diversion of management attention away from the conduct of Harvest's business in the ordinary course.

RECOMMENDATION AND REASONING OF THE PARENTCO BOARD

22. As more fully described in the draft Parentco Circular and in the Archos Affidavit the Board of Directors of Parentco (the "Parentco Board") has resolved to unanimously recommend that Parentco Securityholders vote in favour of the Parentco Arrangement Resolution, after consultation with its advisors and legal counsel.

23. Specifically, the ParentCo Board considered the following factors, among others:

(a) The Resulting Issuer's proposed management team and the Resulting Issuer Board have extensive experience in the U.S. cannabis industry, have been responsible for stakeholder value creation, have demonstrated capabilities in financing, acquiring, and developing assets, and have participated in successful capital raising.

(b) ParentCo Shareholders will be in a position to participate in future value creation and growth opportunities in the Resulting Issuer's business.

(c) The Resulting Issuer will have cannabis cultivation, production and retail assets or management relationships in several U.S. states that have legalized medical and/or recreational cannabis.

(d) The Business Combination will provide ParentCo and ParentCo Shareholders liquidity as a public company along with access to capital and the ability to make strategic acquisitions, which are not otherwise available to ParentCo as a private company.

(e) The Resulting Issuer will be a reporting issuer in Canada. As a reporting issuer, ParentCo Shareholders will have access to public reports required to be filed on SEDAR, which are not otherwise available to private company securityholders.

(f) The respective financial positions of both Verano and Harvest.

(g) The process to implement the Business Combination is procedurally fair. The rights and approvals that protect ParentCo Shareholders (and those securityholders of Verano that have been granted contractual rights to vote and dissent) include the requisite ParentCo Shareholder approvals in respect of the ParentCo Business Combination Resolution as well as the fact that the Business Combination must be approved by the Court, which will consider, among other things, the fairness of the Business Combination to ParentCo Shareholders. Additionally, ParentCo Shareholders have the right to dissent from the Business Combination and be paid the fair value of their ParentCo Shares.

(h) The fact that Harvest's and Verano's respective representations, warranties and covenants and the conditions to their respective obligations set forth in the Business Combination Agreement are reasonable in the judgment of the ParentCo Board following consultations with its advisors, and are the product of arm's length negotiations between Harvest and its advisors and Verano and its advisors.

(i) The terms of the Business Combination Agreement allow the respective boards of directors of the Transacting Parties to consider and respond to unsolicited bona fide written Acquisition Proposals received before the ParentCo Meeting that are,

or are reasonably likely to lead to, a Superior Proposal, in circumstances where the failure to consider such Acquisition Proposal would be inconsistent with such board of director's fiduciary duties. Under the Business Combination Agreement, the respective boards of directors of the Transacting Parties remain able to respond to unsolicited Acquisition Proposals that would reasonably be expected to lead to a Superior Proposal, and the termination payment payable is reasonable in the circumstances and not preclusive of other offers.

(j) On April 22, 2019, ParentCo and Verano entered into voting support agreements with certain Harvest shareholders. The Harvest voting support agreements set forth, among other things, the agreement of such shareholders to vote their Harvest Shares in favour of the Business Combination.

(k) On April 22, 2019, Harvest entered into voting support agreements with certain unitholders of Verano. The voting support agreements set forth, among other things, the agreement of such securityholders to vote their securities in favour of the Business Combination.

(l) In respect of the Business Combination, Registered Shareholders of ParentCo and Prospective ParentCo Shareholders will have (on strict compliance with certain conditions) dissent rights to demand payment for their shares if such shareholders wish to dissent to such transactions.

ARRANGEMENT MECHANICS

24. Subject to receiving the requisite approval of Harvest Shareholders and Parentco Securityhoders, the Final Order and the satisfaction or waiver of the conditions set out in the Business Combination Agreement, the Arrangement will become effective at the Effective Time (as defined in the Plan of Arrangement) on a date as soon as reasonably practicable following the Final Order.

25. The steps of the Plan of Arrangement are fully set out in the Plan of Arrangement attached to the Harvest Circular as Appendix "D". The following is a summary of how

the Harvest and Parentco securities are affected by the steps of the Plan of Arrangement (capitalized terms not defined elsewhere herein are as defined in the Circular):

(a) each Parentco Share held by a Parentco Dissenting Shareholder shall be, and shall be deemed to be, surrendered to Parentco by the holder thereof, free and clear of all Liens, claims or encumbrances, and each such Parentco Share so surrendered shall be cancelled and thereupon each such Parentco Dissenting Shareholder shall cease to have any rights as a holder of such Parentco Shares other than a claim against Parentco in an amount determined and payable in accordance with Article 4 of the Plan of Arrangement;

(b) concurrently with the surrender and cancellation of Parentco Shares held by Parentco Dissenting Shareholders, the capital of the applicable class of Parentco Shares that includes any Parentco Shares so cancelled shall be reduced by an amount equal to the product obtained when (A) the capital of the Parentco Shares of that class immediately prior to the Effective Time, is multiplied by (B) a fraction, the numerator of which is the number of Parentco Shares of that class so surrendered and cancelled, and the denominator of which is the number of Parentco Shares of that class outstanding immediately prior to the Effective Time;

(c) each Harvest Share held by a Harvest Dissenting Shareholder shall be, and shall be deemed to be, surrendered to Harvest by the holder thereof, free and clear of all Liens, claims or encumbrances, and each such Harvest Share so surrendered shall be cancelled and thereupon each such Harvest Dissenting Shareholder shall cease to have any rights as a holder of such Harvest Shares other than a claim against Harvest in an amount determined and payable in accordance with Article 4 of the Plan of Arrangement;

(d) concurrently with the surrender and cancellation of Harvest Shares held by Harvest Dissenting Shareholders, the capital of the applicable class of Harvest Shares that includes any Harvest Shares so cancelled shall be reduced by an amount equal to the product obtained when (A) the capital of the Harvest Shares of that class immediately prior to the Effective Time, is multiplied by (B) a

fraction, the numerator of which is the number of Harvest Shares of that class so surrendered and cancelled, and the denominator of which is the number of Harvest Shares of that class outstanding immediately prior to the Effective Time;

(e) the Initial Parentco Shares shall be, and shall be deemed to be, transferred by the Initial Parentco Shareholder to Parentco, free and clear of all Liens, claims or encumbrances, for cancellation in exchange for the payment by Parentco to the Initial Parentco Shareholder of the Initial Parentco Share Subscription Price;

(f) Newco shall merge with and into Parentco pursuant to the Parentco Amalgamation to form the Resulting Issuer with the same effect as if they had amalgamated under Section 269 of the BCBCA, except that the legal existence of Parentco shall not cease and Parentco shall survive the Parentco Amalgamation as the Resulting Issuer notwithstanding the issue by the Registrar of a certificate of amalgamation and the assignment of a new incorporation number to the Resulting Issuer, and upon the Parentco Amalgamation becoming effective:

(i) without limiting the generality of the foregoing, Parentco shall survive the Parentco Amalgamation as the Resulting Issuer;

(ii) the properties, rights and interests and obligations of Parentco shall continue to be the properties, rights and interests and obligations of the Resulting Issuer;

(iii) the separate legal existence of Newco shall cease without Newco being liquidated or wound up, and the property, rights and interests and obligations of Newco shall become the property, rights and interests and obligations of the Resulting Issuer;

(iv) the Resulting Issuer shall continue to be liable for the obligations of each of Newco and Parentco;

(v) the Resulting Issuer shall be deemed to be the party plaintiff or the party defendant, as the case may be, in any civil action commenced by or

against either Parentco or Newco before the Parentco Amalgamation has become effective;

(vi) a conviction against, or a ruling, order or judgment in favour of or against, either Parentco or Newco may be enforced by or against the Resulting Issuer;

(vii) the name of the Resulting Issuer will be "Harvest Health & Recreation Inc."

(viii) the notice of articles and articles of the Resulting Issuer shall be substantially in the form of the notice of articles and articles of Parentco, except that the authorized share capital of the Resulting Issuer shall consist solely of an unlimited number of Resulting Issuer Subordinate Voting Shares, an unlimited number of Resulting Issuer Multiple Voting Shares and an unlimited number of Resulting Issuer Super Voting Shares, and not include any Common Shares;

(ix) the registered office of the Resulting Issuer shall be the registered office of Parentco;

(x) subject to clause (x) below, the size of the board of directors of the Resulting Issuer shall be not less than five (5) and not more than nine (9) directors, as determined from time to time by the board of directors of the Resulting Issuer;

(xi) the initial size of the board of directors of the Resulting Issuer shall be five (5) directors, and the Resulting Issuer Board Nominees shall be the initial five directors of the board of directors of the Resulting Issuer, to hold office until the next annual meeting of the shareholders of the Resulting Issuer or until their successors are elected or appointed;

(xii) each Parentco Subordinate Voting Share outstanding immediately prior to the Parentco Amalgamation (excluding, for the avoidance of doubt, any

Parentco Subordinate Voting Share in respect of which the holder exercises Parentco Dissent Rights) shall be, and shall be deemed to be, cancelled, and in consideration therefor such holder will receive a fully paid and non-assessable Resulting Issuer Subordinate Voting Share;

(xiii) each Parentco Multiple Voting Share outstanding immediately prior to the Parentco Amalgamation (excluding, for the avoidance of doubt, any Parentco Multiple Voting Share in respect of which the holder exercises Parentco Dissent Rights) shall be, and shall be deemed to be, cancelled, and in consideration therefor such holder will receive a fully paid and non-assessable Resulting Issuer Multiple Voting Share;

(xiv) the Newco Share outstanding immediately prior to the Parentco Amalgamation shall be, and shall be deemed to be, cancelled, and in consideration therefor the Newco Shareholder will receive a fully paid and non-assessable Resulting Issuer Subordinate Voting Share;

(xv) concurrently with the exchange of the Parentco Shares and the Newco Share referred to in clauses (xi), (xii) and (xiii) above, there shall be added to the stated capital of the Resulting Issuer Shares, in respect of the Resulting Issuer Shares issued by the Resulting Issuer to the former holders of such Parentco Shares and the Newco Share:

(A) in the case of the Resulting Issuer Subordinate Voting Shares, an amount equal to the aggregate paid-up capital of the Parentco Subordinate Voting Shares (other than the Parentco Subordinate Voting Shares held by any Dissenting Parentco Shareholders) and the Newco Share immediately prior to such exchange; and

(B) in the case of the Resulting Issuer Multiple Voting Shares, an amount equal to the aggregate paid-up capital of the Parentco Multiple Voting Shares (other than the Parentco Multiple Voting

Shares held by any Dissenting Parentco Shareholders) immediately prior to such exchange;

(g) the Resulting Issuer Equity Incentive Plan shall be, and shall be deemed to have been, approved;

(h) the one Resulting Issuer Subordinate Voting Share issued to the Newco Shareholder pursuant to clause (xiii) above shall be, and shall be deemed to be, canceled in exchange for the payment by the Resulting Issuer to the Newco Shareholder of the Initial Newco Share Subscription Price;

(i) each Harvest Share outstanding immediately prior to the Effective Time held by a Participating Harvest Shareholder shall be, and shall be deemed to be, transferred by the holder thereof to the Resulting Issuer, free and clear of all Liens, claims or encumbrances, in exchange for the applicable fully paid and non-assessable Resulting Issuer Exchange Share, and, subject to Article 5 of the Plan of Arrangement, upon such transfer:

(i) each such former holder of such transferred Harvest Shares shall cease to be the holder of such Harvest Share and to have any rights as a holder of such Harvest Share other than the right to receive the applicable Resulting Issuer Exchange Shares under the Plan of Arrangement; and

(ii) the Resulting Issuer shall be, and shall be deemed to be, the transferee of such Harvest Share;

(j) concurrently with the exchange of the Harvest Shares by Participating Harvest Shareholders described above, there shall be added to the stated capital of the Resulting Issuer Shares, in respect of the Resulting Issuer Shares issued by the Resulting Issuer to the former Participating Harvest Shareholders:

(i) in the case of the Resulting Issuer Subordinate Voting Shares, an amount equal to the aggregate paid-up capital of the Harvest Subordinate Voting

Shares (other than the Harvest Subordinate Voting Shares held by any Dissenting Harvest Shareholders) immediately prior to such exchange;

(ii) in the case of the Resulting Issuer Multiple Voting Shares, an amount equal to the aggregate paid-up capital of the Harvest Multiple Voting Shares (other than the Harvest Multiple Voting Shares held by any Dissenting Harvest Shareholders) immediately prior to such exchange; and

(iii) in the case of the Resulting Issuer Super Voting Shares, an amount equal to the aggregate paid-up capital of the Harvest Super Voting Shares (other than the Harvest Super Voting Shares held by any Dissenting Harvest Shareholders) immediately prior to such exchange;

(k) each Harvest Option outstanding immediately prior to the Effective Time, whether or not vested, shall be, and shall be deemed to be, terminated and cancelled in its entirety and in exchange therefor each holder of such Harvest Option shall be entitled to receive a Replacement Option to acquire from the Resulting Issuer the number of Resulting Issuer Subordinate Voting Shares equal to the number of Harvest Subordinate Voting Shares subject to such Harvest Option immediately prior to the Effective Time. The exercise price per Resulting Issuer Subordinate Voting Share subject to a Replacement Option shall be an amount equal to the exercise price per Harvest Subordinate Voting Share subject to each such Harvest Option immediately before the Effective Time; and

(l) each Harvest Compensation Option outstanding immediately before the Effective Time shall be, and shall be deemed to be, terminated and cancelled in its entirety and in exchange therefore each holder of such Harvest Compensation Option shall be entitled to receive a Replacement Compensation Option to acquire from the Resulting Issuer the number of Resulting Issuer Subordinate Voting Shares equal to the number of Harvest Subordinate Voting Shares subject to such Harvest Compensation Option immediately prior to the Effective Time. The exercise price per Resulting Issuer Subordinate Voting Share subject to a Replacement Compensation Option shall be an amount equal to the exercise price per Harvest

Subordinate Voting Share subject to each such Harvest Compensation Option immediately before the Effective Time.

NOTICE OF MEETING

Harvest

26. The Harvest Meeting will be held at 666 Burrard Street, Suite 2500, Vancouver, British Columbia, Canada V6C 2X8, on June 26, 2019 commencing at 10:00 am (Vancouver time).

27. The Harvest Board has fixed May 13, 2019 as the Harvest Record Date. As set out in the draft Interim Order, Harvest intends that the Circular, which includes the notice of the Meeting, will be sent to holders of all Harvest Shares, Harvest Options and Harvest Compensation Options as at the Harvest Record Date, as well as to Harvest's directors and auditors. The Circular will include, among other things, the following documents attached as appendices:

(a) the Harvest Arrangement Resolution;

(b) the Plan of Arrangement;

(c) the fairness opinions of Eight Capital and INFOR;

(d) this Petition; and

(e) the Interim Order for this proceeding.

28. Only registered Harvest Shareholders or the person they appoint as their proxy are entitled to attend and vote at the Meeting. In accordance with the requirements of National Instrument 54-101 - *Communications with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101"), Harvest will distribute copies of the Circular and the forms of proxy to the clearing agencies and intermediaries for onward distribution to non-registered Harvest Shareholders. Management of Harvest does not intend to pay for intermediaries to forward objecting beneficial owners under NI 54-101 the proxy-related

materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary*; in the case of an objecting beneficial owner, the objecting beneficial owner will not receive the materials unless the objecting beneficial owner's intermediary assumes the cost of delivery.

29. The Circular attached to the Vedadi Affidavit in draft, including its various attachments, may be edited or amended as the Petitioner may determine is necessary or desirable, provided that such edits or amendments are not inconsistent with the terms of the Interim Order and the Business Combination Agreement.

Parentco

30. The Parentco Meeting will be held at the offices of Verano located at 415 North Dearborn Street, 4th Floor, Chicago, Illinois, 60654 on June 26, 2019 commencing at 10:00 am (Chicago time).

31. The Parentco Board has fixed the day immediately preceding the first date on which notice is sent as the "Parentco Record Date". As set out in the draft Interim Order, Parentco intends that the Parentco Circular, which includes the notice of the Meeting, will be sent to all Parentco Securityholders as at the Parentco Record Date, as well as to Parentco's directors and auditors. The Parentco Circular will include, among other things, the following documents attached as appendices:

(a) the Parentco Arrangement Resolution;

(b) the Plan of Arrangement;

(c) this Petition; and

(d) the Interim Order for this proceeding.

32. Only registered Parentco Securityholders or the person they appoint as their proxy are entitled to attend and vote at the Meeting. In accordance with the requirements of National Instrument 54-101 - *Communications with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101"), Parentco will distribute copies of the Paretnco Circular

and the forms of proxy to the clearing agencies and intermediaries for onward distribution to non-registered Parentco Securityholders. Management of Parentco does not intend to pay for intermediaries to forward objecting beneficial owners under NI 54-101 the proxy-related materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary*; in the case of an objecting beneficial owner, the objecting beneficial owner will not receive the materials unless the objecting beneficial owner's intermediary assumes the cost of delivery.

33. The Parentco Circular attached to the Archos Affidavit in draft, including its various attachments, may be edited or amended as the Petitioner may determine is necessary or desirable, provided that such edits or amendments are not inconsistent with the terms of the Interim Order and the Business Combination Agreement.

SECURITYHOLDER APPROVAL

Harvest

34. For purposes of the Harvest Arrangement Resolution and any vote to authorize the adjournment of the Harvest Meeting, each Harvest Securityholder as at the Harvest Record Date is entitled to one vote for each Harvest Share held by them.

35. Harvest Shareholders are entitled to vote at the Meeting either in person or by proxy.

36. For the Plan of Arrangement to be implemented, the Harvest Arrangement Resolution must be passed, without or without variation, at the Meeting by at least:

(a) two-thirds (66.67%) of the votes cast on the Harvest Arrangement Resolution by holders of Harvest Subordinate Voting Shares present in person or represented by proxy and entitled to vote at the Meeting, voting separately as a class;

(b) two-thirds (66.67%) of the votes cast on the Harvest Arrangement Resolution by holders of Harvest Multiple Voting Shares present in person or represented by proxy and entitled to vote at the Meeting, voting separately as a class;

(c) two-thirds (66.67%) of the votes cast on the Harvest Arrangement Resolution by holders of Harvest Super Voting Shares present in person or represented by proxy and entitled to vote at the Meeting, voting separately as a class;

(d) two-thirds (66.67%) of the votes cast on the Harvest Arrangement Resolution by holders of Harvest Super Voting Shares, Harvest Multiple Voting Shares and Harvest Super Voting Shares present in person or represented by proxy and entitled to vote at the Meeting, voting together as a single class;

(e) a majority of the votes cast on the Harvest Arrangement Resolution by holders of Harvest Subordinate Voting Shares present in person or represented by proxy and entitled to vote at the Meeting, voting separately as a class, other than the votes attaching to Harvest Subordinate Voting Shares held directly or indirectly by "affiliates" or "control persons" of Harvest, as such terms are defined in OSC Rule 56-501 *Restricted Shares* ("OSC Rule 501");

(f) a majority of the votes on the Harvest Arrangement Resolution cast by holders of Harvest Multiple Voting Shares present in person or represented by proxy and entitled to vote at the Meeting, voting separately as a class, other than the votes attaching to Harvest Multiple Voting Shares held directly or indirectly by "affiliates" or "control persons" of Harvest, as such terms are defined in OSC Rule 56-501;

(g) a majority of the votes cast on the Harvest Arrangement Resolution by holders of Harvest Super Voting Shares present in person or represented by proxy and entitled to vote at the Meeting, voting separately as a class, other than the votes attaching to Harvest Super Voting Shares held directly or indirectly by "affiliates" or "control persons" of Harvest, as such terms are defined in OSC Rule 56-501; and,

(h) a majority of the votes cast on the Harvest Arrangement Resolution by Harvest Shareholders other than the votes attaching to Harvest Shares held directly or

indirectly by "affiliates" or "control persons" of Harvest, as such term is defined in Ontario Securities Commission Rule 56-501.

37. Harvest Options, Harvest Compensation Options and Harvest RSUs do not confer voting rights, and for purposes of the Harvest Arrangement Resolution will remain non-voting.

38. Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* does not, under the circumstances of the Arrangement, apply to require minority shareholder approval. No "related party" will, or may be entitled to, receive a "collateral benefit" within the meaning of MI 61-101. Accordingly, the Business Combination is not a "business combination" within the meaning of MI 61-101.

39. Pursuant to the Interim Order, a quorum for the transaction of business at the Meeting requires at least one person who is a Harvest Shareholder, or who represents by proxy, and is entitled to vote at least 5% of the Harvest Shares at the Meeting.

40. As of the Harvest Record Date, to the knowledge of the directors and executive officers of Harvest, other than as set out below, no persons, firms or corporations beneficially own, directly or indirectly, or exercise control or direction over, 10% or more of the voting rights attached to any class of voting securities:

Name of Shareholder	Harvest Subordinate Voting Shares	% of issued Class	Harvest Multiple Voting Shares	% of issued Class	Harvest Super Voting Shares	% of issued Class
Jason Vedadi	-	-	417,541	19.4%	1,000,000	50%
Steven White	-	-	229,966	11%	1,000,000	50%

Parentco

41. For purposes of the Parentco Arrangement Resolution and any vote to authorize the adjournment of the Parentco Meeting, each Parentco Securityholder as at the Parentco Record Date is entitled to one vote for each Parentco Share held by them.

42. Parentco Securityholders are entitled to vote at the Meeting either in person or by proxy.

43. For the Plan of Arrangement to be implemented, the Parentco Arrangement Resolution must be passed, without or without variation, at the Meeting by at least:

(a) 66⅔% of the votes cast by securityholders of ParentCo, present in person or represented by proxy at the ParentCo Meeting, voting together as a single class; and

(b) a majority of the votes cast by securityholders of ParentCo, excluding votes of affiliates of ParentCo and control persons of ParentCo, as contemplated by OSC Rule 56-501 and NI 41-101.

DISSENT RIGHTS

44. Registered Harvest Shareholders as of the Harvest Record Date, and Parentco Securityholders as of the Parentco Record Date may exercise dissent rights as provided under Division 2 of Part 8 of the BCBCA, as modified and supplemented by the Plan of Arrangement, the Interim Order and the Final Order. The draft Interim Order provides that, notwithstanding section 242(2) of the BCBCA, the written objection referred to in section 242 of the BCBCA must be received:

(a) In respect of Harvest Shareholders, by Harvest, in accordance with the instructions in the Harvest Circular, by not later than 5:00 p.m. (Vancouver time) two Business Days immediately preceding the date of the Harvest Meeting (as it may be adjourned or postponed from time to time). The Dissent Rights are described in detail in the Harvest Circular; and

(b) In respect of Parentco Shareholders, by Parentco, in accordance with the instructions in the Parentco Circular, by not later than 10:00 am (Chicago time) two Business Days immediately preceding the date of the Parentco Meeting (as it may be adjourned or postponed from time to time). The Dissent Rights are described in detail in the Parentco Circular.

U.S. SECURITIES ACT OF 1933, AS AMENDED

45. If the Arrangement is approved by this Court, the order approving the Arrangement will be relied on as the basis for claiming an exemption from the registration requirements of the United States *Securities Act of 1933*, as amended (the "U.S. Securities Act"), provided by section 3(a)(10) thereof, with respect to the issuance and exchange of the securities of the Resulting Issuer in the Arrangement.

46. Section 3(a)(10) of the U.S. Securities Act exempts the issuance of any securities issued in exchange for one or more *bona fide* outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction that is expressly authorized by law to grant such approval, after a hearing upon the fairness of the terms and conditions of such issuance and exchange at which all persons to whom it is proposed to issue the securities have the right to appear and receive timely and adequate notice thereof.

NO CREDITOR IMPACT

47. The Arrangement does not contemplate a compromise of any debt or any debt instruments of Harvest or Parentco and no creditor of Harvest or Parentco will be negatively affected by the Arrangement.

Part 3: LEGAL BASIS

1. Sections 288 to 291 of the BCBCA.

2. Rules 2-1(2), 4-4, 4-5, 8-1, 16-1 and 22-4(2) of the *Supreme Court Civil Rules*.

3. The equitable and inherent jurisdiction of this Court.

Part 4: MATERIAL TO BE RELIED ON

At the hearing of this Petition, the Petitioner will rely on:

(a) the Affidavit #1 of Jason Vedadi, sworn May 20, 2019;

(b) the Affidavit #1 of George Archos sworn May 20, 2019; and

(c) such further and other materials as counsel may advise and this Court may allow.

The Petitioner estimates that the hearing of the petition will take 30 minutes.

Date: 21 May 2019

(signed) "David E. Gruber"

David E. Gruber
Lawyer for Harvest Health & Recreation Inc.

(signed) "Mark Pontin"

Mark Pontin
Lawyer for 1204899 B.C. Ltd.

THIS PETITION is prepared and delivered by David E. Gruber, of Bennett Jones LLP, whose place of business and address for service is 2500 Park Place, 666 Burrard Street, Vancouver, British Columbia V6C 2X8, Phone: (604) 891-5150, Fax: (604) 891-5100.

To be completed by the court only:

Order made

[ ] in the terms requested in paragraphs _____ of Part 1 of this petition

[ ] with the following variations and additional terms:

Date: June ____, 2019

Signature of [ ] Judge [ ] Master

Court File No.: S195896
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF SECTION 291 OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING HARVEST HEALTH & RECREATION INC., 1204599 B.C. LTD. and 1204899 B.C. LTD.

HARVEST HEALTH & RECREATION INC. and 1204899 B.C. LTD.

PETITIONERS

ORDER MADE AFTER APPLICATION

BEFORE	Master Tokarek	THURSDAY, THE 23rd DAY OF MAY, 2019

ON THE APPLICATION of the Petitioners, Harvest Health & Recreation Inc. ("Harvest") and , 1204899 B.C. Ltd. ("Parentco") without notice, for an interim order (the "Interim Order") for advice and directions pursuant to the Petition filed on May 21, 2019, coming on for hearing at 800 Smithe Street, Vancouver, British Columbia on May 23, 2019, and on hearing David E. Gruber, counsel for Harvest, and Mark Pontin, Counsel for Parentco, and upon reading the materials filed, AND UPON being advised that it is the intention of the Resulting Issuer to rely upon section 3(a)(10), of the United States Securities Act of 1933, as amended (the "1933 Act") as a basis for an exemption from the registration requirements of the 1933 Act with respect to securities of the Resulting Issuer distributed under the proposed Plan of Arrangement based on the Court's approval of the Arrangement;

THIS COURT ORDERS that:

DEFINITIONS

1. Unless otherwise defined herein, the capitalized terms used in this Interim Order shall have the meanings ascribed thereto in the draft Notice of Harvest Meeting and Management Information Circular of Harvest (the "Harvest Circular"), attached as Exhibit "A" to the Affidavit of Jason Vedadi sworn May 20, 2019 (the "Vedadi

Affidavit"), and the draft Notice of Harvest Meeting and Management Information Circular of Parentco (the "Parentco Circular") attached as Exhibit "A" to the Affidavit of George Archos sworn May 20, 2019 (the "Archos Affidavit").

HARVEST MEETING

Harvest

1. Pursuant to sections 288 to 291 of the *Business Corporations Act*, S.B.C., 2002, c. 57, as amended (the "BCBCA"), Harvest is permitted to call, hold and conduct a meeting (the "Harvest Meeting") of the holders of Harvest subordinate voting shares ("Harvest Subordinate Voting Shares"), multiple voting shares ("Harvest Multiple Voting Shares") and super voting shares ("Harvest Super Voting Shares") (collectively, the "Harvest Shares" and "Harvest Shareholders") to be held at 666 Burrard Street, Suite 2500, Vancouver, British Columbia, Canada V6C 2X8, on June 26, 2019 commencing at 10:00 am (Vancouver time):

    a. to consider and, if deemed advisable, to pass, with or without variation, a special resolution (the "Harvest Arrangement Resolution") authorizing, adopting and approving the Arrangement and Plan of Arrangement; and

    b. to transact such further or other business as is contemplated in the Harvest Circular or as may otherwise be properly brought before the Harvest Meeting or any adjournment or postponement thereof.

2. The Harvest Meeting shall be called, held and conducted in accordance with the BCBCA, the articles and by-laws of Harvest and the Harvest Circular, subject to the terms of this Interim Order and any further order of this Court and the rulings and directions of the Chair of the Harvest Meeting, such rulings and directions not to be inconsistent with this Interim Order.

Parentco

3. Pursuant to sections 288 to 291 of the BCBCA, Parentco is permitted to call, hold and conduct a meeting (the "Parentco Meeting") of the holders of Parentco Shareholders and Prospective Parentco Shareholders (the "Parentco Securityholders") offices of Verano Holdings LLC ("Verano") located at 415 North Dearborn Street, 4th Floor, Chicago, Illinois, 60654 on June 26, 2019 commencing at 10:00 am (Chicago time):

    a. to consider and, if deemed advisable, to pass, with or without variation, a special resolution (the "Parentco Arrangement Resolution") authorizing, adopting and approving the Arrangement and Plan of Arrangement; and

    b. to transact such further or other business as is contemplated in the Parentco Circular or as may otherwise be properly brought before the Parentco Meeting or any adjournment or postponement thereof.

4. The Parentco Meeting shall be called, held and conducted in accordance with the BCBCA, the articles and by-laws of Parentco and the Parentco Circular, subject to the terms of this Interim Order and any further order of this Court and the rulings and directions of the Chair of the Parencto Meeting, such rulings and directions not to be inconsistent with this Interim Order.

RECORD DATE

Harvest

5. The record date for determining the Harvest Shareholders entitled to receive notice of and vote at the Harvest Meeting shall be the close of business on May 13, 2019 (the "Harvest Record Date").

Parentco

6. The record date for determining the Parentco Securityholders entitled to receive notice of and vote at the Parentco Meeting shall be the close of business on the day immediately preceding the first date on which notice is sent (the "Parentco Record Date").

PERMITTED ATTENDEES

Harvest

7. The only persons entitled to attend or speak at the Harvest Meeting shall be:

   a. Harvest Shareholders or their respective proxyholders as of the Record Date;

   b. Harvest's directors, officers, auditors and advisors;

   c. representatives and advisors of 1204599 B.C. Ltd. ("Newco"), Parentco, and Verano; and

   d. any other person admitted on the invitation of the Chair of the Harvest Meeting or with the consent of the Chair of the Harvest Meeting.

Parentco

8. The only persons entitled to attend or speak at the Parentco Meeting shall be:

   a. Parentco Securityholders or their respective proxyholders as of the Parentco Record Date;

   b. Parentco's directors, officers, auditors and advisors;

   c. representatives and advisors of Harvest, Newco, and Verano; and

   d. any other person admitted on the invitation of the Chair of the Parentco Meeting or with the consent of the Chair of the Parentco Meeting.

CHAIR AND QUORUM

Harvest

9. The Chair of the Harvest Meeting shall be determined by Harvest and the quorum at the Harvest Meeting shall be at least one person who holds, or who represents by proxy, in the aggregate, at least 5% of the issued and outstanding Harvest Shares entitled to be voted at the Harvest Meeting.

Parentco

10. The Chair of the Parentco Meeting shall be determined by Parentco and the quorum at the Parentco Meeting shall be at least one person who holds, or who represents by proxy, in the aggregate, at least 5% of the issued and outstanding shares entitled to be voted at the Parentco Meeting.

AMENDMENTS

11. Harvest and Parentco are authorized to make, subject to the terms of the Business Combination Agreement between Harvest, Newco, Parentco and Verano (the "Business Combination Agreement") and paragraphs 13 and 14 below, such amendments, modifications or supplements to the Arrangement and the Plan of Arrangement as they may determine without any additional notice to the Harvest Shareholders or Parentco Securityholders, or others entitled to receive notice under paragraphs 18, 19 and 24 hereof, provided same are to correct clerical errors, are non-material or are authorized by subsequent Court order. The Arrangement and Plan of Arrangement, as so amended, modified or supplemented, shall be the Arrangement and Plan of Arrangement to be submitted to the Harvest Shareholders at the Harvest Meeting, and the Parentco Securityholders at the Parentco Meeting and shall be the subject of the Harvest Arrangement Resolution and Parentco Arrangement Resolution respectively. Amendments, modifications or supplements may be made following the Harvest Meeting and Parentco Meeting, but shall be subject to review and, if appropriate, further direction by this Court at the hearing for the final approval of the Arrangement.

12. If any amendments, modifications or supplements to the Arrangement or Plan of Arrangement as referred to in paragraph 11, above, would, if disclosed, reasonably be expected to affect a Harvest Shareholder's decision to vote for or against the Harvest Arrangement Resolution or a Parentco Securityholder's decision to vote for or against the Parentco Arrangement Resolution, notice of such amendment, modification or supplement shall be distributed, subject to further order of this Court, by press release, newspaper advertisement, prepaid ordinary mail, or by the method most reasonably practicable in the circumstances, as Harvest and Parentco may determine.

13. Harvest is authorized to make such amendments, revisions and supplements to the Harvest Circular as it may determine and the Harvest Circular, as so amended, revised and/or supplemented, shall be the Harvest Circular to be distributed in accordance with paragraphs 18 and 19.

14. Parentco is authorized to make such amendments, revisions and supplements to the Parentco Circular as it may determine and the Parentco Circular, as so amended, revised and/or supplemented, shall be the Parentco Circular to be distributed in accordance with paragraph 24.

ADJOURNMENT

Harvest

15. Harvest, if it deems advisable and subject to the terms of the Business Combination Agreement, is specifically authorized to adjourn or postpone the Harvest Meeting on one or more occasions, without the necessity of first convening the Harvest Meeting or first obtaining any vote of the Harvest Shareholders respecting the adjournment or postponement, and notice of any such adjournment or postponement shall be given by such method as Harvest may determine is appropriate in the circumstances. This provision shall not limit the authority of the Chair of the Harvest Meeting in respect of adjournments and postponements.

Parentco

16. Parentco, if it deems advisable and subject to the terms of the Business Combination Agreement, is specifically authorized to adjourn or postpone the Parentco Meeting on one or more occasions, without the necessity of first convening the Parentco Meeting or first obtaining any vote of the Parentco Securityholders respecting the adjournment or postponement, and notice of any such adjournment or postponement shall be given by such method as Parentco may determine is appropriate in the circumstances. This provision shall not limit the authority of the Chair of the Parentco Meeting in respect of adjournments and postponements.

NOTICE OF MEETING

Harvest

17. The Harvest Circular is hereby deemed to represent sufficient and adequate disclosure, including for the purpose of Section 290(1)(a) of the BCBCA, and Harvest shall not be required to send to the Harvest Shareholders any other or additional statement pursuant to section 290(1)(a) of the BCBCA.

18. The Harvest Circular (including, among other things, the Petition and this Interim Order) and the forms of proxy (collectively, the "Harvest Meeting Materials"), in substantially the same form as contained in Exhibit "A" to the Vedadi Affidavit, with such deletions, amendments or additions thereto as counsel for Harvest may advise are necessary or desirable (provided that such amendments are not inconsistent with the terms of this Interim Order), shall be sent to:

    a. the registered Harvest Shareholders at the close of business on the Harvest Record Date, at least twenty-one (21) days prior to the date of the Harvest Meeting,

excluding the date of sending and the date of the Harvest Meeting, by one or more of the following methods:

i. by pre-paid ordinary or first class mail at the address of each Harvest Shareholder as it appears on the books and records of Harvest, or its registrar and transfer agent, at the close of business on the Harvest Record Date and if no address is shown therein, then the last address of the person known to the Corporate Secretary of Harvest;

ii. by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i) above; or

iii. by facsimile or electronic transmission to any Harvest Shareholder, who is identified to the satisfaction of Harvest, who requests such transmission in writing and, if required by Harvest;

b. non-registered Harvest Shareholders by providing sufficient copies of the Harvest Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 of the Canadian Securities Administrators; and

c. the respective directors and auditors of Harvest by delivery in person, by recognized courier service, by pre-paid ordinary or first class mail or, with the consent of the person, by facsimile or electronic transmission, at least twenty-one (21) days prior to the date of the Harvest Meeting, excluding the date of sending and the date of the Harvest Meeting;

and substantial compliance with this paragraph shall constitute good and sufficient notice of the Harvest Meeting.

19. The Harvest Circular sent in accordance with paragraph 18 above shall also be sent to the holders of options awarded under the Harvest Equity Incentive Plan to purchase a Harvest Subordinate Voting Share ("Harvest Options"), to the holders of Restricted Stock Units issued under the Harvest Equity Incentive Plan ("Harvest RSUs") and to the holders of Harvest compensation options ("Harvest Compensation Options") by:

a. Any method permitted for notice to Harvest Shareholders as set forth in paragraphs 18(a) or 18(c) above; or

b. email, where the holder is an employee, officer or director of Harvest.

20. Accidental failure or omission by Harvest to give notice of the Harvest Meeting or to distribute the Harvest Meeting Materials to any person entitled by this Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of Harvest, or the non-receipt of such notice shall, subject to further order of this Court, not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at the Harvest Meeting. If any such

failure or omission is brought to the attention of Harvest, it shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

21. Harvest is authorized to make such amendments, revisions or supplements to the Harvest Meeting Materials, as Harvest may determine in accordance with the terms of the Business Combination Agreement, and notice of such additional information may, subject to paragraph 12, above, be distributed by press release, newspaper advertisement, pre-paid ordinary mail, or by the method most reasonably practicable in the circumstances, as Harvest may determine.

22. Provided that notice of the Harvest Meeting is given and the Harvest Meeting Materials are provided to the Harvest Shareholders and other persons entitled thereto in compliance with this Interim Order, the requirement of Section 290(1)(b) of the BCBCA to include certain disclosure in any advertisement of the Harvest Meeting is waived.

Parentco

23. The Parentco Circular is hereby deemed to represent sufficient and adequate disclosure, including for the purpose of Section 290(1)(a) of the BCBCA, and Parentco shall not be required to send to the Parentco Securityholders any other or additional statement pursuant to section 290(1)(a) of the BCBCA.

24. The Parentco Circular (including, among other things, the Petition and this Interim Order) (collectively, the "Parentco Meeting Materials"), in substantially the same form as contained in Exhibit "A" to the Archos Affidavit, with such deletions, amendments or additions thereto as counsel for Parentco may advise are necessary or desirable (provided that such amendments are not inconsistent with the terms of this Interim Order), shall be sent to:

    a. the registered Parentco Securityholders at the close of business on the Parentco Record Date, at least twenty-one (21) days prior to the date of the Parentco Meeting, excluding the date of sending and the date of the Parentco Meeting, by one or more of the following methods:

        i. by pre-paid ordinary or first class mail at the address of each Parentco Securityholder as it appears on the books and records of Parentco, or its registrar and transfer agent, at the close of business on the Parentco Record Date and if no address is shown therein, then the last address of the person known to the Corporate Secretary of Parentco;

        ii. by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i) above; or

        iii. by facsimile or electronic transmission to any Parentco Securityholder, who is identified to the satisfaction of Parentco, who requests such transmission in writing and, if required by Parentco;

b. non-registered Parentco Securityholders by providing sufficient copies of the Parentco Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 of the Canadian Securities Administrators; and

c. the respective directors and auditors of Parentco by delivery in person, by recognized courier service, by pre-paid ordinary or first class mail or, with the consent of the person, by facsimile or electronic transmission, at least twenty-one (21) days prior to the date of the Parentco Meeting, excluding the date of sending and the date of the Parentco Meeting;

and substantial compliance with this paragraph shall constitute good and sufficient notice of the Parentco Meeting.

25. Accidental failure or omission by Parentco to give notice of the Parentco Meeting or to distribute the Parentco Meeting Materials to any person entitled by this Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of Parentco, or the non-receipt of such notice shall, subject to further order of this Court, not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at the Parentco Meeting. If any such failure or omission is brought to the attention of Parentco, it shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

26. Parentco is authorized to make such amendments, revisions or supplements to the Parentco Meeting Materials, as Parentco may determine in accordance with the terms of the Business Combination Agreement, and notice of such additional information may, subject to paragraph 12, above, be distributed by press release, newspaper advertisement, pre-paid ordinary mail, or by the method most reasonably practicable in the circumstances, as Parentco may determine.

27. Provided that notice of the Parentco Meeting is given and the Parentco Meeting Materials are provided to the Parentco Securityholders and other persons entitled thereto in compliance with this Interim Order, the requirement of Section 290(1)(b) of the BCBCA to include certain disclosure in any advertisement of the Parentco Meeting is waived.

DEEMED RECEIPT OF NOTICE

Harvest

28. The Harvest Meeting Materials and court documents shall be deemed, for the purposes of this Interim Order, to have been served upon and received:

a. in the case of mailing pursuant to paragraph 18(a)(i) above, the day, Saturdays, Sundays and holidays excepted, following the date of mailing;

b. in the case of delivery in person pursuant to paragraph 18(a)(ii) above, the day following delivery; and

c. in the case of any facsimile or electronic communication pursuant to paragraph 18(a)(iii) above, when transmitted.

Parentco

29. The Parentco Meeting Materials and court documents shall be deemed, for the purposes of this Interim Order, to have been served upon and received:

a. in the case of mailing pursuant to paragraph 24(a)(i) above, the day, Saturdays, Sundays and holidays excepted, following the date of mailing;

b. in the case of delivery in person pursuant to paragraph 24(a)(ii) above, the day following delivery; and

c. in the case of any facsimile or electronic communication pursuant to paragraph 24(a)(iii) above, when transmitted.

SOLICITATION OF PROXIES

30. Harvest is authorized to use the proxies substantially in the form of the drafts attached as an exhibit to the Vedadi Affidavit, with such amendments and additional information as Harvest may determine are necessary or desirable, subject to the terms of the Business Combination Agreement. Harvest is authorized, at its expense, to solicit proxies, directly or through its officers, directors or employees, or through such agents or representatives as it may retain for that purpose, and by mail or such other forms of personal or electronic communication as it may determine. Harvest may waive generally, in its discretion, the time limits set out in the Harvest Circular for the deposit or revocation of proxies by Harvest Shareholders, if Harvest deems it advisable to do so.

31. The procedure for the use of proxies at the Harvest Meeting and the revocation of proxies shall be as set out in the Harvest Meeting Materials.

VOTING

Harvest

32. The only persons entitled to vote in person or by proxy on the Harvest Arrangement Resolution, or with respect to authorizing an adjournment of the Harvest Meeting, shall be those Harvest Shareholders who hold Harvest Subordinate Voting Shares, Harvest Multiple Voting Shares or Harvest Super Voting Shares as of the close of business on the Harvest Record Date. Illegible votes, spoiled votes, defective votes and abstentions (by a registered holder who has not provided a proxy) shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

33. Votes shall be taken at the Harvest Meeting on the basis of one (1) vote per Harvest Share and in order for the Plan of Arrangement to be implemented, subject to further

order of this Court, the Harvest Arrangement Resolution must be passed, with or without variation, at the Harvest Meeting by the affirmative vote of:

a. two-thirds (66.67%) of the votes cast on the Harvest Arrangement Resolution by holders of Harvest Subordinate Voting Shares present in person or represented by proxy and entitled to vote at the Harvest Meeting, voting separately as a class;

b. two-thirds (66.67%) of the votes cast on the Harvest Arrangement Resolution by holders of Harvest Multiple Voting Shares present in person or represented by proxy and entitled to vote at the Harvest Meeting, voting separately as a class;

c. two-thirds (66.67%) of the votes cast on the Harvest Arrangement Resolution by holders of Harvest Super Voting Shares present in person or represented by proxy and entitled to vote at the Harvest Meeting, voting separately as a class;

d. two-thirds (66.67%) of the votes cast on the Harvest Arrangement Resolution by holders of Harvest Super Voting Shares, Harvest Multiple Voting Shares and Harvest Super Voting Shares present in person or represented by proxy and entitled to vote at the Harvest Meeting, voting together as a single class;

e. a majority of the votes cast on the Harvest Arrangement Resolution by holders of Harvest Subordinate Voting Shares present in person or represented by proxy and entitled to vote at the Harvest Meeting, voting separately as a class, other than the votes attaching to Harvest Subordinate Voting Shares held directly or indirectly by "affiliates" or "control persons" of Harvest, as such terms are defined in OSC Rule 56-501 *Restricted Shares* ("OSC Rule 501");

f. a majority of the votes on the Harvest Arrangement Resolution cast by holders of Harvest Multiple Voting Shares present in person or represented by proxy and entitled to vote at the Harvest Meeting, voting separately as a class, other than the votes attaching to Harvest Multiple Voting Shares held directly or indirectly by "affiliates" or "control persons" of Harvest, as such terms are defined in OSC Rule 56-501;

g. a majority of the votes cast on the Harvest Arrangement Resolution by holders of Harvest Super Voting Shares present in person or represented by proxy and entitled to vote at the Harvest Meeting, voting separately as a class, other than the votes attaching to Harvest Super Voting Shares held directly or indirectly by "affiliates" or "control persons" of Harvest, as such terms are defined in OSC Rule 56-501; and

h. a majority of the votes cast on the Harvest Arrangement Resolution by Harvest Shareholders other than the votes attaching to Harvest Shares held directly or indirectly by “affiliates” or “control persons” of Harvest, as such term is defined in Ontario Securities Commission Rule 56-501.

34. Such votes shall be sufficient to authorize Harvest to do all such acts and things as may be necessary or desirable to give effect to the Arrangement and the Plan of Arrangement

on a basis consistent with what is provided for in the Harvest Circular without the necessity of any further approval by the Harvest Shareholders, subject only to final approval of the Arrangement by this Court and satisfaction or waiver of the conditions in the Business Combination Agreement.

35. In respect of matters properly brought before the Harvest Meeting pertaining to items of business affecting Harvest (other than in respect of the Arrangement Resolution or to authorize an adjournment of the Harvest Meeting), each Harvest Shareholder is entitled to:

    a. one (1) vote for each Harvest Subordinate Voting Share held by them;

    b. one hundred (100) votes for each Harvest Multiple Voting Share held by them; and

    c. two hundred (200) votes for each Harvest Super Voting Share held by them.

Parentco

36. The only persons entitled to vote in person or by proxy on the Parentco Arrangement Resolution, or with respect to authorizing an adjournment of the Parentco Meeting, shall be those Parentco Securityholders as of the close of business on the Parentco Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Parentco Arrangement Resolution.

37. Votes shall be taken at the Parentco Meeting on the basis of one (1) vote per Parentco Security and in order for the Plan of Arrangement to be implemented, subject to further order of this Court, the Arrangement Resolution must be passed, with or without variation, at the Parentco Meeting by the affirmative vote of:

    a. 66⅔% of the votes cast by ParentCo Securityholders, present in person or represented by proxy at the ParentCo Meeting, voting together as a single class pursuant to Section 289(1)(a) of the BCBCA; and

    b. a majority of the votes cast by ParentCo Securityholders, excluding votes of affiliates of ParentCo and control persons of ParentCo, as contemplated by OSC Rule 56-501 and NI 41-101.

38. Such votes shall be sufficient to authorize Parentco to do all such acts and things as may be necessary or desirable to give effect to the Arrangement and the Plan of Arrangement on a basis consistent with what is provided for in the Parentco Circular without the necessity of any further approval by the Parentco Securityholders, subject only to final approval of the Arrangement by this Court and satisfaction or waiver of the conditions in the Business Combination Agreement.

SCRUTINEER

39. A representative of Harvest's registrar and transfer agent, or such other person as Harvest may designate, is authorized to act as scrutineer for the Harvest Meeting.

40. A representative of Parentco's registrar and transfer agent, or such other person as Parentoc may designate, is authorized to act as scrutineer for the Parentco Meeting.

DISSENT RIGHTS

Harvest

41. Each registered Harvest Shareholder as at the Harvest Record Date shall be entitled to exercise Dissent Rights in respect of the Arrangement Resolution in accordance with the provisions of sections 237-247 of the BCBCA, as modified by the terms of this Interim Order and the Plan of Arrangement. A beneficial holder of Harvest Shares registered in the name of a broker, custodian, trustee, nominee or other intermediary who wishes to dissent must make arrangements for the registered Harvest Shareholder to dissent on behalf of the beneficial holder of Harvest Shares or, alternatively, make arrangements to become a registered Harvest Shareholder.

42. For the purpose of Dissent Rights in respect of the Arrangement Resolution, reference to the term "shareholder" in Division 2 of Part 8 of the BCBCA shall be read to mean Harvest Shareholder, as such term is defined herein, and reference to "notice shares" in Division 2 of Part 8 of the BCBCA shall be read to mean Harvest Shares, as such term is defined herein, in respect of which dissent is being exercised under any notice of dissent.

43. Registered Harvest Shareholders shall be the only Harvest Shareholders entitled to exercise Dissent Rights.

44. In order for a registered Harvest Shareholder to exercise dissent rights under sections 237-247 of the BCBCA, as modified by this Interim Order and the Plan of Arrangement:

    a. the written notice of dissent to the Arrangement Resolution must be received from Harvest Shareholders who wish to dissent by Harvest at Attn: David E. Gruber, 2500 Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2X8, Canada, by not later than 5:00 p.m. (Vancouver time) two Business Days immediately preceding the date of the Harvest Meeting (as it may be adjourned or postponed from time to time);

    b. a dissenting Harvest Shareholder shall not have voted his, her or its Harvest Shares at the Harvest Meeting, either by proxy or in person, in favour of the Arrangement Resolution;

    c. a vote against the Arrangement Resolution or an abstention shall not constitute the written notice of dissent required under subparagraph 44 (a) above;

    d. a dissenting Harvest Shareholder may not exercise dissent rights in respect of only a portion of such dissenting Harvest Shareholder's Harvest Shares, but may

dissent only with respect to all of such dissenting Harvest Shareholder's Harvest Shares; and

e. the exercise of such dissent rights must otherwise comply with the requirements of sections 237-247 of the BCBCA, as modified by this Interim Order and the Plan of Arrangement.

45. Notice to the Harvest Shareholders of their dissent rights with respect to the Arrangement Resolution, including notice of their right to receive (subject to the provisions of the BCBCA, the Interim Order and the Plan of Arrangement) the fair value of their Harvest Shares from Harvest, shall be provided by including information with respect to the dissent rights in the Circular to be sent to Harvest Shareholders in accordance with this Interim Order.

46. Subject to further order of this Court, the rights available to the Harvest Shareholders under the BCBCA, this Interim Order, and the Plan of Arrangement to dissent from the Arrangement shall constitute full and sufficient dissent rights for the Harvest Shareholders with respect to the Arrangement.

47. Any Harvest Shareholder who duly exercises such dissent rights as set out in paragraph 44 above and who:

a. is ultimately determined by this Court to be entitled to be paid fair value for his, her or its Harvest Shares (which fair value shall be the fair value of such Harvest Shares immediately before the passing by the Harvest Shareholders of the Arrangement Resolution), shall be deemed to have transferred those Harvest Shares as of the Effective Time, without any further act or formality and free and clear of all liens, claims, encumbrances, charges, adverse interests or security interests to Harvest in consideration for a payment of cash from Harvest (including any successor or successors to Harvest by amalgamation) equal to such fair value; or

b. is for any reason ultimately determined by this Court not to be entitled to be paid fair value for his, her or its Harvest Shares pursuant to the exercise of dissent rights, shall be deemed to have participated in the Arrangement on the same basis and at the same time as any non-dissenting Harvest Shareholder;

but in no case shall Harvest, Newco, Parentco or any other person be required to recognize Harvest Shareholders who exercise dissent rights as holders of Harvest Shares after the time that is immediately prior to the Effective Time, and the names of such registered Harvest Shareholders who exercise dissent rights shall be deleted from the central securities register as holders of Harvest Shares at the Effective Time and their Harvest Shares shall be deemed to be surrendered to Harvest and cancelled.

Parentco

48. Each registered Parentco Securityholder as at the Parentco Record Date, except for Verano Voting Support Unitholders who entered into Verano Unitholder Voting Support

Agreements whereby they have convenanted not to exercise their rights of dissent, shall be entitled to exercise Dissent Rights in respect of the Parentco Arrangement Resolution in accordance with the provisions of sections 237-247 of the BCBCA, as modified by the terms of this Interim Order, the Final Order and the Plan of Arrangement.

49. For the purpose of Dissent Rights in respect of the Parentco Arrangement Resolution, reference to the term "shareholder" in Division 2 of Part 8 of the BCBCA shall be read to mean Parentco Securityholder, as such term is defined herein, and reference to "notice shares" in Division 2 of Part 8 of the BCBCA shall be read to mean the shares issued in the name of the ParentCo Shareholder or to be issued to the Prospective ParentCo Shareholders as a result of the Transactions (the "**Parentco Shares**"), in respect of which dissent is being exercised under any notice of dissent.

50. Registered Parentco Securityholders shall be the only Parentco Securityholders entitled to exercise Dissent Rights.

51. In order for a registered Parentco Securityholder to exercise dissent rights under sections 237-247 of the BCBCA, as modified by this Interim Order, the Plan of Arrangement and the Final Order:

    a. the written notice of dissent to the Parentco Arrangement Resolution must be received from Parentco Securityholders who wish to dissent by Parentco at 415 North Dearborn Street, 4th Floor, Chicago, Illinois, 60654 not later than 10:00 a.m. (Chicago time) two Business Days immediately preceding the date of the Parentco Meeting (as it may be adjourned or postponed from time to time);

    b. a dissenting Parentco Securityholder shall not have voted his, her or its Parentco Shares at the Parentco Meeting, either by proxy or in person, in favour of the Parentco Arrangement Resolution;

    c. a vote against the Parentco Arrangement Resolution or an abstention shall not constitute the written notice of dissent required under subparagraph 51(a) above;

    d. a dissenting Parentco Securityholder may not exercise dissent rights in respect of only a portion of such dissenting Parentco Securityholder's Parentco Shares, but may dissent only with respect to all of such dissenting Parentco Securityholder's Parentco Shares; and

    e. the exercise of such dissent rights must otherwise comply with requirements similar to those of sections 237-247 of the BCBCA, as modified by this Interim Order and the Plan of Arrangement.

52. Notice to the Parentco Securityholders of their dissent rights with respect to the Parentco Arrangement Resolution, including notice of their right to receive (subject to the provisions of the BCBCA, the Interim Order and the Plan of Arrangement) the fair value of their Parentco Shares from Parentco, shall be provided by including information with respect to the dissent rights in the Circular to be sent to Parentco Securityholders in accordance with this Interim Order.

53. Subject to further order of this Court, the statutory or contractual rights available to the Parentco Securityholders, as modified by this Interim Order, the Final Order and the Plan of Arrangement, to dissent from the Arrangement shall constitute full and sufficient dissent rights for the Parentco Securityholders with respect to the Arrangement.

54. Any Parentco Securityholder who duly exercises such dissent rights as set out in paragraph 51 above and who:

    a. is ultimately determined by this Court to be entitled to be paid fair value for his, her or its Parentco Shares (which fair value shall be the fair value of such Parentco Shares immediately before the passing by the Parentco Securityholders of the Parentco Arrangement Resolution), shall be deemed to have transferred those Parentco Shares as of the Effective Time, without any further act or formality and free and clear of all liens, claims, encumbrances, charges, adverse interests or security interests to Parentco in consideration for a payment of cash from Parentco (including any successor or successors to Parentco by amalgamation) equal to such fair value; or

    b. is for any reason ultimately determined by this Court not to be entitled to be paid fair value for his, her or its Parentco Shares pursuant to the exercise of dissent rights, shall be deemed to have participated in the Arrangement on the same basis and at the same time as any non-dissenting Parentco Securityholder;

    but in no case shall Parentco, Newco, Harvest or any other person be required to recognize Parentco Securityholders who exercise dissent rights as holders of Parentco Shares after the time that is immediately prior to the Effective Time, and the names of such registered Parentco Securityholders who exercise dissent rights shall be deleted from the central securities register as holders of Parentco Shares at the Effective Time and their Parentco Shares shall be deemed to be surrendered to Parentco and cancelled.

APPLICATION FOR FINAL ORDER

55. Upon the approval, with or without variation, by the Harvest Shareholders and Parentco Securityholders of the Arrangement, in the manner set forth in this Interim Order, Harvest may apply to this Court under section 291 of the BCBCA for, among other things, an order:

    a. approving the Arrangement and Plan of Arrangement; and

    b. declaring that the terms and conditions of the Arrangement and Plan of Arrangement are procedurally and substantively fair and reasonable

    (collectively, the "Final Order").

56. The hearing of the application for the Final Order will be held on July 2, 2019 at 9:45 a.m. (Pacific Daylight Time) at the Courthouse at 800 Smithe Street, Vancouver, British Columbia, or as soon thereafter as the application for the Final Order can be heard, or at such other date and time as this Court may direct.

57. Any holder of Harvest Shares, Harvest Options, Harvest Compensation Options, or Parentco Shares seeking to appear at the hearing of the application for the Final Order shall file and deliver a Response to Petition (a "**Response**") in the form prescribed by the *Supreme Court Civil Rules*, to the lawyers for Harvest and Parentco as soon as reasonably practicable, and, in any event, no later than 5:00 p.m. (Vancouver time) on the date that is two business days prior to the date of the application of the Final Order, at the following address:

Bennett Jones LLP
2500 Park Place, 666 Burrard Street
Vancouver, BC V6C 2X8

Attention: David E. Gruber
Lawyers for Harvest Health & Recreation Inc.

And To:

Fasken Martineau DuMoulin LLP
550 Burrard Street, Suite 2900
Vancouver, BC V6C 0A3

Attention: Mark Pontin
Lawyers for Parentco

58. Subject to further order of this Court, the only persons entitled to appear and be heard at the hearing of the application for the Final Order shall be:

a. Harvest;

b. Parentco; and

c. any person who has delivered a Response in accordance with this Interim Order and the *Supreme Court Civil Rules*.

59. Service in accordance with paragraphs 18, 19 and 24 of this Interim Order shall constitute good and sufficient service of this proceeding, and no other form of service need be made and no other material need be served on persons in respect of these proceedings. In particular, separate service of the Petition herein and the Vedadi Affidavit, and Archos Affidavit and any additional affidavits as may be filed, is dispensed with. Harvest and Parentco shall be at liberty to give notice of this application to persons outside the jurisdiction of this Court in the manner specified herein.

60. In the event that the hearing of the application for the Final Order is adjourned, only those persons who have filed and delivered a Response in accordance with this Interim Order need be provided with notice of the adjourned hearing date and any materials filed in support of the Final Order.

VARIANCE

61. Harvest and Parentco shall be entitled, at any time, to apply to vary this Interim Order or for such further order or orders as may be appropriate.

PRECEDENCE

62. To the extent of any inconsistency or discrepancy between this Interim Order and the Harvest Circular, Parentco Circular, the BCBCA, applicable securities laws, or the articles, notice of articles or by-laws of Harvest, notice of articles or by-laws of Parentco, this Interim Order shall govern.

EXTRA-TERRITORIAL ASSISTANCE

63. This Court seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States or other country to act in aid of and to assist this Court in carrying out the terms of this Interim Order.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

(signed) "David E. Gruber"

David E. Gruber
Lawyer for Harvest Health & Recreation Inc.

(signed) "Mark Pontin"

Mark Pontin
Lawyer for 1204899 B.C. Ltd.

BY THE COURT

REGISTRAR

Form CHECKED PEL

APPENDIX "F"
INFORMATION ABOUT THE RESULTING ISSUER

The following is a glossary of terms that pertains to only this Appendix "F" to the Circular. Any capitalized terms not defined in this Appendix "F" to the Circular have the meaning ascribed thereto in Appendix "A" to the Circular.

Words importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

Unless otherwise indicated herein, all references to "dollars", "$" or "US$" in this Appendix "F" are to United States dollars, while references to "C$" are to Canadian dollars.

"**ADHS**" has the meaning ascribed herein.

"**ADHS MMV**" has the meaning ascribed herein.

"**adult-use**" has the meaning ascribed herein.

"**Affiliate**" or "**affiliate**" means, with respect to any two Persons, one Person is a Subsidiary of the other or each of the two Persons is controlled by the same Person.

"**Agents**" has the meaning ascribed herein.

"**AGRiMED**" has the meaning ascribed herein.

"**AMMA**" has the meaning ascribed herein.

"**API**" has the meaning ascribed herein.

"**Arrangement**" means the arrangement pursuant to section 288 of the BCBCA on the terms and pursuant to the conditions set forth in the Plan of Arrangement, subject to any amendments to the Plan of Arrangement made in accordance with the terms of the Business Combination Agreement or made at the direction of the Court in the Final Order with the prior written consent of Harvest and the Verano, each acting reasonably.

"**Associate**" when used to indicate a relationship with a Person, means: (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer; (b) any partner of the Person; (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity; or (d) in the case of a Person who is an individual: (i) that Person's spouse or child, or (ii) any relative of the Person or of his spouse who has the same residence as that Person.

"**Ataraxia**" has the meaning ascribed herein.

"**ATC**" has the meaning ascribed herein.

"**Audit Committee**" means the audit committee appointed by the Resulting Issuer Board.

"**AUMA**" has the meaning ascribed herein.

"**Bank Secrecy Act**" has the meaning ascribed herein.

"**BC Subco**" means 1185928 B.C. Ltd., a wholly-owned subsidiary of RockBridge which amalgamated with Harvest Finco pursuant to the Reverse Takeover.

"**BCBCA**" means the Business Corporations Act (British Columbia), and the regulations made thereunder, as now in effect and as such act and regulations may be promulgated or amended from time to time.

"**BCC**" has the meaning ascribed herein.

"**BMMR**" has the meaning ascribed herein.

"**BRLS**" means BRLS Properties I, LLC, a Nevada corporation.

"**Business Combination Agreement**" means the business combination agreement entered into between Harvest, Verano, ParentCo, and Newco, dated April 22, 2019.

"**Business Combination**" means the combination of the Harvest Business and Verano Business under the Resulting Issuer in accordance with the terms of the Business Combination Agreement and the Plan of Arrangement.

"**CannaPharmacy"** has the meaning ascribed herein.

"**CARERS Act**" has the meaning ascribed herein.

"**CBD**" means Cannabidiol.

"**CBP**" means U.S. Customs and Border Protection.

"**CBX**" has the meaning ascribed herein.

"**CDFA**" has the meaning ascribed herein.

"**CDPH**" has the meaning ascribed herein.

"**CDS**" means Clearing and Depository Services Inc.

"**Circular**" means, collectively, the Notice of Meeting and the management information circular of Harvest dated May 24, 2019, including all appendices hereto, sent to Harvest Shareholders in connection with the Meeting, including any amendments or supplements thereto.

"**Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Cole Memorandum**" has the meaning ascribed herein.

"**Co-lead Agents**" has the meaning ascribed herein.

"**Compensation Committee**" means the compensation committee appointed by the Resulting Issuer Board.

"**Conversion Ratio**" has the meaning ascribed herein.

"**Convertible Debentures**" has the meaning ascribed herein.

"**Court**" means the Supreme Court of British Columbia.

"**CSA**" means the United States Federal Controlled Substances Act 21 USC § 811, as amended from time to time.

"**CSE**" means the Canadian Securities Exchange.

"**CUA**" has the meaning ascribed herein.

"**CUMMA**" has the meaning ascribed herein.

"**DEA**" means the United States Drug Enforcement Administration.

"**Debentures**" has the meaning ascribed herein.

"**Debenture Offering**" has the meaning ascribed herein.

"**Definitive Agreement**" means the business combination agreement entered into among RockBridge, BC Subco, Harvest, Harvest US Finco and Harvest Finco on November 14, 2018.

"**DOT**" has the meaning ascribed herein.

"**Dunamis**" has the meaning ascribed herein.

"**EBITDA**" means earnings before interest, tax, depreciation and amortization.

"**Effective Date**" has the meaning ascribed to such term in the Plan of Arrangement.

"**Effective Time**" has the meaning ascribed to such term in the Plan of Arrangement.

"**ERISA**" means the U.S. Employee Retirement Income Security Act of 1974.

"**Escrow Agent**" has the meaning ascribed herein.

"**Escrow Shares**" has the meaning ascribed herein.

"**EvoLab**" has the meaning ascribed herein.

"**Exit 21**" has the meaning ascribed herein.

"**Exit 21 Acquisition**" has the meaning ascribed herein.

"**Falcon**" has the meaning ascribed herein.

"**FDA**" means the United States Food and Drug Administration.

"**FDCA**" has the meaning ascribed herein.

"**Final Order**" means the final order of the Court pursuant to Section 291 of the BCBCA, in a form acceptable to Harvest and ParentCo, each acting reasonably, approving the Arrangement, as such order may be amended by the Court with the consent of Harvest and ParentCo, each acting reasonably, any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended, on appeal, provided that any such amendment is acceptable to Harvest and ParentCo, each acting reasonably, and complies with the restrictions on amendment set forth in the Business Combination Agreement.

"**FinCEN Memorandum**" has the meaning herein.

"**FinCEN**" has the meaning ascribed herein.

"**Foreign Private Issuer**" has the meaning ascribed in Rule 405 under the U.S. Securities Act and Rule 3b-4 under the U.S. Exchange Act.

"**Governmental Entity**" means: (a) any multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, court, tribunal, arbitral body, commission, board, bureau or

agency, domestic or foreign; (b) any stock exchange, including the CSE; (c) any subdivision, agent, commission, board or authority of any of the foregoing; or (d) any quasi- governmental body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any jurisdiction, regulatory, expropriation or taxing authority under or for the account of any of the foregoing.

"**Governmental Orders**" means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Entity.

"**Harvest**" means Harvest Health & Recreation Inc., a corporation existing under the Laws of the Province of British Columbia.

"**Harvest Compensation Options**" has the meaning ascribed herein.

"**Harvest DCP**" means Harvest Dispensaries, Cultivations & Production Facilities LLC, an Arizona limited liability company and wholly-owned subsidiary of Harvest.

"**Harvest DCP of Pennsylvania**" has the meaning ascribed herein.

"**Harvest Equity Incentive Plan**" means the Harvest Health & Recreation, Inc. 2018 Stock and Incentive Plan approved by the Harvest Shareholders on November 13, 2018.

"**Harvest Grows**" has the meaning ascribed herein.

"**Harvest of Ohio**" has the meaning ascribed herein.

"**Harvest Options**" means the options to purchase Harvest Subordinate Voting Shares issued pursuant to the Harvest Equity Incentive Plan;

"**Harvest PrivateCo**" has the meaning ascribed herein.

"**Harvest Processing**" has the meaning ascribed herein.

"**Harvest Shareholders**" means the holders of Harvest Shares.

"**Harvest Shares**" means the Super Voting Shares, the Multiple Voting Shares and the Subordinate Voting Shares.

"**HVST Finco**" has the meaning ascribed herein.

"**HSR Act**" means the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"**Harvest US Finco**" means Harvest FINCO, Inc., a Delaware corporation.

"**Ignite**" has the meaning ascribed herein.

"**Initial Holder**" means the holders of Super Voting Shares as of the date of initial issuance of Super Voting Shares and as further described herein.

"**IRS**" means the United States Internal Revenue Service.

"**Law**" or "**Laws**" means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, rulings, ordinances, Governmental Orders or other requirements, whether domestic or foreign, including but not limited to, all applicable requirements of federal, state, provincial and municipal, city, county or other local government laws, rules and regulations and guidelines regarding regulated medical and adult use cannabis businesses and activities, and the terms and conditions of any Permit of or from any Governmental Entity or self-regulatory authority (including the CSE), but excluding provisions of any U.S. federal laws or regulations applicable to cannabis,

including the CSA, 21 U.S.C. 801 et. seq., or related federal law that prohibit the cultivation, processing, sale or possession of cannabis and provisions of U.S. federal law that may be violated due to the federal illegality of cannabis including, but not limited to U.S. federal money laundering laws (Title 18 U.S.C. § 1956 and § 1957), and the term "applicable" with respect to such Laws and in a context that refers to a Party, means such Laws as are applicable to such Party and/or its Subsidiaries or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party and/or its Subsidiaries or its or their business, undertaking, property or securities.

"**Lead Investor**" has the meaning ascribed herein.

"**Lead Investor Agreement**" has the meaning ascribed herein.

"**Letter Agreement**" means the letter agreement from Harvest to Verano to acquire all of the issued and outstanding securities of Verano dated March 11, 2019.

"**Letter Credit Agreement**" means the credit agreement dated October 3, 2018, between Harvest DCP, certain affiliates and related parties of Harvest DCP, and Bridging Financing Inc., as agent for certain lenders from time to time.

"**Locked-Up Shareholders**" has the meaning ascribed herein.

"**Lone Mountain**" has the meaning ascribed herein.

"**Management Agreement**" means the management agreements pursuant to which Harvest and Verano to operate certain licenses or which the Resulting Issuer expects to operate certain licenses.

"**MAUCRSA**" has the meaning ascribed herein.

"**MCRSA**" has the meaning ascribed herein.

"**Medical Marijuana Program Act**" has the meaning ascribed herein.

"**METRC**" has the meaning ascribed herein.

"**MMFL**" has the meaning ascribed herein.

"**MMP**" has the meaning ascribed herein.

"**MMMP**" has the meaning ascribed herein.

"**MMRSA**" has the meaning ascribed herein.

"**MMTC**" has the meaning ascribed herein.

"**Multiple Voting Shares**" means the shares in the capital of Harvest designated as the Multiple Voting Shares.

"**NEO**" means a Named Executive Officer as such term is defined in Form 51-102F6 - *Statement of Executive Compensation* under NI 51-102.

"**Newco**" means 1204599 B.C. Ltd., a corporate incorporated under the laws of British Columbia.

"**NI 41-101**" means National Instrument 41-101 - *General Prospectus Requirements*, as amended.

"**NI 51-102**" means National Instrument 51-102 - *Continuous Disclosure Obligations*, as amended.

"**NI 52-110**" means National Instrument 52-110 - *Audit Committees*, as amended.

"**Nominee Agreement**" means those nominee agreements pursuant to which the Resulting Issuer expects to beneficially own certain licenses, as applicable.

"**Notice of Meeting**" means the notice to the Harvest Shareholders which accompanies this Circular.

"**NRS**" means the Nevada Revised Statutes and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time.

"**NSC**" has the meaning ascribed herein.

"**NSWD**" has the meaning ascribed herein.

"**NSWE**" has the meaning ascribed herein.

"**NSWE Common Units**" has the meaning ascribed herein.

"**NSWE Preferred Units**" has the meaning ascribed herein.

"**Offering Price**" has the meaning ascribed herein.

"**OMMA**" has the meaning ascribed herein.

"**OSC Rule 56-501**" means Ontario Securities Commission Rule 56-501 - *Restricted Shares*, as it may be amended or re-enacted from time to time.

"**ParentCo**" means 1204899 B.C. Ltd., a corporation incorporated under the laws of British Columbia.

"**PDOH**" has the meaning ascribed herein.

"**Person**" includes an individual, firm, trust, partnership, association, body corporate, unlimited liability corporation, joint venture, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity or group of Persons, whether or not having legal status.

"**Plan of Arrangement**" means the plan of arrangement of ParentCo, Newco and Harvest in substantially the same form of Appendix "D" attached to this Circular, and any amendments or variations thereto made in accordance with the Plan of Arrangement or upon the direction of the Court in the Final Order with the consent of ParentCo, Newco, Harvest and Verano, each acting reasonably.

"**PTSD**" has the meaning ascribed herein.

"**Replacement Compensation Option**" has the meaning ascribed thereto in the Plan of Arrangement.

"**Replacement Option**" has the meaning ascribed thereto in the Plan of Arrangement.

"**Resulting Issuer**" has the meaning ascribed thereto in the Plan of Arrangement.

"**Resulting Issuer Board**" means the board of directors of the Resulting Issuer.

"**Resulting Issuer Multiple Voting Shares**" means the shares in the capital of the Resulting Issuer designated as Multiple Voting Shares.

"**Resulting Issuer Shares**" means the Resulting Issuer Subordinate Voting Shares, the Resulting Issuer Multiple Voting Shares, and the Resulting Issuer Super Voting Shares, as the case may be.

"**Resulting Issuer Subordinate Voting Shares**" means the shares in the capital of the Resulting Issuer designated as Subordinate Voting Shares.

"**Resulting Issuer Super Voting Shares**" means the shares in the capital of the Resulting Issuer designated as Super Voting Shares.

"**Reverse Takeover**" has the meaning ascribed herein.

"**RMD**" has the meaning ascribed herein.

"**RockBridge**" has the meaning ascribed herein.

"**Rohrabacher-Farr Amendment**" has the meaning ascribed herein.

"**San Felasco**" has the meaning ascribed herein.

"**SEC**" means the United States Securities and Exchange Commission.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval, which can be accessed online at www.sedar.com.

"**Sessions Memorandum**" has the meaning ascribed herein.

"**Staff Notice 51-352**" mean Canadian Securities Administrator' Staff Notice 51-352 (Revised) - *Issuers with U.S. Marijuana-Related Activities.*

"**Subordinate Voting Shares**" means the shares in the capital of Harvest designated as Subordinate Voting Shares.

"**Subscription Receipt Financing**" has the meaning ascribed herein.

"**Subscription Receipts**" has the meaning ascribed herein.

"**Subsidiaries**" means the direct and indirect subsidiaries of Verano or Harvest, as applicable, or the operating companies in which Verano or Harvest, as applicable, has an ownership interest and "**Subsidiary**" means any one of them.

"**Super Voting Shares**" means the shares in the capital of Harvest designated as Super Voting Shares.

"**SQ 788**" has the meaning ascribed herein.

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time.

"**THC**" means tetrahydrocannabinol.

"**TMX MOU**" has the meaning ascribed herein.

"**Transacting Parties**" means Harvest and Verano, and "**Transacting Party**" means either of them.

"**U.S. Exchange Act**" means the United States *Securities Exchange Act of 1934*, as amended, and the rules and regulations promulgated thereunder.

"**U.S. Securities Act**" means the United States *Securities Act of 1933*, as amended, and the rules and regulations promulgated thereunder.

"**Verano Operating Agreement**" means the Limited Liability Company Agreement of Verano dated as of August 16, 2018.

"**Verano**" means Verano Holdings LLC, a limited liability company existing under the Laws of the State of Delaware.

CORPORATE STRUCTURE

Head and Registered Office

The registered office of Harvest is located at 1010-1030 W Georgia St., Vancouver BC V6E 2Y3 and its head office is located at 1155 W. Rio Salado Parkway, Suite 201, Tempe, AZ, 85281.

The head office of Verano Holdings, LLC is located at 415 North Dearborn Street, 4th Floor, Chicago, Illinois, 60654 and the registered office is located at 251 Little Falls Drive, Wilmington, Delaware, 19808.

Upon completion of the Business Combination, the head office of the Resulting Issuer will be located at 1155 W. Rio Salado Parkway, Suite 201, Tempe, AZ, 85281 and the registered office of the Resulting Issuer will be located at 2500 Park Place, 666 Burrard Street, Vancouver, British Columbia, Canada V6C 2X8.

Jurisdiction of Incorporation

Harvest was incorporated under the laws of British Columbia on November 20, 2007 under the name "RockBridge Energy Inc." On May 30, 2010, the company changed its name to "RockBridge Resources Inc." ("**RockBridge**").

On November 14, 2018, RockBridge completed a business combination with Harvest Enterprises, Inc. ("**Harvest PrivateCo**") and HVST Finco (Canada) Inc. ("**HVST Finco**"), which resulted in former shareholders of Harvest PrivateCo and HVST Finco obtaining control of RockBridge, and therefore constituted a reverse takeover of RockBridge under the policies of the CSE (the "**Reverse Takeover**"). Concurrently with the completion of the Reverse Takeover, RockBridge changed its name to "Harvest Health & Recreation Inc."

Harvest is a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan and Ontario.

Verano was formed on September 12, 2017, with the Delaware Secretary of State's office. Verano and its initial members entered into the Verano Operating Agreement, which has not been amended other than to revise the attendant Members' Schedule.

Upon completion of the Business Combination, the Resulting Issuer expects that it will become a reporting issuer in British Columbia, Alberta, Saskatchewan and Ontario.

Inter-Corporate Relationships

Following completion of the Business Combination, the Resulting Issuer will indirectly carry on the business of its two principal subsidiaries, Harvest and Verano. The Resulting Issuer will own 100% of the equity securities of each of Harvest and Verano, which will continue to carry on their respective businesses. The intercorporate relationships of each of Harvest and Verano are set out below.

Harvest

The list of Harvest's material subsidiaries prior to the completion of the Business Combination, together with the place of formation/governing law of such subsidiaries and the percentage of voting securities beneficially owned, directly or indirectly, by Harvest, is set forth below:

Name of Subsidiary	Harvest Ownership Interest (direct and indirect)	Place of Formation	Direct Parent of Subsidiary[1]
Abedon Saiz, L.L.C.	100.00%	Arizona	Harvest Dispensaries, Cultivations & Production Facilities LLC ("Harvest DCP")
BRLS Properties AZ-Glendale, LLC	100.00%	Arizona	Harvest DCP
BRLS Properties I, LLC	100.00%	Arizona	Harvest DCP
BRLS Properties II, LLC	100.00%	Arizona	Harvest DCP
Byers Dispensary, Inc.	100.00%	Arizona	Harvest DCP
Dream Steam LLC	100.00%	Arizona	Harvest DCP (75%)/Harvest Enterprises, Inc. (25%)
Freckled Trout, LLC	100.00%	Arizona	Harvest DCP
Harvest Arkansas Holding, LLC	100.00%	Arizona	Harvest DCP (90.2%)/Harvest Enterprises, Inc. (9.8%)
Harvest Dispensaries, Cultivations & Production Facilities LLC	100.00%	Arizona	Harvest Enterprises, Inc.
Harvest IP Holdings, LLC	100.00%	Arizona	Harvest DCP
Harvest Mass Holding I, LLC	100.00%	Arizona	AZ-Del Holdings, LLC (7.27%)/Harvest Enterprises, Inc. (92.73%)
Harvest Michigan Holding, LLC	100.00%	Arizona	Harvest DCP (7.25%)/Harvest Enterprises, Inc. (92.75%)
High Desert Healing, L.L.C.	100.00%	Arizona	Harvest DCP
HMU III LLC	100.00%	Arizona	Harvest DCP
Jessco White Consulting LLC	100.00%	Arizona	Harvest DCP
JH2K VI LLC	100.00%	Arizona	Harvest DCP
Medical Marijuana Research Institute LLC	100.00%	Arizona	Harvest DCP
MMXVI Allocation, LLC	100.00%	Arizona	Harvest DCP
Nature Med, Inc.	100.00%	Arizona	Harvest DCP
Nowak Wellness, Inc.	100.00%	Arizona	Harvest DCP
Pahana, Inc.	100.00%	Arizona	Harvest DCP
Patient Care Center 301, Inc.	100.00%	Arizona	Harvest DCP
Randy Taylor Consulting LLC	100.00%	Arizona	Harvest DCP
Sherri Dunn, L.L.C.	100.00%	Arizona	Harvest DCP
Svaccha LLC	100.00%	Arizona	Harvest DCP
Verde Dispensary, Inc.	100.00%	Arizona	Harvest DCP
Waltz Healing Center, Inc.	100.00%	Arizona	Harvest DCP

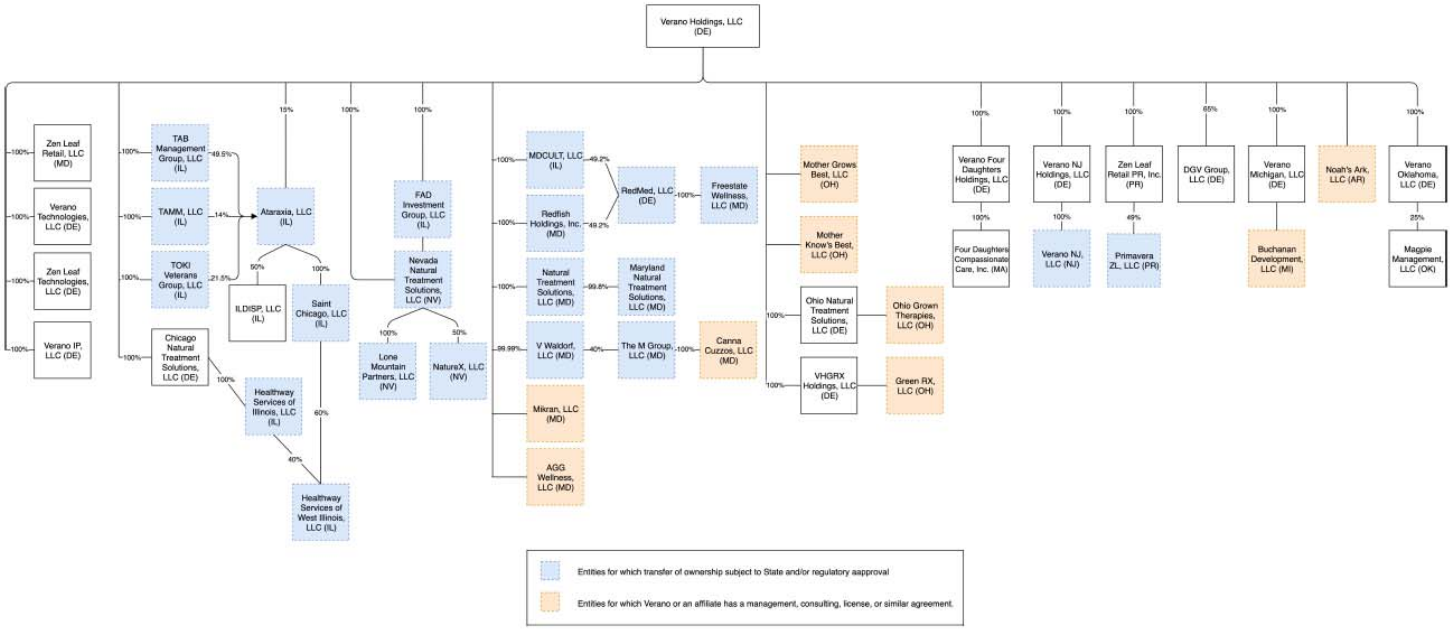
Name of Subsidiary	Harvest Ownership Interest (direct and indirect)	Place of Formation	Direct Parent of Subsidiary[1]
Natural State Capital, LLC	51.00%	Arkansas	Harvest Arkansas Holding, LLC
Natural State Wellness Investments, LLC	51.00%	Arkansas	Harvest Holdings, LLC/Zeta X, LLC
Harvest of California, LLC	100.00%	California	AZ-Del Holdings, LLC (7.25%)/Harvest Enterprises, Inc. (92.75)
Harvest of Culver City LLC	100.00%	California	Harvest of California, LLC
Harvest of Farmersville LLC	100.00%	California	Harvest of California, LLC
Harvest of Hesperia, LLC	55.00%	California	Harvest of California, LLC
Harvest of Lake Elsinore, LLC	75.00%	California	Harvest of California, LLC
Harvest of Merced, LLC	88.00%	California	Harvest of California, LLC (83%)/Harvest Enterprises, Inc. (5%)
Harvest of Moreno Valley LLC	95.00%	California	Harvest of California, LLC (90%)/Harvest Enterprises, Inc. (5%)
Harvest of Napa, Inc.	65.00%	California	Harvest of California, LLC
Harvest of San Bernardino, LLC	80.00%	California	Harvest of California, LLC
Harvest of Santa Monica, LLC	71.50%	California	Harvest of California, LLC
Harvest of Union City, LLC	97.00%	California	Harvest of California, LLC
Holdings of Harvest CA, LLC	100.00%	California	Harvest of California, LLC
Hyperion Healing, LLC	60.00%	California	Harvest of California, LLC
CBx Enterprises, LLC	100.00%	Colorado	Harvest Enterprises, Inc.
CBx Sciences, LLC	100.00%	Colorado	CBx Enterprises, LLC
AINA We Would LLC	25.00%	Delaware	Harvest Enterprises, Inc.
AINA-WW Hollywood LLC	100.00%	Delaware	AINA We Would LLC
AZ-DEL Holdings, LLC	100.00%	Delaware	Harvest DCP
Harvest Enterprises, Inc.	100.00%	Delaware	Harvest FINCO, Inc.
HARVEST FINCO, INC.	100.00%	Delaware	Harvest Health & Recreation, Inc.
21708 State Road 54, LLC	100.00%	Florida	Harvest DCP of Florida
AINA-CNBS Holdings, LLC	25.00%	Florida	Harvest Enterprises, Inc.
BRLS Properties FL-Gainesville, LLC	100.00%	Florida	Harvest DCP of Florida
BRLS Properties FL-Orlando I, LLC	100.00%	Florida	Harvest DCP of Florida
Harvest DCP of Florida, LLC	100.00%	Florida	Harvest DCP

Name of Subsidiary	Harvest Ownership Interest (direct and indirect)	Place of Formation	Direct Parent of Subsidiary[1]
Harvest Transco LLC	100.00%	Florida	Harvest DCP of Florida
San Felasco Nurseries, Inc.	100.00%	Florida	Harvest Enterprises, Inc.
Harvest DCP of Maryland, LLC	95.00%	Maryland	Harvest DCP (42.8%)/Harvest Enterprises, Inc. (52.2%)
Harvest of Maryland Cultivation, LLC	100.00%	Maryland	Harvest DCP of Maryland, LLC
Harvest of Maryland Dispensary, LLC	100.00%	Maryland	Harvest DCP of Maryland, LLC
Harvest of Maryland Production, LLC	100.00%	Maryland	Harvest DCP of Maryland, LLC
Harvest of Maryland, Inc.	100.00%	Maryland	Harvest DCP of Maryland, LLC
Gogriz, LLC	100.00%	Massachusetts	Harvest Mass Holding I, LLC
Harvest DCP of Massachusetts, LLC	100.00%	Massachusetts	Harvest Mass Holding I, LLC
Suns Mass II, LLC	100.00%	Massachusetts	Harvest Mass Holding I, LLC
Suns Mass III, LLC	100.00%	Massachusetts	Harvest Mass Holding I, LLC
Suns Mass, Inc.	100.00%	Massachusetts	Harvest Mass Holding I, LLC
BRLS NV Properties V, LLC	100.00%	Nevada	Harvest DCP of Nevada, LLC
CBx Essentials, LLC	100.00%	Nevada	CBx Enterprises, LLC
Harvest DCP of Nevada, LLC	100.00%	Nevada	Harvest DCP
Harvest of Nevada LLC	94.00%	Nevada	Harvest DCP of Nevada, LLC
Harvest DCP Holding of North Dakota, LLC	100.00%	North Dakota	Harvest DCP
Harvest of Bismark-Mandan, LLC	0.00%	North Dakota	Harvest DCP Holding of North Dakota, LLC
Harvest of Williston, LLC	0.00%	North Dakota	Harvest DCP Holding of North Dakota, LLC
BRLS OH Properties III, LLC	100.00%	Ohio	Harvest DCP of Ohio, LLC
Harvest DCP of Ohio, LLC	100.00%	Ohio	Harvest DCP
Harvest Grows Management, LLC	100.00%	Ohio	Harvest DCP of Ohio, LLC (94.75%)/Harvest Enterprises, Inc. (5.25%)
Harvest Grows Properties, LLC	100.00%	Ohio	Harvest DCP of Ohio, LLC
Harvest of Ohio Management, LLC	100.00%	Ohio	Harvest DCP of Ohio, LLC (94.75%)/Harvest Enterprises, Inc. (5.25%)
Harvest DCP of Pennsylvania, LLC	100.00%	Pennsylvania	Harvest DCP

Name of Subsidiary	Harvest Ownership Interest (direct and indirect)	Place of Formation	Direct Parent of Subsidiary[1]
Harvest of PA Management, LLC	91.00%	Pennsylvania	Harvest DCP of Pennsylvania, LLC (81%)/Harvest Enterprises, Inc. (10%)

Verano

The organization chart of Verano setting out its material subsidiaries, affiliates, and entities to which Verano or its subsidiaries contractually provide management or consulting services prior to the completion of the Business Combination, together with the place of incorporation/governing law of such entities and, where appropriate, the percentage of voting securities beneficially owned by Verano, is set forth below:



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NARRATIVE DESCRIPTION OF THE BUSINESS

The Resulting Issuer will be a vertically integrated cannabis company with cultivation, production and retail facilities spread across the United States and the Commonwealth of Puerto Rico. The Resulting Issuer will conduct its business through its two principal operating subsidiaries, Verano and Harvest. The descriptions below of the businesses of Harvest and Verano will become the Resulting Issuer's business upon the consummation of the Business Combination.

Narrative Description of the Business of Harvest

General Business of Harvest

On September 24, 2018, Harvest Privateco was formed as a corporation under the laws of the State of Delaware to own, operate and develop certain businesses related to the cultivation, processing, distribution and sale of cannabis and cannabis related products under the "Harvest" brand in jurisdictions where such cultivation, processing, distribution and sale is authorized under applicable state law.

Harvest is one of the largest multi-state vertically integrated operators in the United States cannabis industry. The Harvest team brings broad operational expertise in real estate, legislation, permitting, zoning and retail sales. Harvest has had success in winning licensure in non-competitive and competitive application processes throughout the United States, winning many licenses across the states in which it operates or is expanding. Harvest believes its ability to navigate complex regulatory pathways that are different in each state, as well as extensive research into each market it enters, are key tenets to success.

While Harvest's success in obtaining licenses has created a large and expansive geographic presence in U.S. cannabis, translating this footprint into positive EBITDA requires a commitment to operational excellence. In building out Harvest's U.S. cannabis network, Harvest raised $17.7 million in financing prior to August 2018, instead relying on cash flows generated from operations. This reflects a high return on invested capital and Harvest's focus on driving cash flows from its vertically integrated operations.

Summary of Operating Businesses

The business of Harvest was established in Arizona and received its first license there in 2012. Harvest, through its various subsidiaries, currently holds licenses or has operations in cannabis facilities in Arizona, Arkansas, California, Florida, Maryland, Massachusetts Michigan, Nevada, North Dakota, Ohio, and Pennsylvania, with pending applications in and/or planned expansion into California, Illinois, and Michigan. In addition, Harvest owns CO_2 extraction, distillation, purification and manufacturing technology used to produce a line of therapeutic cannabis topicals, vapes and Gems featuring rare cannabinoids and a hemp-derived product line sold in Colorado with plans for nationwide distribution.

During fiscal 2019 and 2020, Harvest plans to cultivate more than 720,000 square feet of indoor, outdoor and greenhouse cannabis, and its vertical approach to design, construction and implementation results in competitive production costs. Harvest has a portfolio of brands to meet market demand.

According to a recent study from Arcview Market Research, spending on legal cannabis worldwide is expected to hit $57 billion by 2027, with adult-use accounting for 67% of the spending and medical and therapeutic products making up the remaining 33%. Among other key findings, the Arcview study projects that the North American market alone will grow from $9.2 billion in 2017 to $47.3 billion by 2027. With one of the longest and most successful track records in the U.S. cannabis industry, Harvest is well-positioned to take advantage of this unprecedented market opportunity.

Below is a summary overview of the potential cannabis markets where Harvest currently holds licenses and where Harvest is actively expanding into the cannabis industry.

Target Markets	Potential Cannabis Market by 2022 ($ millions)[1][2]	Population (millions)	Estimated Number of Patients[2][3]	Medical-Only or Both Medical & Recreational
Arizona	$1,088	7.0	160,000	Medical
Arkansas	$247	2.9	5,977	Medical
California	$6,900	39.5	900,000	Both
Florida	$1,490	21.3	141,618	Medical
Illinois	$395	12.8	42,203	Medical
Maryland	$221	6.1	51,569	Medical
Massachusetts	$1,159	6.6	51,288	Both
Michigan	$1,295	9.9	269,553	Both
Nevada	$980	3.1	16,934	Both
New Jersey	$291	8.9	24,385	Medical
North Dakota	$62	0.7	1,900	Medical
Ohio	$278	11.7	200,000	Medical
Pennsylvania	$346	12.7	52,000	Medical

(1) ArcView, Canaccord Genuity Corp. Industry Update
(2) Echelon GTII Initiating Coverage and US Market Overview

(3) Marijuana Policy Project Patient Numbers

In the United States, medical cannabis has been legalized in 33 states and the District of Columbia.

To date, ten states and the District of Columbia have approved cannabis for recreational use by adults ("**adult-use**"). Harvest has received or is awaiting licenses in three states where adult-use is legalized (California, Nevada, and Massachusetts), and has rights to operate two dispensaries in North Dakota. In addition, Harvest extraction, distillation, purification and manufacturing technology is used to produce a product line sold in Colorado with plans for nationwide distribution.

Harvest strives to meet health, safety and quality standards relating to the growth, production and sale of cannabis medicines, and products for consumers. Harvest's offerings include cannabis flower and cannabis oil, along with a line of therapeutic cannabis topicals, Gems featuring rare cannabinoids, a hemp-derived product line and vaporizer pens which promote the safe inhalation of medical cannabis. Since Harvest was founded, the company has donated more than $600,000 to veterans, seniors, children, patients-in-need and other charitable recipients.

Harvest is a vertically integrated cannabis company that operates from "seed-to-sale." It has three business lines:

i. **Cultivation:** Harvest grows cannabis in outdoor, indoor and greenhouse facilities. Harvest believes its expertise in growing enables Harvest to produce cannabis in a cost-effective manner. Harvest sells its productions in Harvest dispensaries and to third parties.

ii. **Processing:** Harvest converts cannabis biomass into formulated oil, using a variety of extraction techniques. Harvest uses some of this oil to produce consumer products such as vaporizer cartridges and edibles, and it sells the remaining oil to third parties.

iii. **Retail Dispensaries:** Harvest operates retail dispensaries that sell proprietary and third-party cannabis products to patients and customers.

Harvest is headquartered in Tempe, Arizona and employs over 750 people.

Cultivation

Harvest has rights to operate cultivation facilities in nine states and is rapidly expanding its cultivation footprint. Although pricing pressure for dried flower in several mature cannabis markets has underscored the potential for commoditization, Harvest believes that its vertical integration and cultivation operations provide certain benefits, including:

i. **Low Cost:** Harvest continually seeks ways to optimize its growing processes and contain expenses. By having control over its own cultivation, Harvest can reduce input costs and optimize its operating margins.

ii. **Product Availability:** Control over its growing facilities allows Harvest to manage its supply chain, which Harvest believes ensures proper product mix in its retail stores to meet evolving demand.

iii. **Optimizing Manufacturing:** The cultivation of dried flower can act as an input to the manufacturing of derivative extract product. By controlling the costs, strain, and quality of cultivated cannabis, Harvest can optimize the production of higher-priced, higher-margin extracted oils and finished consumer packaged goods.

iv. **Quality Assurance:** Quality and safety of cannabis products is of utmost importance to the consumer. Strict monitoring of growing processes greatly reduces the risk of product testing failures. Moreover, higher quality product can demand higher retail pricing, which, in turn, will drive higher margins.

Harvest's indoor facilities contain rail systems that allow for easy transportation and flow between initial seeding and cloning, vegetation and then trimming and production. Harvest believes this system permits it to grow high quality cannabis at cost-efficient rates.

Over the past 12 months, Harvest has improved product yield in its growing facilities. Harvest expects to continue to replicate this success as it builds facilities throughout the country.

Harvest's focus on quality and yield is important because Harvest believes that the cultivation of cannabis will become increasingly commoditized and price competitive. More companies are entering, and will enter, this segment of the industry. However, over time, Harvest believes that companies that can source high quality, low-cost product will have a significant advantage.

Manufacturing

Harvest manufactures, assembles and packages cannabis finished goods across a variety of product segments:

i. **Inhalable:** flower, dabbable concentrates (e.g. budder, wax, crumble, shatter, live resin, sauce, terpene sugar), pre-filled vaporizer pens and cartridges

ii. **Ingestible:** capsules, tinctures, and cannabis product edibles including chocolates, gummies, mints, fruit chews and dissolvable mouth strips.

Through its vertically-integrated network, Harvest is building brand recognition of its manufactured products. Harvest leverages the brand awareness of its retail stores to create product brands, striving to provide consumers with consistency and standardization of cannabis products. Approximately 60% of all products sold in its retail dispensaries are Harvest proprietary products; the remaining 40% are sourced from best-in-class partners. Harvest believes its brand-building strategy ensures high-quality and the availability of a broad array of products for Harvest's customers, while optimizing margins for its shareholders.

Integral to the development of Harvest's branded product portfolio is the education of its customers to the products that Harvest offers. Harvest believes that by empowering the consumer (through marketing displays, educational seminars, employee interaction, and responsible advertisement), it can make new and potential customers comfortable that they know what they are getting. Moreover, because Harvest sells a large proportion of proprietary products, consumers know that they will get a consistent experience regardless of which Harvest dispensary they visit.

Harvest produces market-leading products, including:

- EVOLAB - cannabis branded products that deliver award winning vape cartridges, oil, and topical products throughout the United States.

- CHROMA - EVOLAB's top selling extract, Chroma offers an ultra potent blend of cannabinoids and a standardized hybrid blend of terpenes so consumers can enjoy the same consistent experience they trust, day in and day out.

- COLORS – a unique flavored oil mixed with the incomparably pure effects of EVOLAB's pharmaceutical grade CO_2 oil to create a unique flavored vape.

- ALCHEMY – an oil with FreshTerps, Alchemy showcases the true effects of popular strains, combining the cannabis plant's full spectrum of terpenes and purified cannabinoids. This is called "The Entourage Effect".

- CBX SCIENCES - a line of unique products that combine cannabinoids and terpenes with complementary botanical ingredients to activate and engage the Endocannabinoid System. Available in topical, edible and inhalable formats with an unrivaled variety of cannabinoids.

Harvest sells manufactured products through two channels: business-to-business (to other dispensaries) and business-to-consumer (directly in Harvest dispensaries).

Retail Strategy, Footprint and Planned Expansion

Harvest considers the following factors when selecting retail locations:

i. **Location:** Harvest believes its expertise in real estate allows Harvest to identify premier locations for access (foot traffic or cars), high visibility, plentiful parking, and a welcoming environment.

ii. **Diversified Markets:** Harvest operates in several legalized state markets, each with unique characteristics and regulations. Harvest has purposely selected certain markets with limited competition.

iii. **Population/demographics:** Harvest seeks to identify locations with population to draw upon. Prior to securing a new location, Harvest analyzes the demographics of a specific region with the intent to optimize sales per square foot. Unlimited license states can nonetheless represent substantial opportunities (i.e. California), and so Harvest focuses on addressing markets within markets when positioning its retail brand.

iv. **Competitive analysis:** Harvest analyzes the competitive landscape within each market. Harvest believes competitive positioning is important to success as markets become increasingly crowded by companies addressing all aspects of the value chain.

v. **Expansion:** Harvest is a vertically integrated company that, through its various subsidiaries, currently holds licenses or has operations in cannabis facilities in Arizona, Arkansas, California, Florida, Maryland, Massachusetts Michigan, Nevada, North Dakota, Ohio, and Pennsylvania, with pending applications in and/or planned expansion into California, Illinois, and Michigan.

Once a retail storefront is opened, Harvest's focus becomes optimizing operating margins and driving cash flow. Harvest has a philosophy of operational excellence. Quality, pricing power through its brand strategy, managing its vertically integrated supply chain, and optimal store traffic are all ingredients to driving cash flow growth as Harvest continues to seek to expand its geographic footprint.

Harvest believes its expertise in selecting and operating retail locations is a major contributor to its return on its invested capital.

Retail Dispensaries

Harvest operates retail cannabis dispensaries throughout the United States. Harvest has invested significant resources in developing customer-friendly store designs and floorplans. Harvest stores are designed to feel warm, inviting and, at the same time, hip. Each store has a consistent layout and color palette, creating a similar experience at various Harvest locations.

The Harvest team has experience in real estate development, and this has enabled Harvest to secure premium locations for its dispensaries. Typically, Harvest seeks locations with high foot traffic and good visibility, often near university campuses.

Principal Milestones & Business Objectives

The principal milestones and business objectives of Harvest over the next 12-month period include the following:

i. **Completion of Financing Transactions**: Through December 31, 2018, Harvest has raised approximately $288 million from the issuance of convertible debt, senior debt and a Subscription Receipt Financing (as defined below). On May 13, 2019, Harvest closed the first tranche of its previously announced brokered private placement of 7% unsecured convertible debentures (the "**Convertible Debentures**"), at a price of US$1,000 per Convertible Debenture for gross proceeds of US$100,000,000. Eight Capital is acting as agent

for the offering. Harvest intends to use the net proceeds of the offering to fund working capital and general corporate purposes. Harvest has also entered into an investment agreement with an institutional investor and an agency agreement with Eight Capital, pursuant to which Eight Capital has agreed to offer for sale, and the institutional investor has agreed, subject to certain terms and conditions customary for a transaction of this nature, to purchase up to four additional tranches of 100,000 convertible debentures for additional gross proceeds of up to US$400,000,000.

ii. **Hiring of Senior Team:** Harvest will continue to build its team as it grows. Harvest uses a metrics-based scorecard system to evaluate new hires, to ensure that all hires have the aptitude, expertise and passion to succeed in a clearly defined, specific role. Harvest sources hires from all over the United States.

iii. **Continued Geographic Expansion:** Harvest intends to continue expansion throughout the United States. Moving forward, Harvest intends to expand through applications and also through selective acquisitions of existing licenses.

iv. **New Facility Construction:** Harvest intends to open cultivation, processing and retail dispensaries on-time and on-budget.

v. **Achieving Budget:** The projects detailed above are funded with a strong balance sheet. Significant market changes, or delayed facility openings, that impact revenue projections would necessitate using the capital reserve. Harvest has operated as a profitable entity, and expects to continue to do so.

vi. **Regulatory Approval**: Harvest's growth objectives assume the timely approval from respective state regulatory agents including for acquisitions, facility expansion, updates, openings, , as well as authorizations under the HSR Act, approval on materials for the purpose of branding, marketing and selling its cannabis finished packaged goods, and marketing of its retail stores. Regulatory delays may affect outcomes.

Subscription Receipt Financing

In connection with the completion of the Reverse Takeover, HVST Finco completed a brokered private placement offering of subscription receipts for aggregate gross proceeds in the amount of US$218,149,676 (the "**Subscription Receipt Financing**"). The Subscription Receipt Financing was co-led by Eight Capital, Canaccord Genuity Corp. and GMP Securities L.P. (the "**Co-lead Agents**"), on behalf of a syndicate of agents including Beacon Securities Limited, Cormark Securities Inc. and Haywood Securities Inc. (collectively, the "**Agents**"). Eight Capital acted as the sole bookrunner in connection with the Subscription Receipt Financing.

HVST Finco issued 33,305,294 subscription receipts (the "**Subscription Receipts**") at a price of US$6.55 per Subscription Receipt (the "**Offering Price**") (the equivalent of C$8.67, based on the Bank of Canada exchange rate of C$1.3241 per US$1.00 on November 13, 2018) for gross proceeds of US$218,149,676. In connection with the closing of the Reverse Takeover, 33,305,294 Subscription Receipts issued pursuant to the Subscription Receipt Financing were automatically converted into 33,305,294 common shares in the capital of HVST Finco and then exchanged into Subordinate Voting Shares of Harvest on a one-for-one basis.

In connection with the Subscription Receipt Financing, Harvest paid a cash fee to the Agents equal to 8% of the gross proceeds of the Subscription Receipt Financing, provided that the cash fee payable to the Agents was reduced to 2% in respect of sales to subscribers on the president's list. As additional consideration, the Agents were granted compensation options ("**Harvest Compensation Options**") equal to 4% of the number of Subscription Receipts issued under the Subscription Receipt Financing. Each Harvest Compensation Option is exercisable into one Subordinate Voting Share (subject to any necessary adjustments), as applicable, at the Offering Price for a period of 24 months following the date of issuance.

See *"Risk Factors"*.

Recent and Pipeline Financings

Harvest has completed, or plans to complete, various financings, including the following:

- On May 13, 2019, Harvest closed the first tranche of its previously announced brokered private placement of Convertible Debentures at a price of US$1,000 per Convertible Debenture for gross proceeds of US$100,000,000 as discussed above. Harvest has also entered into an investment agreement with an institutional investor and an agency agreement with Eight Capital, pursuant to which Eight Capital has agreed to offer for sale, and the institutional investor has agreed, subject to certain terms and conditions customary for a transaction of this nature, to purchase up to four additional tranches of 100,000 convertible debentures for additional gross proceeds of up to US$400,000,000. The Convertible Debentures will bear interest at a rate of 7.0% per annum from the closing date of each tranche, payable semi-annually in arrears on June 30 and December 30 of each year. The initial tranche of Convertible Debentures will be convertible at the option of the holder to Subordinate Voting Shares of Harvest at a price of $15.38 per Subordinate Voting Share, and each subsequent tranche will be convertible at the option of the holder at a 15% premium to the volume weighted average price of the Subordinate Voting Shares on the CSE for the five trading day period immediately preceding the closing of the relevant tranche.

- Concurrently with the closing of the Reverse Takeover, Harvest completed the Subscription Receipt Financing for aggregate gross proceeds of approximately US$218 million.

- Harvest DCP entered into a Letter Credit Agreement on October 3, 2018 to borrow C$26 million for a period of three years at an interest rate that is equal to Bank of Nova Scotia prime plus 10.3% per annum. Principal payments under the loan are amortized monthly on a straight-line basis over a five-year period which began six months after the date of the loan. The loan is secured by a first lien on the assets of Harvest and its subsidiaries and a pledge of its ownership in its subsidiaries. Harvest DCP paid the agent of the lender a C$660,000 work fee. Harvest also issued to such agent US$940,000 of Subordinate Voting Shares of Harvest.

- In August and September of 2018, Harvest US Finco closed a private placement offering to sell approximately $50.3 million of convertible promissory notes (the "**Convertible Promissory Notes**") to accredited investors. The Convertible Promissory Notes were converted to shares of capital stock of Harvest US Finco and such shares were subsequently exchanged for Subordinate Voting Shares and Multiple Voting Shares of Harvest following the completion of the Reverse Takeover.

- On March 7, 2017, Harvest DCP of Maryland, LLC closed an $11 million private placement offering to sell promissory notes and membership interests in Harvest DCP of Maryland, LLC to fund working capital and growth opportunities in Maryland. The membership interests were ultimately exchanged for Subordinate Voting Shares of Harvest pursuant to the Reverse Takeover. The promissory notes were ultimately exchanged for Subordinate Voting Shares pursuant to the Reverse Takeover.

- On October 31, 2016, Dunamis Investments, LLC ("**Dunamis**") loaned $2,500,000 to Harvest DCP and BRLS, and in return received a secured promissory note and warrant for 5% of the membership interest in Harvest DCP. Dunamis exercised the warrant to become a 5% member of Harvest DCP in 2017 and such interest was ultimately exchanged for Subordinate Voting Shares of Harvest pursuant to the Reverse Takeover.

Recent & Pipeline Transactions

Harvest is actively pursuing growth opportunities to expand its portfolio in the medical and adult use cannabis industry. Harvest has completed, and is currently exploring, several transactions in its pipeline, including the following

- On May 20, 2019, Harvest completed the purchase of AGRiMED Industries of PA, LLC, the owner of a grower/processor permit in the state of Pennsylvania.

- On April 9, 2019, Harvest entered into a binding, definitive agreement to acquire CannaPharmacy, Inc. ("**CannaPharmacy**"), subject to satisfaction of customary closing conditions, including receipt of regulatory approvals in the relevant states and required authorizations under the HSR Act. CannaPharmacy owns or operates (through management companies) cannabis licenses in Pennsylvania, Delaware, New Jersey, and Maryland and holds a minority interest in a pending licensee in Colombia. Harvest expects that the transaction will be accretive to Harvest's 2020 revenue and EBITDA.

- On February 14, 2019, Harvest announced a definitive agreement to acquire Falcon International Corp. ("**Falcon**"), a California cannabis company and leader in cultivation, manufacturing, wholesale distribution and brand development, for a non-material undisclosed amount of stock. The acquisition will include, among other things: (i) 16 cannabis licenses spanning across the industry's cultivation, manufacturing and distribution verticals, (ii) access to over 80 percent of California's storefronts, and (iii) a management team comprised of business and cannabis industry professionals with expertise managing high-growth companies. The transaction is subject to customary closing conditions and is expected to close in the first half of 2019.

- On February 12, 2019, Harvest entered into a binding definitive agreement with Devine Hunter Inc., pursuant to which it acquired six additional licenses in Arizona. Upon closing, Harvest will control 16 licenses throughout its home state of Arizona, the country's third largest cannabis market. Before this transaction, Harvest was already the largest operator in Arizona.

- On November 21, 2018, Harvest acquired 100% of the issued and outstanding common stock of San Felasco Nurseries, Inc. ("**San Felasco**") owned by the shareholders of San Felasco in exchange for US$65,676,287.70 comprised of US$34,058,579 in cash, US$29,650,920 in Multiple Voting Shares valued at $390 per share and $1,966,788 in assumption of debt. In addition, Harvest agreed to issue $4,000,000 in Multiple Voting Shares valued at $390 per Multiple Voting Share to a lender of San Felasco's as consideration for waiving certain of its rights and extending the term of certain debt and other financing commitments to San Felasco. San Felasco holds a medical cannabis dispensary license and is authorized to operate as a Medical Marijuana Treatment Center in the state of Florida that can produce, process and dispense medical marijuana and marijuana products. Each Medical Marijuana Treatment Center is allowed to operate up to 25 dispensaries in the State of Florida, subject to increase in certain circumstances.

- On November 14, 2018, Harvest completed the acquisition of CBx Enterprises LLC, a Colorado intellectual property company ("**CBx**"). CBx has entered into a licensing agreement with two Colorado cannabis licensed businesses, THChocolate, LLC and Evolutionary Holdings, LLC (collectively, "**EvoLab**"). EvoLab owns and operates a Colorado medical and adult-use cannabis operation with a cultivation facility and a medical and retail processing facility located in Denver, Colorado. The purchase price for CBx was (i) $33.5 million comprised of $8.5 million in cash and $25 million in Multiple Voting Shares, and (ii) an earn out payment of up to $16 million in Multiple Voting Shares contingent upon the achievement of certain financial milestones following the Reverse Takeover.

- Harvest has multiple applications for licenses in various States throughout the United States.

In addition to the foregoing, Harvest is actively pursuing a number of other opportunities with third parties.

Narrative Description of the Business of Verano

Verano Co-Founder George Archos first entered the cannabis industry in 2014 by founding Ataraxia, LLC, the first operational cultivation center in the State of Illinois's medical cannabis pilot program. Quickly developing a large

market share in Illinois, Mr. Archos began expanding his footprint by acquiring assets in other legalized states. Simultaneously, Co-Founder Sam Dorf had been working on applying and winning competitive applications and negotiating M&A transactions in the cannabis space. Mr. Archos and Mr. Dorf teamed up on many of the assets which ended up in Verano's portfolio. By the completion of its roll-up, and through accretive acquisitions and winning new licenses, Verano has become one of the largest multi-state vertically integrated operators in the United States cannabis industry. The Verano team, which has grown as the business has grown, has deep operational expertise in cultivation, manufacturing, legislation, permitting, zoning and retail sales.

Summary of Operating Businesses

Verano currently holds, manages, has contractual rights to, and/or controls licenses/permits in the States of Arkansas, California, Ohio, Illinois, Maryland, Massachusetts, Michigan, Nevada, New Jersey, Oklahoma, and the Commonwealth of Puerto Rico, with additional pending applications in Michigan, Oklahoma, and California.

Within the next 12 months, Verano plans to cultivate more than 720,000 square feet of cannabis, and its vertical approach to design, construction and implementation results in competitive production costs. Verano has a portfolio of brands which it believes meets market demand.

Business Objectives and Milestones

Verano's goal is to become a leading market player across its two primary operating segments, medical and adult-use, in every State or Territory in which Verano operates. This includes the cultivation of proprietary strains, the manufacture and distribution of innovative products and product categories, and the sale of products through unique, consistently-branded, high quality retail outlets.

Over the last 12 months, Verano has experienced, and continues to experience, rapid organic growth as well as growth through acquisitions.

Through the award of competitive licenses in New Jersey and Nevada by its affiliated entities, the acquisition of non-operational and operational licenses across multiple jurisdictions, and the expansion of capacity in existing markets, Verano and its affiliates have undergone rapid growth since formation. In the next 12 months, Verano plans to continue to expand by closing on new acquisitions, bringing numerous licenses and facilities online, and expanding its production capacity and retail footprint in the States of Arkansas, California, Ohio, Illinois, Maryland, Massachusetts, Michigan, Nevada, New Jersey, Oklahoma, and the Commonwealth of Puerto Rico.

More specifically, Verano and its subsidiaries and affiliates anticipate:

- Bringing a branded medical cannabis retail facility online in the State of Arkansas in the second half of 2019;
- Ramping up production of wholesale distillate and branded finished products in the California marketplace in the second half of 2019;
- Expanding cultivation and manufacturing capabilities in Illinois in the second quarter of 2019;
- Expanding its retail footprint in the greater Chicago, Illinois, metropolitan area in the second half of 2019 and the first quarter of 2020;
- Expanding cultivation capacity and its retail footprint in Maryland in the second half of 2019;
- Expanding its retail footprint across Michigan in the second half of 2019;
- Expanding its cultivation and production capacity in Nevada in the third quarter of 2019;
- Expanding its retail footprint in Nevada in the second half of 2019;

- Bringing cultivation, production, and retail facilities online in New Jersey in the second half of 2019;
- Expanding its production capacity and retail footprint in Oklahoma in the second half of 2019; and
- Expanding its retail footprint in the Commonwealth of Puerto Rico in the second half of 2019.

Pipeline Transactions

As a cannabis industry operator committed to strategic growth of its operations and brands, Verano has pursued various opportunities to expand its portfolio in both the medical and adult-use markets, including the following recent pipeline transactions or acquisitions:

Gentle Ventures, LLC, doing business as Dispensary 33

On February 26, 2019, Verano entered into a definitive agreement to acquire Gentle Ventures, LLC, the holder of a medical cannabis dispensary license in Chicago, Illinois, and doing business as Dispensary 33. The closing of this transaction is contingent upon, *inter alia*, receipt of the required State regulatory approval.

Four Daughters Compassionate Care, Inc.

On November 8, 2018, Verano entered into a definitive agreement to acquire Four Daughters Compassionate Care, Inc., the holder of provisional cannabis licenses in the Commonwealth of Massachusetts. This transaction closed on December 19, 2018.

DGV Group, LLC

On February 13, 2019, Verano entered into a definitive agreement with D9 Manufacturing, Inc., the holder of cannabis manufacturing and distribution licenses in the State of California, and G2 Bio, Inc. for the purposes of creating DGV Group, LLC, a 3-way joint venture to extract cannabis oil and manufacture and distribute cannabis products in the State of California.

Financing Activities

On August 18, 2018, Verano closed an equity financing in the amount of $10,000,000 in exchange for what was at the time 14.0% of the issued and outstanding membership interests in Verano. In addition, Verano obtained convertible debt financing for another $10,000,000 and a commitment of up to $30,000,000 in equity financing if and when Verano raised money at a concurrent financing as part of its planned reverse takeover in exchange for warrants for an aggregate of 3.5% of the membership interests in Verano at Verano's initial value. Capital raised from the foregoing financing was used to fund working capital and growth opportunities across the United States.

On October 22, 2018, Verano closed on a private placement offering to sell $88,000,000 in Class B Membership Units in Verano. Capital raised from the foregoing offering was used to fund working capital and growth opportunities across the United States.

Regulatory Overview

In accordance with Staff Notice 51-352, below is a discussion of the federal and state-level U.S. regulatory regimes in those jurisdictions where the Resulting Issuer is expected to operate through its subsidiaries, Harvest and Verano. Harvest, through its various subsidiaries, currently holds licenses or has operations in cannabis facilities in Arizona, Arkansas, California, Florida, Maryland, Massachusetts Michigan, Nevada, North Dakota, Ohio, and Pennsylvania, with pending applications in and/or planned expansion into California, Illinois, and Michigan. Verano currently holds, manages, and/or controls licenses/permits in the States of Arkansas, California, Ohio, Illinois, Maryland, Massachusetts, Michigan, Nevada, New Jersey, Oklahoma, and the Commonwealth of Puerto Rico, with additional pending applications in Michigan, Oklahoma, and California. In accordance with Staff Notice 51-352, the Resulting Issuer will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and the same will

be supplemented and amended to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding cannabis regulation. Any non-compliance, citations or notices of violation which may impact the Resulting Issuer's licenses, business activities or operations will be promptly disclosed.

Regulation of the Cannabis Market at State and Local Levels

Below is a summary overview of the licensing and regulatory framework in the markets where the Resulting Issuer is expected to hold licenses, rights to operate or where the subsidiaries of the Resulting Issuer are expected to be actively expanding into the cannabis industry.

State	License Type	Number of Licenses Issued in State	Number of Licenses Allowed by Law in State	Number of Harvest Licenses/Applications
Arizona	Vertically Integrated	130	--	10 (9 dispensaries open, 1 under construction; 2 cultivation facilities operating; 1 processing facility operating)
Arkansas	Cultivation/Processing	5	5	1 cultivation/processing facility under construction
	Dispensary	32	32	1 license was awarded in Little Rock
California	Dispensary	421	Varies by municipality	4 municipal permits; 1 dispensary under construction (plus 6 pending applications)
Florida	Vertically Integrated	14	22	1 medical marijuana dispensary license which includes right to operate a Medical Marijuana Treatment Center that can produce, process and dispense medical marijuana and marijuana products and operate up to 25 dispensaries, plus an additional five dispensaries for every 100,000 patients
Maryland	Cultivation	22	22	1
	Processing	28	28	1 (stage one pre-approval; under construction)
	Dispensary	102	102	1
Massachusetts	Dispensary	15	Unlimited	3 pending applications (adult-use)
	Cultivation	10	Unlimited	1 pending application; approved at local level (adult-use)
	Dispensary	49	Unlimited	1 pending applications (adult-use) 2 pending applications (recreational use)
	Processing	10	Unlimited	2 pending applications (adult-use) 2 pending applications (recreational-use)
	Vertically Integrated	40	Unlimited	3 pending applications (medical)
Michigan	Cultivation	6	Varies by municipality	1 pending application for local permit
	Dispensary	18	Varies by municipality	1 pending application for local permit
Nevada	Cultivation	121	Unlimited	1 (medical and adult use)
	Processing	84	Unlimited	1 (medical and adult use)

State	License Type	Number of Licenses Issued in State	Number of Licenses Allowed by Law in State	Number of Harvest Licenses/Applications
North Dakota	Dispensary	8	8	2 (2 dispensaries under construction)
Ohio	Cultivation	13	13	1 provisional license (cultivation site under construction)
	Dispensary	56	60	3 provisional licenses (3 dispensaries under construction)
	Processing	12	40	1 pending application
Pennsylvania	Dispensary	50	50	7 licenses to be managed by Harvest (allows up to 21 dispensaries as approved by the Dept. of Health)
	Grower/Processor Permit	25	25	1 grower/processor permit

Arizona

Arizona Regulatory Landscape

In December 2010, Arizona voters passed the Arizona Medical Marijuana Act (the "**AMMA**"), A.R.S. Section 36-2801 et seq. The AMMA went into effect on April 14, 2011, making Arizona the fourteenth state to adopt a medical marijuana law. The AMMA designates the Arizona Department of Health Services (the "**ADHS**") as the licensing and issuing authority for the Arizona Medical Marijuana Program. The ADHS has adopted rules and regulations for developing and implementing the Arizona Medical Marijuana Program. These rules and regulations are set forth in the Arizona Administrative Code Title 9, Chapter 17.

The first medical marijuana licenses in Arizona were issued in 2012 and Arizona currently has just under 100 open dispensaries. An Arizona adult-use initiative was on the November 2016 ballot, but failed to pass.

Harvest Licenses in Arizona

Harvest DCP has 100% ownership and control of the entities listed in the table below which are licensed to operate cultivation and production facilities and retail medical cannabis dispensaries in the State of Arizona.

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description	Ownership
Abedon Saiz, LLC	00000DCSM00130984	Lake Havasu City, AZ	10/05/2019	1 Retail Dispensary, Cultivation and Production License	100%
Byers Dispensary, Inc.	000000DCOV00321891	Scottsdale, AZ	08/07/2019	1 Retail Dispensary, Cultivation and Production License	100%
High Desert Healing, LLC	0000000DCWH00607422	Avondale, AZ	08/07/2019	1 Retail Dispensary, Cultivation and Production License	100%
High Desert Healing, LLC	0000000DCMV00766195	Lake Havasu City, AZ	08/07/2019	1 Retail Dispensary, Cultivation and Production License	100%

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description	Ownership
Nature Med, Inc.	000000DCST00941489	Guadalupe, AZ	08/07/2019	1. Retail Dispensary, Cultivation and Production License	100%
Pahana, Inc.	00000129DCKL00602472	Glendale, AZ	10/05/2019	1 Retail Dispensary, Cultivation and Production License	100%
Patient Care Center 301, Inc.	00000127DCSS00185167	Tucson, AZ	10/05/2019	1 Retail Dispensary, Cultivation and Production License	100%
Sherri Dunn, LLC	00000124DCKQ00697385	Cottonwood, AZ	10/05/2019	1 Retail Dispensary, Cultivation and Production License	100%
Svaccha, LLC	00000120DCEQ00578528	Tempe, AZ	10/05/2019	1 Retail Dispensary, Cultivation and Production License	100%
Svaccha, LLC	00000137DCOF00188324	Apache Junction, AZ	10/05/2019	1 Retail Dispensary, Cultivation and Production License	100%

Arizona Licenses and Regulations

Arizona state licenses are renewed annually. Each year, licensees are required to submit a renewal application per guidelines published by the ADHS. While renewals are annual, there is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable licenses, Harvest would expect to receive the applicable renewed license in the ordinary course of business. While Harvest's compliance controls have been developed to mitigate the risk of any material violations of a license arising, there is no assurance that Harvest's licenses will be renewed in the future in a timely manner. Any unexpected delays or costs associated with the licensing renewal process could impede the ongoing or planned operations of Harvest and have a material adverse effect on Harvest's business, financial condition, results of operations or prospects.

Arizona is a vertically integrated system so that each license permits the holder to acquire, cultivate, process, distribute and/or dispense, deliver, manufacture, transfer, and supply medical marijuana in compliance with the AMMA and ADHS rules and regulations.

Arizona Reporting Requirements

The State of Arizona uses the ADHS Medical Marijuana Verification System ("**ADHS MMV**") to validate card holders, verify allotment amounts and track all retail transactions for Arizona qualified patients. The ADHS MMV system is also used annually by license holders to renew the dispensary registration certificate.

Harvest uses Leaf Logix software as its computerized, seed-to-sale tracking and inventory system. Individual licensees whether directly or through third-party integration systems are required to capture and retain all information pertaining to the acquisition, possession, cultivation, manufacturing, delivery, transfer, transportation, supplying, selling, distributing, or dispensing of medical marijuana, to meet all reporting requirements for the State of Arizona.

Arkansas

Arkansas Regulatory Landscape

The rules and regulations governing the oversight of medical cannabis cultivation facilities and dispensaries in Arkansas were adopted and promulgated by the Arkansas Alcoholic Beverage Control Board pursuant to Amendment No. 98 of the Constitution of the State of Arkansas of 1874, The Medical Marijuana Amendment of 2016.

The rules and regulations governing medical marijuana registration, testing, and labeling in Arkansas were adopted and promulgated by the Arkansas State Board of Health pursuant to the Department expressly conferred by the laws of the State of Arkansas including, without limitation, Amendment No. 98 of the Constitution of the State of Arkansas of 1874, The Medical Marijuana Amendment of 2016.

These rules govern the following: the requirements for record keeping, security, and personnel at cultivation facilities and dispensaries; the requirements for the manufacturing, processing, packaging, dispensing, disposing, advertising, and marketing of medical marijuana by cultivation facilities and dispensaries; the procedures for inspecting and investigating cultivation facilities and dispensaries; and the procedures for sanctioning, suspending, and terminating cultivation facility and dispensary licenses for violations of the amendment or these rules.

Harvest Licenses in Arkansas

Harvest Arkansas Holding, LLC has 100% ownership and control of Natural State Capital, LLC which is the sole manager of, and owns all of the common membership interests of, the entity listed in the table below, which is licensed to operate a cultivation and production facility in the state of Arkansas.

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
Natural State Wellness Enterprises, LLC	00123	Jackson County, AR	06/30/2019	1 Cultivation and Production License

Natural State Wellness Enterprises, LLC, an Arkansas limited liability company ("**NSWE**"), owns one cultivation and production license in the State of Arkansas. Pursuant to NSWE's operating agreement, NSWE is a manager-managed limited liability company and the sole manager is Natural State Capital, LLC ("**NSC**"), an Arkansas limited liability company and a wholly-owned subsidiary of Harvest. As the sole manager of NSWE, NSC has the exclusive and complete authority and discretion to manage the affairs and operations of NSWE and to make all decisions regarding the business of NSWE. NSC also owns all of the common membership interests (the "**NSWE Common Units**") in NSWE; all of the preferred membership interests in NSWE (the "**NSWE Preferred Units**") are owned by unrelated third parties. NSWE's operating agreement provides that the holders of the NSWE Preferred Units are entitled to 100% of net available cash until their aggregate cash distribution equals 200% of their initial capital contribution of $4,850,000 (total of $9,700,000). Thereafter, the holders of the NSWE Preferred Units are entitled to an annual 5% rate of return on their initial capital contribution, and NSC, as the sole holder of the NSWE Common Units, receives all remaining net available cash.

Harvest Arkansas Holding, LLC has 51% ownership and control of Natural State Wellness Investments, LLC, which is the sole manager of, and owns all of the common membership interests of, the entity listed in the table below, which is licensed to operate one dispensary in the state of Arkansas.

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
Natural State Wellness Dispensary, LLC	00126	Little Rock, AR	06/30/2020	1 dispensary license

Harvest Pending License Applications in Arkansas

Harvest Arkansas Holding, LLC has partnered with Natural State Wellness Dispensary, LLC, an Arkansas limited liability company ("**NSWD**"), to apply for four medical marijuana dispensary licenses in the State of Arkansas as described in the table below. Under Arkansas law, notwithstanding the four applications listed below, NSWD will only be permitted to own and operate one dispensary. If NSWD is successful in obtaining a license, it will enter into a strategic joint venture with a subsidiary wholly-owned and controlled by Harvest Arkansas Holding, LLC for the operation and management of the dispensary. There can be no assurance that NSWD will obtain any such license.

Applicant Entity	**City**	**Description**
Natural State Wellness Dispensary, LLC	Fort Smith, AR	1 Retail Dispensary License Application
Natural State Wellness Dispensary, LLC	Jonesboro, AR	1 Retail Dispensary License Application
Natural State Wellness Dispensary, LLC	Little Rock, AR	1 Retail Dispensary License Application
Natural State Wellness Dispensary, LLC	Pine Bluff, AR	1 Retail Dispensary License Application

Verano Licenses in Arkansas

Verano has entered into purchase option agreements to acquire Noah's Ark, LLC. During the pendency of the foregoing option, Noah's Ark, LLC has executed a management and administrative services agreement with Verano, pursuant to which Verano will manage the operations of the dispensary.

Holding Entity	**Permit/License**	**City**	**Expiration/Renewal Date (if applicable) (MM/DD/YY)**	**Description**
Noah's Ark, LLC	00245	Union County, AR	06/30/2020	1 Dispensary License

Arkansas Licenses and Regulations

Arkansas state licenses expire one year after the date of issuance. The Arkansas Medical Marijuana Commission is required under the legislation to issue a renewal dispensary or a renewal cultivation facility license within ten days to any entity that complies with the requirements contained in the Medical Marijuana Amendment of 2016, including the payment of a renewal fee. While renewals are annual, there is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable licenses, Harvest would expect to receive the applicable renewed license in the ordinary course of business. While Harvest's compliance controls have been developed to mitigate the risk of any material violations of a license arising, there is no assurance that Harvest's licenses will be renewed in the future in a timely manner. Any unexpected delays or costs associated with the licensing renewal process could impede the ongoing or planned operations of Harvest and have a material adverse effect on the Harvest's business, financial condition, results of operations or prospects.

Arkansas Reporting Requirements

All medical marijuana cultivation facilities and dispensaries are required to utilize the Inventory Tracking System implemented by the State of Arkansas to track medical marijuana from seed to distribution to qualified patients and designated caregivers.

California

California Regulatory Landscape

In 1996, California became the first state to permit the use of medical marijuana by qualified patients through Proposition 215, the Compassionate Use Act of 1996 ("**CUA**"). In 2003, Senate Bill 420 (the "**Medical Marijuana Program Act**") was enacted to clarify the scope and application of the CUA, which also created the "collective" commercial model for medical marijuana transactions. In September 2015, the California legislature took the next step and established the framework for a statewide medical marijuana program when it passed three bills collectively known as the Medical Marijuana Regulation and Safety Act ("**MMRSA**"),[1] which was further amended in 2016 and renamed the "Medical Cannabis Regulation and Safety Act" ("**MCRSA**"). MCRSA established a comprehensive licensing and regulatory framework for medical marijuana businesses in California. The system created multiple license types for cultivation, manufacturing, distribution, transportation, sales (including delivery only) and testing – including subcategories for the various activities, such as volatile and non-volatile licenses types for edible infused product manufacturers depending on the specific extraction methodology, and different licenses for cultivators depending on canopy size and cultivation medium. MRSCA set forth uniform operating standards and responsibilities for licensees. Under MCRSA, multiple agencies would oversee different aspects of the program alongside a newly established Bureau of Medical Cannabis Regulation within the California Department of Consumer Affairs that would control and govern how cannabis businesses would operate. All commercial cannabis businesses would require a state license and local approval to operate.

Subsequently, in November 2016, voters in California overwhelmingly passed Proposition 64, the "Adult Use of Marijuana Act" ("**AUMA**"), legalizing adult-use of cannabis by individuals 21 years of age or older. AUMA established a regulatory program for adult-use cannabis businesses and had some conflicting provisions with MCRSA. So, in June 2017, the California State Legislature passed Senate Bill No. 94, known as Medicinal and Adult-Use Cannabis Regulation and Safety Act ("**MAUCRSA**"), which amalgamates MCRSA and AUMA to provide a single system with uniform regulations to govern both medical and adult-use cannabis businesses in the State of California. The legislature also enacted subsequent technical "fix it" bills, such as California Assembly Bills No. 133 and 266, further refining cannabis laws and the calculation of application cultivation and excise taxes. The three main agencies that regulate medical and adult-use marijuana businesses at the state level today are Bureau of Cannabis Control ("**BCC**"),[2] California Department of Food and Agriculture CalCannabis Cultivation Licensing ("**CDFA**"),[3] and California Department of Public Health's Manufactured Cannabis Safety Branch ("**CDPH**").[4] Additionally, the California Department of Tax and Fee Administration oversees the collection of taxes from cannabis businesses. Various other state agencies play more minor roles in licensing and operational approval, such as the Department of Pesticide Regulation and Department of Fish and Wildlife for certain cultivation activities. The BCC, CDFA, and CDPH promulgated regulations to give effect to the general framework for the regulation of commercial medicinal and adult-use cannabis in California created by MAUCRSA, with each set of final regulations adopted by each agency on January 16, 2019. In addition, the CUA remains valid law, but the medical marijuana "collective" model is now illegal as of January 9, 2019.

In order to legally operate a medical or adult-use cannabis business in California, the operator must have both local approval and state licensure for each type of commercial cannabis activity conducted at a specified business premises (and only one type of commercial cannabis activity may be conducted at a licensed premises, but their may be multiple premises on a given piece of real estate so long as they are sufficiently separated in accordance with MAUCRSA). Cities and counties in California have discretion to determine the number and types of licenses they will issue to marijuana operators, or can choose to limit or outright ban commercial cannabis activities within their jurisdiction. This limits cannabis businesses to cities and counties with marijuana licensing or approval programs.[5]

[1] AB 243, AB 266, and SB 643.

[2] In place of Bureau of Medical Marijuana Regulation; oversees brick and mortar and delivery-only retailers, distributors, microbusinesses, testing laboratories and event organizers.

[3] Oversees cultivators and processors.

[4] Oversees manufacturing.

[5] There is currently a dispute concerning cities' rights to prohibit incoming deliveries that originate from licensed cannabis companies in other California cities. The BCC adopted a final regulation that allows deliveries into any jurisdiction in the state, even ones which apparently prohibit it. *See* 16 C.C.R. § 5416(d). MAUCRSA and Prop. 64, however, give localities discretion to prohibit or limit cannabis activities. *See* Cal. Bus. &

Temporary cannabis licenses under MAUCRSA began to issue to operators on January 1, 2018, when MAUCRSA took full effect. Temporary cannabis licenses (so long as the business also has prior local approval) allow cannabis businesses to open their doors without an annual license. All cannabis businesses in California must eventually secure an annual license to operate for twelve-month periods. As of January 1, 2019, the state will no longer issue or renew temporary commercial cannabis licenses, and the legislature created provisional licenses to ensure continued operations while businesses wait on annual licensure. To receive a provisional license, a cannabis business must have, or have held (at the same location for the same cannabis activity), a temporary license and have filed with the state a complete application for an annual license (at the same location for the same cannabis activity) before the expiration of its temporary license(s). Harvest began acquiring and/or applying for and receiving marijuana medical and adult-use licenses throughout the state of California in 2018. Harvest only operates in California cities with clearly defined marijuana licensing programs.

Harvest Licenses and Permits in California

Certain subsidiaries of Harvest of California LLC have received local licenses to operate retail dispensaries in the jurisdictions listed in the table below. Such subsidiaries are still in the process of obtaining state annual licenses under applicable California law in these jurisdictions. Upon obtaining annual licenses, each licensed subsidiary will be permitted to operate as a medical and adult-use retailer in these jurisdictions subject to the provisions of applicable law and regulations.

Harvest of California LLC has either 100% or majority ownership and control of the licenses listed in the table below, which are allowed under local law to operate retail dispensaries in the California jurisdictions set forth in the table below. Each entity below is awaiting licensure from the BCC, which Harvest understands is typically granted after thorough BCC review of state annual license applications (which includes the vetting of "owners" and "financial interest holders" of the company) once the local license, permit or other form of authorization, as applicable, has been obtained.

Applicant Entity	City	Description	Ownership
Harvest of Napa, Inc.	Napa, CA	1 Retail (Medicinal) Dispensary Cannabis Retailer License	65%
Harvest of Santa Monica, LLC	Santa Monica, CA	1 Retail (Medicinal) Dispensary Cannabis Retailer License (Pending Governmental Issuance)	76.5%
Harvest of Merced, LLC	Merced, CA	1 Retail (Medicinal and Adult-Use) Dispensary Commercial Cannabis Business Permit Application, with Delivery	88%
Harvest of Moreno Valley, LLC	Moreno Valley, CA	1 Retail (Medicinal and Adult-Use) Dispensary Commercial Cannabis Business Permit Application, with Delivery	95%

Harvest Pending License Applications in California

Harvest of California LLC has either 100% or majority ownership and control of, or has plans to enter into a commercial arrangement for the operation and management of the licensed facility with the entities listed in the table below. Each of these entities have applied for local approval to operate retail dispensaries or medical cannabis delivery businesses in the California jurisdictions set forth in the table below. There can be no assurance that Harvest will obtain any state or local licenses or permits pursuant to these applications or enter into such commercial arrangements.

Prof. Code §§ 26090(e); 26001(a)(1). On April 4, 2019, a group of California cities and counties sued the BCC and its Chief, Lori Ajax, seeking a declaration that the BCC's regulation is invalid and may not be enforced. *See County of Santa Cruz et. al v. Bureau of Cannabis Control et. al*, No. 19CECG01224, (Apr. 4, 2019). The case is in its infancy and no substantive motions have been filed as of May 10, 2019.

Applicant Entity	City	Description	Ownership
Harvest of Culver City, LLC	Culver City, CA	1 Retail (Medicinal & Adult-Use) Dispensary Cannabis Business Permit Application	100%
Harvest of Hesperia, LLC	Hesperia, CA	1 (Medicinal) Cannabis Delivery Business Permit Application	55%
Harvest of Lake Elsinore, LLC	Lake Elsinore, CA	1 Retail (Medicinal & Adult-Use) Dispensary Commercial Cannabis Business Permit Application	75%
Harvest of Chula Vista, LLC	Chula Vista, LLC	1 Retail (Medicinal & Adult-Use) Dispensary Commercial Cannabis Business Permit Application	0%
Harvest of Pasadena, LLC	Pasadena, LLC	1 Retail (Medicinal and Adult-Use) Dispensary Commercial Cannabis Business Permit Application, with Delivery	0%
Harvest of Riverside, LLC	Riverside County, LLC	11 Retail (Medicinal & Adult-Use) Dispensary Commercial Cannabis Business Permit Applications	0%

Verano Licenses and Permits in California

On February 13, 2019, Verano entered into a definitive agreement with D9 Manufacturing, Inc., the holder of cannabis manufacturing and distribution licenses in the State of California, and G2 Bio, Inc. for the purposes of creating DGV Group, LLC, a 3-way joint venture to extract cannabis oil and manufacture and distribute cannabis products in the State of California. Although Verano and DGV Group, LLC, are currently in the local and State approval process, DGV Group, LLC, is anticipated to control the following licenses:

Holding Entity	Local License, Permit or Clearance	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description	Ownership
DGV Group, LLC (Gartik Corp./D9 Manufacturing, Inc.)	CD STF 095-001545	Coachella, CA	N/A	Cannabis Tax Permit	62.5%
DGV Group, LLC (Gartik Corp./D9 Manufacturing, Inc.)	211764224-00001	Coachella, CA	N/A	Seller's Permit	62.5%
DGV Group, LLC (Gartik Corp./D9 Manufacturing, Inc.)	A11-18-0000271-TEMP	Coachella, CA	8/11/2019	Distributor (Adult and Medical) - Temporary	62.5%
DGV Group, LLC (Gartik Corp./D9 Manufacturing, Inc.)	CDPH-10001459	Coachella, CA	12/27/2019	Manufacturing License - Annual Type 6: Non Volatile Solvent Extraction (Medical & Adult Use)"	62.5%
DGV Group, LLC (Gartik Corp./D9 Manufacturing, Inc.)	CRP 17-36	Coachella, CA	N/A	City of Coachella Distribution Permit; Cannabis Facility Regulatory Permit	62.5%

Holding Entity	Local License, Permit or Clearance	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description	Ownership
DGV Group, LLC (Gartik Corp./D9 Manufacturing, Inc.)	CRP 17-03 (Modification)	Coachella, CA	N/A	City of Coachella Manufacturing Permit; Cannabis Facility Regulatory Permit	62.5%
DGV Group, LLC (Gartik Corp./D9 Manufacturing, Inc.)	SDS-CA-20119	Coachella, CA	N/A	California Department of the Treasury Alcohol and Tobacco Tax and Trade Bureau Industrial Alcohol User Permit	62.5%
DGV Group, LLC (Gartik Corp./D9 Manufacturing, Inc.)	FRPHMI800001	Coachella, CA	N/A	Riverside County Fire Department Permit	62.5%

Verano Pending License Applications in California

Verano has ownership interests in the entities listed in the table below, which have applied for local licenses to operate retail dispensaries or medical cannabis delivery businesses in the California jurisdictions set forth in the table below. There can be no assurance that Verano will obtain any licenses pursuant to these applications.

Applicant Entity	City	Description	Ownership
Verano Chula Vista, LLC	Chula Vista, CA	Retail Dispensary License Application	7.5%
Verano Pasadena, LLC	Pasadena, CA	Retail Dispensary License Application	15%

California Licenses and Regulations

California state annual licenses must be renewed annually. Each year, licensees are required to submit a renewal application per regulations published by BCC. While renewals are annual, there is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, there are no material violations noted against the applicable license, and there are no changes in ownership of the business or major changes to the operations of the business, Harvest would expect to receive the applicable renewed license in the ordinary course of business. While Harvest's compliance controls have been developed to mitigate the risk of any material violations of a license arising, there is no assurance that Harvest's licenses will be renewed in the future in a timely manner, and this does not account for the individual renewal processes for necessary local entitlements to maintain the required local approval (see below). Any unexpected delays or costs associated with the licensing renewal process could impede the ongoing or planned operations of Harvest and have a material adverse effect on Harvest's business, financial condition, results of operations or prospects. Additionally, the legislative and regulatory requirements are subject to change.

The renewal process for local entitlements is different in each jurisdiction and for each type of entitlement. For example, a conditional use permit or development agreement may last for a number of years, but a city may also require that an applicant obtain a local business license or tax certificate that must be renewed annually. This will require a detailed focus on each local jurisdiction's laws and regulations, as well as the terms of any local entitlement. Ultimately, Harvest would expect to obtain renewed local entitlements along the same lines as state entitlements, and subject to the same caveats.

California Reporting Requirements

The State of California has selected Franwell Inc.'s METRC solution ("**METRC**") as the state's T&T system used to track commercial cannabis activity and movement across the distribution chain ("seed-to-sale"). The METRC system is in the process of being implemented statewide but has not been released, though applicants for annual licensure with the BCC and the other state agencies are each required to designate T&T account managers who must register for METRC training within 10 days after receiving confirmation of receipt of filing an annual license application. When operational, the METRC system will allow for other third-party system integration via application programming interface ("**API**").

Colorado

Summary of Colorado Regulations

Colorado has both medical and adult-use marijuana programs. In 2000, voters passed Amendment 20 to the Colorado Constitution, a medical marijuana law creating a patient/caregiver system that permits physicians to recommend cannabis for an inclusive set of qualifying conditions including chronic pain and allows cultivation of a limited number of plants by patients and caregivers for medical use. In 2010, Colorado became the first state in the country to legitimize its existing cannabis businesses by passing a for-profit cannabis business legislation through the legislature, establishing a state and local licensing and regulatory structure for medical marijuana centers, cultivations, and manufacturers. Colorado voters subsequently passed adult-use marijuana legalization by voter initiative in 2012 with Amendment 64 of the Colorado Constitution, and the first adult-use marijuana businesses opened in 2014.

The Marijuana Enforcement Division, a subdivision of the Colorado Department of Revenue, regulates and licenses both medical and adult-use marijuana businesses in the state along with applicable local regulatory authorities. Separate medical and adult-use licenses are issued for: cultivation, product manufacturing and extraction, retail sales, off-storage premises facilities, transportation, management company/operators, testing and delivery. In addition, the state issues occupational licenses for owners and employees of marijuana businesses. There are no limits on the number of licenses issued statewide, but localities can prohibit or otherwise regulate the number of establishments within their jurisdiction. Starting on January 1, 2017, Colorado repealed its former two-year residency requirement for ownership of marijuana businesses and, subject to certain restrictions, non-resident US citizens may now own equity in a Colorado licensed business. However, persons directly in control of day-to-day operations must be a Colorado resident as of the date of application. Vertical integration is currently required but is getting phased out for medical cultivation and dispensing businesses. It is not required or prohibited for medical products manufacturers or any adult-use business types. As of July 1, 2019, the required vertical integration rule will not longer be in effect. In the most recent legislative session, a bill was passed which will allow public companies to hold ownership in a Colorado licensed business. Once signed by the Governor, the new law will apply to those applications received by the Marijuana Enforcement Division after November 1, 2019. The Marijuana Enforcement Division has a rolling non-competitive application process and business operations require both a state and local license.

Verano intends to seek advice from legal counsel and/or other advisors in connection with Colorado's marijuana regulatory program, and only engage in transactions with Colorado marijuana businesses that hold licenses that are in good standing to cultivate, possess and process marijuana in Colorado in compliance with Colorado's marijuana regulatory program. To the extent required, the Resulting Issuer will fully disclose and/or register each financial interest the Resulting Issuer holds in such Colorado marijuana businesses.

Florida

Florida Regulatory Landscape

In 2014, the Florida Legislature passed the Compassionate Use Act which was the first legal medical cannabis program in the state's history. The original Compassionate Use Act only allowed for low-THC cannabis (Charlotte's Web strain) to be dispensed and purchased by patients suffering from cancer and epilepsy.[6]

In 2016, the Legislature passed the Right To Try Act which allowed for full potency cannabis to be dispensed to patients suffering from a diagnosed terminal condition. Also in 2016, the Florida Medical Marijuana Legalization Initiative was introduced by citizen referendum and passed with a 71.3% majority on November 8. This Act amended the state constitution and mandated an expansion of the state's medical cannabis program.

Amendment 2, and the expanded qualifying medical conditions, became effective on January 3, 2017. The Florida Department of Health, physicians, dispensing organizations, and patients are bound by Article X Section 29 of the Florida Constitution and 381.986 Florida Statutes.

On June 9, 2017, the Florida House of Representatives and Florida Senate passed respective legislation to implement the expanded program by replacing large portions of the existing Compassionate Use Act, which officially became law on June 23, 2017.

As of September 28, 2018, there were 169,632 patients in the registry, 13 approved medical marijuana treatment centers (of which three are cultivation only), and 55 approved retail dispensing locations.[7] The law regulating Amendment 2 provides for another four licenses to be issued for every 100,000 patients added to the state's medical marijuana registry and would allow growers to open 25 dispensaries, plus an additional five dispensaries for every 100,000 patients.[8]

Harvest License in Florida

On November 21, 2018, Harvest acquired 100% of the issued and outstanding common stock of San Felasco from the San Felasco shareholders in exchange for $65,676,287.70, comprised of $34,058,579.32 in cash, $29,650,920 in Multiple Voting Shares valued at $390 per share and $1,966,788.38 in assumption of debt. In addition, Harvest agreed to issue $4,000,000 in Multiple Voting Shares valued at $390 per Multiple Voting Share to a lender of San Felasco's as consideration for waiving certain of its rights and extending the term of certain debt and other financing commitments to San Felasco. San Felasco holds a medical marijuana dispensary license and is authorized to operate as a Medical Marijuana Treatment Center in the state of Florida that can produce, process and dispense medical marijuana and marijuana products. Each Medical Marijuana Treatment Center is allowed to operate up to 25 dispensaries in the State of Florida, subject to increase in certain circumstances.

Holding Entity	City	Description	Ownership
San Felasco Nurseries, Inc.	Gainesville, FL	1 Medical Marijuana Treatment Center License (vertically integrated; allows up to 25 dispensaries, plus an additional five dispensaries for every 100,000 patients)	100%

1. Subject to adjustment based on number of active registered qualified patients in the medical marijuana use registry. See "Florida Licenses and Regulations".

Florida Licenses and Regulations

[6] Florida Department of Health, Office of Medical Marijuana Use; May 4, 2018 ttp://www.floridahealth.gov/programs-and-services/office-of-medical-marijuana-use/ommu- updates/_documents/180504-bi-weekly-update.pdf

[7] Florida Department of Health, Office of Medical Marijuana Use; September 28, 2018 http://www.floridahealth.gov/programs-and- services/office-of-medical-marijuana-use/ommu- updates/_documents/180928-bi-weekly-update.pdf

[8] Marijuana Policy Project; October 10, 2017 https://www.mpp.org/states/flori

The State of Florida Statutes 381.986(8)(a) provides a regulatory framework that requires licensed operators, which are statutorily defined as "Medical Marijuana Treatment Centers" ("**MMTC**"), to cultivate, process, dispense and transport medical cannabis in a vertically integrated marketplace.

The MMTC license permits the sale of medical marijuana whole flower and derivative products produced from extracted cannabis plant oil as medical cannabis to qualified patients to treat certain medical conditions in the State of Florida which conditions are delineated in Florida Statutes section 386.981.

Licenses issued by the Department of Health may be renewed biennially so long as the licensee meets requirements of the law and pays a renewal fee. Applicants must demonstrate (and licensed MMTC's must maintain) that: (i) they have been registered to do business in the State of Florida for the previous five years, (ii) they possess a valid certificate of registration issued by the Florida Department of Agriculture, (iii) they have the technical and technological ability to cultivate and produce cannabis, including, but not limited to, low-THC cannabis, (iv) they have the ability to secure the premises, resources, and personnel necessary to operate as an MMTC, (v) they have the ability to maintain accountability of all raw materials, finished products, and any by-products to prevent diversion or unlawful access to or possession of these substances, (vi) they have an infrastructure reasonably located to dispense cannabis to registered qualified patients statewide or regionally as determined by the Department, (vii) they have the financial ability to maintain operations for the duration of the two-year approval cycle, including the provision of certified financial statements to the Department, (viii) all owners, officers, board members and managers have passed a Level II background screening, inclusive of fingerprinting, and ensure that a medical director is employed to supervise the activities of the MMTC, and (ix) they have a diversity plan and veterans plan accompanied by a contractual process for establishing business relationships with veterans and minority contractors and/or employees. Upon approval of the application by the Department, the applicant must post a performance bond of US$5 million, however, a MMTC serving at least 1,000 qualified patients is only required to maintain a US$2 million performance bond.

The State of Florida statutes provide that an individual or entity that directly or indirectly owns, controls or holds with power to vote 5% or more of the voting shares of a MMTC may not acquire direct or indirect ownership or control of any voting shares or other form of ownership of any other MMTC. In addition, MMTC's can operate up to a maximum of 25 dispensaries throughout the State of Florida; provided, that when the medical marijuana use registry reaches 100,000 active registered qualified patients, and then upon each further instance of the total active registered qualified patients increasing by 100,000, the statewide maximum number of dispensing facilities that each licensed medical marijuana treatment center may establish and operate increases by five. The medical marijuana use registry in Florida surpassed 100,000 patients in April 2018. As of May 3, 2019, 2018, there were 281,345 registered patients in Florida with 215,435 qualified patients holding active medical marijuana cards, therefore the current number of allowable dispensaries is 35, with the exception of the MMTC license held by the company that successfully challenged the License Cap.

Florida Reporting Requirements

The Florida Department of Health requires that any licensee establish, maintain, and control a computer software tracking system that traces cannabis from seed to sale and allows real-time, 24-hour access by the Florida Department of Health to data. The tracking system must allow for integration of other seed-to-sale systems and, at a minimum, include notification of when marijuana seeds are planted, when marijuana plants are harvested and destroyed, and when cannabis is transported, sold, stolen, diverted, or lost. Additionally, the Florida Department of Health also maintains a patient and physician registry and the company must comply with all requirements and regulations relative to providing required data or proof of key events to said system.

Illinois

Illinois Regulatory Landscape

The *Compassionate Use of Medical Cannabis Pilot Program Act* (the "**IL Act**") was signed into law in August 2013 and took effect on January 1, 2014. The IL Act provides medical cannabis access to registered patients who suffer from a list of over 30 medical conditions including epilepsy, cancer, HIV/AIDS, Crohn's disease and Post-Traumatic Stress Disorder. As of April 30, 2019, approximately 65,525 patients have been registered under the IL Act and are qualified to purchase cannabis and cannabis products from registered dispensaries. The program is expected to remain

in a pilot stage through July 2020, at which point the IL Act will be re-evaluated for future implementation. Between commencement of the Illinois program in November 2011 and April 30, 2019, aggregate retail sales by licensed dispensaries totaled $323,125,506.66 (including total retail sales of $63,031,596.42 in 2019 as of April 30, 2019) and aggregate wholesale sales by licensed cultivation centers totaled $ 180,488,665.88 (including total wholesale sales of $35,081,223.42in 2018 as of April 30, 2019).

Oversight and implementation under the IL Act are divided among three Illinois state departments: the Department of Public Health (the "**IL DPH**"), the Department of Agriculture (the "**IL DA**"), and the Department of Financial and Professional Regulation (the "**IL DFPR**"). The IL DPH oversees the following IL Act mandates: (a) establish and maintain a confidential registry of caregivers and qualifying patients authorized to engage in the medical use of cannabis; (b) distribute educational materials about the health risks associated with the abuse of cannabis and prescription medications; (c) adopt rules to administer the patient and caregiver registration program; and (d) adopt rules establishing food handling requirements for cannabis-infused products that are prepared for human consumption. It is the responsibility of the IL DA to enforce the provisions of the IL Act relating to the registration and oversight of cultivation centers. The IL DFPR enforces the provisions of the IL Act relating to the registration and oversight of dispensing organizations. The IL DPH, IL DA and IL DFPR may enter into intergovernmental agreements, as necessary, to carry out the provisions of the IL Act.

Illinois has issued a limited amount of dispensary and cultivation center licenses (which are permitted to conduct processing/manufacturing activities in addition to cultivation activities to produce various permissible medical cannabis products). There are currently 55 licensed dispensaries and 22 licensed cultivation centers.

Verano Licenses in Illinois

Ataraxia, LLC ("**Ataraxia**") has 100% control of the cultivation center license identified below. The cultivation license permits Ataraxia to acquire, possess, cultivate, extract, manufacture, deliver, transfer, have tested, transport, supply or sell medical marijuana to medical marijuana dispensaries throughout the State of Illinois. In addition, Ataraxia and/or other Verano affiliates have licensing and other contractual relationships permitting Verano, with State approval, to own, manage, license, and/or control retail dispensaries in the State of Illinois, as set forth below.

Holding Entity	Local License, Permit or Clearance	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description	Ownership/ Control
Ataraxia, LLC	1503060700	Albion, IL	03/09/2020	Cultivation Center License (includes manufacturing)	100%
NH Medicinal Dispensaries, LLC (dba The Clinic Effingham)	DISP.000042	Effingham, IL	08/22/2019	Dispensary License	50%
Healthway Services of West Illinois, LLC (dba Zen Leaf St. Charles)	DISP.000020	St. Charles, IL	12/23/2019	Dispensary License	100%

Illinois Reporting Requirements

Illinois uses the BioTrack THC track and trace system to manage the flow of reported data between each licensee and the state. Verano uses a track and trace system that fully and compliantly integrates with the state's system to ensure all reporting requirements are met. Information processed through the track and trace system must be maintained in a secure location at the dispensary organization for five years.

Dispensing licensees are mandated by the IL Act to maintain records electronically and make them available for inspection by the IL DFPR upon request. Records that must be maintained and made available, as described in the IL Act, include: (a) operating procedures; (b) inventory records, policies, and procedures; (c) security records; and (d) staffing plans. All dispensing organization records, including business records such as monetary transactions and bank statements, must be kept for a minimum of three years. Records of destruction and disposal of all cannabis not sold, including notification to the IL DFPR and State Police, shall be retained at the dispensary organization for a period of not less than five years.

Inventory/Storage

A dispensing organization's agent-in-charge has primary oversight of the dispensing organization's medical cannabis inventory control system. Under the IL Act, a dispensary's inventory control system must be real-time, web-based, and accessible by the IL DFPR 24 hours a day, seven days a week. The track and trace system used by Verano complies with such requirements.

The inventory control system of a dispensing organization must record all cannabis sales, waste, and acquisitions. Specifically, the inventory system must track and reconcile through the track and trace system each day's cannabis beginning inventory, acquisitions, sales, disposal and ending inventory. Tracked information must include: (a) product descriptions including the quantity, strain, variety and batch number of each product received; (b) the name and registry identification number of the permitted cultivation center providing the medical cannabis; (c) the name and registry identification number of the permitted cultivation center agent delivering the medical cannabis; (d) the name and registry identification number of the dispensing organization agent receiving the medical cannabis; and (e) the date of acquisition. Dispensary managers are tasked with conducting and documenting monthly audits of the dispensing organization's daily inventory according to generally accepted accounting principles.

Storage of cannabis and cannabis product inventory is also regulated by the IL Act. Inventory must be stored on the dispensary's licensed premises in a restricted access area. Appropriate storage temperatures, containers, and lighting are required to ensure the quality and purity of cannabis inventory is not adversely affected.

Security

Under the IL Act, dispensaries must implement security measures to deter and prevent entry into and theft from restricted access areas containing either cannabis or currency. Mandated security measures include security systems, panic alarms, and locked doors or barriers between the facility's entrance and limited access areas. Admission to the limited access areas must be restricted to only registered qualifying patients, designated caregivers, principal officers, and agents conducting business with the dispensing organization. Visitors and persons conducting business with the dispensing organization in limited access areas must always wear identification badges and be escorted by a dispensary agent authorized to enter the restricted access area. A visitor's log must not only be kept on-site but must also be maintained for five years.

The IL Act states 24-hour video surveillance of both a dispensary's interior and exterior are required to be taken and kept for at least 90 days. Unless prohibited by law, video of all interior dispensary areas, including all points of entry and exit, safes, sales areas, and storage areas must be kept. Unobstructed video of the dispensary's exterior perimeter, including the storefront and the parking lot, must also be kept. Video surveillance cameras are required to be angled to allow for facial recognition and the capture of clear and certain identification of any person entering or exiting the dispensary area. Additionally, all video must be taken in lighting sufficient for clear viewing during all times of night or day. The IL Act also requires all security equipment to be inspected and tested within regular 30-day intervals.

Maryland

Maryland Regulatory Landscape

In 2012, a State law was enacted in Maryland to establish a state-regulated medical marijuana program. Legislation was signed in May 2013 and the first license to grow was issued in May of 2017. The Maryland Medical Cannabis Commission ("**MMCC**") regulates the state program and awarded operational licenses in a highly competitive

application process. 102 dispensary applications were selected for pre-approval out of a pool of over 800 applicants while an original 15 processing and 15 cultivation licenses were selected out of a pool of over 124 applicants. Eventually, 18 processor licenses and 18 growers' licenses would be selected from the first application round, although as of this writing only 15 growers and 17 processors have received final licensure. Those that have not yet received the licence will have through September 30, 2019 to secure the license or risk termination of their pre-approval.

The medical cannabis program was written to allow access to medical cannabis for patients with any condition that is considered "severe" for which other medical treatments have proven ineffective, including chronic pain, nausea, seizures, glaucoma and post-traumatic stress disorder ("**PTSD**"). All major product forms are allowed for sale and consumption with the exception, initially, of edibles. Some market estimates peg the medical market size to reach approximately $221 million by 2021.[9] However, early indications of patient participation have trended toward broader state-wide adoption in the inaugural year of the program than originally forecasted.

In April 2018, Maryland lawmakers agreed to expand the program by awarding up to 4 additional growers licenses and 10 additional processing licenses, bringing the grand total to 22 possible growers licenses and 28 possible processors licenses statewide. The open application period for these additional licenses is open through May 25, 2019, and the MMCC is expected to announce the selection of the pre-approved applicants in July 2019.

Furthermore, in the 2019 legislative session, lawmakers passed further expansions of the program, including a statute that would allow for the production and sales of edible cannabis products, and explicit authorization for an owner to hold a direct interest in up to 4 dispensaries at the same time. This legislation was subsequently signed into law by Maryland Governor Lawrence Hogan and is expected to take effect on July 1, 2019.

Harvest Licenses in Maryland

Harvest DCP of Maryland, LLC has 100% ownership and control of the entities listed in the table below which are licensed to operate a cultivation and processing facility (co-located) and a retail medical cannabis dispensary in the state of Maryland. The retail dispensary license permits Harvest to purchase cannabis and cannabis-infused products from other licensed growers, processors and dispensaries, and allows the sale of these products to registered patients. The medical cultivation license permits Harvest to acquire, possess, cultivate, deliver, transfer, have tested, transport, supply or sell cannabis and related supplies to licensed dispensaries, processors and growers. The processing license allows Harvest to acquire, possess, manufacture, process, deliver, transfer, transport, supply, and sell cannabis-infused products other licensed growers, processors and dispensaries.

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description	Ownership
Harvest of Maryland Dispensary, LLC	D-17-00017	Rockville, MD	12/14/2019	1 Retail Dispensary License	100%
Harvest of Maryland, Cultivation, LLC	G-17-00003	Hancock, MD	08/15/2019	1 Grower License	100%

[9] New Frontier Analytics. (2018 March). The Cannabis Industry Annual Report. Retrieved from https://newfrontierdata.com/annualreport2017/.

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description	Ownership
Harvest of Maryland Production, LLC	P-19-00001	Hancock, MD		1 Production License	100%

Verano Licenses in Maryland

RedMed, LLC has 100% ownership and control of the first two licenses listed in the table below, which are licensed to operate a cultivation facility and a retail medical cannabis dispensary in the state of Maryland. The retail dispensary license permits RedMed's wholly-owned subsidiary, licensee Freestate Wellness, LLC ("**Freestate**"), to purchase medical marijuana from cultivation facilities, marijuana and marijuana products from product manufacturing facilities and marijuana from other retail stores, and allows the sale of marijuana and marijuana products to registered patients. The medical cultivation license permits Freestate to acquire, possess, cultivate, deliver, transfer, have tested, transport, supply or sell marijuana and related supplies to medical marijuana dispensaries, facilities for the production of edible medical marijuana products and/or medical marijuana-infused products, or other medical marijuana cultivation facilities. In addition, through management agreements and other affiliate relationships, Verano's subsidiaries manage additional dispensaries in the State of Maryland, as illustrated on the table below.

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description	Ownership/ Control
RedMed, LLC/Freestate Wellness, LLC	G-17-00006	Jessup, MD	8/15/2019	1 Cultivation License	100%
RedMed, LLC/Freestate Wellness, LLC	D-17-00019	Jessup, MD	12/14/2019	1 Dispensary License	100%
Canna Cuzzos, LLC d/b/a Zen Leaf Waldorf	D-18-00016	Waldorf, MD	2/24/2020	1 Dispensary License	100% control
AGG Wellness, LLC d/b/a Herban Legends of Towson	D-18-00025	Towson, MD	5/24/2020	1 Dispensary License	Management Agreement

Verano Pending Licenses in Maryland

Verano, through management agreement or other affiliate relationships, will manage the entities listed in the table below which were awarded Stage One Pre-Approval to pursue medical cannabis dispensary licenses in the State of Maryland, some of which may be pending State approval. The entities are is in the process of constructing these facilities and, in the case of Maryland Natural Treatment Solutions, LLC, undergoing zoning review, after which it expects to receive final licensing approval. Notwithstanding the foregoing, there can be no assurance that the entities below will obtain such licenses.

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description	Ownership/ Control
Mikran, LLC	Stage One Pre-Approval	Germantown, MD	Must be operational by September 30, 2019	1 Dispensary License	Management Agreement
Maryland Natural Treatment Solutions, LLC	Stage One Pre-Approval	Pasadena, MD	Must be operational by September 30, 2019	1 Dispensary License	Management Agreement

Maryland Licenses and Regulations

Maryland licenses are valid for a period of two years and are subject to payment of annual required fees, and the continued good standing status of the business. Renewal requests are typically communicated through email from the MMCC and include a renewal form. The annual licensing fee for a grower is $125,000; $40,000 for a processor; and $40,000 for a dispensary.

Maryland Reporting Requirements

The State of Maryland uses Franwell Marijuana Enforcement Tracking Regulation and Compliance system (METRC) as the state's computerized T&T system for seed-to-sale. Individual licensees whether directly or through third-party integration systems are required to push data to the state to meet all reporting requirements. Harvest uses a third-party application for its computerized seed to sale software, which integrates with the state's Metric program and captures the required data points for cultivation, manufacturing and retail as required in the Maryland Medical Cannabis law. In addition, licensees are required to submit an annual report specifying the number of minority and women owners and employees of the business.

Massachusetts

Massachusetts Regulatory Landscape

Massachusetts became the eighteenth state to legalize medical marijuana when voters passed a ballot initiative in 2012. Adult use (recreational) marijuana is legal in Massachusetts as of December 15, 2016, following a ballot initiative in November of that year. Originally, the Department of Public Health had regulatory authority over the Medical Use of Marijuana Program ("**MUMP**"), including all cultivation, processing and dispensary facilities, and the Cannabis Control Commission ("**CCC**") had oversight over the recreational program, including licensing of adult use cultivation, processing and dispensary facilities. However, on December 23, 2018, the CCC assumed control of the medical marijuana program, and now oversees both programs.

Massachusetts maintains a robust MUMP. As of March 31, 2019, there were 49 Registered Marijuana Dispensaries ("**RMDs**") approved for sales, 59,288 active patients, 7,005 active caregivers, and 293 registered healthcare providers.[10] RMDs sold over 327,000 ounces of medical marijuana in the fiscal year through March 31, 2019.[11] Recreational sales in Massachusetts began in November 2018, and the CCC has now awarded dozens of provisional

[10] Mass.gov, "Massachusetts Medical Use of Marijuana Program Snapshot," https://www.mass.gov/service-details/massachusetts-medical-use-of-marijuana-program-snapshot (visited May 10, 2019).

[11] Mass.gov, "Massachusetts Medical Use of Marijuana Program: External Dashboard March 2019, https://www.mass.gov/files/documents/2019/04/09/external-dashboard-March%202019.pdf (visited May 10, 2019).

and final licenses to adult use retailers, cultivators, and manufacturers.[12] As of May 10, 2019, Massachusetts' adult-use market had grossed over $112 million in sales, with $96.2 million coming in 2019.[13]

Harvest Pending License Applications in Massachusetts

Harvest Mass Holding I, LLC has 100% ownership and control of the entities listed in the table below which have submitted the following applications to the CCC for medical and recreational licenses to operate dispensaries, cultivation facilities, and manufacturing facilities in the Massachusetts jurisdictions set forth below. There can be no assurance that Harvest will obtain any licenses pursuant to these applications.

Applicant Entity	**City**	**Description**	**Ownership**
Suns Mass, Inc.	Boston, MA	1 Medical Dispensary, Manufacturing & Cultivation License Application	100%
Suns Mass, Inc.	Boston, MA	1 Medical Dispensary, Manufacturing & Cultivation License Application	100%
Suns Mass, Inc.	Deerfield, MA	1 Medical Dispensary, Manufacturing & Cultivation License Application (received local approval for cultivation site)	100%
Suns Mass, Inc.	Boston, MA	1 Medical Dispensary License Application	100%
Suns Mass, Inc.	Boston, MA	1 Adult-use License Application	100%
Suns Mass II, LLC	Worcester, MA	1 Adult-use License Application	100%
Suns Mass, Inc.	Boston, MA	1 Adult-use License Application	100%
Suns Mass, Inc.	Boston, MA	1 Adult-use License Application	100%
Suns Mass, Inc.	Boston, MA	1 Medical Manufacturing License Application	100%
Suns Mass, Inc.	Boston, MA	1 Medical Manufacturing License Application	100%
Suns Mass, Inc.	Deerfield, MA	1 Adult-use Cultivation License Application (received local approval for cultivation site)	100%

Verano Pending License Applications in Massachusetts

Verano Four Daughters Holdings, LLC has 100% ownership and control of the entity listed in the table below which have submitted the following applications to the Massachusetts Department of Public Health for medical and recreational licenses to operate retail dispensaries, cultivation facilities and manufacturing facilities in the Massachusetts jurisdictions set forth below. There can be no assurance that Verano will obtain any licenses pursuant to these applications.

Applicant Entity	**City**	**Description**	**Ownership**
Four Daughters Compassionate Care, Inc.	Sharon, MA	1 Medical Dispensary, Manufacturing & Cultivation License Application	100%
Four Daughters Compassionate Care, Inc.	Sharon, MA	1 Recreational Dispensary, Manufacturing & Cultivation License Application	100%

[12] Cannabis Control Commission, "Adult-Use Applications and Licenses," https://opendata.mass-cannabis-control.com/stories/s/Applications-and-Licenses/eteq-dp5h (visited May 10, 2019).

[13] Cannabis Control Commission, "Adult-Use Sales and Product Distribution," https://opendata.mass-cannabis-control.com/stories/s/Sales-and-Product-Distribution/xwwk-y3zr (visited May 10, 2019).

Applicant Entity	City	Description	Ownership
Four Daughters Compassionate Care, Inc.	Plymouth, MA	1 Medical Dispensary License Application	100%
Four Daughters Compassionate Care, Inc.	Plymouth, MA	1 Recreational Dispensary License Application	100%

Massachusetts Licenses and Regulations

RMDs are "vertically-integrated," which means they grow, process, and dispense their own marijuana. Under certain conditions, RMDs are able to acquire up to 45% of their annual inventory of product from other RMDs.[14] An RMD must have a retail facility, as well as cultivation and processing operations. Some RMDs elect to do cultivation, processing and retail operations all in one location, which is commonly referred to as a "colocated" operation. An RMD may also choose to have a retail dispensary in one location and grow marijuana at a remote cultivation location. It may conduct the processing of the marijuana at either the retail dispensary location or the remote cultivation location. The remote cultivation location need not be in the same municipality or even the same county as the retail dispensary. RMDs are highly regulated under 935 CMR 501.000 et seq., which contain detailed requirements related to operations, security, storage, transportation, inventorying, personnel, and more.

There are several different classes of adult-use licenses in Massachusetts, including cultivators, cooperatives, manufacturers, retailers, transporters, and more (collectively, "**Marijuana Establishments**"). There is no requirement that Marijuana Establishments be vertically integrated. As with RMDs, Marijuana Establishments are highly regulated. The adult-use regulations, 935 CMR 500.000 et seq., contain detailed requirements related to operations, security, storage, transportation, inventorying, personnel, and more.

Massachusetts law limits entities to owning or controlling no more than three of each type of adult-use license. Because Verano is pursuing Massachusetts adult-use licenses, Harvest may have to divest from its pending license applications listed above or those of Verano in order to be in compliance with the law.

Massachusetts Reporting Requirements

The CCC uses a cloud-based online reporting system called "Metrc" for its seed-to-sale tracking system. Massachusetts' licensees must utilize the Metrc seed-to-sale system to track all marijuana products being cultivated, manufactured, transported, tested, and sold in the Commonwealth.

Michigan

Michigan Regulatory Landscape

Medical cannabis has been legal in Michigan since 2008, when 63% of voters approved a measure that protected patients and caregivers but did not establish regulations for businesses. In September 2016, three bills were enacted that created a regulatory framework for medical marijuana businesses, while also providing new protections for patients. Under the new law, cultivators, processors, testing labs, transporters, and provisioning centres could become licensed and regulated at the state level.

Oversight of medical cannabis is the responsibility of the Bureau of Medical Marihuana Regulation ("**BMMR**"), which consists of the Medical Marihuana Facility Licensing Division ("**MMFL**") and the Michigan Medical Marihuana Program Division ("**MMMP**"). The MMFL regulates the state's medical marihuana facilities and licensees, including growers, processors, transporters, provisioning centers and safety compliance facilities. The MMMP

[14] 935 CMR 501.105(2)(c).

oversees the state's patient registry program, issues registry identification cards, and administers the Michigan Medical Marihuana Act.

As of August 2018, regulators have approved only 18 dispensary licenses, 6 cultivation licenses and 3 processor licenses due to strict financial disclosure requirements. It is likely that this is far short of the number required to serve a total of 290,000 existing patients.

While retail medical cannabis sales in the state of Michigan were an estimated $100-$150 million in 2017, Factbook forecasts peak potential medical cannabis demand to be $325-$425 million. It is expected that individual licenses will be valuable, as some municipalities have capped the number of medical cannabis facilities (including Detroit, which has limited licenses to 75). Additionally, Michigan recently named 11 new conditions that qualify for medical marijuana prescriptions, including chronic pain. This change could further broaden the patient base in the state.

In December 2018, Michigan voters decided to legalize adult-use cannabis in the state. Existing cannabis businesses in Michigan are likely to have a significant competitive advantage under proposed regulations as the current initiative calls for the state to accept recreational applications only from those with an existing medical cannabis license during the first two years of implementation.

Verano Licenses in Michigan

Verano subsidiary Verano Michigan, LLC will be, upon State of Michigan and local municipality approvals, the 100% owner of Buchanan Development, LLC, which holds a dispensary license in Buchanan, Michigan. During the pendency of the foregoing approvals, Buchanan Development, LLC has executed a management and administrative services agreement with Verano Michigan, LLC, pursuant to which Verano Michigan, LLC will manage the operations of the dispensary.

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description	Ownership/ Control
Buchanan Development, LLC	PC-000069	Buchanan, MI	4/25/20	1 Dispensary License	100% (pending state and municipal approvals)

Harvest Pending License Applications in Michigan

EPS I, LLC, an entity owned by third parties, has applied for a medical marihuana facility permit in Battle Creek, Michigan. If EPS I, LLC is successful in obtaining the permit, it will apply for a state operating license from the State of Michigan for a medical marijuana provisioning center, and if successful in obtaining such state license, it plans to enter into a strategic joint venture with Harvest Michigan Holding I, LLC for the operation and management of the provisioning center whereby Harvest Michigan Holding I, LLC will provide services relating to the design and construction of the provisioning center, human resources, finance and accounting, marketing, sales, legal and compliance. There can be no assurance that EPS I, LLC will obtain such license.

Richmond Sky Tower, LLC, an entity owned by third parties, has applied for a medical marihuana grower permit in Reed City, Michigan. If Richmond Sky Tower, LLC is successful in obtaining the permit, it will apply for a state operating license from the State of Michigan for a medical marijuana growing facility, and if successful in obtaining such state license, it plans to enter into a strategic joint venture with Harvest Michigan Holding I, LLC for the operation and management of the growing facility whereby Harvest Michigan Holding I, LLC will provide services relating to the design and construction of the facility, human resources, finance and accounting, marketing, sales, legal and compliance. There can be no assurance that Richmond Sky Tower, LLC will obtain such license.

Michigan Reporting Requirements

The Michigan Department of Licensing and Regulatory Affairs and the BMMR utilizes METRC for their Marijuana Enforcement Tracking Reporting and Compliance. METRC serves as a resource for Michigan's statewide monitoring system for integrated marijuana tracking, inventory, and verification under the Marijuana Tracking Act (2016 PA 282).

Nevada

Nevada Regulatory Landscape

In 2013, Nevada legislature passed SB374, providing for state licensing of medical marijuana establishments. On November 8, 2016, Nevada voters passed Question 2 (codified in Nevada as Nevada Revised Statutes 435D) by ballot initiative allowing for the sale of marijuana for adult use. Although adult-use marijuana establishment licenses were not required to be issued until January 2018, by emergency regulation the Nevada Department of Taxation issued "early start" licenses in June 2017, allowing for adult-use sales to begin on July 1, 2017. There are currently 115 cultivators, 80 producers, and 66 retail stores licensed for adult-use in the entire state. Approximately 75% of the state licensed marijuana operations exist within Clark County / Las Vegas city limits, representing an approximate 8,000 square mile area. The remaining 25% of licenses exist throughout the rest of the state.[15]

In the first eight months of Nevada adult use sales, recreational retail sales were reported at over $260 million, averaging almost $33 million per month and trending materially higher than forecasts submitted by the Nevada Department of Taxation (the "**DOT**").[16] The state has opened up applications for additional adult use licenses and given priority to businesses with current licenses, allowing for greater opportunity for Harvest to increase its Nevada footprint at an expedited pace.

The Nevada marijuana establishment's application process is merit-based, competitive, and is currently closed. If an application merits a sufficient score in the scored criterion, contains all required information, and after vetting by officers, establishments, the proposed establishment may be constructed as proposed, inspected by the DOT, and then the facility may be issued a marijuana establishment facility license. In a local governmental jurisdiction that issues business licenses, the issuance by DOT of a medical marijuana establishment registration certificate is considered provisional until the local government has issued a business license for operation and the establishment is in compliance with all applicable local governmental ordinances. Final registration certificates are valid for a period of one year and are subject to annual renewals after required fees are paid and the business remains in good standing. Renewal requests are typically communicated through email from DOT and include a renewal form.

Harvest Licenses in Nevada

Harvest DCP of Nevada, LLC has 94% ownership and control of Harvest of Nevada, LLC which is licensed to operate a medical and recreational cultivation facility and a medical and recreational production facility in the state of Nevada as described in the table below.

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description	Ownership
Harvest of Nevada, LLC	02453409930064080151	West Wendover, NV	N/A	1 Cultivation License	94%
Harvest of Nevada, LLC	44157619491235161364	West Wendover, NV	N/A	1 Production License	94%

[15] Nevada Department of Taxation. (2018 April 18). Marijuana Program Overview. Retrieved from https://tax.nv.gov/Publications/Marijuana_Statistics_and_Reports/

[16] https://www.reviewjournal.com/news/pot-news/nevada-recreational-marijuana-sales-reach-41m-in-march/

Verano Licenses in Nevada

Lone Mountain Partners, LLC, ("**Lone Mountain**") holds a license to operate a medical and recreational cultivation facility and a medical and recreational production facility in the State of Nevada as described in the table below. Lone Mountain was also awarded 11 additional dispensary licenses in the fall of 2018. In addition, Nevada Natural Treatment Solutions, LLC, controls a medical and recreational dispensary license in the State of Nevada, as indicated in the table below.

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description	Ownership/ Control
Lone Mountain Partners, LLC	22879263582681231312	North Las Vegas, NV	06/30/19	1 Medical Cultivation License	100%
Lone Mountain Partners, LLC	228792635826812000007895403890813278726 1	North Las Vegas, NV	06/30/19	1 Adult-Use Cultivation License	100%
Lone Mountain Partners, LLC	79286894201268135002	North Las Vegas, NV	06/30/19	1 Medical Manufacturing License	100%
Lone Mountain Partners, LLC	38120054593314237201	North Las Vegas, NV	06/30/19	1 Adult Use Manufacturing License	100%
Lone Mountain Partners, LLC	RD590 *(Provisional)*	Unincorporated Clark County, NV	N/A	1 Retail Dispensary License	100%
Lone Mountain Partners, LLC	RD591 *(Provisional)*	Las Vegas, NV	N/A	1 Retail Dispensary License	100%
Lone Mountain Partners, LLC	RD592 *(Provisional)*	North Las Vegas, NV	N/A	1 Retail Dispensary License	100%
Lone Mountain Partners, LLC	RD593 *(Provisional)*	Reno, NV	N/A	1 Retail Dispensary License	100%
Lone Mountain Partners, LLC	RD594 *(Provisional)*	Esmerelda County, NV	N/A	1 Retail Dispensary License	100%
Lone Mountain Partners, LLC	RD595 *(Provisional)*	White Pine County, NV	N/A	1 Retail Dispensary License	100%
Lone Mountain Partners, LLC	RD596 *(Provisional)*	Lander County, NV	N/A	1 Retail Dispensary License	100%
Lone Mountain Partners, LLC	RD597 *(Provisional)*	Douglas County, NV	N/A	1 Retail Dispensary License	100%
Lone Mountain Partners, LLC	RD598 *(Provisional)*	Mineral County, NV	N/A	1 Retail Dispensary License	100%
Lone Mountain Partners, LLC	RD601 *(Provisional)*	Lincoln County, NV	N/A	1 Retail Dispensary License	100%
Lone Mountain Partners, LLC	RD602 *(Provisional)*	Eureka County, NV	N/A	1 Retail Dispensary License	100%
Nevada Natural Treatment Solutions, LLC (NatureX, LLC)	46918722962994189103	Las Vegas, NV	6/30/2019	1 Medical Dispensary License	50%
Nevada Natural Treatment	10340862547948454764	Las Vegas, NV	6/30/2019	1 Retail Dispensary License	50%

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description	Ownership/ Control
Solutions, LLC (NatureX, LLC)					

Nevada Licenses and Regulations

The cultivation license permits Harvest to acquire, possess, cultivate, deliver, transfer, have tested, transport, supply or sell marijuana and related supplies to medical marijuana dispensaries, facilities for the production of edible medical marijuana products and/or medical marijuana-infused products, or other medical marijuana cultivation facilities.

The product manufacturing license permits Harvest to acquire, possess, manufacture, deliver, transfer, transport, supply, or sell edible marijuana products or marijuana infused products to other medical marijuana production facilities or medical marijuana dispensaries.

Nevada Reporting Requirements

The State of Nevada uses METRC as the state's computerized T&T system for seed-to-sale. Individual licensees whether directly or through third-party integration systems are required to push data to the state to meet all reporting requirements. Harvest has designated an in-house computerized seed to sale software that integrate with METRC via API (GreenBits), which captures the required data points for cultivation and manufacturing as required in Nevada Revised Statutes section 453A.

New Jersey

New Jersey Regulatory Landscape

Medical marijuana has been legal in the State of New Jersey since 2012. The program is regulated under the New Jersey Compassionate Use Medical Marijuana Act ("**CUMMA**"), which was signed into law in January 2010. Under the Act, medical cannabis use is permitted for certain indications including chronic pain, cancer, glaucoma, HIV/AIDS, and inflammatory bowel disease.

The state Medical Marijuana Program ("**MMP**") is administered by the New Jersey Department of Health. To date, approximately 33,000 medical marijuana patients have registered in the program, with one-third of this number qualified due to either chronic pain or anxiety. Since the MMP was expanded in early 2018, the government approved an additional six medical cannabis dispensaries as a recent higher patient influx has resulted in long lines and limited product availability.

On July 16, the DOH released a Request for Applications for up to six new applicants to operate Alternative Treatment Centers ("**ATCs**"). The Department of Health has established an independent and unbiased process and publicly disclosed the selection criteria in its publication of the RFA; the application period ended on Friday, August 31, 2018. Complete applications will be evaluated and scored by a selection committee. Applicants chosen to proceed in the permitting process will be notified once review is complete.

The New Jersey Department of Health has received 146 applications from 106 organizations to operate ATCs in the state. Applicants had to identify the region of the state where they would like to operate an ATC. There were 50 applicants for the northern region, 45 in the central region and 51 in the southern region.

New Jersey is a vertically integrated system so that each ATC license permits the holder to acquire, cultivate, process, distribute and/or dispense, deliver, manufacture, transfer, and supply medical marijuana in compliance with the CUMMA and the MMP rules and regulations.

Verano Licenses in New Jersey

Verano NJ LLC, holds a vertically-integrated license in the Central Region of the State of New Jersey. With state approval, the entity will be wholly-owned and/or controlled by Verano. The license is not yet operational, and although the entity is proceeding toward bringing the license to operational status, there can be no assurance that the entity will obtain a final license.

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description	Ownership/ Control
Verano NJ, LLC	C-0023	Elizabeth, NJ; Rahway, NJ	N/A	1 Medical Cultivation, Production, and Retail License	100% (upon state approval)

New Jersey Reporting Requirements

The Reporting Requirements for ATCs are governed by N.J.A.C. 8:64-4.3. The State of New Jersey allows ATC's to choose their method of electronic verification and seed-to-sale tracking.

North Dakota

North Dakota Regulatory Landscape

In 2016, North Dakota voters approved a medical marijuana initiative by a vote of 64% to 36%, however, implementation has been slow. North Dakota awarded its first cultivation licenses in May 2018 and retail sales began in March 2019, with a dispensary in Fargo (operated by Acreage Holdings) and three more dispensaries were anticipated to open in May and June of 2019 in Grand Forks, Williston and Bismarck. The remaining dispensaries in Devils Lake, Dickinson, Jamestown and Minot are expected to be registered and operational until the end of 2019. Businesses may have ownership interest in more than one legal entity that holds a dispensary license, but the same legal entity may only possess one dispensary license.

The Division of Medical Marijuana within the North Dakota Department of Health (the "**DOH/MM**") is responsible for establishing and implementing the medical marijuana program in the state. Under the North Dakota Century Code (NDCC) Chapter 19-24, the Department of Health has established eight regions within the state where dispensaries may be located. The Department is to register no more than eight medical marijuana dispensaries (one within each region) unless it is determined that additional dispensaries are required to increase access. At this time, all regions have selected one dispensary and each region is expected to have an operational dispensary by the end of 2019. The State of North Dakota estimates that as many as 4,000 residents will be legally using medical marijuana by summer, 2021.

Under the Medical Marijuana Administrative Rules, home delivery of medical cannabis will be permitted in all regions within the state. A dispensary operator does not have exclusive control of delivery within that region, but any dispensary may deliver to a medical patient located anywhere within the state.

In November 2018, the people of North Dakota voted against a ballot initiative to legalize adult-use marijuana. The 66th Legislative Session (ending May 3, 2019) made several changes to North Dakota's medical marijuana program. The changes focused on the patient qualification to receive medical marijuana and the Senate removed a limit on the number of marijuana plants to be used at a manufacturing facility. Twelve conditions were added to the list of debilitating medical conditions. The Governor signed the bills containing the legislative changes to the medical marijuana program on April 23, 2019.

Harvest Licenses in North Dakota

HOFB, LLC, an entity that is owned 95% by Steve White, the CEO of Harvest and 5% by a third party, was awarded a license to operate a medical retail dispensary in Bismarck, North Dakota region on September 24, 2018 as described in the table below. On November 15, 2018, the DOH/MM announced that HofW, LLC, an entity that is 100% owned and controlled by Steve White, was selected as the dispensary for the Williston, North Dakota region and would have to meet additional requirements before receiving their registration certificate. Each of HAFB, LLC and HofW, LLC has entered into a strategic joint venture with Harvest DCP Holding of North Dakota, LLC ("Harvest North Dakota"), a wholly-owned indirect subsidiary of Harvest, for the operation and management of their dispensary facilities in North Dakota whereby Harvest North Dakota provides services relating to the design and construction of the dispensary, human resources, finance and accounting, marketing, sales, legal and compliance.

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
HofB, LLC	N/A	Bismarck, ND	TBD	1 Medical Retail Dispensary License
HofW, LLC	N/A	Williston, ND	TBD	1 Medical Retail Dispensary License

North Dakota Reporting Requirements

The State of North Dakota is using BioTrackTHC as their verification system for seed-to-sale tracking, as well as for the registry system for patients, designated caregivers, and compassion center agents. The BioTrackTHC verification and registry systems will meet the needs of the program, including sufficient tracking of inventory and ease of use for potential patients and designated caregivers.

Ohio

Harvest Licenses in Ohio

Harvest of Ohio, LLC ("**Harvest of Ohio**") was awarded three of the 56 provisional medical marijuana dispensary licenses (out of approximately 376 applications) as set forth in the table below. Harvest of Ohio, an entity owned 49% by Steven White, the CEO of Harvest, and 51% by a third party, has entered into a strategic joint venture with Harvest DCP of Ohio, LLC for the operation and management of Harvest of Ohio's three medical marijuana dispensaries in the State of Ohio whereby Harvest DCP of Ohio, LLC provides services relating to the design and construction of the dispensaries, retail operations support, human resources, finance and accounting, marketing, sales, legal and compliance. This management agreement remains subject to applicable regulatory approvals.

Harvest Grows, LLC ("**Harvest Grows**") was awarded one of 12 original Level I provisional medical marijuana cultivation licenses (out of approximately 109 applications) as set forth in the table below. Harvest Grows, an entity owned by third parties and controlled by Steven White, the CEO of Harvest, and a third party, has entered into a strategic joint venture with Harvest DCP of Ohio, LLC for the operation and management of Harvest Grow's cultivation facility in the State of Ohio whereby Harvest DCP of Ohio, LLC provides services relating to the design and construction of the cultivation facility, human resources, finance and accounting, marketing, sales, legal and compliance.

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
Harvest of Ohio, LLC	MMD.04035	Columbus, OH	N/A	1 Provisional Medical Dispensary License

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
Harvest of Ohio, LLC	MMD.04036	Athens, OH	N/A	1 Provisional Medical Dispensary License
Harvest of Ohio, LLC	MMD.04037	Beavercreek, OH	N/A	1 Provisional Medical Dispensary License
Harvest Grows, LLC	MMD.04035	Ironton, OH	N/A	1 Level 1 Provisional Medical Cultivator License

Harvest of Ohio has obtained certificates of occupancy or substantially completed construction of each of its dispensaries in Columbus, Athens and Beavercreek, Ohio and its cultivation facility in Ironton, Ohio and plans to commence operations after completion of an inspection by the State of Ohio Board of Pharmacy and their issuance of a certificate of operation.

Harvest Grows expects to commence operations for its cultivation facility upon completion of the construction of the Ironton facility and the obtaining of a certificate of operation from the Ohio Department of Commerce.

Harvest Pending License Applications in Ohio

Harvest Processing, LLC, ("**Harvest Processing**") an entity owned by third parties and controlled by Steven White, the CEO of Harvest, and a third party, has applied for a processing license with the Ohio Department of Commerce. If Harvest Processing is successful in obtaining the license, it will enter into a strategic joint venture with Harvest DCP of Ohio, LLC for the operation and management of the processing facility whereby Harvest DCP of Ohio, LLC will provide services relating to the design and construction of the facility, human resources, finance and accounting, marketing, sales, legal and compliance. There can be no assurance that Harvest Processing will obtain such license.

Verano Pending Licenses in Ohio

Mother Grows Best, LLC and Mother Know's Best, LLC have pending consulting and administrative services agreements with Verano, pursuant to which Verano would provide certain services to both companies.

In addition, Verano through its wholly-owned subsidiaries VHGRX Holdings, LLC, and Ohio Natural Treatment Solutions, LLC, have pending purchase right agreements which, upon exercise and regulatory approval, permit the foregoing entities to acquire a majority interest in Green Rx, LLC, and certain assets of Ohio Grown Therapies, LLC. Prior to exercise, the foregoing entities have pending consulting and administrative services agreements with VHGRX Holdings, LLC, and Ohio Natural Treatment Solutions, LLC, respectively, pursuant to which each will provide certain services to the licensees.

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
Mother Grows Best, LLC	Letter Approval (provisional)	Canton, OH	08/15/19	1 Level II Medical Cultivator License and Processor License
Mother Know's Best, LLC	MMD.04028	Canton, OH	06/30/19	1 Provisional Medical Dispensary License
Ohio Natural Treatment Solutions, LLC (Ohio Grown Therapies, LLC)	MMD.04022	Newark, OH	06/30/19	1 Provisional Medical Dispensary License

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
Green Rx, LLC	MMD.04007	Cincinnati, OH	5/15/19	1 Provisional Medical Dispensary License

Ohio Licenses and Regulations

On November 30, 2017, the Ohio Department of Commerce awarded 12 Level 1 and 12 Level II Cultivator Provisional Licenses. Harvest Grows LLC was awarded one of the 12 Level I Cultivator Provisional Licences. Level 1 Cultivators are allowed to initially build 25, 000 square feet of cultivation area and Level II are allowed to build 3,000 square feet of cultivation area. Since November 30, 2017 the Department of Commerce has issued an additional 4 Level 1 and 1 additional Level II provisional cultivator licenses. The provisional cultivator provisional licenses were awarded after an extensive review of more than 180 applications including 109 Level 1 applications.

Provisional medical marijuana cultivation licensees are authorized to begin the process of establishing a cultivation facility in accordance with the representations in their applications and the rules adopted by the State of Ohio Department of Commerce. Per rule, all provisional medical marijuana cultivator license holders have a maximum of nine months to demonstrate compliance with the cultivator operational requirements as set forth in their respective applications to obtain a cultivator certificate of operation. The nine-month time period can be extended by filing requests for time variances with the State of Ohio Department of Commerce. Harvest of Ohio has filed requests for a time variance to obtain a certificate of operation of each of its facilities.

Compliance to obtain a cultivator certificate of operation will be demonstrated by passing an inspection by inspection agents of the Ohio Department of Commerce. Once a cultivator certificate of operation is obtained, the cultivator can start planting medical marijuana and, when ready, sell medical marijuana to licensed medical marijuana processors in the state of Ohio. If the cultivator is also licensed as a "plant only processor", it can sell medical marijuana plan material directly to licensed medical marijuana dispensaries in Ohio.

By rule, the Ohio Department of Commerce has limited the number of cultivator Level I and Level II licenses that it could issue to 24. However, since that date five additional cultivator provisional licenses have been issued. Additionally, depending on market needs, the Department of Commerce can authorize future increases in the permissible cultivation areas for Level I (from 25,000 SF to 50,000 SF) and for Level II cultivators (from 3,000 SF to 6,000 SF).

On June 4, 2018, the State of Ohio Board of Pharmacy awarded 56 medical marijuana provisional dispensary licenses. The provisional medical marijuana dispensary licenses were awarded after an extensive review of 376 submitted dispensary applications.

Provisional medical marijuana dispensary licensees are authorized to begin the process of establishing a dispensary in accordance with the representations in their applications and the rules adopted by the State of Ohio Board of Pharmacy. Per rule, all provisional medical marijuana dispensary license holders have a maximum of six months to demonstrate compliance with the dispensary operational requirements as set forth in their respective applications to obtain a certificate of operation. The six-month time period can be extended by filing requests for time variances with the State of Ohio Board of Pharmacy. Harvest of Ohio has been granted time variances to complete the process to obtain certificates of operation for all three dispensaries. However, for any dispensary which has not completed its build out by May 31, 2019 and obtained a certificate of operation, the State Board of Pharmacy will require a personal appearance before the State Board of Pharmacy on June 5, 2019 to explain delays and why additional time is needed. Harvest of Ohio expects to obtain certificates of operation for all three dispensaries following completion of an inspection by a Board of Medical Marijuana Compliance Agent. Once a dispensary is awarded a certificate of operation, it can begin ordering medical marijuana from Ohio-licensed processors and plant-only cultivators, and selling medical marijuana to Ohio patients and caregivers in accordance with Ohio laws and rules.

By rule, the State of Ohio Board of Pharmacy is limited to issuing up to 60 dispensary licenses across the state, but has the authority to increase the number of licenses after September 8, 2018. Per the program rules, the Board will consider, on at least a biennial basis, whether enough medical marijuana dispensaries exist, considering the state population, the number of patients seeking to use medical marijuana, and the geographic distribution of dispensary sites.

Ohio Reporting Requirements

The Ohio Medical Marijuana Control Program has selected Franwell Inc.'s METRC solution to implement the "seed-to-sale" inventory tracking system. Franwell Inc. will provide training to licensees on how to properly use the inventory tracking system to comply with the requirements of the statute and rules contained in Ohio Revised Code and Ohio Administrative Code Chapter 3796.

Oklahoma

Oklahoma Regulatory Landscape

In April 2015, the governor of Oklahoma signed House Bill 2154 into law allowing the sale of CBD oil with less than 0.3% THC. On June 26, 2018, Oklahoma voters approved State Question 788 ("**SQ 788**"), which legalized medical cannabis. Oklahoma established the Oklahoma Medical Marijuana Authority ("**OMMA**") to oversee the state's medical cannabis program. The OMMA is responsible for licensing, regulating, and administering the program as authorized by state law. Operating under the Oklahoma State Department of Health, the primary goal of the OMMA is to ensure safe and responsible practices for the people of Oklahoma. On August 6, 2018, the governor of Oklahoma signed the revised emergency rules for the medical cannabis program.

While most medical cannabis state laws include a list of qualifying conditions, Oklahoma does not. According to SQ 788, doctors shall recommend patient licenses using the same judgment they would for prescriptions. In other words, a doctor can write a recommendation for any condition they see fit for medicinal cannabis treatment.

Licensing

The OMMA manages all licensing and registration for medicinal cannabis patients and their caregivers as well as grower, processor and dispensary operators. Applicants must be resident of Oklahoma with at least 75% ownership held by an Oklahoma resident. All owners must present an Oklahoma Secretary of State Certificate of Good Standing and demonstrate exemplary background checks. Non-violent felony convictions in the previous two years or other felony conviction in previous five years are grounds for disqualification. Licenses are valid for one year from the date issued unless revoked by the OMMA. A license may be renewed prior to expiration. Upon receipt of a license, the grower, processor or dispensary must immediately register with the Oklahoma Bureau of Narcotic and Dangerous Drugs Control and prior to any medical cannabis or medical cannabis products are present at the business.

Verano Licenses in Oklahoma

Verano Oklahoma, LLC purchased 25% of the issued and outstanding membership interests of Magpie Management, LLC, which, through its subsidiaries listed below, holds cultivation, processing, and dispensary licenses in Oklahoma. Verano Oklahoma, LLC additionally has entered into a management and administrative services agreement with Magpie Management, LLC.

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
Magpie Productions, LLC	GAAA-4YFO-OJSC	Tulsa, OK	12/01/19	1 Medical Commercial Grower License

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
Magpie Productions, LLC	GAAA-E1VD-OJFD	Quapaw, OK	09/10/19	1 Medical Commercial Grower License
Magpie Processing LLC	PAAA-4YIN-OZKD	Quapaw, OK	09/10/19	1 Medical Commercial Processor License
Magpie Kenosha LLC	DAAA-EKE8-HJKW	Broken Arrow, OK	09/10/19	1 Medical Commercial Dispensary License
Magpie East, LLC	DAAA-EKDJ-DFQB	Tulsa, OK	10/16/19	1 Medical Commercial Dispensary License
Magpie 918, LLC	DAAA-V16H-KZPR	Tulsa, OK	09/09/19	1 Medical Commercial Dispensary License
MagFive, LLC	DAAA-NJJZ-CUGS	Jenks, OK	05/04/20	1 Medical Commercial Dispensary License

Verano Pending Applications in Oklahoma

Verano Oklahoma, LLC, through Magpie Management, LLC's subsidiaries listed below, has applied for additional dispensaries in Oklahoma as set forth below:

Applicant Entity	City	Description
MagSix, LLC	Tulsa, OK	1 Medical Dispensary License Application
MagSeven, LLC	Tulsa, OK	1 Medical Dispensary License Application
MagEight, LLC	Tulsa, OK	1 Medical Dispensary License Application
Mag 51st, LLC	Tulsa, OK	1 Medical Dispensary License Application

Inventory

Oklahoma leverages BioTrack THC as the central track and trace system to oversee inventory of licensed cannabis operations across the state. All cultivation and manufacturing facilities and retail dispensaries are required to utilize an inventory management system to record certain information depending on the license type. For a grower, such information includes the amount of cannabis harvested, sold to a process or dispensary, or dried and on hand. For a processor, details on the amount of cannabis purchased from a grower, or sold to a researcher and the amount of cannabis waste must be accounted for in inventory. The licensee must also document with detailed explanations any discrepancies for cannabis that cannot be account for or is considered overage.

The licensee is required to document the 'chain of custody' of all cannabis and cannabis-related products with frequent on-going inventory reviews in order to detect any diversion, theft or loss in a timely manner. The system must be able to accurately trace the timeline from the time a cannabis plant is propagated to the time it is sold to a patient or caregiver. Traceability is a requirement in the event of a serious adverse event or recall to correctly source the cannabis product.

Record-keeping/Reporting

The state requires all commercial licensees to submit monthly reporting to the Oklahoma Department of Health. Reports are considered untimely if not received by the state by the 15th of each month for activity from the preceding month. The report must include the amount purchased from a licensed process and/or grower, the amount sold to a licensee and the type of licensee, total sales to patients and caregivers as well as taxes collected from sales. If necessary, detailed explanations of inventory discrepancies must be included. Inaccurate reporting may result in fines and failure to report timely or to correct deficiencies within 30 days of department notification may lead to license revocation.

Pennsylvania

Pennsylvania Regulatory Landscape

The Pennsylvania Medical Marijuana Act ("**PMMA**") was signed into law on April 17, 2016 under Act 16 and provided access to state residents with one of 17 qualifying conditions, including epilepsy, chronic pain, and PTSD. The state of Pennsylvania, which consists of over 12 million U.S. citizens and qualifies as the fifth largest population in the US, operates as a high-barrier market with very limited market participation. The PMMA authorizes only a maximum of 25 cultivation/processing permits and 50 dispensary permits. As part of "Phase 1" of the Commonwealth's permitting process in 2017, the Pennsylvania Department of Health ("**PDOH**"), which administers the Commonwealth's Medical Marijuana Program ("**MMP**"), originally awarded only 12 cultivation/processing permits and 27 dispensary permits. Subsequently, in 2018, PDOH conducted "Phase 2" of the permitting process, during which it awarded the remaining 13 cultivation/processing permits and 23 dispensary permits authorized under the PMMA.

Pennsylvania Licenses

As part of the Phase 1 of the permitting process in 2017, SMPB Retail, LLC, an entity owned by third parties, was awarded one of the 27 issued medical marijuana dispensary permits (out of approximately 300 applications in the Commonwealth) as set forth in the table below. SMPB Retail, LLC has entered into a strategic joint venture with Harvest DCP of Pennsylvania, LLC for the operation and management of Harvest's dispensaries in the Commonwealth of Pennsylvania. The permit authorizes SMPB Retail, LLC to operate three dispensaries in the Southeast Region of the Commonwealth. SMPB Retail, LLC opened one dispensary in Reading, PA on October 4, 2018 and is authorized to open two other dispensaries in the population dense areas within and surrounding Philadelphia.

The table below lists information regarding Harvest's medical marijuana dispensary permit in Pennsylvania under Phase 1 of the permitting process.

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
SMPB Retail, LLC	D-1050-17	Southeast Region (includes Reading, PA and Philadelphia, PA)	N/A	1 Medical Dispensary License (allows up to 3 dispensaries)
AGRiMED Industries of PA, LLC	GP-5012-17	N/A	6/20/2019	1 Grower/Processor Permit

Note:

(1) Each permit (even after operational) is valid for one year after which it must be renewed. Renewal applications are usually due in March and notice of approval of the renewal is typically mailed to the permittee in June. .

Recent License Awards in Pennsylvania Under Phase 2 of the Permitting Process

As part of Phase 2 of the permitting process in 2018, each of the entities set forth in the table below, each of which is owned 44% by Steven White, the CEO of Harvest, and 56% by third parties, has been awarded a medical marijuana

dispensary permit by the PDOH covering the cities indicated. The Harvest affiliated permitees have entered into a strategic joint venture with Harvest DCP of Pennsylvania, LLC ("**Harvest DCP of Pennsylvania**") for the operation and management of each of these dispensaries whereby Harvest DCP of Pennsylvania will provide services relating to the design and construction of the dispensary, retail operations support, human resources, finance and accounting, marketing, sales, legal and compliance. Under the PMMA and applicable regulations, a single "person" is only permitted a maximum of five dispensary permits and one grower/processor permit. The PDOH has taken the position that separate entities constitute different "persons" for the purpose of the permit limits.

Applicant Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
Harvest of Southeast PA, LLC	D18-1020	Southeast Region (includes Reading, PA and Philadelphia, PA)	06/18/19	1 Medical Dispensary License (allows up to 3 dispensaries)
Harvest of Northeast PA, LLC	D18-2018	Northeast Region (includes Scranton, PA)	06/18/19	1 Medical Dispensary License (allows up to 3 dispensaries)
Harvest of South Central PA, LLC	D18-3011	South Central Region (includes Harrisburg, PA)	06/18/19	1 Medical Dispensary License (allows up to 3 dispensaries)
Harvest of North Central PA, LLC	D18-4007	North Central Region (includes Shamokin, PA and State College, PA)	06/18/19	1 Medical Dispensary License (allows up to 3 dispensaries)
Harvest of Northwest PA, LLC	D18-6010	Northwest Region (includes New Castle, PA)	06/18/19	1 Medical Dispensary License (allows up to 3 dispensaries)
Harvest of Southwest PA, LLC	D18-5017	Southwest Region (includes Johnstown, PA and Pittsburgh, PA)	06/18/19	1 Medical Dispensary License (allows up to 3 dispensaries)

Pennsylvania Licenses and Regulations

Each retail dispensary license permits the holder to purchase marijuana and marijuana products from cultivation/processing facilities, and allows the sale of marijuana and marijuana products to registered patients. In the introductory months of the program, Pennsylvania's medical marijuana dispensaries experienced supply shortages and were unable to keep up with statewide demand. It was announced on April 17, 2018 that dry flower would be included in the regulations as an approved product form for sale and consumption (in addition to the already approved forms of concentrates, pills, and tinctures). Simultaneously, it was announced that the list of qualifying conditions would expand from 17 to 21, including additions of cancer remission therapy and opioid-addiction therapy.

Pennsylvania Reporting Requirements

The Commonwealth of Pennsylvania uses MJ Freeway as the state's computerized T&T system. Individual licensees are required to use MJ Freeway to push data to the state to meet all reporting requirements. Harvest uses MJ Freeway as its in-house computerized seed to sale software, which integrates with the state's MJ Freeway program and captures the required data points for cultivation, manufacturing and retail as required in the PMMA and regulations.

Puerto Rico

Puerto Rico Regulatory Landscape

In May 2015, then Governor of Puerto Rico signed Executive Order OE-2015-035, ordering the Commonwealth's Secretary of Health to authorize some or all components of the marijuana plant for medicinal use. Thereafter, by Administrative Order 352, the Secretary established initial directives for the possession, cultivation, manufacturing, production, fabrication, dispensing, distributing, and research of medical cannabis. In July 2017, Act 42-2017, referred to as The Medicinal Act, was signed into law. Under the Medical Act, which is administered by the Department of Health, patients suffering from one of 24 medical conditions can obtain certifications for medical cannabis. The unincorporated U.S. territory, which has a population of over 3 million citizens, operates as a unique market with limited penetration by competing U.S. cannabis companies.

Verano Licenses in Puerto Rico

Verano, through affiliate Zen Leaf Retail PR, Inc., entered into a joint venture with licensee Herbal Biotech Pathways, LLC, creating a joint venture entity Primavera ZL, LLC, to own and operate 2 retail medical dispensaries in the Commonwealth of Puerto Rico.

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description	Ownership
Primavera ZL, LLC	2016-09-0030	San Juan, PR; Barceloneta, PR	TBD	2 Medical Retail Dispensary License	49%

Puerto Rico Licenses and Regulations

Each dispensary license permits the licensee to purchase cannabis from a grower or a manufacturer and sell, supply, or provide said cannabis to registered patients. A licensed dispensary includes any commercial property where cannabis is sold at retail to qualified patients or primary caregivers, and likewise includes delivery services to qualified patients. Puerto Rico requires each licensed entity to submit proof that majority ownership (to add up to at least 51% of the total entity) qualifies as residents of Puerto Rico for at least the prior two years. The territory currently has awarded 25 cultivation licenses, 23 manufacturing licenses, and 83 licenses to operate retail dispensaries.

Puerto Rico Reporting Requirements

Puerto Rico uses the BioTrack THC track and trace system to manage the flow of reported data between each licensee and the state. Verano uses a track and trace system that fully and compliantly integrates with the state's system to ensure all reporting requirements are met. Information processed through the track and trace system must be maintained in a secure location at the dispensary organization.

Principal Products or Services

Principal Products or Services of Harvest

Harvest takes a vertically integrated approach to the products it sells, believing that brands distributed at scale will generate superior long-term returns. As such, Harvest currently has and continues to develop a fast-growing "House of Brands" method to the development, manufacture, sales, and marketing of its consumer ready packaged goods for distribution of its own dispensaries as well as to third parties.

Harvest's House of Brands strategy is to introduce a suite of distinct cannabis consumer packaged goods under branded names other than that of Harvest. Offering lifestyle and aspirational brands requires unique consumer insights, customer and product segmentation and targeted market use. Proprietary analysis of consumer stated preferences, actual and anticipated purchase data, and primary and secondary market research enables Harvest to capitalize on

underserved or vast market opportunities so that Harvest's brand portfolio targets and meets a variety of unique consumer needs, now and anticipated in the future.

Harvest Brands:

- EVOLAB - cannabis branded products that deliver award winning vape cartridges, oil, and topical products throughout the United States.

- CHROMA - EVOLAB's top selling extract, Chroma offers an ultra potent blend of cannabinoids and a standardized hybrid blend of terpenes so consumers can enjoy the same consistent experience they trust, day in and day out.

- COLORS – a unique flavored oil mixed with the incomparably pure effects of EVOLAB's pharmaceutical grade CO_2 oil to create a unique flavored vape.

- ALCHEMY – an oil with FreshTerps, Alchemy showcases the true effects of popular strains, combining the cannabis plant's full spectrum of terpenes and purified cannabinoids. This is called "The Entourage Effect".

- CBX SCIENCES - a line of unique products that combine cannabinoids and terpenes with complementary botanical ingredients to activate and engage the Endocannabinoid System. Available in topical, edible and inhalable formats with an unrivaled variety of cannabinoids.

Additionally, Harvest produces over 40 strains and product formulations targeted to specific consumer use-cases and employs processing techniques including carbon dioxide extraction, ethanal extraction, carbon filtering and short-path/thin-film distillation.

Harvest seeks to maintain strict brand and quality assurance standards and implement standard operating procedures across its cultivation, processing and production facilities to ensure product continuity and customer experience across operating markets. This includes the centrally-managed procurement of equipment, packaging, and materials inputs.

Harvest currently sells and distributes its suite of brands to 100% of its open retail dispensaries in the following operating markets and has additional wholesale market share.

- Maryland: Harvest sells and distributes 25% of the market share with its portfolio of brands;

- Arizona: Harvest sells and distributes 3% of the market share with its portfolio of brands; and

- Pennsylvania: began selling October 4, 2018.

Prior to being hired, all store managers must have experience in the cannabis industry and at least 5 years of experience in a retail, hospitality and sales setting and at least 2 years of experience in recruiting, hiring and talent acquisition. Harvest believes it has a national reach for store manager candidates and will offer relocation packages as needed.

All store managers are required to be trained in profit and loss responsibilities and all dispensary staff are required to be trained with product knowledge and selling skills to ensure that all customers are assisted with the features and benefits of both the cannabis and non- cannabis products sold by Harvest. Harvest implements learning management software which allows it to continue training staff in both sales and operations on an ongoing basis to ensure that Harvest dispensaries follow standard operating procedures.

Research and Development

Harvest's research and development activities have primarily focused on developing and testing different nutrient blends and lighting as part of efforts to increase the efficiency of the processes used to produce its products.

Harvest also experiments with plant spacing and yield trialing, cannabis variety trialing and breeding, and improved pest management techniques.

Harvest also engages in research and development activities focused on developing new extracted or infused products.

Principal Products or Services of Verano

Principal Products and Services

Verano's (and Verano's subsidiaries' and affiliates') principal products are pre-packaged and (in the State of Nevada) wholesale cannabis flower, pre-rolled joints, and cannabis oil-infused products (such as vaporizer pen cartridges, tablets, gummies, troches, RSO, waxes, shatters, budders, chocolates and other foods, tinctures, balms, and bath salts). Most of the product mix is identical across Verano's facilities, subject to regulatory restrictions on particular products or product categories. Verano's principal products are sold to independent retail outlets as well as to retail facilities which Verano owns, controls, licenses, and/or manages. All such sales are conducted through licensed/compliant delivery services, generally controlled by Verano as well. Verano's principal products are currently sold only in Illinois, Nevada, and Maryland, with additional states to come online as set forth above.

Verano's principal services are education surrounding, and the sale of, cannabis and cannabis products across its markets. Most sales are conducted through Zen Leaf™ branded retail outlets. Additional retail outlets will be coming online as set forth above.

Verano's Portfolio of Brands

Verano has a diverse portfolio of brands aimed at various segments of the legalized cannabis market.

Verano's Brand	Target Market	Product example	Description
GOLDLEAF	High-end, value conscious flower and concentrate consumers in the Illinois market	    	Premium, hand-trimmed, artisanal cannabis flower and infused products such as distillates, waxes, shatters, budders, and other "dabbables," as well as chocolates and other edibles

Verano's Brand	Target Market	Product example	Description
AVEXIA MEDICINAL CANNABIS	High-end, medical focused topical and ingestible products in the Illinois, Maryland, and Nevada markets, typically low-dose		Micro-dose tablets, balms, bath salts, and other topical products
MENTA MINTS	High-end, easy-to-consume mints for all markets		Small dose mints in a variety of flavors
verano	High-end, value conscious flower and concentrate consumers in the Maryland, Illinois, and other markets		Premium, hand-trimmed, artisanal cannabis flower and infused products such as distillates, waxes, shatters, budders, and other "dabbables"
ENCORE COMPANY ARTISANAL CANNABIS	Recreational/Adult-use focused edible products, principally currently in Nevada		Edible products (such as granola bars) and gummies

Verano's Brand	Target Market	Product example	Description
Sweet Sins	Recreational/Adult-use focused candies, principally currently in Nevada		Cannabis-infused candies in a variety of flavors
zenLEAF	High-end, fashion-forward retail brand, for all markets	N/A	Retail dispensaries (medical and adult-use)

Production and Sales

Production and Sales of Harvest

Cultivation and Production

Each cultivation and processing facility focuses primarily on the commercialization of cannabis (recreational and/or medical), as well as the research and development of new strains of cannabis. At all of its facilities, Harvest places a heavy emphasis on customer/patient safety, and maintaining strict quality control. The methods used in Harvest's facilities result in several key benefits, including consistent production of high-quality product and the absence of product recalls and customer/patient complaints.

The managers of Harvest's cultivation facilities are required to have a minimum of five years of experience in the horticulture and/or agriculture industry with a proven track record of success in a large-scale indoor or greenhouse facility, including experience with setting up and expanding large-scale greenhouses or indoor grow facilities. The managers of Harvest's processing facilities are required to have a minimum of five years of experience working with various extraction techniques in a laboratory setting or production operation. Harvest believes it has a national reach for cultivation and processing facility manager candidates and will offer relocation packages as needed. Harvest will also source such candidates from surrounding academia, tech school, and/or through job posts to alumni job boards in the specific geographical areas where such facilities are located.

Harvest operates the following principal cultivation facilities:

- **Arizona**: The facility located in Camp Verde, Arizona is comprised of a 35,000 square foot cultivation facility and 3.3 acres of secure outdoor cultivation field. The entire parcel of land is 37 acres, and the balance of land is unimproved and available to Harvest for future expansion. First batch of plants started in August of 2016 and first product was available for sale December of 2016. The facility has been in continuous production and sale of cannabis since that time. The current processing facility is located in Bellemont, AZ consisting of 5,000 square feet of processing foot print. The processing facility will relocate to a 25,000 square foot facility located in Phoenix, AZ in 2019. This move will allow Harvest to centralize their lean manufacturing transition processing facility, production, trimming, wholesale and logistics distribution center.

- **Maryland**: The facility located in Hancock, Maryland is comprised of a 90,000 square foot indoor cultivation facility. Phase 1 of this building is operating and includes 18,500 square foot of grow rooms. Phases 2 and 3 will add an additional 37,000 square foot of grow rooms. First batch of plants started in August of 2017 and first product was available for sale February of 2018. The facility has been in continuous production and sale of cannabis since that time. Harvest has been issued a production license which will be located in Hancock, MD. Operations of processing facility commenced in May 2019. This facility includes a lean manufacturing environment along with state of the art processing equipment.

- **Ohio**: Harvest has a provisional license for cultivation in Ironton, Ohio and has constructed a 35,000 square foot automated, state of the art, semi-closed environment greenhouse. The greenhouse includes 25,000 square foot of cultivation rooms. The facility is awaiting state approval and is expected to be operational in 2019.

- **Massachusetts:** Harvest anticipates closing its acquisition of a 115,000 square foot greenhouse in Deerfield, Massachusetts. The greenhouse is expected to be operational by the end of 2019.

- **Arkansas**: Harvest has a provisional license for cultivation and production in Newport, Arkansas and is in development of a 35,000 square foot automated, state of the art, semi-closed environment greenhouse. The greenhouse will include 25,000 square foot of cultivation rooms as well as product manufacturing capabilities. Operations are expected to commence during the third quarter of 2019.

- **Nevada**: Harvest has a provisional license for medical and recreational cultivation and production in West Wendover, Nevada. Harvest is evaluating its plans to develop a greenhouse in this facility in light of its planned acquisition of Verano.

- **Pennsylvania**: Through its subsidiary, Harvest has a grower/processor license to operate a 16,000 square foot facility in Cumberland Township, Pennsylvania for the cultivation and production of medical cannabis products.

Production and Sales of Verano

Cultivation and Production

Verano cultivates proprietary strains of cannabis in adult-use and medical markets. Verano has a gene bank of over 100 strains of cannabis, the vast majority of which are cultivated currently in Illinois, Maryland, and Nevada. All cannabis cultivated by Verano is subject to Verano's strict quality-control procedures, provided Verano's proprietary nutrient formulations, dried and cured by Verano-trained staff using Verano's proprietary methods, hand-trimmed, and tested by independent, third-party testing laboratories for cannabinoid, terpene, microbial, and heavy-metal content. No cannabis flower, or products containing cannabis flower (such as pre-rolled joints), is released without having passed the State-mandated laboratory testing and meeting Verano's minimum quality standards for total cannabinoid content. Cannabis flower is weighed and packed prior to sale by Verano-trained staff at Verano's facilities prior to sale, and in Nevada bulk flower is also sold.

Verano utilizes a number of methods and techniques to produce the diverse cannabis-infused finished products sold in Verano's current markets. Verano's product mix includes vaporizer pen cartridges, tablets, gummies, troches, RSO, waxes, shatters, budders, chocolates and other foods, tinctures, balms, and bath salts. Verano creates these products using proprietary methods, and primarily extracts cannabinoid and terpenes using ethanol, supercritical CO_2.

Verano manufacturers and sells a wide range of brands and SKUs, including the following selection:


verano
chewable
watermelon
5
verano
chewable
mandarin
5


short
thoughts


GOLDLEAF
GOLDLEAF


AVEXIA
COMFORT
2:1
AVEXIA
HARMONY
1:1
AVEXIA
RELIEF
14:1


GOLDLEAF
SOURS


GUMMIES
GOLDLEAF
THC


GOLDLEAF
MILK
CHOCOLATE


ENCORE
COMPANY
ARTISANAL CANNABIS


Caramels
Sweet
Sins
Fruit Chews
Sweet
Sins
Caramels
Sweet
Sins

Competitive Conditions and Position

Competitive Conditions and Position of Harvest

Harvest's current operational footprint exists in state markets with relatively high barriers to entry and limited market participants. All of the medical-only markets that Harvest does business in or has applied for licenses (Arizona, Arkansas, Florida, Maryland, Michigan, New Jersey, North Dakota, Ohio and Pennsylvania) have written regulations that impose limitations on the number of business licenses that can be awarded. In all of these markets, Harvest has a proven track record of (i) entering the market through state-granted awards based on merit of application and business plan; and (ii) expanding market reach through accretive mergers, acquisitions, and partnership ventures. Given the limitations on market participation mandated by the state regulatory bodies, Harvest's historical growth strategy has resulted in material gains in market share.

The recreational markets in which Harvest operates in or has applied for licenses (California, Nevada and Massachusetts) have fewer barriers to entry and more closely reflect free market dynamics typically seen in mature retail and manufacturing industries. The growth of these markets poses a risk of increased competition. However, given Harvest's runway as an original player in these states, which have historically been limited supply markets, management views Harvest's market share as less at risk than operators without a current operating footprint. Additionally, Harvest's historical business plan has been to open and operate in localities with limited competition. Management believes this mitigates the risk of increased statewide competitive exposure.

Given all the above, Harvest still faces competition from other companies that may have a higher capitalization, access to public equity markets, more experienced management or may be more mature as a business. The vast majority of both manufacturing and retail competitors in Harvest's markets consist of localized businesses (i.e. doing business in only a single state market). There are a few multi-state operators that Harvest competes directly with in multiple of Harvest's operating markets. Aside from this direct competition, out-of-state operators that are capitalized well enough to enter those markets through acquisitive growth are also considered part of the competitive landscape. Similarly, as

Harvest executes its national U.S. growth strategy, operators in Harvest's future state markets will inevitably become direct competitors.

Competitive Conditions and Position of Verano

With limited exception, Verano operates in limited license, intra-State legal cannabis markets, where only a select number of operators are permitted to cultivate, manufacture, and/or sell cannabis and cannabis finished products. Verano enjoys a large market share in those States in which the Verano has operational facilities, although precise percentages are difficult to discern given the paucity or inconsistent nature of publicly-available information about market size. By design, Verano's products typically sell at a higher price point than its principal competitors, as Verano's niche is higher-end, smaller batch products. Verano's principal competitors include other large multi-state operators such as GTI, Cresco, Curaleaf, Acreage, and iAnthus.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The audited consolidated financial statements of Harvest for the years ended December 31, 2018 and 2017 and accompanying management's discussion and analysis is available under Harvest's SEDAR profile at www.sedar.com.

Verano's audited consolidated financial statements for the years ended December 31, 2018 and 2017, and accompanying management's discussion and analysis are attached as Appendix "I" to the Circular.

CONSOLIDATED CAPITALIZATION

The following table summarizes the anticipated consolidated capitalization of share of the Resulting Issuer after giving effect to the Business Combination. The table should be read in conjunction with the financial statements of Verano and Harvest, including the notes thereto, included elsewhere in this circular or filed on SEDAR, as applicable.

Security	After giving effect to the closing of the Business Combination[(1)]
Resulting Issuer Subordinate Voting Shares	63,358,934
Resulting Issuer Multiple Voting Shares	3,475,197[(1)(2)]
Resulting Issuer Super Voting Shares	2,000,000
Replacement Options	24,138,329
Replacement Compensation Options	537,085

Notes:

(1) Assumes that under the Business Combination 1,295,506 Resulting Issuer Multiple Voting Shares (and no Resulting Issuer Subordinate Voting Shares) will be issued to former holders of equity interests in Verano. Under the Business Combination Agreement, the Resulting Issuer may issue Resulting Issuer Subordinate Voting Shares in lieu of Resulting Issuer Multiple Voting Shares, provided that such issuance of Resulting Issuer Subordinate Voting Shares is, first, to persons that are not residents of the United States, and thereafter to other members of Verano that are residents of the United States, but only to the extent required so as to not (i) violate the Resulting Issuer's notice of articles, (ii) materially prejudice the ability of Harvest Shareholders who receive Resulting Issuer Multiple Voting Shares pursuant to the Arrangement to exercise the conversion rights attached to such Resulting Issuer Multiple Voting Shares, or (iii) result in a loss of the Resulting Issuer's status as a Foreign Private Issuer when such status is required under United States securities laws to be assessed.

(2) Excludes (i) any Harvest Shares that are issued from treasury following the date of the Circular and exchanged for Resulting Issuer Shares pursuant to the Arrangement, and (ii) any Resulting Issuer Shares issuable in connection with the Qualified Pipeline Exchange and Harvest Roll-up Exchange.

PRIOR SALES

See *"Information Concerning Harvest – Prior Purchases and Sales"* in the body of the Circular for information about prior purchases and sales of Harvest securities.

See *"Information Concerning Verano – Prior Purchases and Sales"* in the body of the Circular for information about prior purchases and sales of Verano securities.

OPTIONS TO PURCHASE SECURITIES

Other than as set out in the table below, following completion of the Business Combination, there will be no options to purchase or acquire securities of the Resulting Issuer:

Category	Type of Securities Reserved under Option	Number of Securities Reserved under Option	Exercise Price per Security	Expiry Date
Replacement Options	Resulting Issuer Subordinate Voting Shares	24,138,329	$6.55 – $8.65	11/14/2028 – 5/1/2029
Replacement Compensation Options	Resulting Issuer Subordinate Voting Shares	537,085	$6.55	11/14/2020
Replacement RSUs	Resulting Issuer Subordinate Voting Shares	60,329	N/A[(1)]	N/A[(1)]

Notes:

(1) Resulting Issuer RSUs are granted in reference to a specified number of Resulting Issuer Subordinate Voting Shares and entitle the holder to receive, on achievement of specific performance goals established by the Resulting Issuer Compensation Committee, after a period of continued service with the Resulting Issuer or its affiliates or any combination of the above as set forth in the applicable award agreement, one Resulting Issuer Subordinate Voting Share for each such Resulting Issuer Subordinate Voting Share covered by the Resulting Issuer RSU. Please see *"Other Matters to be Considered at the Meeting – Resulting Issuer Equity Incentive Plan"* in the Circular for a summary of Resulting Issuer RSUs.

Summary of Equity Incentive Plan

The Resulting Issuer Equity Incentive Plan will be substantially similar to the Harvest Equity Incentive Plan. Please see *"Other Matters to be Considered at the Meeting – Resulting Issuer Equity Incentive Plan"* in the Circular for a summary of the Resulting Issuer Equity Incentive Plan.

DESCRIPTION OF THE SECURITIES

General Description of the Share Capital of the Resulting Issuer

The Resulting Issuer will be authorized to issue an unlimited number of Resulting Issuer Subordinate Voting Shares, an unlimited number of Resulting Issuer Multiple Voting Shares and an unlimited number of Resulting Issuer Super Voting Shares. The Resulting Issuer Subordinate Voting Shares, Resulting Issuer Multiple Voting Shares and Resulting Issuer Super Voting Shares will have substantially the same rights and restrictions as the Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares, respectively, of Harvest.

Upon completion of the Business Combination, the following Resulting Issuer Shares are expected to be issued and outstanding: (i) 63,358,934 Resulting Issuer Subordinate Voting Shares issued and outstanding, representing approximately 7.8% of the voting rights attached to the outstanding securities of the Resulting Issuer; (ii) 3,475,197 Resulting Issuer Multiple Voting Shares issued and outstanding, representing approximately 42.9% of the voting rights attached to the outstanding securities of the Resulting Issuer, and; (iii) 2,000,000 Resulting Issuer Super Voting Shares, representing approximately 49.3% of the voting rights attached to the outstanding securities of the Resulting Issuer. The foregoing amounts assume that 1,295,506 Resulting Issuer Multiple Voting Shares (and no Resulting Issuer

Subordinate Voting Shares) will be issued to former holders of equity interests in Verano under the Plan of Arrangement, and do not include any Resulting Issuer Shares that may be issued to holders of equity interests in certain "pipeline" transactions that Harvest and Verano are each permitted to undertake in connection with the Business Combination or other intervening issuances of Harvest Shares from treasury (including on the exercise of outstanding convertible securities).

Please refer to "*Information Concerning the Resulting Issuer following The Business Combination – Description of Share Capital*" in the body of the Circular for a description of the rights, privileges, and restrictions attaching to the Resulting Issuer Subordinate Voting Shares, Resulting Issuer Multiple Voting Shares and Resulting Issuer Super Voting Shares.

Replacement Options

Pursuant to the Plan of Arrangement, each Harvest Option outstanding immediately before the Effective Time will be terminated and cancelled in its entirety and in exchange therefore each holder of such Harvest Option will be entitled to receive a Replacement Option to acquire from the Resulting Issuer the number of Resulting Issuer Subordinate Voting Shares equal to the number of Subordinate Voting Shares subject to such Harvest Option immediately prior to the Effective Time.

The exercise price per Resulting Issuer Subordinate Voting Share subject to a Replacement Option will an amount equal to the exercise price per Subordinate Voting Share under the corresponding Harvest Option immediately before the Effective Time. Except as otherwise provided in the Plan of Arrangement, all terms and conditions of a Replacement Option, including the term to expiry, conditions to and manner of exercising, will be the same as the Harvest Option for which it was exchanged, and the exchange shall not provide any optionee with any additional benefits as compared to those under his, her or its Harvest Option.

Replacement Compensation Options

Pursuant to the Plan of Arrangement, each Harvest Compensation Option outstanding immediately before the Effective Time will be terminated and cancelled in its entirety and in exchange therefore each holder of such Harvest Compensation Option will be entitled to receive a Replacement Compensation Option to acquire from the Resulting Issuer the number of Resulting Issuer Subordinate Voting Shares equal to the number of Subordinate Voting Shares subject to such Harvest Compensation Option immediately prior to the Effective Time.

The exercise price per Resulting Issuer Subordinate Voting Share subject to a Replacement Compensation Option will an amount equal to the exercise price per Subordinate Voting Share under the corresponding Harvest Compensation Option immediately before the Effective Time. Except as otherwise provided in the Plan of Arrangement, all terms and conditions of a Replacement Compensation Option, including the term to expiry, conditions to and manner of exercising, will be the same as the Harvest Compensation Option for which it was exchanged, and the exchange shall not provide any optionee with any additional benefits as compared to those under his, her or its Harvest Compensation Option.

Replacement RSU

Pursuant to the Plan of Arrangement, each Harvest RSU outstanding immediately before the Effective Time will be terminated and cancelled in its entirety and in exchange therefore each holder of such Harvest RSU will be entitled to receive a Replacement RSU to acquire from the Resulting Issuer one Resulting Issuer Subordinate Voting Share for each Harvest Subordinate Voting Share covered by the corresponding Harvest RSU.

Except as otherwise provided in the Plan of Arrangement, all terms and conditions of a Replacement RSU will be the same as the Harvest RSU for which it was exchanged, and the exchange shall not provide any optionee with any additional benefits as compared to those under his, her or its Harvest RSU.

Takeover Bid Protection

Under applicable Canadian law, an offer to purchase Resulting Issuer Super Voting Shares would not necessarily require that an offer be made to purchase Resulting Issuer Subordinate Voting Shares or Resulting Issuer Multiple Voting Shares. In accordance with the rules applicable to most senior issuers in Canada, in the event of a take-over bid, the holders of Resulting Issuer Subordinate Voting Shares or of Resulting Issuer Multiple Voting Shares will be entitled to participate on an equal footing with holders of Resulting Issuer Super Voting Shares. The Resulting Issuer Initial Holders, as the owners of all the outstanding Resulting Issuer Super Voting Shares, will enter into a customary coattail agreement with the Resulting Issuer and a trustee (the "**Coattail Agreement**"). The Coattail Agreement will contain provisions customary for dual class, listed corporations designed to prevent transactions that otherwise would deprive the holders of Resulting Issuer Subordinate Voting Shares or of Resulting Issuer Multiple Voting Shares of rights under applicable provincial take-over bid legislation to which they would have been entitled if the Resulting Issuer Super Voting Shares had been Resulting Issuer Subordinate Voting Shares or Resulting Issuer Multiple Voting Shares.

The undertakings in the Coattail Agreement will not apply to prevent a sale by any principal of Resulting Issuer Super Voting Shares if concurrently an offer is made to purchase Resulting Issuer Subordinate Voting Shares and Resulting Issuer Multiple Voting Shares that:

i. offers a price per Resulting Issuer Subordinate Voting Share or Resulting Issuer Multiple Voting Share (on an as converted to Resulting Issuer Subordinate Voting Share basis) at least as high as the highest price per share paid pursuant to the take-over bid for the Resulting Issuer Super Voting Shares (on an as converted to Resulting Issuer Subordinate Voting Share basis);

ii. provides that the percentage of outstanding Resulting Issuer Subordinate Voting Shares or Resulting Issuer Multiple Voting Shares to be taken up (exclusive of shares owned immediately prior to the offer by the offeror or persons acting jointly or in concert with the offeror) is at least as high as the percentage of Resulting Issuer Super Voting Shares to be sold (exclusive of Resulting Issuer Super Voting Shares owned immediately prior to the offer by the offeror and persons acting jointly or in concert with the offeror);

iii. has no condition attached other than the right not to take up and pay for Resulting Issuer Subordinate Voting Shares or Resulting Issuer Multiple Voting Shares tendered if no shares are purchased pursuant to the offer for Resulting Issuer Super Voting Shares; and

iv. is in all other material respects identical to the offer for Resulting Issuer Super Voting Shares.

In addition, the Coattail Agreement will not prevent the transfer of Resulting Issuer Super Voting Shares by a principal to certain permitted holders. The conversion of Resulting Issuer Super Voting Shares into Resulting Issuer Subordinate Voting Shares, whether or not such Resulting Issuer Subordinate Voting Shares are subsequently sold, would not constitute a disposition of Resulting Issuer Super Voting Shares for the purposes of the Coattail Agreement.

Under the Coattail Agreement, any disposition of Resulting Issuer Super Voting Shares (including a transfer to a pledgee as security) by a holder of Resulting Issuer Super Voting Shares party to the agreement will be conditional upon the transferee or pledgee becoming a party to the Coattail Agreement, to the extent such transferred Resulting Issuer Super Voting Shares are not automatically converted into Resulting Issuer Multiple Voting Shares in accordance with the articles of the Resulting Issuer.

The Coattail Agreement will contain provisions for authorizing action by the trustee to enforce the rights under the Coattail Agreement on behalf of the holders of the Resulting Issuer Subordinate Voting Shares or of the Resulting Issuer Multiple Voting Shares. The obligation of the trustee to take such action will be conditional on the Resulting Issuer or holders of the Resulting Issuer Subordinate Voting Shares or of the Resulting Issuer Multiple Voting Shares, as the case may be, providing such funds and indemnity as the trustee may require. No holder of Resulting Issuer Subordinate Voting Shares or of Resulting Issuer Multiple Voting Shares, as the case may be, will have the right, other than through the trustee, to institute any action or proceeding or to exercise any other remedy to enforce any rights arising under the Coattail Agreement unless the trustee fails to act on a request authorized by holders of not less

than 10% of the outstanding Resulting Issuer Subordinate Voting Shares or Resulting Issuer Multiple Voting Shares, as the case may be, and reasonable funds and indemnity have been provided to the trustee. The Resulting Issuer will agree to pay the reasonable costs of any action that may be taken in good faith by holders of Resulting Issuer Subordinate Voting Shares or of Resulting Issuer Multiple Voting Shares, as the case may be, pursuant to the Coattail Agreement.

The Coattail Agreement will provide that it may not be amended, and no provision thereof may be waived, unless, prior to giving effect to such amendment or waiver, the following have been obtained: (a) the consent of any applicable securities regulatory authority in Canada and (b) the approval of at least 66-2⁄3% of the votes cast by holders of Resulting Issuer Subordinate Voting Shares and 66- 2⁄3% of the votes cast by holders of Resulting Issuer Multiple Voting Shares excluding votes attached to Resulting Issuer Subordinate Voting Shares and to Resulting Issuer Multiple Voting Shares, if any, held by the Resulting Issuer Initial Holders, their affiliates and any persons who have an agreement to purchase Resulting Issuer Super Voting Shares on terms which would constitute a sale or disposition for purposes of the Coattail Agreement other than as permitted thereby.

No provision of the Coattail Agreement will limit the rights of any holders of Resulting Issuer Subordinate Voting Shares or of Resulting Issuer Multiple Voting Shares under applicable law.

See also *"Information Concerning the Resulting Issuer Following the Business Combination – Description of Share Capital*" in the body of the Circular for additional information on the share capital of the Resulting Issuer.

PRINCIPAL SHAREHOLDERS

Principal Shareholders

The following Persons are anticipated to beneficially own, directly or indirectly, or exercise control or direction over more than 10% of any class of voting securities of the Resulting Issuer upon completion of the Business Combination.

Name, Jurisdiction of Residence	Number of Shares	Class of Shares	Ownership	Percentage of Class
Steven White, Arizona, United States	1,000,000	Resulting Issuer Super Voting Shares	Direct	50%
Steven White, Arizona, United States	229,966	Resulting Issuer Multiple Voting Shares	Beneficial	6.6%[(1)(2)]
Jason Vedadi, Arizona, United States	1,000,000	Resulting Issuer Super Voting Shares	Direct	50%
Jason Vedadi, Arizona, United States	417,541	Resulting Issuer Multiple Voting Shares	Beneficial	12.0%[(1)(2)]

Notes:

(1) Assumes that under the Business Combination 1,295,506 Resulting Issuer Multiple Voting Shares (and no Resulting Issuer Subordinate Voting Shares) will be issued to former holders of equity interests in Verano. Under the Business Combination Agreement, the Resulting Issuer may issue Resulting Issuer Subordinate Voting Shares in lieu of Resulting Issuer Multiple Voting Shares, provided that such issuance of Resulting Issuer Subordinate Voting Shares is, first, to persons that are not residents of the United States, and thereafter to other members of Verano that are residents of the United States, but only to the extent required so as to not (i) violate the Resulting Issuer's notice of articles, (ii) materially prejudice the ability of Harvest Shareholders who receive Resulting Issuer Multiple Voting Shares pursuant to the Arrangement to exercise the conversion rights attached to such Resulting Issuer Multiple Voting Shares, or (iii) result in a loss of the Resulting Issuer's status as a Foreign Private Issuer when such status is required under United States securities laws to be assessed.

(2) Excludes (i) any Harvest Shares that are issued from treasury following the date of the Circular and exchanged for Resulting Issuer Shares pursuant to the Arrangement, and (ii) any Resulting Issuer Shares issuable in connection with the Qualified Pipeline Exchange and Harvest Roll-up Exchange.

Voting Trusts

Neither Verano nor Harvest anticipates that any securities of the Resulting Issuer will be subject to any voting trust or other similar agreement.

PROMOTERS

Steven White and Jason Vedadi may be considered to be promoters of the Resulting Issuer under applicable Canadian Securities Laws. Upon completion of the Business Combination, such Persons are anticipated to beneficially own, directly or indirectly, or exercise direction or control over the number (and percentage) of each class of securities of the Resulting Issuer set out in the table below:

Name and Position of Promoter	Number (and Percentage) of Voting Securities Held
Steven White CEO and Director	1,000,000 Resulting Issuer Super Voting Shares (50%) 229,966 Resulting Issuer Multiple Voting Shares (6.6%)[(1)(2)]
Jason Vedadi Executive Chairman and Director	1,000,000 Resulting Issuer Super Voting Shares (50%) 417,541 Resulting Issuer Multiple Voting Shares (12%)[(1)(2)]

Notes:

(1) Assumes that under the Business Combination 1,295,506 Resulting Issuer Multiple Voting Shares (and no Resulting Issuer Subordinate Voting Shares) will be issued to former holders of equity interests in Verano. Under the Business Combination Agreement, the Resulting Issuer may issue Resulting Issuer Subordinate Voting Shares in lieu of Resulting Issuer Multiple Voting Shares, provided that such issuance of Resulting Issuer Subordinate Voting Shares is, first, to persons that are not residents of the United States, and thereafter to other members of Verano that are residents of the United States, but only to the extent required so as to not (i) violate the Resulting Issuer's notice of articles, (ii) materially prejudice the ability of Harvest Shareholders who receive Resulting Issuer Multiple Voting Shares pursuant to the Arrangement to exercise the conversion rights attached to such Resulting Issuer Multiple Voting Shares, or (iii) result in a loss of the Resulting Issuer's status as a Foreign Private Issuer when such status is required under United States securities laws to be assessed.

(2) Excludes any Resulting Issuer Shares issuable pursuant to the Qualified Pipeline Exchange or the Harvest Roll-up Exchange in connection with the Business Combination.

See "*Executive Compensation*" in this Schedule "F" for a description of the nature and amount of anything of value, including money, property, contracts, options or rights of any kind, expected to be received by Steven White and Jason Vedadi, directly or indirectly, from the Resulting Issuer or its subsidiaries. Please see also *"Executive Compensation"* in Schedule K – *Annual Matters*.

In July 2017, Harvest DCP, a predecessor to Harvest, entered into a Contribution Agreement with Exit 21, LLC ("**Exit 21**"), an Arizona limited liability company owned and controlled by Jason Vedadi, whereby Harvest acquired various legal entities owned by Exit 21 making up what is referred to as the Modern Flower brand of companies, operating in the cannabis industry (the "**Exit 21 Acquisition**"). Pursuant to the terms of the Contribution Agreement, Harvest acquired all of the membership interests of the Modern Flower brand of companies in exchange for total consideration of $34 million paid solely via the issuance of equity in Harvest. The Exit 21 Acquisition was effective as of July 1, 2017.

The Board of Managers of Harvest DCP determined the consideration payable for the Exit 21 Acquisition. Mr. Vedadi was not member of the Board of Managers of Harvest DCP at the time of the Exit 21 Acquisition. Harvest DCP obtained a third-party valuation of the assets that were the subject of the Exit 21 Acquisition. Exit 21 was founded in late 2016, and the value of the assets sold to Harvest were determined to be approximately $28.6 million.

MARKET FOR SECURITIES

The Subordinate Voting Shares are listed on the CSE under the symbol "HARV". It is anticipated that following the completion of the Business Combination, the Resulting Issuer Subordinate Voting Shares will be listed on the CSE under the trading symbol "HARV".

DIRECTORS AND OFFICERS

Directors and Officers

The following table lists the names and municipalities of residence of the anticipated directors and executive officers of the Resulting Issuer, their positions and offices that will be held with the Resulting Issuer, their principal occupations during the past five years and the number of securities of the Resulting Issuer that will be beneficially owned, directly or indirectly, or over which control or direction will be exercised by each:

Name and Municipality of Residence	Position(s) with the Resulting Issuer	Harvest Director and/or Officer Since	Principal Occupation for Past Five Years	Number, Class and Percentage of Resulting Issuer Shares Beneficially Owned or Controlled after the Business Combination	Number and Percentage of Resulting Issuer Subordinate Voting Shares Beneficially Owned or Controlled After the Business Combination on a Fully Diluted Basis
Steve White, Tempe AZ[(1)]	CEO and Director	November 15, 2018	Founder and Executive of Harvest	1,000,000 Resulting Issuer Super Voting Shares (50%); 229,966 Resulting Issuer Multiple Voting (6.6%)	23,996,600 Resulting Issuer Subordinate Voting Shares (5.8%)
Jason Vedadi, Scottsdale, AZ	Executive Chairman and Director	November 15, 2018	Executive of Harvest	1,000,000 Resulting Issuer Super Voting Shares (50%); 417,541 Multiple Voting Shares (12.0%)	42,754,100 Resulting Issuer Subordinate Voting Shares (10.4%)
Steve Gutterman, Denver, CO	President	08/24/2018	CEO of Mobile Accord, Inc.	-	-
Leo Jaschke, Westminster, CO	Chief Financial Officer	11/12/2018	CFO, WTRMLN WTR and MBHE Holdings	-	-
Elroy Sailor, Haymarket, VA [(1) (2)]	Director	November 15, 2018	President and CEO of the J.C. Watts Companies	-	-
Mark Barnard, Singapore[(2)]	Director	November 15, 2018	CEO Octopus Global Holdings PTE Ltd.	-	-
Frank Bedu-Addo, Stamford, CT, United States [(1)(2)]		November 15, 2018	CEO PDS Biotechnology Company	-	-

Notes:

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

All of the directors of the Resulting Issuer will be appointed to hold office until the next annual general meeting of shareholders or until their successors are duly elected or appointed, unless their office is earlier vacated.

Board Committees

The Resulting Issuer will have an Audit Committee and a Compensation Committee. A brief description of each committee is set out below. Following the completion of the Business Combination, the directors of the Resulting Issuer intend to establish such committees of the board as determined to be appropriate in addition to the audit committee and Resulting Issuer Compensation Committee.

Audit Committee

The Audit Committee will assist the Resulting Issuer Board in fulfilling its responsibilities for oversight of financial and accounting matters. The Audit Committee will review the financial reports and other financial information provided by the Resulting Issuer to regulatory authorities and its shareholder and review the Resulting Issuer's system of internal controls regarding finance and accounting including auditing, accounting and financial reporting processes.

It is anticipated that the members of the Audit Committee after completion of the Business Combination will include the following three directors. Also indicated is whether they are "independent" and "financially literate" within the meaning of NI 52-110.

Name of Member	Independent[(1)]	Financially Literate[(2)]
Steven White	No	Yes
Elroy Sailor	Yes	Yes
Frank Bedu-Addo	Yes	Yes

Notes:

(1) A member of the Audit Committee is independent if he or she has no direct or indirect 'material relationship' with the Resulting Issuer. A material relationship is a relationship which could, in the view of the Resulting Issuer Board, reasonably interfere with the exercise of a member's independent judgment. An executive officer of the Resulting Issuer, such as the President or Secretary, is deemed to have a material relationship with the Resulting Issuer.

(2) A member of the Audit Committee is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Resulting Issuer's financial statements.

Compensation Committee

The Compensation Committee will assist the Resulting Issuer Board in fulfilling its responsibilities for compensation philosophy and guidelines, and fixing compensation levels for the Resulting Issuer's executive officers. In addition, the Compensation Committee will be charged with reviewing the employee stock option plan and proposing changes thereto, approving any awards of options under the employee stock option plan and recommending any other employee benefit plans, incentive awards and perquisites with respect to the Resulting Issuer's anticipated executive officers. The Compensation Committee will also be responsible for reviewing, approving and reporting to the Resulting Issuer Board annually (or more frequently as required) on the Resulting Issuer's succession plans for its executive officers.

It is anticipated that the members of the Compensation Committee after completion of the Business Combination will include the following three directors: Elroy Sailor, Mark Barnard and Frank Bedu-Addo.

Corporate Cease Trade Orders or Bankruptcies; Penalties or Sanctions; Personal Bankruptcies

No anticipated director or officer of the Resulting Issuer or a shareholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer will be, or within 10 years before the date of the Business Combination will have been, a director or officer of any other company that, while the person was acting in that capacity:

(a) was the subject of a cease trade or similar order, or an order that denied the other company access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days;

(b) was the subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

(c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(d) within a year of that person ceasing to act in that capacity, because bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No anticipated director or officer of the Resulting Issuer, or a shareholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors, officers and promoters of the Resulting Issuer also holding positions as directors or officers of other companies. Some of the individuals that are anticipated to be directors and officers of the Resulting Issuer have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where such directors and officers of the Resulting Issuer will be in direct competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies provided under BCBCA.

Management

Brief descriptions of the biographies for all of the anticipated executive officers and directors of the Resulting Issuer are set out below:

Steven White | Director & Chief Executive Officer (Age 45)

Steve graduated early from Arizona State's Honors College summa cum laude with two minors, while also winning an athletic national championship. After his undergraduate work, Steve attended and graduated from Washington and Lee's School of Law in 1999. At Washington and Lee, he competed on the school's National Moot Court team and served as a law journal editor. In private practice, he practiced business, business litigation and regulatory law for two national law firms. In 2005, he founded his own boutique law firm and achieved an AV rating, the highest possible rating for skill and ethics. There, Steve represented clients ranging from very large to start-ups across a variety of industries.

Steve founded Harvest in 2011. After opening Harvest's first dispensary in 2013, Steve worked there for several months fulfilling orders, performing reception duties, and consulting with patients. He quickly learned that he had the ability to help shape a company that gave people control over an aspect of their life where they previously had very little – their health and wellness. This led Steve to instill a culture of education and empowerment at Harvest to provide patients much needed products, resources, and support. For example, Harvest facilities host a new patient orientation and monthly support group meetings for epilepsy, chronic pain, cancer, and PTSD. Under Steve's direction, Harvest has also engaged in many community activities and events, including donating more than $500,000 to local charitable organizations, veterans, seniors, and patients in need. Steve founded and now serves on the board of directors for Harvesting Hope, a non-profit organization that supports young children suffering from seizure disorders. To date, Harvesting Hope has provided a wide range of services for over 100 families.

As Harvest's CEO, Steve is responsible for license acquisition, organizational direction and strategy. He has also been instrumental in navigating state- and county-level regulatory audits, including, to date, more than one hundred state inspections across multiple states, four Americans for Safe Access Patient Focused Certifications, and more than fifty certified financial audits. He sits on Americans for Safe Access's Advisory Board for its End Pain, Not Lives campaign. He is also a board member of the Arizona Dispensary Association. In addition, he has done hundreds of interviews, speaking engagements, and provided expert testimony on a multitude of marijuana-related topics.

Steven White is employed on a full-time basis as CEO. He is classified as an employee of Harvest and devotes 100% of his time in his role with Harvest. Steve has entered into a confidentiality and non-compete agreement with Harvest.

Jason Vedadi | Director & Executive Chairman (Age 40)

Jason Vedadi brings his extensive experience in real estate development, finance, raising private equity capital, joint ventures, and debt and equity combinations as Executive Chairman of Harvest.

Jason is a 2001 graduate of the University of Montana with a degree in Business. Prior to joining Harvest, Jason built and sold three companies in the Western United States by the age of 35. He built a residential and commercial mortgage company in Washington state, a residential and commercial development company with operations in 4 states and over 200 employees and 10-40 million per year in revenue, and a luxury home building company, all from the ground up by deploying a variety of business platforms and investment infrastructures. An avid chess player since the age of three, the analysis and strategy skills honed during thousands of hours playing the oldest game in the world, have been a cornerstone of his success. For Jason, those skills are invaluable on the golf course, as well as in the board room. Jason is also bilingual, speaking fluently in Farsi.

Jason leads the company's acquisitions, capital infusion, development, investor relations, and expansion to new states and is employed on a full-time basis as Executive Chairman. He is classified as an employee of Harvest and devotes 100% of his time in his roles with Harvest. Jason has entered into a confidentiality and non-compete agreement with Harvest.

Elroy Sailor | Director (Age 50)

Elroy Sailor serves on Harvest's Board of Directors. Elroy's experience spans twenty plus years of effective, results-oriented leadership with a strong track record of performance in management, federal, state and local government and community relations, strategic partnerships, communications and crises management, business development and advocacy campaigns. As a board member and steward of the organization, Elroy is responsible for advancing, and advocating for, the mission of Harvest through the planning of programs and operations in anticipation of industry trends.

For the past 5 years Elroy has been the President and CEO of J.C. Watts. Along with former Congressman J.C. Watts, Elroy co-founded The J.C. Watts Companies in 2003, a multi-industry business headquartered in Washington, D.C. with operations in Oklahoma and Texas, and serves on its Board of Directors and as Chief Executive Officer. Elroy led a dynamic and talented executive management team to build grow The J.C. Watts Companies from start-up to an organization with revenues of $25 million.

Elroy served on the 2017 Trump Pence Presidential Transition Team. He has served as a Senior Advisor to Reince Priebus, former Chairman of the Republican National Committee, and has served as Senior Advisor and Director of Strategic Programs for Rand Paul for President, 2016 Presidential Campaign. Because of Elroy's political acumen, he was recently named as number 14 of Newsmax's 50 Most Influential African-American Republicans and is one of the premier business executives and political operatives in Washington, D.C.

Elroy's philanthropic activity includes founding INSIGHT America, a non-profit organization co- chaired by thirteen U.S. Congressional Members. Elroy has served as a monthly commentator on American Urban Radio, ABC World News, and News One Now, hosted by Roland Martin.

Prior to starting his own business, Elroy served thirteen years in various leadership positions throughout the federal and state governments and on political campaigns. As Director of Urban Affairs for then-Michigan Governor John Engler, Elroy managed urban development policy; as a Legislative Aide to then-U.S. Senator Spencer Abraham (R-MI), he led transportation, housing and economic development policy; as Deputy Chief of Staff, U.S. House of Representatives, Republican Leadership Conference, Elroy managed and developed the Republican Five Point Urban Initiative and served as a liaison to the White House, members of Congress, governors and mayors.

Elroy has extensive experience in managing international relations. Highlights of his international work includes leading a senior U.S. Congressional staff delegation to Botswana and Israel, an appointment by the U.S. State Department to serve as a U.S. Advisor to the African Development Bank Annual Summit in Ethiopia, and directing two official U.S. Congressional delegations to Cote d'Ivoire, Nigeria, Ghana, Mali, Morocco and Senegal.

Elroy is a proud graduate of Morehouse College, Atlanta, Georgia and a graduate of the Michigan Political Leadership Program (MPLP), Michigan State University.

Elroy is not classified as an employee of Harvest but is compensated under a Board of Directors Appointment Agreement. Elroy has entered into a confidentiality and non-compete agreement with Harvest.

Mark Barnard | Director (Age 56)

Mark Barnard serves on Harvest's Board of Directors. As a board member and steward of the organization, Mark is responsible for advancing, and advocating for, the mission of Harvest through the planning of programs and operations in anticipation of industry trends. Mark also serves as the Chairman of Harvest's Special Committee on mergers and acquisitions.

After 23 years with Unilever in various senior international roles Mark was recruited into Diageo PLC. From 2008-2014, Mark served as the Chief Commercial Officer of Diageo PLC. During his tenure he was responsible for development of Diageo sales and customer marketing strategy to ensure the achievement of long-term performance goals of the organization. Further, he was accountable for the overall health of the commercial function of Diageo and led the overall talent agenda with regional presidents in each market and region.

In 2015, Mark retired from Diageo PLC to pursue his entrepreneurial passions. Since then he has taken on various private equity roles both operationally and in advisory capacities. These include CEO of Octopus Group, advisory roles to The Blackstone Group and to CVC Capital Partners. Mark also serves in a consulting capacity as Global Senior Advisor to McKinsey & Co. Ltd serves as an advisory board member of TRAX Retail.. He continues these private equity, consulting, and ownership roles currently.

Mark does not have any prior experience in the cannabis industry; however, his private equity expertise and the multitude of corporate roles he held successfully with Unilever and Diageo, will add critical areas of expertise as he serves on the Board.

Mark is not classified as an employee of Harvest but is compensated under a Board of Directors Appointment Agreement. Mark has entered into a confidentiality and non-compete agreement with Harvest.

Frank Bedu-Addo, PhD | Director (Age 55)

Dr. Frank Bedu-Addo serves on Harvest's Board of Directors. As a board member and steward of the organization, Frank is responsible for advancing, and advocating for, the mission of Harvest through the planning of programs and operations in anticipation of industry trends.

Since 2006, Frank has been CEO and a director of PDS Biotechnology Corporation ("PDS"), a mid-clinical stage cancer immunotherapy company that merged with Edge Therapeutics, Inc. ("Edge") on March 15, 2019. PDS is a U.S. public company and its shares are traded on the Nasdaq under the symbol PDSB.. He has led PDS through technology acquisition and preclinical development to a successful clinical-stage company partnered with the top institutions in the field of immuno-oncology. In addition, Frank led PDS' merger with Edge and its listing on the Nasdaq. Frank has extensive pharmaceutical business and drug development experience and has been responsible for the development and implementation of both drug development and operational strategy and has overseen operations in both large pharmaceutical organizations and emerging biotechnology companies. Frank began his industrial career as a scientist at The Liposome Company, NJ, where he participated in the development of various drugs including the anti-fungal drug Abelcet®. He also participated in development of various biotech-based drugs such as the hepatitis C drug PEG-Intron® while a scientist at Schering-Plough Research Institute, NJ. Frank successfully started up and managed Cardinal Health's East Coast biotech drug development operations where he oversaw all business and drug development operations for the division. Frank was then hired to the senior executive management team of KBI BioPharma, Inc. He started up the company's operations, oversaw all drug development, business operations and P&L. He provided steady double-digit revenue growth and established a current and growing industry- leading contract biotech drug development company. Dr. Bedu-Addo has developed several pharmaceutical products, and has participated in the development of anticancer and infectious disease products currently on the market. Dr. Bedu-Addo has been a consultant to several leading pharmaceutical companies, and has also served on biotech company boards. Frank obtained a Master of Science degree in Chemical Engineering and a Ph.D. in Pharmaceutics from the University of Pittsburgh.

Frank is not classified as an employee of Harvest but is compensated under a Board of Directors Appointment Agreement. Frank has entered into a confidentiality agreement with Harvest.

Steve Gutterman | President (Age 50)

Steve Gutterman is employed on a full-time basis and serves as President of Harvest.

Steve has spent the past 20 years managing high growth businesses in highly regulated industries. He began his career as a corporate lawyer, ultimately becoming the Executive Vice President of Banking at E*TRADE, which he helped lead from $1 billion to $35 billion in assets. In this role, he worked closely with regulators at the Office of Thrift Supervision and the Securities Exchange Commission, collaborating with regulators to create a national plan to comply with the Community Reinvestment Act. After E*TRADE, Steve joined MBH Enterprises, a private equity firm. MBH's portfolio companies grew by over $300 million in annual revenue during his tenure. Finally, he joined Mobile Accord in 2013 as CEO. While operating this global company, he guided country-specific compliance with privacy laws, telecom regulations, and banking and taxation treaties, ultimately adding 400 million telecom subscribers in 45 countries.

Steve is passionate about serving customers. At E*TRADE, his business lines won numerous awards for product innovation and service. At Mobile Accord, he led a company whose work was featured by the United Nations in its 2020 Vision and the Center for Disease Control in its response to the Ebola crisis. Additionally, during this time he also acted as advisor to the Ministry of Information for the Government of the Republic of Tanzania.

Throughout his career, Steve has worked to create equal opportunities for all members of his community. He was an organizer and Board member of Solara National Bank, the first nationally-chartered bank to cater to Hispanic banking customers. He is also a past member of the Columbia Law School Board of Visitors and a former chair and board member for the Institute for the Study of Israel in the Middle East. He has advised numerous political candidates as member and chair of their finance committees.

Steve loved being a part of the development of the e-commerce industry. That passion to work with thought leaders, regulators, customers, and even competitors to define and lead a nascent industry brought him to the cannabis industry and to Harvest. Prior to Harvest, Steve has spent his career leading teams and turning companies into market leaders. As President of Harvest, he is tasked with the day-to-day operations of the business. In this capacity, Steve applies the 20 years of experience he has in growing businesses to creating and refining the best team, processes, and products in the industry.Steve is classified as an employee of Harvest and devotes 100% of his time in his role with Harvest. Steve has entered into a confidentiality agreement with Harvest.

Leo Jaschke | Chief Financial Officer (Age 48)

Leo has built his career leading and performing accounting, finance and treasury functions for national footprint companies in multi-unit retail and consumer packaged goods/manufacturing including Celestial Seasonings, Boston Market, Einstein Bros., Ultimate Electronics, and WTRMLN WTR. During his tenure with these companies, responsibilities held and shared by Leo included forecasting, planning and analysis, treasury management, risk management, financial reporting, SEC reporting, system implementations, creation and development of accounting and finance teams, audit management, lease renewals, capital expenditures, Rule 144A bond offering, road shows, equity presentations, capitalization, bank financing, §363 sales, turnarounds, mergers, and an initial public offering.

In addition to his 15 years of operating company experience, Leo has 10 years of experience in private equity where he helped grow the profitability of a portfolio of companies (organically and through mergers and acquisition), created startups, divested assets, was involved in raising nearly $100 million in equity, led over $300 million of debt financings, guided business valuations, conducted due diligence, facilitated business integrations, developed finance and accounting teams, and guided continuous improvement in all areas.

Leo holds an MBA from the University of Denver's Daniels College of Business, a BS in Accounting with a Business Administration Minor from Minnesota State University – Mankato, and he is a Certified Management Accountant. Leo is classified as an employee of Harvest and devotes 100% of his time in his role with Harvest. Leo has entered into a confidentiality agreement with Harvest.

EXECUTIVE COMPENSATION

The following table sets forth the compensation that is anticipated be paid or awarded to each NEO and director of the Resulting Issuer.

Table of Compensation Excluding Compensation Securities

Name & position	Year	Salary, Consulting Fee, Retainer or Commission ($)	Bonus ($)	Committee or meeting fees ($)	Value of Perquisites ($)	Value of all other compensation ($)	Total compensation ($)
Steven White, CEO	2019	750,000	N/A	N/A	N/A	276,000	1,026,000
Leo Jaschke, CFO	2019	300,000	N/A	N/A	N/A	N/A	300,000
Jason Vedadi, Executive Chairman	2019	750,000	N/A	N/A	N/A	276,000	1,026,000
Elroy Sailor, Director	2019	25,000	N/A	N/A	N/A	N/A	25,000
Mark Barnard, Director	2019	37,500	N/A	N/A	N/A	N/A	37,500
Frank Bedu-Addo, Director	2019	100,000	N/A	N/A	N/A	N/A	100,000

Stock Options and Other Compensation Securities

Name & position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price ($)	Closing price of security or underlying security on date of grant ($)	Closing price of security or underlying security at year end ($)	Expiry Date ($)
Steven White, CEO and Director	ISO Stock Option NQSO Stock Option	20,746 (ISO) 2,479,253 (NQSO)	11/14/2018	$7.21 USD (ISO) $6.55 USD (NQSO)	$5.27 USD	$5.27 USD	11/14/2023 (ISO) 11/14/2028 (NQSO)
	ISO Stock Option NQSO Stock Option	17,905 (ISO) 982,095 (NQSO)	3/13/2019	$11.22 USD (ISO) $10.20 USD (NQSO)	$10.20 CAD	N/A	3/13/2024 (ISO) 3/13/2029 (NQSO)
Leo Jaschke, CFO	ISO Stock Option NQSO Stock Option	17,905 (ISO) 982,095(NQSO)	3/13/2019	$11.22 CAD (ISO) $10.20 CAD (NQSO)	$10.20 CAD	N/A	3/13/2024 (ISO) 3/13/2029 (NQSO)
Jason Vedadi, Executive Chairman and Director	ISO Stock Option NQSO Stock Option	20,746 (ISO) 2,479,253 (NQSO)	11/14/2018	$7.21 USD (ISO) $6.55 USD (NQSO)	$5.27 USD	$5.27 USD	11/14/2023 (ISO) 11/14/2028 (NQSO)
	ISO Stock Option NQSO Stock Option	17,905 (ISO) 382,095 (NQSO)	3/13/2019	$11.22 USD (ISO) $10.20 USD (NQSO)	$10.20 CAD	N/A	3/13/2024 (ISO) 3/13/2029 (NQSO)
Elroy Sailor, Director	NQSO Stock Option	150,000	11/14/2018	$6.55 USD	$5.27 USD	$5.27 USD	11/14/2028
	NQSO Stock Option	150,000	3/13/2019	$10.20 CAD	$10.20 CAD	N/A	3/13/2029
Mark Barnard, Director	NQSO Stock Option	150,000	11/14/2018	$6.55 USD	$5.27 USD	$5.27 USD	11/14/2028
	NQSO Stock Option	150,000	3/13/2019	$10.20 CAD	$10.20 CAD	N/A	3/13/2029
Frank Bedu-Addo, Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Exercise of Compensation Securities by Directors and NEOs

Name & position	Type of compensation security	Number of underlying securities exercised	Exercise price per security ($)	Date of exercise ($)	Closing price per security on date of exercise ($)	Difference between exercise price and closing price on date of exercise ($)	Total value on exercise date ($)

Steven White, CEO	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Leo Jaschke, CFO	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Jason Vedadi, Executive Chairman	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Elroy Sailor, Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mark Barnard, Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Frank Bedu-Addo, Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Employment, Consulting and Management Agreements

Other than as disclosed herein, the Resulting Issuer will not have any contracts, agreements, plans or arrangements that provide for payments to any NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Resulting Issuer or a change in an NEO's responsibilities.

Under the employment agreements for Messrs. White and Vedadi, each is employed for a term of three years commencing on November 15, 2018. The term is automatically renewed for periods of two years commencing on the third anniversary of commencement date and on each subsequent anniversary thereafter unless notice that the term will not be extended is given by either the executive or Harvest not less than 180 days prior to the expiration of the term. The base salary for each of Mr. White and Mr. Vedadi payable under the agreement is $500,000 per annum, subject to up to a 50% increase beginning each calendar year starting on January 1, 2019. Each of Mr. White and Mr. Vedadi are entitled to a potential bonus of 300% of base salary at target performance, 100% of base salary at threshold performance and 500% of base salary for superior performance. In addition, each executive is entitled to participate in Harvest's stock option plan and welfare benefit plans in effect from time to time for senior executives of Harvest. In addition, each of Mr. White and Mr. Vedadi shall receive a $5,000,000 bonus, payable in stock or cash, at Harvest's sole discretion, if Harvest's share price reaches $20 and averages that price or above for thirty consecutive days. If Harvest's share price reaches $40 and averages that price or above for thirty consecutive days, Harvest shall pay each of Mr. White and Mr. Vedadi $10,000,000 in stock or cash, at Harvest's election. Effective January 11, 2019, each of Mr. White and Mr. Vedadi shall be provided a discretional monthly expense account of $23,000 per month.

In addition, the employment agreements for Messrs. White and Vedadi shall contain customary confidentiality and non-compete covenants. In addition to the compensation set forth in the chart on the previous page, the employment agreements for Messrs. White and Vedadi shall contain customary confidentiality and non-compete covenants.

Termination and Change of Control Benefits

Under the employment agreements for Messrs. White and Vedadi, termination and change of control benefits are comprised of the following:

- Termination by company for cause: Unpaid and earned base salary only;
- Termination by NEO upon company breach: Base salary and bonus, base salary continuation for two (2) years and health benefits for twenty four (24) months;
- Death or disability of NEO: Base salary through the date of termination, pro-rated bonus for the calendar year, and health benefits for one year;
- Voluntary termination/resignation by NEO: Unpaid and earned base salary only;

- Termination by company without cause and upon signed release from NEO: Base salary, bonus, Base salary continuation for three years, and health benefits for 24 months from the date of termination; and

- Change of Control: Five (5) times the annual base salary and two (2) years bonus, health benefits for twenty four (24) months.

Oversight and Description of Director and NEO Compensation

The Resulting Issuer Board will review the compensation of its executive officers following completion of the Business Combination and make such changes as it deems appropriate.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Upon completion of the Business Combination, none of the directors or officers of the Resulting Issuer, nor any of their Associates, will be indebted to the Resulting Issuer, and neither will any indebtedness of any of these individuals or Associates to another entity be the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Resulting Issuer.

LEGAL PROCEEDINGS

Legal Proceedings

There are no actual, pending or contemplated legal proceedings material to Harvest or any Subsidiary or any of their respective properties.

Legal proceedings of Verano:

Other than as described below there are no actual, pending or contemplated legal proceedings material to Verano or any Subsidiary or any of their respective properties:

i. Heritage Mechanical LLC v. RedMed, LLC, *et al.*, Case No. C-13-CV-18-000297. This case was filed in the State of Maryland in the Circuit Court for Howard County on or about July 9, 2018. The action concerns a dispute over payment by the named defendants to plaintiff, an HVAC contractor who, directly or through subcontractors, performed certain work at defendants' Jessup, Maryland, facility. Plaintiff never provided the named defendants with any contract; rather, work was performed and then invoices provided months thereafter. Plaintiff alleges that it is owed in excess of $1,200,000.00. Immediately prior to having filed suit, RedMed, LLC, and Freestate Wellness, LLC, engaged the services of a professional auditor to review and audit plaintiff's charges and invoices. The auditor discovered overbilling and discrepancies. In addition, since suit was filed, RedMed, LLC, has directly paid plaintiff's subcontractors over $250,000.00. On or about April 9, 2019, Plaintiff filed an amended complaint adding Redfish Holdings, Inc., MDCult, LLC, Cary Millstein and George Archos as defendants. The litigation will continue into the foreseeable future, unless settled out of court.

ii. NatureX, LLC et al. v. Verano Holdings, LLC, et al. On or about January 18, 2019, an individual named Robert Frey, purportedly on behalf of NatureX, LLC, as well as entity BB Marketing, LLC, filed suit in the Eighth Judicial District Court in Clark County, Nevada, against Verano Holdings, LLC; Lone Mountain Partners, LLC; Nevada Natural Treatment Solutions, LLC; Scythian Biosciences Corp.; George Archos; Sam Dorf; Carl Rosen; Julie Nagle; Does I-X; and Roe Companies I-X. The case is styled NatureX, LLC et al. v. Verano Holdings, LLC, et al. Although no defendant has yet been served, upon review of an advance copy of the complaint forwarded to Verano the claims appear to stem from the putative plaintiff's allegation that instead of Verano principals having applied for additional dispensary licenses in the State of Nevada under entity Lone Mountain Partners, LLC (for which it won 11 new licenses), applications should have been submitted under affiliated entity NatureX, LLC. Putative plaintiffs allege, falsely, that they had provided Verano principals all information necessary to submit applications on behalf of NatureX, LLC. As such,

putative plaintiffs claim they are entitled to 50% of the equity of each of the new licenses, and ask for damages in excess of $75 million. As of the date hereof, neither Verano nor any of its affiliates or subsidiaries has been served with the Complaint. Assuming that the putative plaintiffs serve Verano or any subsidiary, the litigation will commence and continue unless settled out of court.

iii. In the Matter of Application for Medicinal Marijuana Alternative Treatment Center, filed February 4, 2019 with the Superior Court of New Jersey, Appellate Division (Docket No. A-002292-18). A number of unsuccessful medical marijuana alternative treatment center applicants in the State of New Jersey, including Pangaea Health & Wellness, LLC, appealed NJDOH's decision to the Appellate Division of the Superior Court of New Jersey. In furtherance of their appeals, a number of the unsuccessful applicants have also filed motions for a stay of the NJDOH's decision, in which they ask the court to hold the decision in suspension until it has been subjected to judicial review.

iv. On January 4, 2019, D.H. Flamingo, Inc. et al filed a complaint (Case No. A-19- 787035-c) in the Eighth Judicial District Court in Clark County Nevada against Lone Mountain Partners, LLC, regarding a dispute over the scoring and application process in the last round of applications in Nevada.

v. ETW Management Group, LLC, et al. v. Nevada Dep't of Taxation, Case No. A-190787004-B (filed Jan. 4, 2019) (Dept 11: Judge Gonzalez). Filed on behalf of eleven applicants denied retail licenses in the State of Nevada and requests the court to declare that the Department of Taxation violated regulations by issuing multiple retail licenses to the same entity or group of persons. Lone Mountain Partners, LLC, recently moved to intervene. Plaintiffs have not filed an opposition to the motion yet, but have opposed fellow license holder Nevada Organic Remedies' motion to intervene. Presuming an opposition to the motion to intervene, Lone Mountain's reply in support of the motion to intervene was due April 10, 2019. Lone Mountain's motion to intervene was granted at such hearing on April 15, 2019. Lone Mountain, the Nevada Department of Taxation and other license holders are in process of responding to the complaint.

vi. Serenity Wellness Center, LLC, et al. v. Nevada Dep't of Taxation, Case No. A-19-786962-B (filed Jan. 4, 2019) (Dept. 11: Judge Gonzalez). Filed on behalf of twelve applicants that were denied conditional retail licenses in Nevada. Does not name any of the conditional license-holders as defendants. Argues promulgated regulations are unconstitutional and requests an injunction "enjoining the enforcement of the denial of the Plaintiff's Applications for licensure." Lone Mountain Partners moved to intervene in this matter and the court granted the motion to intervene at hearing the week of April 1, 2019. The parties have agreed to an extended briefing schedule regarding the preliminary injunction motion and are submitting a stipulation setting out a briefing schedule and agreeing to continue the hearing date into May. Per the stipulated agreement to continue dates re: preliminary injunction, Lone Mountain's opposition to the preliminary injunction motion was due April 16, 2019. Hearing on the motion is proposed for May 6, 2019, but depends on the court's availability. Lone Mountain has intervened in this matter and Lone Mountain, the Nevada Department of Taxation and other license holders are in process of responding to the complaint. Plaintiff's motion for preliminary injunction has been re-set for hearing on May 24, 2019. Oppositions to the motion are now due May 7, 2019. Verano and Lone Mountain intend to vigorously oppose the requested injunctive relief.

vii. MM Development Company, Inc. v. Nevada Dep't of Taxation, Case No. A-18-785818-W (filed Dec. 10, 2018) (Dept. 18: Sr. Judge Barker). Filed behalf of company ranked fourth highest applicant for medical marijuana dispensary in unincorporated Clark County in 2015 but was denied retail license. Does not name any conditional license holders as defendants. Requests the court to order the Department to issue conditional licenses to the plaintiff. State filed a motion to dismiss the complaint, which was denied by the court the week of April 1, 2019. In statements at the bench, the court indicated its hesitation to rule on the motion to dismiss prior to hearing from the entities that had received licenses, and stated that it may be willing to reconsider the issue once the license holders have intervened in the case. Lone Mountain has moved to intervene in this matter and will engage in motion practice if the state or other interveners determine to ask for reconsideration. MM Development has collectively opposed all intervention motions. Lone Mountain's reply brief re: intervention is due May 17, 2019. The hearing date on motions to intervene is currently set for May 22, 2019 and will be "in chambers," without a hearing. The State has determined to not file a motion to have the court reconsider its motion to dismiss. The State is considering whether to appeal the denial or to

wait and file an early motion for summary judgment. Lone Mountain has moved to intervene in this matter and expects to have that motion granted at hearing on April 22, 2019. The state of Nevada and other license holders are in process of responding to the complaint. The State has decided to not file an appeal related to its motion to dismiss that was previously denied. Verano and Lone Mountain expect Judge Gonzalez (the judge hearing both the Serenity and ETW matters) to take steps to have all of the various cases deemed "complex" and to have them consolidated in her courtroom. Judge Gonzalez has indicated she will address the consolidation issue at the next hearing on April 22, 2019.

viii. In re Application for Medicinal Marijuana Alternative Treatment Center. A number of unsuccessful medical marijuana alternative treatment center applicants in the State of New Jersey, including Pangaea Health & Wellness, LLC, appealed NJDOH's decision to the Appellate Division of the Superior Court of New Jersey. In furtherance of their appeals, a number of the unsuccessful applicants have also filed motions for a stay of the NJDOH's decision, in which they ask the court to hold the decision in suspension until it has been subjected to judicial review.

Regulatory Actions

Other than as described below, there have been no penalties or sanctions imposed against Verano, Harvest, the eventual Resulting Issuer or any Subsidiary by a court or regulatory authority, and Verano, Harvest, the eventual Resulting Issuer or any Subsidiary has not entered into any settlement agreements before any court relating to provincial or territorial securities legislation or with any securities regulatory authority, in the three years prior to the date of this Circular.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than disclosed in this Circular, no director or executive officer of the Resulting Issuer or person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series of the outstanding voting securities of the Resulting Issuer, or any Associate or Affiliate of any of the foregoing has or had any material interest, direct or indirect, in any transaction within the three years before the date of this Circular, or in any Business Combination, which has materially affected or will materially affect the Resulting Issuer or any of its subsidiaries.

MATERIAL CONTRACTS

Other than contracts entered into in the ordinary course of business, the Resulting Issuer will not have entered into any material contracts since its inception. During the course of the two years prior to the date of the Circular, Verano, Harvest and the Subsidiaries have entered into the following material contracts, other than contracts entered into in the ordinary course of business:

(a) The Business Combination Agreement; and

(b) The Letter Agreement.

INTEREST OF EXPERTS

No person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Circular or as having prepared or certified a report or valuation described or included in this Circular will hold any beneficial interest, direct or indirect, in any securities or property of the Resulting Issuer or of an Associate or Affiliate of the Resulting Issuer and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the Resulting Issuer or of an Associate or Affiliate of the Resulting Issuer and no such person will be a promoter of the Resulting Issuer or an Associate or Affiliate of the Resulting Issuer. Haynie and Company, LLC are independent of the Resulting Issuer, and will have performed their services in accordance with the rules of professional conduct of International Auditing Standards.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Resulting Issuer will be Haynie and Company, LLC located at 50 West Broadway, Suite 600, Salt Lake City, UT 84101, United States. The transfer agent and registrar for the Resulting Issuer Shares will be Odyssey Trust Company at its principal office in Calgary, Alberta.

OTHER MATERIAL FACTS

Other than as set out elsewhere in this Circular, there are no other material facts about the Resulting Issuer, Verano, Harvest or its respective securities which are necessary in order for this Circular to contain full, true and plain disclosure of all material facts relating to the Resulting Issuer and its respective securities.

ESCROWED SECURITIES

At the closing of the Business Combination, 10% of the aggregate number of Resulting Issuer Subordinate Voting Shares and 10% of the aggregate number of Resulting Issuer Multiple Voting Shares to be issued by the Resulting Issuer under the Arrangement to certain holders (the "**Escrowed Shares**") will be delivered to Odyssey Trust Company (the "**Escrow Agent**") pursuant to the terms of an escrow agreement, as more fully described in the Business Combination Agreement. On the 12-month anniversary of the closing of the Business Combination, the Escrow Agent will release the Escrow Shares to ParentCo minus any amounts reasonably required to satisfy certain unresolved indemnification claims, if any.

In addition to the Escrowed Shares, certain former Verano Unit Holders (the "**Locked-Up Shareholders**") have agreed to enter into lock-up agreements, pursuant to which the Resulting Issuer Shares issued to such Locked-Up Shareholders will be released as follows:

(a) 10% on the Closing Date;

(b) 10% on the three month anniversary of the Closing Date;

(c) 20% on the six month anniversary of the Closing Date;

(d) 20% at the end of each subsequent calendar quarter following release date in (b), above.

Assuming that 1,295,506 Resulting Issuer Multiple Voting Shares are issued to former Verano Unit Holders, approximately 702,098 Multiple Voting Shares, or approximately 20% of the issued and outstanding Resulting Issuer Multiple Voting Shares, will be subject to such lock-up agreements.

FINANCIAL STATEMENTS

The audited consolidated financial statements of Harvest for the years ended December 31, 2018 and 2017 and accompanying management's discussion and analysis is available under Harvest's SEDAR profile at www.sedar.com.

Verano's audited consolidated financial statements for the years ended December 31, 2018 and 2017, and accompanying management's discussion and analysis are attached as Appendix "I" to the Circular.

Risk Factors of the Resulting Issuer

Risks Specifically Related to the United States Regulatory System

The United States federal government has not legalized marijuana for medical or adult-use.

The federal government of the United States regulates drugs through the CSA, which places controlled substances on one of five schedules. Currently, cannabis is classified as a Schedule I controlled substance. This means it has a high potential for abuse and currently has no accepted medical use in treatment in the United States. Schedule I substances

are subject to production quotas imposed by the DEA. Thus, the federal government of the United States has specifically reserved the right to enforce federal law in regards to the sale and disbursement of medical or adult-use marijuana even if such sale and disbursement is sanctioned by state law.

Currently, 33 U.S. states, the District of Columbia and the U.S. territories of Guam and Puerto Rico, allow the use of medical cannabis. Additionally, the states of Alaska, California, Colorado, Maine, Massachusetts, Michigan, Nevada, Oregon, Vermont and Washington and the District of Columbia have legalized cannabis for adult recreational use. However, since cannabis is a Schedule I controlled substance, the development of a legal cannabis industry under the laws of these states is in conflict with the CSA. In light of this conflict between state and federal law, the DOJ Deputy Attorney General of the Obama Administration, James Cole, issued a memorandum (the "**Cole Memorandum**"), dated August 29, 2013, providing updated guidance to federal prosecutors concerning cannabis enforcement under the CSA. The Cole Memorandum provided, in part, that when states have implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale, and possession of cannabis, conduct in compliance with those laws and regulations is less likely to threaten the federal priorities. Indeed, a robust system may affirmatively address those priorities by, for example, implementing effective measures to prevent diversion of cannabis outside of the regulated system and to other states, prohibiting access to marijuana by minors, and replacing an illicit cannabis trade that funds criminal enterprises with a tightly regulated market in which revenues are tracked and accounted for. In those circumstances, consistent with the traditional allocation of federal-state efforts in this area, the Cole Memorandum provided that enforcement of state law by state and local law enforcement and regulatory bodies should remain the primary means of addressing marijuana-related activity. In contrast, if the state enforcement efforts are not sufficient to protect against the harms set forth above, the federal government may seek to challenge the regulatory structure itself in addition to continuing to bring individual enforcement actions, including criminal prosecutions, focused on those harms.

In 2014, the United States House of Representatives passed an amendment (commonly known as the Rohrabacher-Blumenauer Amendment, the Rohrabacher-Leahy Amendment or the "**Rohrabacher-Farr Amendment**") to the Commerce, Justice, Science, and Related Agencies Appropriations Bill, which funds the United States Department of Justice (the "**DOJ**"). The Rohrabacher-Farr Amendment prohibits the DOJ from using funds to prevent states with medical cannabis laws from implementing such laws. In August 2016, the U.S. Court of Appeals for the Ninth Circuit ruled in *United States v. McIntosh* that the Rohrabacher-Farr Amendment bars the DOJ from spending funds on the prosecution of conduct that is allowed by state medical cannabis laws, provided that such conduct is in strict compliance with applicable state law. In March 2015, bipartisan legislation titled the *Compassionate Access, Research Expansion, and Respect States Act* (the "**CARERS Act**") was introduced, proposing to allow states to regulate the medical use of cannabis by changing applicable federal law, including by reclassifying cannabis under the CSA to a Schedule II controlled substance and thereby changing the plant from a federally-criminalized substance to one that has recognized medical uses. More recently, the *Respect State Marijuana Laws Act of 2017* has been introduced in the U.S. House of Representatives, which proposes to exclude persons who produce, possess, distribute, dispense, administer or deliver marijuana in compliance with state laws from the regulatory controls and administrative, civil and criminal penalties of the CSA.

Although these developments have been met with a certain amount of optimism in the cannabis industry, neither the CARERS Act nor the Respect State Marijuana Laws Act of 2017 have yet been adopted, and the Rohrabacher-Farr Amendment must be renewed annually and has currently been renewed until September 30, 2019. Furthermore, the ruling in United States v. McIntosh is only applicable in the Ninth Circuit, which includes the states of Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregon and Washington. Each of Verano and Harvest has, and the Resulting Issuer plans to have, operations in states outside of the Ninth Circuit.

In early 2017, newly inaugurated President Donald J. Trump nominated Alabama Republican Jeff Sessions as the United States Attorney General. In addition to the election of President Trump, the Republican party retained control of United States Congress. On January 4, 2018, then Attorney General Sessions issued a written memorandum (the "**Sessions Memorandum**") to all U.S. Attorneys stating that the Cole Memorandum was rescinded, effectively immediately. In particular, Attorney General Sessions stated that "prosecutors should follow the well-established principles that govern all federal prosecutions," which require "federal prosecutors deciding which cases to prosecute to weigh all relevant considerations, including federal law enforcement priorities set by the Attorney General, the seriousness of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community." Attorney General Sessions went on to state in the Sessions Memorandum that given the Justice

Department's well-established general principles, "previous nationwide guidance specific to marijuana is unnecessary and is rescinded, effective immediately." Attorney General Sessions reiterated that the cultivation, distribution and possession of marijuana continues to be a crime under the CSA.

On November 7, 2018, Mr. Sessions tendered his resignation as Attorney General at the request of President Donald Trump. Following Mr. Sessions' resignation, William Barr was confirmed as the new Attorney General. Mr. Barr stated during his confirmation hearings in a response to a question from Senator Cory Booker, "I'm not going to go after companies that have relied on Cole memorandum." Mr. Barr also reconfirmed this response in writing as part of the formal confirmation proceedings. It is unclear whether Mr. Barr will seek to implement officially the Cole Memorandum as originally drafted or an updated version.

It is also unclear at this time whether the Sessions Memorandum indicates that the Trump administration will strongly enforce the federal laws applicable to cannabis or what types of activities will be targeted for enforcement. However, a significant change in the federal government's enforcement policy with respect to current federal laws applicable to cannabis could have a material adverse effect on the business, financial condition or results of operations of the eventual Resulting Issuer. Each of Verano and Harvest has provided products and services to state-approved cannabis cultivators and dispensary facilities. As a result, each of Verano and Harvest could be deemed to be aiding and abetting illegal activities, a violation of United States federal law.

There is a substantial risk of regulatory or political change.

The success of the business strategy of the Resulting Issuer, depends on the legality of the cannabis industry in the United States. The political environment surrounding the cannabis industry in the United States in general can be volatile and the regulatory framework in the United States remains in flux. As of the date of this Circular, 33 states, Washington, D.C. and certain other U.S. territories have implemented laws and regulations to legalize and regulate the cultivation, sale, possession and use of cannabis, and additional states have pending legislation regarding the same, however, the risk remains that a shift in the regulatory or political realm could occur and have a drastic impact on the industry as a whole, adversely impacting the Resulting Issuer's ability to successfully invest and/or participate in the selected business opportunities.

Further, there is no guarantee that at some future date, voters and/or the applicable legislative bodies will not repeal, overturn or limit any such legislation legalizing the sale, disbursement and consumption of medical or adult-use cannabis. It is also important to note that local and city ordinances may strictly limit and/or restrict disbursement of cannabis in a manner that will make it extremely difficult or impossible to transact business that is necessary for the continued operation of the cannabis industry.

Cannabis remains illegal under federal law, and the federal government could bring criminal and civil charges against Verano or Harvest or their Subsidiaries or its investments at any time. Federal actions against any individual or entity engaged in the cannabis industry or a substantial repeal of cannabis- related legislation could have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

The Resulting Issuer intends to invest in businesses with little or no operating history and that are engaged in activities considered illegal under U.S. federal law.

The Resulting Issuer will invest in businesses that are directly or indirectly engaged in the medical and adult-use cannabis industry in the United States where local law permits such activities. Presently, the cultivation, possession, sale, and use of cannabis are illegal under U.S. federal statutes and the laws of other jurisdictions. Some of those laws, including the applicable federal laws of the United States, apply to the subject activities even though the subject activities may be permissible under local law.

The Resulting Issuer's anticipated funding of the activities of businesses engaged in the medical and adult- use cannabis industry, whether through loans or through other forms of investment, is illegal under the applicable federal laws of the United States and other applicable law. There can be no assurances the federal government of the United States or other jurisdictions will not seek to enforce the applicable laws against the Resulting Issuer. THE CONSEQUENCES OF SUCH ENFORCEMENT WOULD LIKELY BE MATERIALLY DETRIMENTAL TO THE

RESULTING ISSUER, THE RESULTING ISSUER'S BUSINESS AND THE HOLDERS OF RESULTING ISSUER SHARES AND COULD RESULT IN THE FORFEITURE OR SEIZURE OF ALL OR SUBSTANTIALLY ALL OF THE RESULTING ISSUER'S ASSETS.

Risk of Civil Asset Forfeiture

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

Banks often refuse to provide banking services to businesses involved in the cannabis industry due to the present state of the laws and regulations governing financial institutions in the United States.

The lack of banking and financial services presents unique and significant challenges to businesses in the cannabis industry. The lack of a secure place in which to deposit and store cash, the inability to pay creditors through the issuance of checks and the inability to secure traditional forms of operational financing, such as lines of credit, are some of the many challenges presented by the unavailability of traditional banking and financial services.

No guarantee or assurances can be given by the Resulting Issuer that it will be able to secure and/or maintain stable banking services arrangements, nor can the Resulting Issuer guarantee or provide assurances that it will be able to secure an alternative to traditional banking services should the Resulting Issuer not be able to secure and maintain traditional banking services with a national or state chartered banking institution.

Apart from the operating history of its subsidiaries, the Resulting Issuer will have no operating history.

The Resulting Issuer has not operating history, and must therefore rely on the operating history of Harvest and Verano and their respective management teams in connection with operating the Resulting Issuer business following completion of the Business Combination. Because the Resulting Issuer has no operating history or history of making investments in the medical and adult-use cannabis industry and related businesses, there is limited information upon which to base any estimate of the Resulting Issuer's future revenue and earnings prospects or to assist with an investment decision. There can be no assurance that the Resulting Issuer will ultimately be successful or will have the ability to achieve a return on shareholders' investment. Likewise, there can be no assurances that the Resulting Issuer will become profitable or generate operating cash flow.

The prior investment performance of Harvest and Verano or any other entity or person are provided for illustrative purposes only, and may not be indicative of the Resulting Issuer's future investment results. The nature of, and risks associated with, the Resulting Issuer's future investments may differ substantially from those investments and strategies undertaken historically by such persons and entities. There can be no assurance that the Resulting Issuer's investments will perform as well as the past investments of any such persons or entities.

Lack of access to U.S. bankruptcy protections; other bankruptcy risks.

Because the use of cannabis is illegal under federal law, many courts have denied cannabis businesses bankruptcy protections, thus making it very difficult for lenders to recoup their investments in the cannabis industry in the event of a bankruptcy. If the Resulting Issuer was to experience a bankruptcy, there is no guarantee that U.S. federal bankruptcy protections would be available, which would have a material adverse effect on any restructuring transaction.

Additionally, there is no guarantee that the Resulting Issuer will be able to effectively enforce any interests it may have in Verano, Harvest or its other subsidiaries and investments. A bankruptcy or other similar event related to an entity in which the Resulting Issuer holds an interest that precludes such entity from performing its obligations under an agreement may have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer. Further, should an entity in which the Resulting Issuer holds an interest have insufficient assets to

pay its liabilities, it is possible that other liabilities will be satisfied prior to the liabilities or equity owed to the Resulting Issuer. In addition, bankruptcy or other similar proceedings are often a complex and lengthy process, the outcome of which may be uncertain and could result in a material adverse effect on the business, financial condition or results of operations of the eventual Resulting Issuer.

The Resulting Issuer maybe subject to heightened scrutiny by Canadian authorities.

For the reasons set forth above, the business, operations and investments of the Resulting Issuer in the U.S., and any future businesses, operations and investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Resulting Issuer may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Resulting Issuer's ability to invest or hold interests in other entities in the U.S. or any other jurisdiction, in addition to those described herein.

On February 8, 2018, the Canadian Securities Administrators published Staff Notice 51-352 describing the Canadian Securities Administrators' disclosure expectations for specific risks facing issuers with cannabis-related activities in the U.S. Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry.

CDS is Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets. On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized CSEs, the TMX Group, who is the owner and operator of CDS, announced the signing of a Memorandum of Understanding ("**TMX MOU**") with Aequitas NEO Exchange Inc., the CSE and the Toronto Stock Exchange confirming that it relies on such exchanges to review the conduct of listed issuers. The TSX MOU notes that securities regulation requires that the rules of each of the exchanges must not be contrary to the public interest and that the rules of each of the exchanges have been approved by the securities regulators. Pursuant to the TSX MOU, CDS will not ban accepting deposits of or transactions for clearing and settlement of securities of issuers with cannabis-related activities in the U.S.

Even though the TSX MOU indicated that there are no plans of banning the settlement of securities through the CDS, there can be no guarantee that the settlement of securities will continue in the future. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of Resulting Issuer Subordinate Voting Shares to make and settle trades. In particular, the Resulting Issuer Subordinate Voting Shares would become highly illiquid until an alternative was implemented, and shareholders would have no ability to effect a trade of the Resulting Issuer Subordinate Voting Shares through the facilities of a stock exchange.

Foreign Private Issuer status.

The Business Combination is being structured so that the Resulting Issuer will be a Foreign Private Issuer (as defined in Rule 405 under the U.S. Securities Act and Rule 3b-4 under the Exchange Act) following the closing of the Business Combination. The term "Foreign Private Issuer" is defined as any non-U.S. corporation, other than a foreign government, except any issuer meeting the following conditions:

1. more than 50 percent of the outstanding voting securities of such issuer are, directly or indirectly, held of record by residents of the United States; and

2. any one of the following:

    (a) the majority of the executive officers or directors are United States citizens or residents, or

    (b) more than 50 percent of the assets of the issuer are located in the United States, or

(c) the business of the issuer is administered principally in the United States.

For purposes of determining whether more than 50% of its outstanding voting securities are held "of record" by U.S. residents, the Resulting Issuer must "look through" the record ownership of brokers, dealers, banks, or nominees holding securities for the accounts of their customers, and also consider any beneficial ownership reports or other information available to the Resulting Issuer. It must conduct this "look through" in three jurisdictions: the United States; the Resulting Issuer's home jurisdiction; and the primary trading market for the Resulting Issuer's voting securities, if different from the Resulting Issuer's home jurisdiction. Additionally, if the Resulting Issuer is not able to obtain information about the record holders' accounts after reasonable inquiry, the Resulting Issuer may rely on the presumption that such accounts are held in the broker's, dealer's, bank's, or nominee's principal place of business.

In December 2016, the SEC issued a Compliance and Disclosure Interpretation to clarify that issuers with multiple classes of voting stock carrying different voting rights may, for the purposes of calculating compliance with this threshold, examine either (i) the combined voting power of its share classes, or (ii) the number of voting securities, in each case held of record by U.S. residents. Based on this interpretation, each issued and outstanding Resulting Issuer Multiple Voting Share is counted as one voting security, each issued and outstanding Resulting Issuer Super Voting Share is counted as one voting security and each issued and outstanding Resulting Issuer Subordinate Voting Share is counted as one voting security for the purposes of determining the 50% U.S. resident threshold. Accordingly, upon completion of the Business Combination, the Resulting Issuer is expected to be treated as a "Foreign Private Issuer". However, should the SEC's guidance and interpretation change, the Resulting Issuer may lose its Foreign Private Issuer status.

Loss of Foreign Private Issuer status.

The Resulting Issuer may lose its expected status as a Foreign Private Issuer if, as of the last business day of the Resulting Issuer's second fiscal quarter for any year, more than 50% of the Resulting Issuer's outstanding voting securities (as determined under Rule 405 of the U.S. Securities Act) are directly or indirectly held of record by residents of the United States. Loss of Foreign Private Issuer status may have adverse consequences on the Resulting Issuer's ability to raise capital in private placements or Canadian prospectus offerings. In addition, loss of the Resulting Issuer's Foreign Private Issuer status would likely result in increased reporting requirements and increased audit, legal and administration costs. Further, should the Resulting Issuer seek to list on a securities exchange in the United States, loss of Foreign Private Issuer status may increase the cost and time required for such a listing. These increased costs may have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

The Resulting Issuer could lose its status as a Foreign Private Issuer if all or a portion of the Resulting Issuer Multiple Voting Shares directly or indirectly held of record by U.S. residents are converted into Resulting Issuer Subordinate Voting Shares. The conversion rights attached to the Resulting Issuer Multiple Voting Shares contain restrictions on conversion that are intended to avoid such a result, however there can be no guarantee that such restrictions on conversion will be effective to prevent the Resulting Issuer from potentially losing Foreign Private Issuer status if a sufficient number of Resulting Issuer Multiple Voting Shares are converted into Resulting Issuer Subordinate Voting Shares and such Resulting Issuer Subordinate Voting Shares are acquired, either upon conversion or pursuant to a subsequent transaction, by U.S. residents. In addition, the Resulting Issuer could potentially lose its Foreign Private Issuer status as a result of future issuances of Resulting Issuer Shares from treasury to the extent such shares are acquired by U.S. residents.

There may be unknown additional regulatory fees and taxes that may be assessed in the future.

Multiple states in the United States are considering or may be considering special taxes or fees on businesses in the cannabis industry. The imposition of such additional taxes or fees could adversely effect the Resulting Issuer's operating results and expected returns on future investments and/or business opportunities.

The Resulting Issuer likely will not be able to secure its payment and other contractual rights with liens on the inventory or licenses of its clients and contracting parties.

In general, the laws of the various states that have legalized cannabis sale and cultivation do not expressly or impliedly allow for the pledge of inventory containing cannabis as collateral for the benefit of third parties, such as the eventual Resulting Issuer and the Subsidiaries, that do not possess the requisite licenses and entitlements to cultivate, sell, or possess cannabis pursuant to the applicable state law. Likewise, the laws of those states generally do not allow for transfer of the licenses and entitlements to sell or cultivate cannabis to third parties that have not been granted such licenses and entitlements by the applicable state agency. The inability of the Resulting Issuer and the Subsidiaries to secure its payment and other contractual rights with liens on the inventory and licenses of its clients and contracting parties increases the risk of loss resulting from breaches of the applicable agreements by the contracting parties, which, in turn, could have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

Delays in enactment of new state or federal regulations could restrict the ability of the Resulting Issuer to reach strategic growth targets and lower return on investor capital.

The strategic growth strategy of the Resulting Issuer, is reliant upon certain federal and state regulations being enacted to facilitate the legalization of medical and adult-use cannabis. If such regulations are not enacted, or enacted but subsequently repealed or amended, or enacted with prolonged phase-in periods, the growth targets of Resulting Issuer, and thus, the effect on the return of investor capital, could be detrimental. The Resulting Issuer will be unable to predict with certainty when and how the outcome of these complex, legal, regulatory, and legislative proceedings will affect the business and growth of the Resulting Issuer.

FDA regulation of cannabis and industrial hemp.

Cannabis remains a Schedule I controlled substance under U.S. federal law. If the federal government reclassifies cannabis to a Schedule II controlled substance, it is possible that the FDA would regulate it under the *Food, Drug and Cosmetics Act of 1938* ("**FDCA**"). The FDA is responsible for ensuring public health and safety through regulation of food, drugs, supplements and cosmetics, among other products, through its enforcement authority pursuant to the FDCA. FDA's responsibilities include regulating the ingredients as well as the marketing and labeling of drugs sold in interstate commerce. Because cannabis is federally illegal to produce and sell, and because it has no federally recognized medical uses, the FDA has historically deferred enforcement related to cannabis to the DEA; however, the FDA has enforced the FDCA with regard to industrial hemp-derived products, especially CBD derived from industrial hemp sold outside of state-regulated cannabis businesses. The FDA has recently affirmed its authority to regulate CBD derived from both cannabis and industrial hemp, and its intention to develop a framework for regulating the production and sale of CBD derived from industrial hemp.

Additionally, the FDA may issue rules and regulations including good manufacturing practices, related to the growth, cultivation, harvesting and processing of medical cannabis and/or industrial hemp. Clinical trials may be needed to verify efficacy and safety of both cannabis-derived products and industrial hemp-derived products. It is also possible that the FDA would require that facilities where medical-use cannabis is grown register with the FDA and comply with certain federally prescribed regulations. In the event that some or all of these regulations are imposed, the impact would be on the cannabis industry is unknown, including what costs, requirements and possible prohibitions may be enforced. If the Subsidiaries are unable to comply with the regulations or registration as prescribed by the FDA, it may have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

The Resulting Issuer will be subject to applicable anti-money laundering laws and regulations.

Each of Verano and Harvest and their respective subsidiaries is subject to a variety of laws and regulations domestically and in the U.S. that involve money laundering, financial record-keeping and proceeds of crime, including the *U.S. Currency and Foreign Transactions Reporting Act of 1970* (commonly known as the "**Bank Secrecy Act**"), as amended by Title III of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001*, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), as amended, and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S. and Canada. Further, under U.S.

federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy.

The Financial Crimes Enforcement Network ("**FinCEN**") of the U.S. Department of the Treasury issued a memorandum on February 14, 2014 outlining the pathways for financial institutions to bank cannabis businesses in compliance with federal enforcement priorities (the "**FinCEN Memorandum**"). The FinCEN Memorandum states that in some circumstances, it is permissible for banks to provide services to cannabis- related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance included in the Cole Memorandum.

Attorney General Sessions' revocation of the Cole Memorandum has not yet affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself.

Although the FinCEN Memorandum remains intact, it is unclear whether the current administration will continue to follow the guidelines of the FinCEN Memorandum. The DOJ continues to have the right and power to prosecute crimes committed by banks and financial institutions, such as money laundering and violations of the Bank Secrecy Act, that occur in any state including states that have in some form legalized the sale of cannabis. Further, the conduct of the DOJ's enforcement priorities could change for any number of reasons. A change in the DOJ's priorities could result in the DOJ's prosecuting banks and financial institutions for crimes that were not previously prosecuted.

If any of the operations of Verano, Harvest or their respective Subsidiaries, or any proceeds thereof, any dividend distributions or any profits or revenues derived from these operations were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds from a crime under one or more of the statutes noted above. This may restrict the ability of the Resulting Issuer to declare or pay dividends in the future, effect other distributions or subsequently repatriate such funds back to Canada.

Limited trademark protection.

The Resulting Issuer's subsidiaries will not be able to register any U.S. federal trademarks for their cannabis products. Because producing, manufacturing, processing, possessing, distributing, selling, and using cannabis is illegal under the CSA, the United States Patent and Trademark Office will not permit the registration of any trademark that identifies cannabis products. As a result, the Resulting Issuer's subsidiaries likely will be unable to protect their cannabis product trademarks beyond the geographic areas in which they conduct business. The use of their trademarks outside the states in which they operate by one or more other persons could have a material adverse effect on the value of such trademarks.

There is a risk of high bonding and insurance costs.

Although it will vary from state to state in the United States, there is risk that some or all of the state regulatory agencies will begin requiring entities and individuals engaged in certain aspects of the business or industry of legal cannabis to post a bond when applying for a dispensary license or renewal as a guarantee of payment of sales and franchise tax. This risk may not be relevant to all aspects of the business or industry of legal cannabis, however, as this industry is relatively new, the Resulting Issuer will not have definitive information or enough information to date to completely quantify what such a figure could or would be. It remains an unknown cost that could have a negative impact on the ultimate success of the Resulting Issuer and/or the Resulting Issuer's participation in the business opportunities ultimately selected.

The inability of the Resulting Issuer to respond to the changing regulatory landscape could harm its business.

The medical and adult-use cannabis industry is subject to significant regulatory change at both the state and federal level in the United States. If the Resulting Issuer and the Subsidiaries are unable to respond appropriately to these changing federal and state regulations, it may not be successful in capturing significant market share.

Reliable data on the medical and adult-use cannabis industry is not available.

As a result of recent and ongoing regulatory and policy changes in the medical and adult-use cannabis industry, the market data available is limited and unreliable. Federal and state laws prevent widespread participation and hinder market research. Therefore, any market research and projections by the Resulting Issuer of estimated total retail sales, demographics, demand, and similar consumer research, are based on assumptions from limited and unreliable market data, and generally represent the personal opinions of the Resulting Issuer's anticipated management team members as of the date of this Circular.

There are general regulatory risks that may have a material effect on the Resulting Issuer and its subsidiaries.

The anticipated operations of the businesses of the Resulting Issuer and the Subsidiaries, as well as the operations of the business enterprises in which the Resulting Issuer will make investments, may be subject to various U.S. federal, state and local statutes, ordinances, rules and regulations, including, among others, zoning and land use ordinances, building, plumbing and electrical codes, contractors' licensing laws and health and safety regulations and laws. Various localities have imposed (or may in the future impose) fees to fund, among other things, schools, road improvements and low and moderate income housing. Additionally, various localities have proposed or enacted additional initiatives restricting the growth and expansion of cannabis dispensaries and cultivation facilities. There are no assurances that these general regulatory issues will not have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

Inconsistent public opinion and perception of the medical and adult-use use cannabis industry hinders market growth and state adoption.

Public opinion and support for medical and adult-use cannabis has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medical and adult-use cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, medical cannabis as opposed to legalization in general). Inconsistent public opinion and perception of the medical and adult-use cannabis may hinder growth and state adoption which could have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

The Resulting Issuer's ability to generate revenue and be successful in the implementation of its business plan is dependent on consumer acceptance and demand of its product lines. Proposed management of the Resulting Issuer believes the recreational cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the recreational cannabis produced. Acceptance of the Resulting Issuer's products will depend on several factors, including availability, cost, ease of use, familiarity of use, convenience, effectiveness, safety, and reliability. If customers do not accept the Resulting Issuer's products, or if the Resulting Issuer fails to meet customers' needs and expectations adequately, its ability to continue generating revenues could be reduced. Consumer perception of the Resulting Issuer's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of recreational cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the recreational cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Resulting Issuer's proposed products and the business, results of operations, financial condition and cash flows of the Resulting Issuer. The Resulting Issuer's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Resulting Issuer, the demand for the Resulting Issuer's proposed products, and the business, results of operations, financial condition and cash flows of the Resulting Issuer. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of recreational cannabis in general, or the Resulting Issuer's proposed products specifically, or associating the consumption of recreational cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Investors in the Resulting Issuer and the Resulting Issuer's directors, officers and employees may be subject to Because cannabis remains illegal under United States federal law, those who are not U.S. citizens employed at or investing in legal and licensed U.S. cannabis companies could face detention, denial of entry or lifetime bans from the United States for their business associations with cannabis U.S. businesses. Entry happens at the sole discretion of CBP officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a foreign national. The government of Canada has started warning travelers on its website that previous use of cannabis, or any substance prohibited by United States federal laws, could mean denial of entry to the United States. Business or financial involvement in the legal cannabis industry in Canada or in the United States could also be reason enough for United States border guards to deny entry. On September 21, 2018, CBP released a statement outlining its current position with respect to enforcement of the laws of the United States. It stated that Canada's legalization of cannabis will not change CBP enforcement of United States laws regarding controlled substances and because cannabis continues to be a controlled substance under United States law, working in or facilitating the proliferation of the legal cannabis industry in U.S. states where it is deemed legal or Canada may affect admissibility to the United States. As a result, CBP has affirmed that, employees, directors, officers, managers and investors of companies involved in business activities related to cannabis in the United States or Canada (such as the Resulting Issuer), who are not United States citizens face the risk of being barred from entry into the United States for life. As described above, on October 9, 2018, CBP released an additional statement regarding the admissibility of Canadian citizens working in the legal cannabis industry. CBP stated that a Canadian citizen working in or facilitating the proliferation of the legal cannabis industry in Canada coming into the United States for reasons unrelated to the cannabis industry will generally be admissible to the United States; however, if such person is found to be coming into the United States for reasons related to the cannabis industry, such person may be deemed inadmissible.

The Resulting Issuer may be required to divest certain licenses.

Certain jurisdictions in which the Resulting Issuer expects to operate limit the number of licenses that can be held by one entity within that state. Upon completion of the Business Combination, the Resulting Issuer may hold more than the prescribed number of licenses in certain states, and accordingly may be required to divest certain licenses in order to comply with applicable regulations. The divestiture of certain licenses may result in a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

Business and Operational Risks

Regulatory Risks of Acquisitions

The Business Combination and Harvest's planned acquisitions are subject to varying degrees of approval which include in some, but not all cases, among other things (a) approval of Harvest shareholders; (b) approval of the CSE for the listing of new shares; (c) approval of the Supreme Court of British Columbia; (d) approval of the transfer of the cannabis-related licenses by local and state authorities in many of the markets where the Resulting Issuer's assets and licenses will be held; and (e) other regulatory approvals, including required authorizations under the HSR Act. Harvest is unable to predict when all required approvals or authorizations will be obtained, if at all.

Dependence on performance of subsidiaries.

The Resulting Issuer will be dependent on the operations, assets and financial health of the subsidiaries. Accordingly, if the financial performance of any subsidiary declines this will adversely affect the Resulting Issuer's investment in such subsidiary and ability to realize a return on such investment. The Resulting Issuer will conduct due diligence on each of the subsidiaries prior to making any investment and will be directly involved in the operations of each Subsidiary. Nonetheless, there is a risk that there may be some liabilities or other matters that are not identified through the due diligence or ongoing monitoring that may have an adverse effect on a subsidiary's business, and this could have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

Projections.

This Circular contains projections about the operations of the Resulting Issuer, including projections regarding the cost and timelines to complete business objectives and the anticipated growth of the business and its products. Such projections include, but are not limited to: the costs and timelines to expand warehouse and production facilities,

construction costs and timelines for completion of construction, the cost to open and operate dispensaries and the timelines for opening and operating, the costs to obtain cannabis licenses and timeline for receipt of approvals from particular states, expectations regarding the availability of additional applications for cannabis licenses from various states and expectations regarding yield of products. Projections in this Circular are based on management's best estimates and the assumptions set out herein. Projections, by their nature, are subject to uncertainty and reliance should not be made on any projection. If projections are incorrect or the actual operations of the Resulting Issuer differ materially from management's estimates, it could have a material adverse effect on the business, financial condition and results of operations of the Resulting Issuer.

The cannabis industry presents substantial risks and uncertainty.

The anticipated business of the Resulting Issuer and any other businesses in which the Resulting Issuer will invest will be engaged directly or indirectly in business within the medical and adult-use cannabis industry in the United States. The relatively new development of the medical and adult-use cannabis industry nationally presents numerous and material risks. Many of these risks are not inherent in other developing or mature industries. Many of the risks are unknown and the eventual consequences to the Resulting Issuer and the Subsidiaries in which the Resulting Issuer will invest.

The risks range from the potential catastrophic collapse of the medical and adult-use cannabis industry nationally or in the states in which the Resulting Issuer conducts business or makes investments that might result from changes in laws or the enforcement of existing laws to the failure of individual businesses that might result from volatile market conditions that sometime accompany the development of new markets and industries. Additionally, the medical and adult-use cannabis industry is characterized by fragmented markets, immature companies, inexperienced managers lacking conventional business and financial discipline, a lack of well- known brands, an absence of industry and product standards, ever-shifting legal landscapes with multiple frameworks (from state to state), rapidly shifting public opinion, and a scarcity of significant capital.

Verano and Harvest are currently involved in litigation, and there may be additional litigation that the Resulting Issuer will be involved in in the future.

Verano and Harvest are currently involved in litigation. An adverse decision in the litigation could have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer. Furthermore, even if Verano and/or Harvest is successful in the litigation, Verano and Harvest will likely incur substantial legal fees in asserting their claims against the respondents and in defending against the counterclaims and, thus, these legal fees could have a material adverse effect on the anticipated business, financial condition or results of operations of the Resulting Issuer.

The Resulting Issuer may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Resulting Issuer becomes involved be determined against the Resulting Issuer such a decision could adversely affect the Resulting Issuer's ability to continue operating and the market price for the Resulting Issuer Subordinate Voting Shares and could use significant resources. Even if the Resulting Issuer is involved in litigation and wins, litigation can redirect significant resources of the Resulting Issuer.

Future acquisitions or dispositions.

Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) potential disruption of the Resulting Issuer's ongoing business, (ii) distraction of management, (iii) the Resulting Issuer may become more financially leveraged, (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected, (v) increasing the scope and complexity of the Resulting Issuer's operations, and (vi) loss or reduction of control over certain of the Resulting Issuer's assets. Additionally, the Resulting Issuer may issue additional equity interests in connection with such transactions, which would dilute a shareholder's holdings in the Resulting Issuer.

The presence of one or more material liabilities of an acquired company that are unknown to the Resulting Issuer at the time of acquisition could have a material adverse effect on the business, results of operations, prospects and financial condition of the Resulting Issuer. A strategic transaction may result in a significant change in the nature of the Resulting Issuer's business, operations and strategy. In addition, the Resulting Issuer may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into the Resulting Issuer's operations.

Ability to manage future growth.

The ability to achieve desired growth will depend on the Resulting Issuer's ability to identify, evaluate and successfully negotiate investment opportunities with target companies. Achieving this objective in a cost-effective manner will be a product of the Resulting Issuer's sourcing capabilities, the management of the investment process, the ability to provide capital on terms that are attractive to target companies and the Resulting Issuer's access to financing on acceptable terms. Failure to effectively manage any future growth and successfully negotiate suitable investments could have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

Lending activities.

In connection with its Management Agreements and Nominee Agreements with parties that hold cannabis licenses, the Resulting Issuer may also act as lender to such parties. Certain of these loans are unsecured, which places the Resulting Issuer at a greater risk of not receiving repayment or the equivalent value thereof. Even for loans that are secured, there is a risk that other lenders may have priority interest to Verano or that the assets of the borrower may be insufficient to satisfy the loan. In addition, the Resulting Issuer may have difficulty putting liens on the assets of a borrower, as the major asset is generally the cannabis licence which is not transferrable pursuant to state law. Any inability of a borrower to repay a loan or of the Resulting Issuer to realize the value of secured assets could have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

Enforceability of contracts.

Since cannabis is illegal at a federal level, judges in multiple U.S. states have on several occasions refused to enforce contracts for the repayment of money when the loan was used in connection with activities that violate federal law, even if there is no violation of state law. Therefore, there is uncertainty that the Resulting Issuer will be able to legally enforce its agreements, including agreements material to the Resulting Issuer.

Operation permits and authorizations.

The Subsidiaries may not be able to obtain or maintain the necessary licenses, permits, certificates, authorizations or accreditations, or may only be able to do so at great cost, to operate their respective businesses. In addition, the Subsidiaries may not be able to comply fully with the wide variety of laws and regulations applicable to the cannabis industry. Failure to comply with or to obtain the necessary licenses, permits, certificates, authorizations or accreditations could result in restrictions on a Subsidiary's ability to operate in the cannabis industry, which could have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

The Resulting Issuer will rely to a great extent on the expertise of the Resulting Issuer Board and officers, and any departures may impair the Resulting Issuer's businesses and investments.

The successful ongoing operation of the Resulting Issuer requires substantial expertise. The anticipated members of the Resulting Issuer Board will have exclusive authority to make decisions and to exercise investment acquisition discretion on behalf of the Resulting Issuer. The success of the Resulting Issuer will depend to a great extent upon the expertise of the Resulting Issuer Board and officers. The loss of the services of any member of the Resulting Issuer Board or one or more of the officers could have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

Security risks.

The business premises of the Resulting Issuer's operating locations may be targets for theft. While the Subsidiaries have implemented security measures at each location and continue to monitor and improve their security measures, their cultivation, production and dispensary facilities could be subject to break-ins, robberies and other breaches in security. If there was a breach in security and a Subsidiary fell victim to a robbery or theft, the loss of cannabis plants, cannabis oils, cannabis flowers and cultivation and production equipment could have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

Synthetic products may compete with medical cannabis use and products.

The pharmaceutical industry may attempt to dominate the cannabis industry, and in particular, legal cannabis, through the development and distribution of synthetic products which emulate the effects and treatment of organic cannabis. If they are successful, the widespread popularity of such synthetic products could change the demand, volume and profitability of the cannabis industry. This could adversely affect the ability of the Resulting Issuer and the Subsidiaries to secure long-term profitability and success through the sustainable and profitable operation of the anticipated businesses and investment targets, and could have a material adverse effect on the anticipated business, financial condition or results of operations of the Resulting Issuer.

There are risks associated with well-capitalized entrants developing large-scale operations.

Currently, the cannabis industry generally is comprised of individuals and small to medium-sized entities, however, the risk remains that large conglomerates and companies who also recognize the potential for financial success through investment in this industry could strategically purchase or assume control of larger dispensaries and cultivation facilities. In doing so, these larger competitors could establish price setting and cost controls which would effectively "price out" many of the individuals and small to medium- sized entities who currently make up the bulk of the participants in the varied businesses operating within and in support of the medical and adult-use cannabis industry. While the trend in most state laws and regulations seemingly deters this type of takeover, this industry remains quite nascent, so what the landscape will be in the future remains largely unknown, which in itself is a risk.

Verano is fairly described as an early stage business enterprise.

Verano is still in the start-up stage and has no historical revenues other than revenues from the limited and unprofitable operations of the Subsidiaries. The Resulting Issuer's proposed business plan is subject to all business risks associated with new business enterprises, including the absence of any significant operating history upon which to evaluate an investment. The likelihood of the Resulting Issuer's success must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the formation of a new business, the development of new strategy and the competitive environment in which the Resulting Issuer and the Subsidiaries will operate. It is possible that the Resulting Issuer and the Subsidiaries will incur substantial losses in the future. There is no guarantee that the Resulting Issuer or the Subsidiaries will be profitable.

Talent pool.

The Resulting Issuer's future success largely depends upon the continued services of its executive officers and management team. If one or more of the Resulting Issuer's executive officers are unable or unwilling to continue in their present positions, the Resulting Issuer may not be able to replace them readily, if at all. Additionally, the Resulting Issuer may incur additional expenses to recruit and retain new executive officers. If any of the Resulting Issuer's executive officers joins a competitor or forms a competing company, it may lose some or all of its customers. Finally, the Resulting Issuer does not maintain "key person" life insurance on any of its executive officers. Because of these factors, the loss of the services of any of these key persons could adversely affect its business, financial condition, and results of operations, and thereby an investment in its stock.

As the Resulting Issuer grows, it will need to hire additional human resources to continue to develop its businesses. However, experienced talent in the areas of medical cannabis research and development, growing cannabis and extraction, as well as senior management, are difficult to source, and there can be no assurance that the appropriate

individuals will be available or affordable. Without adequate personnel and expertise, the growth of the business of the Resulting Issuer may suffer. There can be no assurance that any of the Resulting Issuer will be able to effectively manage growth, and any failure to do so could have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

Resulting Issuer's products.

As a relatively new industry, there are not many established players in the recreational cannabis industry whose business model the Resulting Issuer can follow or build on the success of. Similarly, there is no information about comparable companies available for potential investors to review in making a decision about whether to invest in the Resulting Issuer.

Shareholders and investors should further consider, among other factors, the Resulting Issuer's prospects for success in light of the risks and uncertainties encountered by companies that, like the Resulting Issuer, are in their early stages. For example, unanticipated expenses and problems or technical difficulties may occur and they may result in material delays in the operation of the Resulting Issuer's business. The Resulting Issuer may not successfully address these risks and uncertainties or successfully implement its operating strategies. If the Resulting Issuer fails to do so, it could materially harm the Resulting Issuer's business to the point of having to cease operations and could impair the value of the common shares to the point investors may lose their entire investment.

The Resulting Issuer expects to commit significant resources and capital to develop and market existing products and new products and services. These products are relatively untested, and the Resulting Issuer cannot assure shareholders and investors that it will achieve market acceptance for these products, or other new products and services that the Resulting Issuer may offer in the future. Moreover, these and other new products and services may be subject to significant competition with offerings by new and existing competitors in the business. In addition, new products and services may pose a variety of challenges and require the Resulting Issuer to attract additional qualified employees. The failure to successfully develop and market these new products and services could seriously harm the Resulting Issuer's business, financial condition and results of operations.

Risks inherent in an agricultural business.

Medical and adult-use cannabis is an agricultural product. There are risks inherent in the cultivation business, such as insects, plant diseases and similar agricultural risks. Although the products are usually grown indoors or in green houses under climate-controlled conditions, with conditions monitored, there can be no assurance that natural elements will not have a material adverse effect on the production of the Subsidiaries' products and, consequentially, on the anticipated business, financial condition or results of operations of the Resulting Issuer.

The Resulting Issuer may be subject to significant competition.

A number of other companies engage in, and could engage in, a business similar to the anticipated business of the Resulting Issuer, operate businesses in competition with the Resulting Issuer and purchase assets or make investments that the Resulting Issuer will also seek to purchase or make. This competition may increase the price the Resulting Issuer must pay for the assets or make it more difficult for the Resulting Issuer to operate at a profit and to purchase assets. The inability to operate at a profit and acquire assets on terms favorable to the Resulting Issuer may adversely impact the revenue stream that the Resulting Issuer anticipates to receive and, thus, adversely impact the ability of the Resulting Issuer to pay distributions.

If the number of users of medical cannabis in Canada and the United States increases, the demand for products will increase and the Resulting Issuer expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. In addition, the Resulting Issuer expects to face competition from new entrants due to the early stage of the industry in which the Resulting Issuer operates. To be competitive, the Resulting Issuer will require a continued high level of investment in research and development, marketing, sales and client support. The Resulting Issuer may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and could have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

The Resulting Issuer also faces competition from illegal dispensaries and the black market that are unlicensed and unregulated, and that are selling cannabis and cannabis products, including products with higher concentrations of active ingredients, and using delivery methods, including edibles and extract vaporizers, that the Resulting Issuer is prohibited from offering to individuals as they are not currently permitted by U.S. state law. Any inability or unwillingness of law enforcement authorities to enforce existing laws prohibiting the unlicensed cultivation and sale of cannabis and cannabis-based products could result in the perpetuation of the black market for cannabis and/or have a material adverse effect on the perception of cannabis use. Any or all these events could have a material adverse effect on the company's business, financial condition and results of operations.

Internal controls.

Effective internal controls are necessary for the Resulting Issuer to provide reliable financial reports and to help prevent fraud. Although the Resulting Issuer will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Resulting Issuer under Canadian securities law, the Resulting Issuer cannot be certain that such measures will ensure that the Resulting Issuer will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Resulting Issuer's results of operations or cause it to fail to meet its reporting obligations. If the Resulting Issuer or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Resulting Issuer's consolidated financial statements and materially adversely affect the trading price of the Resulting Issuer Subordinate Voting Shares.

Potential disclosure of personal information to government or regulatory entities.

The Resulting Issuer will own, manage, or provide services to various U.S. state licensed cannabis operations. Acquiring even a minimal and/or indirect interest in a U.S. state-licensed cannabis business can trigger requirements to disclose investors' personal information. While these requirements vary by jurisdiction, some require interest holders to apply for regulatory approval and to provide tax returns, compensation agreements, fingerprints for background checks, criminal history records and other documents and information. Some states require disclosures of directors, officers and holders of more than a certain percentage of equity of the applicant. While certain states include exceptions for investments in publicly traded entities, not all states do so, and some such exceptions are confined to companies traded on a U.S. securities exchange. If these regulations were to extend to the Resulting Issuer, investors would be required to comply with such regulations, or face the possibility that the relevant cannabis license could be revoked or cancelled by the state licensing authority.

Promoting and maintaining brands.

The Resulting Issuer believes that establishing and maintaining the brand identities of products is a critical aspect of attracting and expanding a large customer base. Promotion and enhancement of brands will depend largely on success in providing high quality products. If customers and end users do not perceive the Resulting Issuer's products to be of high quality, or if the Resulting Issuer introduces new products or enters into new business ventures that are not favorably received by customers and end users, the Resulting Issuer will risk diluting brand identities and decreasing their attractiveness to existing and potential customers. Moreover, in order to attract and retain customers and to promote and maintain brand equity in response to competitive pressures, the Resulting Issuer may have to increase substantially financial commitment to creating and maintaining a distinct brand loyalty among customers. If the Resulting Issuer incurs significant expenses in an attempt to promote and maintain brands, this could be a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

The elimination of monetary liability against its directors, officers, and employees under British Columbia law and the existence of indemnification rights for its obligations to its directors, officers, and employees may result in substantial expenditures by it and may discourage lawsuits against its directors, officers, and employees.

The Resulting Issuer's Articles contain a provision permitting it to eliminate the personal liability of its directors to it and its stockholders for damages incurred as a director or officer to the extent provided by British Columbia law. The Resulting Issuer may also have contractual indemnification obligations under any future employment agreements with its officers or agreements entered into with its directors. The foregoing indemnification obligations

could result in it incurring substantial expenditures to cover the cost of settlement or damage awards against directors and officers, which the Resulting Issuer may be unable to recoup. These provisions and the resulting costs may also discourage it from bringing a lawsuit against directors and officers for breaches of their fiduciary duties, and may similarly discourage the filing of derivative litigation by its stockholders against its directors and officers even though such actions, if successful, might otherwise benefit it and its stockholders.

The uncertain and fragmented nature of the medical and adult-use cannabis industry often results in an unconventional due diligence process and acquisition terms that could result in unknown and materially detrimental consequences to the Resulting Issuer.

The uncertainty inherent in various aspects of the medical and adult-use cannabis industry can result in what otherwise would be inadequate investment due diligence information and uncertain legal consequences relative to arrangements affecting a target investment. The reluctance of banks and other financial institutions to facilitate financial transactions in the medical and adult-use cannabis industry can result in inadequate and unverifiable financial information about target investments, as well as cash management practices that are vulnerable to theft and fraud. The lack of established, traditional sources of financing for industry participants can result in unusual and uncertain arrangements affecting the ownership and obligations of a target investment. The reluctance of lawyers to represent industry participants in furtherance of financing and other business transactions can result in the lack of documentation setting forth the terms of the transactions, inadequately documented transactions, and transactions that in whole or in part are illegal under applicable state law, among other detrimental consequences. The Resulting Issuer will have invested in, and may invest in, businesses and companies that are or may become party to legal proceedings, may have inadequate financial and other due diligence information, may employ vulnerable cash management practices, lack written or adequate legal documents governing significant transactions, and otherwise have known or unknown conditions that could be detrimental to its business and assets.

Disparate state-by-state regulatory landscapes and the constraints related to holding cannabis licenses in various states results in operational and legal structures for realizing the benefit from cannabis licenses that could result in materially detrimental consequences to the Resulting Issuer.

The Resulting Issuer realizes, and will continue to realize, the benefits from cannabis licenses pursuant to a number of different structures, depending on the regulatory requirements from state-to-state, including realizing the economic benefit of cannabis licenses through Nominee Agreements and Management Agreements. Such agreements are often required to comply with applicable laws and regulations or are in response to perceived risks that the Resulting Issuer determines warrant such arrangements.

The foregoing structures present various risks to the Resulting Issuer and the Subsidiaries, including but not limited to the following risks, each of which could have a material adverse effect on the anticipated business, financial condition and results of operations of the Resulting Issuer:

- A governmental body or regulatory entity may determine that these structures are in violation of a legal or regulatory requirements or change such legal or regulatory requirements such that a Nominee Agreement or Management Agreement structure violates such requirements (where it had not in the past). The Resulting Issuer will not be able to provide any assurance that a license application submitted by a third party will be accepted, especially if the management and operation of the license is dependent on a Nominee Agreement or Management Agreement Structure.

- There could be a material and adverse impact on the revenue stream the Resulting Issuer intends to receive from or on account of cannabis licenses (as the Resulting Issuer will not be the license holder, and therefore any economic benefit is received pursuant to a contractual arrangement). If a Nominee Agreement or Management Agreement is terminated, the Resulting Issuer will no longer receive any economic benefit from the applicable dispensary and/or cultivation license.

- These structures could potentially result in the funds being invested by the Resulting Issuer being used for unintended purposes, such as to fund litigation.

- If a Management Agreement or Nominee Agreement structure is in place, the Resulting Issuer will not be the License Holder of the applicable state-issued cannabis license, and therefore, only has contractual rights in respect of any interest in any such license. If the License Holder fails to adhere to its contractual agreement with the Resulting Issuer, or if the License Holder makes, or omits to make, decisions in respect of the license that the Resulting Issuer disagrees with, the Resulting Issuer will only have contractual recourse and will not have recourse to any regulatory authority.

- The License Holder may renege on its obligation to pay fees and other compensation pursuant to a Nominee Agreement or Management Agreement or violate other provisions of these agreements.

- The License Holder's acts or omissions may violate the requirements applicable to it pursuant to the applicable dispensary and/or cultivation license, thus jeopardizing the status and economic value of the License Holder (and, by extension, the Resulting Issuer).

- In the case of a Management Agreement, the License Holder may terminate the agreement if any loan owing to the Resulting Issuer is paid back in full and the License Holder is able to pay a break fee.

- In the case of a Nominee Agreement, the License Holder is a generally an employee or officer of Verano or a Subsidiary (or an affiliate or associate of such individual or individuals); however, in a typical Management Agreement structure, the license is owned by a party or parties unrelated to Verano or a Subsidiary.

- The License Holder may attempt to terminate the Nominee Agreement or Management Agreement in violation of its express terms.

In any or all of the above situations, it would be difficult and expensive for the Resulting Issuer to protect its rights through litigation, arbitration, or similar proceedings.

There may be material delays in identifying and acquiring assets.

The Resulting Issuer and the Subsidiaries could suffer from delays in locating and acquiring suitable assets for investment and/or participation. Delays encountered in the identification and acquisition of such assets could adversely affect the investment returns of the shares of the Resulting Issuer.

Currency fluctuations.

The Resulting Issuer's revenues and expenses are expected to be primarily denominated in U.S. dollars, and therefore may be exposed to significant currency exchange fluctuations. The Canadian dollar relative to the U.S. dollar or other foreign currencies is subject to fluctuations. Fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar may have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer. The Resulting Issuer may, in the future, establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Resulting Issuer develops a hedging program, there can be no assurance that it will effectively mitigate currency risks. Failure to adequately manage foreign exchange risk could therefore have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

Investments may be pre-revenue.

The Resulting Issuer may make investments in companies with no significant sources of operating cash flow and no revenue from operations. The Resulting Issuer's investments in such companies will be subject to risks and uncertainties that new companies with no operating history may face. In particular, there is a risk that the Resulting Issuer's investment in these pre-revenue companies will not be able to meet anticipated revenue targets or generate no revenue at all. The risk is that underperforming pre-revenue companies may lead to these businesses failing which could have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

Enforceability of judgments against foreign subsidiaries.

Certain of the subsidiaries are organized under the laws of various U.S. states. All of the assets of these entities are located outside of Canada and certain of the experts that will be retained by the Resulting Issuer or its affiliates are residents of countries other than Canada. As a result, it may be difficult or impossible for the eventual shareholders of the Resulting Issuer to effect service within Canada upon such persons, or to realize against them in Canada upon judgments of courts of Canada predicated upon the civil liability provisions of applicable Canadian provincial securities laws or otherwise. There is some doubt as to the enforceability in the U.S. by a court in original actions, or in actions to enforce judgments of Canadian courts, of civil liabilities predicated upon such applicable Canadian provincial securities laws or otherwise. A court in the U.S. may refuse to hear a claim based on a violation of Canadian provincial securities laws or otherwise on the grounds that such jurisdiction is not the most appropriate forum to bring such a claim. Even if a court in the U.S. agrees to hear a claim, it may determine that the local law in the U.S., and not Canadian law, is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by foreign law in such circumstances.

The proposed directors and officers of the Resulting Issuer are expected to reside outside of Canada. Some or all of the assets of such persons may be located outside of Canada. Therefore, it may not be possible for Resulting Issuer shareholders to collect or to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities laws against such persons. Moreover, it may not be possible for Resulting Issuer shareholders to effect service of process within Canada upon such persons. Courts in the United States may refuse to hear a claim based on a violation of Canadian securities laws on the grounds that such jurisdiction is not the most appropriate forum to bring such a claim. Even if a United States court agrees to hear a claim, it may determine that the local law, and not Canadian law, is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact, which can be a time-consuming and costly process.

Past performance not indicative of future results

The prior investment and operational performance of Harvest or Verano is not indicative of the future operating results of the Resulting Issuer. There can be no assurance that the historical operating results achieved by Harvest or Verano or their affiliates will be achieved by the Resulting Issuer, and the Resulting Issuer's performance may be materially different.

Results of future clinical research.

Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC). Although the Resulting Issuer will rely on the articles, reports and studies support its beliefs regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Further, the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research or findings, regulatory investigations, litigation, media attention or other publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity.

Future research studies and clinical trials may reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to cannabis, which could have a material adverse effect on the demand for the Resulting Issuer's products with the potential to lead to a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer. There is no assurance that such adverse publicity reports or other media attention will not arise.

Environmental risk and regulation.

The anticipated operations of the Resulting Issuer will be subject to environmental regulation in the various jurisdictions in which they operate. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors (or the equivalent thereof) and employees. There is no assurance that future changes in environmental regulation, if any, will not have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

If the products are approved, there is a risk that any federal, state, provincial and/or local jurisdiction may revoke its approval for such products based on changes in laws or regulations or based on its discretion or otherwise. If any of the Resulting Issuer's products are not approved or any existing approvals are rescinded, it may have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

Government approvals and permits are currently, and may in the future be, required in connection with the anticipated operations of the Resulting Issuer. To the extent such approvals are required and not obtained, the Resulting Issuer may be curtailed or prohibited from its proposed production of medical cannabis or from proceeding with the development of its operations as currently proposed.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Subsidiaries may be required to compensate those suffering loss or damage by reason of their operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the production of medical cannabis, or more stringent implementation thereof, could cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development, and could have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

Product liability.

Certain of the Subsidiaries manufacture, process and/or distribute products designed to be ingested by humans, and therefore face an inherent risk of exposure to product liability claims, regulatory action and litigation if products are alleged to have caused loss or injury. In addition, the manufacture and sale of cannabis products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. Although the Resulting Issuer will have quality control procedures in place, the Resulting Issuer may be subject to various product liability claims, including, among others, that the products produced by the Resulting Issuer, or the products that will be purchased by the Resulting Issuer from third party licensed producers, caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action could result in increased costs, could adversely affect the reputation of the Resulting Issuer, and could have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer. There can be no assurances that product liability insurance will be obtained or maintained on acceptable terms or with adequate coverage against potential liabilities.

Product recalls.

Despite the Resulting Issuer's anticipated quality control procedures, cultivators, manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety

and inadequate or inaccurate labeling disclosure. If any of the products produced by the Subsidiaries, or any of the products that will be purchased by the Resulting Issuer from a third party licensed producer, are recalled due to an alleged product defect or for any other reason, the Subsidiaries or the Resulting Issuer could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall and may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. Additionally, if one of the products produced by a Subsidiary, or one of the products that will be purchased by the Resulting Issuer from a third party licensed producer, were subject to recall, the image of that product and the Subsidiary and potentially the Resulting Issuer could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for products produced by the Subsidiaries or purchased from a third party producer and could have a material adverse effect on the anticipated business, financial condition or results of operations of the Resulting Issuer.

Reliance on key inputs.

The cultivation, extraction and production of cannabis and derivative products is dependent on a number of key inputs and their related costs including raw materials, electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could have a material adverse effect on the anticipated business, financial condition or results of operations of the Resulting Issuer. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the relevant Subsidiary might be unable to find a replacement for such source in a timely manner or at all. Any inability to secure required supplies and services or to do so on appropriate terms could have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

In addition, medical cannabis growing operations consume considerable energy, making the Subsidiaries vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of the Subsidiaries and their ability to operate profitably which may, in turn, adversely impact the Resulting Issuer.

Difficulty to forecast.

The Resulting Issuer must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the recreational cannabis industry in the states in which the Resulting Issuer's business will operate. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer.

Management of growth.

As the Resulting Issuer grows, the Resulting Issuer will also be required to hire, train, supervise and manage new employees. The Resulting Issuer may experience a period of significant growth in the number of personnel that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage the workforce. The Resulting Issuer's planned personnel, systems, procedures and controls may be inadequate to support its future operations. Failure to effectively manage any future growth could have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

Fraudulent or illegal activity by employees, contractors and consultants.

The Resulting Issuer will be exposed to the risk that any of their employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Resulting Issuer that violates, (i) government regulations, (ii) manufacturing standards, (iii) federal and provincial healthcare fraud and abuse laws and regulations, or (iv) laws that require the true, complete and accurate reporting of financial information or data. It may not always be possible for the Resulting Issuer to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Resulting Issuer to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Resulting Issuer from governmental investigations or other

actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Resulting Issuer, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the business of the Resulting Issuer, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the operations of the Resulting Issuer, any of which could have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

Intellectual property.

The success of the Resulting Issuer will depend, in part, on the ability of the Subsidiaries to maintain and enhance trade secret protection over their existing and potential proprietary techniques and processes. The Subsidiaries may be vulnerable to competitors who develop competing technology, whether independently or as a result of acquiring access to the proprietary products and trade secrets of the Subsidiaries. In addition, effective future patent, copyright and trade secret protection may be unavailable or limited in certain foreign countries and may be unenforceable under the laws of certain jurisdictions. Failure of the Subsidiaries to adequately maintain and enhance protection over their proprietary techniques and processes, as well as over Verano's unregistered intellectual property, including the policies and procedures and training manuals, could have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

The Resulting Issuer's trade secrets may be difficult to protect.

The Resulting Issuer's success depends upon the skills, knowledge, and experience of its scientific and technical personnel, its consultants and advisors, as well as its licensors and contractors. Because the Resulting Issuer operates in several highly competitive industries, the Resulting Issuer relies in part on trade secrets to protect its proprietary technology and processes. However, trade secrets are difficult to protect. The Resulting Issuer enters into confidentiality or non-disclosure agreements with its corporate partners, employees, consultants, outside scientific collaborators, developers, and other advisors. These agreements generally require that the receiving party keep confidential and not disclose to third parties confidential information developed by the receiving party or made known to the receiving party by it during the course of the receiving party's relationship with it. These agreements also generally provide that inventions conceived by the receiving party in the course of rendering services to it will be its exclusive property, and the Resulting Issuer enters into assignment agreements to perfect its rights.

These confidentiality, inventions, and assignment agreements may be breached and may not effectively assign intellectual property rights to the Resulting Issuer. The Resulting Issuer's trade secrets also could be independently discovered by competitors, in which case the Resulting Issuer would not be able to prevent the use of such trade secrets by its competitors. The enforcement of a claim alleging that a party illegally obtained and was using its trade secrets could be difficult, expensive, and time consuming and the outcome would be unpredictable. In addition, courts outside the United States may be less willing to protect trade secrets. The failure to obtain or maintain meaningful trade secret protection could adversely affect its competitive position.

The Resulting Issuer may be exposed to infringement or misappropriation claims by third parties, which, if determined adversely to the Resulting Issuer, could subject the Resulting Issuer to significant liabilities and other costs.

The Resulting Issuer's success may likely depend on its ability to use and develop new extraction technologies, recipes, know-how and new strains of cannabis without infringing the intellectual property rights of third parties. The Resulting Issuer cannot assure that third parties will not assert intellectual property claims against it. The Resulting Issuer is subject to additional risks if entities licensing to it intellectual property do not have adequate rights in any such licensed materials. If third parties assert copyright or patent infringement or violation of other intellectual property rights against the Resulting Issuer, it will be required to defend itself in litigation or administrative proceedings, which can be both costly and time consuming and may significantly divert the efforts and resources of management personnel. An adverse determination in any such litigation or proceedings to which the Resulting Issuer may become a party could subject it to significant liability to third parties, require it to seek licenses from third parties, to pay ongoing royalties or subject the Resulting Issuer to injunctions prohibiting the development and operation of its applications.

If the Resulting Issuer is unable to continually innovate and increase efficiencies, its ability to attract new customers may be adversely affected.

In the area of innovation, the Resulting Issuer must be able to develop new technologies and products that appeal to its customers. This depends, in part, on the technological and creative skills of its personnel and on its ability to protect its intellectual property rights. The Resulting Issuer may not be successful in the development, introduction, marketing, and sourcing of new technologies or innovations, that satisfy customer needs, achieve market acceptance, or generate satisfactory financial returns.

A drop in the retail price of medical marijuana products may negatively impact the business of the Resulting Issuer.

The demand for the Resulting Issuer's products depends in part on the price of commercially grown cannabis. Fluctuations in economic and market conditions that impact the prices of commercially grown cannabis, such as increases in the supply of such cannabis and the decrease in the price of products using commercially grown cannabis, could cause the demand for medical cannabis products to decline, which would have a negative impact on its business.

Operational risks.

The Resulting Issuer may be affected by a number of operational risks and may not be adequately insured for certain risks, including: labor disputes; catastrophic accidents; fires; blockades or other acts of social activism; equipment defects, malfunction and failures, changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, floods, earthquakes, ground movements, accidents and explosions that can cause personal injury, loss of life, suspension of operations, damage to facilities, business interruption and damage to or destruction of property, equipment and the environment. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Subsidiaries' properties, dispensary facilities, grow facilities and extraction facilities, personal injury or death, environmental damage, or have an adverse impact on the Subsidiaries' operations, costs, monetary losses, potential legal liability and adverse governmental action, any of which could have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer. This lack of insurance coverage could have a material adverse effect on the anticipated business, financial condition or results of operations of the Resulting Issuer.

The Resulting Issuer will continuously monitor its operations for quality control and safety. However, there are no assurances that the Resulting Issuer's safety procedures will always prevent such damages and the Resulting Issuer may be affected by liability or sustain loss in respect of certain risks and hazards. Although the Resulting Issuer will maintain insurance coverage that it believes to be adequate and customary in the industry, there can be no assurance that such insurance will be adequate to cover its liabilities. In addition, there can be no assurance that the Resulting Issuer will be able to maintain adequate insurance in the future at rates it considers reasonable and commercially justifiable. The Resulting Issuer may elect not to insure against certain risks due to cost of or ease of procuring such insurance. The occurrence of a significant uninsured claim, a claim in excess of the insurance coverage limits then maintained by the Resulting Issuer, or a claim at a time when it is not able to obtain liability insurance, could have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

Emerging industry.

The recreational cannabis industry is emerging. There can be no assurance that an active and liquid market for shares of the Resulting Issuer will develop and shareholders may find it difficult to resell their Resulting Issuer Subordinate Voting Shares. Accordingly, no assurance can be given that the Resulting Issuer or its business will be successful.

Lack of control over operations of investments.

Although it is the intent of the Resulting Issuer to maintain control or superior rights, at the time of the listing, it may hold a non-controlling interest in certain subsidiaries and may co-invest in the future with certain strategic investors or third parties. In these circumstances, where the Resulting Issuer does not have control over the operations of a Subsidiary, certain risks can arise. In these cases, the Resulting Issuer relies on its investment partners to execute on

their business plans and produce medical and/or recreational cannabis products. The operators of such Subsidiaries in which the Resulting Issuer does not have a controlling interest may have a significant influence over the results of operations of the Resulting Issuer's investments. Further, the interests of the Resulting Issuer and the operators of such Subsidiaries in which the Resulting Issuer does not have a controlling interest may not always be aligned. As a result, the cash flows of the Resulting Issuer are dependent upon the activities of third parties which creates the risk that at any time those third parties may, (i) have business interests or targets that are inconsistent with those of the Resulting Issuer , (ii) take action contrary to the Resulting Issuer 's policies or objectives, (iii) be unable or unwilling to fulfill their obligations under their agreements with the Resulting Issuer , or (iv) experience financial, operational or other difficulties, including insolvency, which could limit or suspend a third party's ability to perform its obligations.

In addition, payments may flow through such Subsidiaries over which the Resulting Issuer does not exercise control and there is a risk of delay and additional expense in receiving such revenues. Failure to receive payments in a timely fashion, or at all, under the agreements to which the Resulting Issuer is entitled may have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer. In addition, the Resulting Issuer must rely, in part, on the accuracy and timeliness of the information it receives from such Subsidiaries, and uses such information in its analyses, forecasts and assessments relating to its own business. If the information provided by such Subsidiaries over which the Resulting Issuer does not exercise control to the Resulting Issuer contains material inaccuracies or omissions, the Resulting Issuer ' ability to accurately forecast or achieve its stated objectives, or satisfy its reporting obligations, may be materially impaired.

The Resulting Issuer will not have a highly diversified portfolio of assets.

In addition to its ownership and investment in the Subsidiaries, the Resulting Issuer plans to acquire a portfolio of assets associated with the medical and adult-use cannabis industry. While the Resulting Issuer may purchase other assets and make other loans and investments not limited to the foregoing descriptions, the Resulting Issuer intends to purchase assets of the type described above. Thus, an investment in the Resulting Issuer will provide limited diversity as to asset type. Additionally, the assets to be held by the Resulting Issuer may be geographically concentrated from time to time. This lack of diversification could increase the risk associated with the revenue stream the Resulting Issuer expects to receive from the assets and, as a result, could have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

The Resulting Issuer's assets may be purchased with limited representations and warranties from the sellers of those assets.

The Resulting Issuer will generally acquire assets, after conducting its due diligence, with only limited representations and warranties from the seller or borrower regarding the quality of the assets and the likelihood of payment. As a result, if defects in the assets or the payment of amounts owing on the assets are discovered, the Resulting Issuer may not be able to pursue a claim for damages against the owners of such seller or borrower, and may be limited to asserting its claims against the seller or borrower. The extent of damages that the Resulting Issuer may incur as a result of such matters cannot be predicted, but potentially could have a significant adverse effect on the value of the Resulting Issuer's assets and revenue stream and, as a result, on the ability of the Resulting Issuer to pay distributions. Further, many of the Resulting Issuer's assets are anticipated to be obligations of dispensaries and cultivation operations, and the Resulting Issuer's remedies against such obligors may be limited if deemed unenforceable under federal laws or for other reasons.

Information technology systems and cyber security risks.

The Subsidiaries' use of technology is critical in their respective continued operations. The Subsidiaries are susceptible to operational, financial and information security risks resulting from cyber-attacks and/or technological malfunctions. Successful cyber-attacks and/or technological malfunctions affecting the Subsidiaries or their service providers can result in, among other things, financial losses, the inability to process transactions, the unauthorized release of customer information or confidential information and reputational risk.

The Subsidiaries have not experienced any material losses to date relating to cybersecurity attacks, other information breaches or technological malfunctions. However, there can be no assurance that the Subsidiaries will not incur such

losses in the future. As cybersecurity threats continue to evolve, the Subsidiaries may be required to use additional resources to continue to modify or enhance protective measures or to investigate security vulnerabilities.

The Resulting Issuer may be subject to risks associated with financial leverage.

The Resulting Issuer may incur debt, above and beyond any debt incurred to invest in the businesses of the Subsidiaries. As funds are borrowed, such financing will increase the risk of an investment in the Resulting Issuer Shares because debt service increases the expense of operation of the Resulting Issuer. In addition, lenders may require restrictions on future borrowing, distributions and operating policies. The Resulting Issuer's ability to meet its debt obligations will depend upon the Resulting Issuer's future performance and will be subject to financial, business and other factors affecting the Resulting Issuer's business and operations, including general economic conditions. There are no assurances that the Resulting Issuer will be able to meet its debt obligations.

Constraints on marketing products.

The development of the Resulting Issuer's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. The regulatory environment in the United States limits the Resulting Issuer's ability to compete for market share in a manner similar to other industries. If the Resulting Issuer is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Resulting Issuer's sales and operating results could be adversely affected.

Market, Securities and Other Risks

Holders of Resulting Issuer Super Voting Shares will have voting control of the Resulting Issuer.

The anticipated holders of Resulting Issuer Super Voting Shares, Jason Vedadi and Steven White will exercise in the aggregate approximately 57.3%of the voting power in respect of the expected Resulting Issuer's outstanding shares. As a result, Jason Vedadi and Steven White are expected to have the ability to control the outcome of all matters submitted to the Resulting Issuer's shareholders for approval, including the election and removal of directors and any arrangement or sale of all or substantially all of the assets of the Resulting Issuer. If Jason Vedadi and Steven White do not retain any employment with the Resulting Issuer, they will continue to have the ability to exercise the same significant voting power.

The anticipated concentrated control through the Resulting Issuer Super Voting Shares could delay, defer, or prevent a change of control of the Resulting Issuer, arrangement involving the Resulting Issuer or sale of all or substantially all of the assets of the Resulting Issuer that its other shareholders support. Conversely, this concentrated control could allow the holders of Resulting Issuer Super Voting Shares to consummate such a transaction that the Resulting Issuer's other shareholders do not support. In addition, the anticipated holders of Resulting Issuer Super Voting Shares may make long-term strategic investment decisions and take risks that may not be successful and may seriously harm the Resulting Issuer's anticipated business.

As the anticipated directors and/or key employees of the Resulting Issuer, Jason Vedadi and Steven White are anticipated to have control over the day-to-day management and the implementation of major strategic decisions of the Resulting Issuer, subject to authorization and oversight by the projected Resulting Issuer Board. As a board member, Jason Vedadi and Steven White will owe a fiduciary duty to the Resulting Issuer's shareholders and will be obligated to act honestly and in good faith with a view to the best interests of the Resulting Issuer. As shareholders, even controlling shareholders, Jason Vedadi and Steven White will be entitled to vote their shares, and shares over which they have voting control, in their own interests, which may not always be in the interests of the Resulting Issuer or the other shareholders of the Resulting Issuer.

Unpredictability caused by anticipated capital structure and voting control.

Although other Canadian-based companies have dual class or multiple voting share structures, given the unique capital structure contemplated in respect of the Resulting Issuer and the concentration of voting control that is anticipated to

be held by the holders of the Resulting Issuer Super Voting Shares, this structure and control could result in a lower trading price for or greater fluctuations in the trading price of the Resulting Issuer's common shares or will result in adverse publicity to the Resulting Issuer or other adverse consequences.

The Resulting Issuer is a holding company.

The Resulting Issuer is a holding company and essentially all of its assets are expected to be the capital stock or membership interests of its subsidiaries in each of the markets the company operates in, including Arizona, Arkansas, California, Florida, Illinois, Maryland, Massachusetts, Michigan Nevada, New Jersey, North Dakota, Ohio, Pennsylvania and Puerto Rico. As a result, Shareholders of the Resulting Issuer are subject to the risks attributable to its subsidiaries. As a holding company, the Resulting Issuer conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenues. Consequently, the Resulting Issuer's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to the Resulting Issuer. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of the Resulting Issuer's material subsidiaries, holders of indebtedness and trade creditors may be entitled to payment of their claims from the assets of those subsidiaries before the Resulting Issuer.

Additional capital requirements.

The Resulting Issuer will likely need additional capital to sustain its operations and will likely need to seek further financing, which the Resulting Issuer may not be able to obtain on acceptable terms or at all. If the Resulting Issuer fails to raise additional capital, as needed, its ability to implement its business model and strategy could be compromised. To date, the Resulting Issuer's operations and expansion of its business have been funded primarily from cash-flow from operations as substantially supplemented by the proceeds of debt and equity financings. The Resulting Issuer expects to require substantial additional capital in the near future to commence the expansion of its business into additional states in the United States, expand its product lines, develop its intellectual property base, and establish its targeted levels of commercial production. The Resulting Issuer may not be able to obtain additional financing on terms acceptable to it, or at all. In particular, because cannabis is illegal under federal law, the Resulting Issuer may have difficulty attracting investors.

Even if the Resulting Issuer obtains financing for its near-term operations and expansion, the Resulting Issuer expects that it will require additional capital thereafter. Its capital needs will depend on numerous factors including: (i) its profitability; (ii) the release of competitive products by its competition; (iii) the level of its investment in research and development; and (iv) the amount of its capital expenditures, including acquisitions. The Resulting Issuer cannot assure you that the Resulting Issuer will be able to obtain capital in the future to meet its needs.

If the Resulting Issuer raises additional funds through the issuance of equity or convertible debt securities, the percentage ownership held by its existing stockholders will be reduced and its stockholders may experience significant dilution. In addition, new securities may contain rights, preferences, or privileges that are senior to those of its securities. If the Resulting Issuer raises additional capital by incurring debt, this will result in increased interest expense. If the Resulting Issuer raises additional funds through the issuance of securities, market fluctuations in the price of its securities could limit its ability to obtain equity financing.

No assurance can be given that any additional financing will be available to the Resulting Issuer, or if available, will be on terms favorable to it. If the Resulting Issuer is unable to raise capital when needed, its business, financial condition, and results of operations would be materially adversely affected, and it could be forced to reduce or discontinue itsoperations.

Additional Issuance of Resulting Issuer Subordinate Voting Shares will result in dilution

Harvest plans to issue additional securities in the future in connection with its planned acquisitions, offerings and financing transactions (including through the sale of securities convertible into or exchangeable or exercisable for Resulting Issuer Subordinate Voting Shares), which will dilute a shareholder's holdings in Harvest and ultimately in

the Resulting Issuer. Harvest's articles permit the issuance of an unlimited number of Resulting Issuer Subordinate Voting Shares and Resulting Issuer Multiple Voting Shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The board of directors of Harvest has discretion to determine the price and the terms of further issuances. Harvest cannot predict the effect that future issuances and sales of its securities will have on the market price of the Resulting Issuer Subordinate Voting Shares. Issuances of a substantial number of additional securities of Harvest, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Resulting Issuer Subordinate Voting Shares. With any additional issuance of Harvest's securities, investors will suffer dilution to their voting power and Harvest may experience dilution in its revenue per share.

Sales of substantial amounts of Resulting Issuer Subordinate Voting Shares may have an adverse effect on the market price of the Resulting Issuer Subordinate Voting Shares.

Sales of substantial amounts of Resulting Issuer Subordinate Voting Shares, or the availability of such securities for sale, could adversely affect the prevailing market prices for the Resulting Issuer Subordinate Voting Shares. A decline in the market prices of the Resulting Issuer Subordinate Voting Shares could impair the Resulting Issuer's ability to raise additional capital through the sale of securities should it desire to do so.

Conversion limitations on the Resulting Issuer Multiple Voting Shares.

The Resulting Issuer Multiple Voting Shares will be subject to conversion limitations, which prevent the holders of Resulting Issuer Multiple Voting Shares from converting such Resulting Issuer Multiple Voting Shares into Resulting Issuer Subordinate Voting Share. These restrictions are based on the number of outstanding voting shares issued and outstanding and the number of such voting shares that are held by U.S. Residents. The Resulting Issuer will not effect any conversion of Resulting Issuer Multiple Voting Shares, and the holders of such Resulting Issuer Multiple Voting Shares may not convert such Resulting Issuer Multiple Voting Shares into Resulting Issuer Subordinate Voting Shares, to the extent that, after giving effect to all permitted issuances after such conversions or exercises, as applicable, the aggregate number of voting shares held of record, directly or indirectly, by U.S. Residents would exceed 40% of the aggregate number of voting shares of the Resulting Issuer issued and outstanding after giving effect to such conversions.

The restrictions on conversion of the Resulting Issuer Multiple Voting Shares will materially limit the timeframe in which a holder of Resulting Issuer Multiple Voting Shares could convert their Resulting Issuer Multiple Voting Shares into Resulting Issuer Subordinate Voting Shares, and accordingly the rate of such conversion and total number of Resulting Issuer Subordinate Voting Shares to be acquired each relevant fiscal quarter. Since only the Resulting Issuer Subordinate Voting Shares (and not the Resulting Issuer Multiple Voting Shares) are listed on the CSE, these restrictions on conversion will materially limit the liquidity of the Resulting Issuer Multiple Voting Shares and could adversely affect the value of Resulting Issuer Multiple Voting Shares.

The Resulting Issuer faces potential conflicts of interest.

The Resulting Issuer's proposed operations may present potential conflicts of interest, including, but not limited to, the following:

1. ***Other Personal Investments.*** Certain members anticipated to be part of the Resulting Issuer Board and certain officers anticipated to work for the Resulting Issuer serve in advisory capacities to businesses engaged in the cannabis industry and have equity interests in a business engaged in various aspects of the cannabis industry.

2. ***Time Commitment.*** The officers will be employed on a full-time basis with the Resulting Issuer and will devote substantially all of their business time to the Resulting Issuer's affairs. The anticipated Resulting Issuer Board and officers may spend a portion of their personal time managing other business endeavors, subject to the condition that such personal time not interfere with their respective duties to the Resulting Issuer.

Shareholders will not be represented by the Resulting Issuer's legal counsel.

Counsel to the Resulting Issuer will not represent any member of the anticipated Resulting Issuer Board, any officer, any shareholder of the Resulting Issuer or any eventual holder of the Resulting Issuer Subordinate Voting Shares in any respect in connection with this transaction. Shareholders should consult with their own legal counsel and other advisors when considering the transaction.

Price volatility of publicly traded securities.

The market price for the Resulting Issuer Subordinate Voting Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which will be beyond the Resulting Issuer's control, including, but not limited to the following:

- actual or anticipated fluctuations in the Resulting Issuer's quarterly results ofoperations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Resulting Issuer will operate;
- addition or departure of the Resulting Issuer's executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding Resulting Issuer Subordinate Voting Shares;
- sales or perceived sales of additional Resulting Issuer Subordinate Voting Shares;
- operating and financial performance that vary from the expectations of management, securities analysts and investors;
- regulatory changes affecting the Resulting Issuer's industry generally and its business and operations both domestically and abroad;
- announcements of developments and other material events by the Resulting Issuer or its competitors;
- fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product pricevolatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Resulting Issuer or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Resulting Issuer or from a lack of market comparable companies;
- dual class or multiple voting share structure of the Resulting Issuer, the concentration of voting control that is held by Steven White and Jason Vedadi; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Resulting Issuer's industry or target markets.

In recent years, the securities markets in the U.S. and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which

have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in price of the Resulting Issuer Subordinate Voting Shares will not occur. The market price of the Resulting Issuer Subordinate Voting Shares could be subject to significant fluctuations in response to variations in quarterly and annual operating results, the results of any public announcements the Resulting Issuer makes, general economic conditions, and other factors. Increased levels of volatility and resulting market turmoil may adversely impact the price of the Resulting Issuer Subordinate Voting Shares.

Liquidity

The Resulting Issuer cannot predict at what prices the Resulting Issuer Subordinate Voting Shares of the Resulting Issuer will trade and there can be no assurance that an active trading market will develop or be sustained. Final approval of the CSE has not yet been obtained. There is a significant liquidity risk associated with an investment in the Resulting Issuer.

Shareholders will have little or no rights to participate in the Resulting Issuer's affairs.

With the exception of the limited rights of shareholders under applicable laws, the day-to-day decisions regarding the management of the Resulting Issuer's affairs will be made exclusively by the Resulting Issuer Board and its officers. Shareholders will have little or no control over the Resulting Issuer's future business and investment decisions, its business, and its affairs, including, without limitation, the selection and investment in dispensaries, cultivation operations and real estate. The Resulting Issuer may also retain other officers and agents to provide various services to the Resulting Issuer, over which the shareholders will have no control. There can be no assurance that the anticipated Resulting Issuer Board, officers or its other agents will effectively manage and direct the affairs of the Resulting Issuer. Moreover, due to the fact that the holders of Resulting Issuer Super Voting Shares will have the power to elect the Resulting Issuer Board, other shareholders will not have the power to change the Resulting Issuer Board if they disagree with the decisions being made by the Resulting Issuer Board and management.

Dividends

Holders of the Resulting Issuer Shares will not have a right to dividends on such shares unless declared by the Resulting Issuer Board. Verano and Harvest have not paid dividends in the past, and it is not anticipated that the Resulting Issuer will pay any dividends in the foreseeable future. Dividends paid by the Resulting Issuer would be subject to tax and, potentially, withholdings. The declaration of dividends is at the discretion of the Resulting Issuer Board, even if the Resulting Issuer has sufficient funds, net of its liabilities, to pay such dividends, and the declaration of any dividend will depend on the Resulting Issuer's financial results, cash requirements, future prospects and other factors deemed relevant by the Resulting Issuer Board.

Costs of maintaining a public listing.

As a public company, there are costs associated with legal, accounting and other expenses related to regulatory compliance. Securities legislation and the rules and policies of the CSE require listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information, all of which add to a company's legal and financial compliance costs. The Resulting Issuer may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies.

Canada-United States border risks.

News media have reported that United States immigration authorities have increased scrutiny of Canadian citizens who are crossing the United States-Canada border with respect to persons involved in cannabis businesses in the United States. There have been a number of Canadians barred from entering the United States as a result of an investment in or act related to United States cannabis businesses. In some cases, entry has been barred for extended periods of time. This could adversely impact the ability of the Resulting Issuer from hiring Canadian citizens which could impact its operations.

Newly established legal regime.

The Resulting Issuer's business activities will rely on newly established and/or developing laws and regulations in the states in which it operates. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect the Resulting Issuer's profitability or cause it to cease operations entirely. The cannabis industry may come under the scrutiny or further scrutiny by the FDA, Securities and Exchange Commission, the Department of Justice, the Financial Industry Regulatory Advisory or other federal or applicable state or nongovernmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale or use of cannabis for medical or nonmedical purposes in the United States. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the industry may adversely affect the business and operations of the Resulting Issuer, including without limitation, the costs to remain compliant with applicable laws and the impairment of its business or the ability to raise additional capital.

The Resulting Issuer's business, financial condition, results of operations, and cash flow may in the future be negatively impacted by challenging global economic conditions.

Future disruptions and volatility in global financial markets and declining consumer and business confidence could lead to decreased levels of consumer spending. The Resulting Issuer's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and spending and, consequently, impact the Resulting Issuer's sales and profitability. These macroeconomic developments could negatively impact the Resulting Issuer's business, which depends on the general economic environment and levels of consumer spending. As a result, the Resulting Issuer may not be able to maintain its existing customers or attract new customers, or the Resulting Issuer may be forced to reduce the price of its products. The Resulting Issuer is unable to predict the likelihood of the occurrence, duration, or severity of such disruptions in the credit and financial markets and adverse global economic conditions. Any general or market- specific economic downturn could have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations, and cash flow.

Certain Tax Risks

THE FOLLOWING IS A DISCUSSION OF CERTAIN MATERIAL TAX RISKS ASSOCIATED WITH THE ACQUISITION AND OWNERSHIP OF RESULTING ISSUER SUBORDINATE VOTING SHARES. THIS CIRCULAR DOES NOT DISCUSS RISKS ASSOCIATED WITH ANY APPLICABLE STATE, PROVINCIAL, LOCAL OR FOREIGN TAX LAWS. THE TAX RELATED INFORMATION IN THIS CIRCULAR DOES NOT CONSTITUTE TAX ADVICE AND IS FOR INFORMATIONAL PURPOSES ONLY. FOR ADVICE ON TAX LAWS APPLICABLE TO A SHAREHOLDER'S INDIVIDUAL TAX SITUATIONS, SHAREHOLDERS SHOULD SEEK THE ADVICE OF THEIR TAX ADVISORS. NO REPRESENTATION OR WARRANTY OF ANY KIND IS MADE BY HARVEST, THE RESULTING ISSUER OR ANY OF THE BOARDS OF DIRECTORS, OFFICERS, LEGAL COUNSEL, OTHER AGENTS OR AFFILIATES WITH RESPECT TO THE TAX TREATMENT APPLICABLE TO ANY PERSON WHO ACQUIRES RESULTANT ISSUER SHARES PURSUANT TO THE BUSINESS COMBINATION. EACH PROSPECTIVE SHAREHOLDER IS URGED TO REVIEW THE CIRCULAR IN ITS ENTIRETY AND TO CONSULT HIS OR HER OWN TAX ADVISOR WITH RESPECT TO THE FEDERAL, STATE, PROVINCIAL, LOCAL AND FOREIGN TAX CONSEQUENCES ARISING IN CONNECTION WITH THE ACQUISITION AND OWNERSHIP OF RESULTING ISSUER SHARES.

The Resulting Issuer may be subject to Canadian and United States tax on its world-wide income.

The Resulting Issuer will be deemed to be a resident of Canada for Canadian federal income tax purposes by virtue of being organized under the laws of a Province of Canada. Accordingly, the Resulting Issuer will be subject to Canadian taxation on its worldwide income, in accordance with the rules in the Tax Act generally applicable to corporations resident in Canada.

Notwithstanding that the Resulting Issuer will be deemed to be a resident of Canada for Canadian federal income tax purposes, the Resulting Issuer also intends to be treated as a United States corporation for United States federal income tax purposes, pursuant to Section 7874(b) of the Code, and is expected to be subject to United States federal income

tax on its worldwide income. As a result, the Resulting Issuer will be subject to taxation both in Canada and the United States, which could have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

Dispositions of Resulting Issuer Shares may be subject to Canadian and/or United States tax.

Dispositions of Resulting Issuer Shares may be subject to Canadian tax. See *Certain Canadian Federal Income Tax Considerations* in the Circular. In addition, dispositions of Resulting Issuer Shares may be subject to U.S. tax – see *Certain United States Federal Income Tax Considerations* in the Circular.

Dividends on the Resulting Issuer Shares may be subject to Canadian and/or United States withholding tax.

It is currently not anticipated that the Resulting Issuer will pay any dividends on the Resulting Issuer Shares in the foreseeable future.

To the extent dividends are paid on the Resulting Issuer Shares, dividends received by shareholders who are residents of Canada for purpose of the Tax Act will be subject to U.S. withholding tax. Any such dividends may not qualify for a reduced rate of withholding tax under the Canada-United States tax treaty. In addition, a Canadian foreign tax credit or a deduction in respect of such U.S. withholding taxes paid may not be available.

Dividends received by U.S. Holders will not be subject to U.S. withholding tax but will be subject to Canadian withholding tax. Dividends paid by the Resulting Issuer will be characterized as U.S. source income for purposes of the foreign tax credit rules under the Code. Accordingly, U.S. Holders generally will not be able to claim a credit for any Canadian tax withheld unless, depending on the circumstances, they have an excess foreign tax credit limitation due to other foreign source income that is subject to a low or zero rate of foreign tax.

Dividends received by shareholders that are neither Canadian nor U.S. shareholders will be subject to U.S. withholding tax and will also be subject to Canadian withholding tax. These dividends may not qualify for a reduced rate of U.S. withholding tax under any income tax treaty otherwise applicable to a shareholder of the Resulting Issuer, subject to examination of the relevant treaty. These dividends may, however, qualify for a reduced rate of Canadian withholding tax under any income tax treaty otherwise applicable to a shareholder of the Resulting Issuer, subject to examination of the relevant treaty.

Transfers of Resulting Issuer Shares may be subject to United States gift, estate and transfer taxes.

Because the Resulting Issuer Shares will be treated as shares of a U.S. domestic corporation, the U.S. gift, estate and generation-skipping transfer tax rules generally will apply to a Non-U.S. Holder of Resulting Issuer Shares.

The application of Section 280E of the Code may substantially limit the Resulting Issuer's ability to deduct certain expenses for United States tax purposes.

Pursuant to Section 280E of the Code, the ability of any business involved in any trade or business consisting of the trafficking in controlled substances within the meaning of Schedule I and II of the CSA which is prohibited by federal law to take certain deduction is severely limited. Cannabis is currently a controlled substance within the meaning of Schedule I of the CSA. As a result, the taxable income of the Resulting Issuer is likely to exceed its actual profits.

Changes in tax laws may affect the Resulting Issuer and holders of Resulting Issuer Shares.

There can be no assurance that the Canadian and U.S. federal income tax treatment of the Resulting Issuer or an investment in the Resulting Issuer will not be modified, prospectively or retroactively, by legislative, judicial or administrative action, in a manner adverse to the Resulting Issuer or holders of Resulting Issuer Shares.

The Resulting Issuer Shares may not be qualified investments for Registered Plans if the Resulting Issuer Subordinate Voting Shares are not listed on a designated stock exchange.

If the Resulting Issuer Subordinate Voting Shares are not listed on a designated stock exchange in Canada before the filing-due date for Resulting Issuer's first income tax return, or if Resulting Issuer does not otherwise satisfy the conditions in the Tax Act to be a "public corporation", the Resulting Issuer Shares will not be considered to be a qualified investment for a Registered Plan. Where a Registered Plan acquires a Resulting Issuer Share in circumstances where the Resulting Issuer Share is not a qualified investment under the Tax Act for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the controlling individual (within the meaning of the Tax Act) under the Registered Plan, including that the Registered Plan may become subject to penalty taxes and the controlling individual of such Registered Plan may be deemed to have received income therefrom or be subject to a penalty tax. See "*Eligibility for Investment*" in the Circular.

An Investment in the Resulting Issuer is not intended to provide any material tax benefits to shareholders.

An investment in the Resulting Issuer is not designed to provide significant tax losses to shareholders or to shelter income from sources. No material tax benefits are expected from an investment in the Resulting Issuer. Accordingly, you are urged to make your investment decision based on economic considerations, rather than tax considerations.

ERISA imposes additional obligations on certain investors.

In considering an investment in the Resulting Issuer Shares, trustees, custodians, investment managers, and fiduciaries of retirement and other plans subject to the fiduciary responsibility provisions of the ERISA and/or Section 4975 of the Code, should consider, among other things: (1) whether an investment in the Resulting Issuer Shares is in accordance with plan documents and satisfies the diversification requirements of Sections 404(a)(1)(C) and 404(a)(1)(D) of ERISA, if applicable; (2) whether an investment in the Resulting Issuer Shares will result in unrelated business taxable income to the plan; (3) whether an investment in the Securities is prudent under Section 404(a)(1)(B) of ERISA, if applicable, given the nature of an investment in, and the compensation structure of, Verano and the potential lack of liquidity of the Resulting Issuer Shares during the lock-up period following the Merger; (4) whether Verano or any of its affiliates is a fiduciary or party in interest to the plan, and (5) whether an investment in the Securities complies with the "indicia of ownership" requirement set forth in ERISA Section 404(b). Fiduciaries and other persons responsible for the investment of certain governmental and church plans that are subject to any provision of federal, state, or local law that is substantially similar to the fiduciary responsibility provisions of Title I of ERISA or Section 4975 of the Code that are considering the investment in the Securities should consider the applicability of the provisions of such similar law and whether the Securities would be an appropriate investment under such similar law. The responsible fiduciary must take into account all of the facts and circumstances of the plan and of the investment when determining if a particular investment is prudent.

APPENDIX "G"
DIVISION 2 OF PART 8 OF THE BCBCA

Definitions and application

237 (1) In this Division:

"dissenter" means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

"notice shares" means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

"payout value" means,

in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,

in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement,

in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order, or

in the case of a dissent in respect of a community contribution company, the value of the notice shares set out in the regulations,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

(a) the court orders otherwise, or

(b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

Right to dissent

238 (1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent as follows:

(a) under section 260, in respect of a resolution to alter the articles

to alter restrictions on the powers of the company or on the business the company is permitted to carry on, or

without limiting subparagraph (i), in the case of a community contribution company, to alter any of the company's community purposes within the meaning of section 51.91;

(b) under section 272, in respect of a resolution to adopt an Business Combination agreement;

(c) under section 287, in respect of a resolution to approve an Business Combination under Division 4 of Part 9;

(d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;

(e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;

(f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;

(g) in respect of any other resolution, if dissent is authorized by the resolution;

(h) in respect of any court order that permits dissent.

(2) A shareholder wishing to dissent must

(a) prepare a separate notice of dissent under section 242 for

(i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,

(b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and

(c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.

(3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must

(a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and

(b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

Waiver of right to dissent

239 (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

(2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must

(a) provide to the company a separate waiver for

(i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and

(b) identify in each waiver the person on whose behalf the waiver is made.

(3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the

shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to

(a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and

(b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

(4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

Notice of resolution

240 (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favor of the resolution, whether or not their shares carry the right to vote,

(a) a copy of the resolution,

(b) a statement advising of the right to send a notice of dissent, and

(c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

Notice of court orders

241 If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

(a) a copy of the entered order, and

(b) a statement advising of the right to send a notice of dissent.

Notice of dissent

242 (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,

(a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,

(b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or

(c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of

(i) the date on which the shareholder learns that the resolution was passed, and

(ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the company

(a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or

(b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company

(a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or

(b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

(a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;

(b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;

(c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and

(i) the name and address of the beneficial owner, and

(ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.

(5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

Notice of intention to proceed

243 (1) A company that receives a notice of dissent under section 242 from a dissenter must,

(a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of

(i) the date on which the company forms the intention to proceed, and

(ii) the date on which the notice of dissent was received, or

(b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.

(2) A notice sent under subsection (1) (a) or (b) of this section must

(a) be dated not earlier than the date on which the notice is sent,

(b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and

(c) advise the dissenter of the manner in which dissent is to be completed under section 244.

Completion of dissent

244 (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,

(a) a written statement that the dissenter requires the company to purchase all of the notice shares,

(b) the certificates, if any, representing the notice shares, and

(c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.

(2) The written statement referred to in subsection (1) (c) must

(a) be signed by the beneficial owner on whose behalf dissent is being exercised, and

(b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) that dissent is being exercised in respect of all of those other shares.

(3) After the dissenter has complied with subsection (1),

(a) the dissenter is deemed to have sold to the company the notice shares, and

(b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.

(4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.

(5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.

(6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

Payment for notice shares

245 (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must

(a) promptly pay that amount to the dissenter, or

(b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may

(a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,

(b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and

(c) make consequential orders and give directions it considers appropriate.

(3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the company must

(a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or

(b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),

(a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or

(b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.

(5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that

(a) the company is insolvent, or

(b) the payment would render the company insolvent.

Loss of right to dissent

246 The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

(a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;

(b) the resolution in respect of which the notice of dissent was sent does not pass;

(c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;

(d) the notice of dissent was sent in respect of a resolution adopting an Business Combination agreement and the Business Combination is abandoned or, by the terms of the agreement, will not proceed;

(e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;

(f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;

(g) with respect to the notice shares, the dissenter consents to, or votes in favor of, the resolution in respect of which the notice of dissent was sent;

(h) the notice of dissent is withdrawn with the written consent of the company;

(i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

Shareholders entitled to return of shares and rights

247 If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

(a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,

(b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and

the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.

APPENDIX "H"
RESULTING ISSUER EQUITY INCENTIVE PLAN RESOLUTION

WHEREAS the board of directors of Harvest has determined that the adoption of the Resulting Issuer's equity incentive plan (the "**Resulting Issuer Equity Incentive Plan**"), as more fully described in the Circular, and in the form which is appended as Appendix "J" to the Circular is in the best interests of Harvest and its shareholders.

BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

1. The Resulting Issuer Equity Incentive Plan as described in the Circular and in the form which is appended as Appendix "J" to the Circular, is hereby authorized, approved, ratified, and confirmed.

2. Notwithstanding that this resolution has been duly passed by the shareholders of Harvest, the board of directors of Harvest may revoke such resolution at any time before it is effected without further action by the shareholders.

3. Any one director or officer of Harvest be and is hereby authorized and directed for and on behalf of Harvest to execute and cause to be executed, under the corporate seal of Harvest or otherwise, and to deliver or cause to be delivered, all such other documents and instruments and to performance or cause to be performed all such other acts and thigs as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

APPENDIX "I"
FINANCIAL STATEMENTS

See attached.

HARVEST HEALTH & RECREATION INC. + VERANO HOLDINGS, LLC AND SUBIDIARIES
Pro Forma Consolidated Statements of Financial Position
As of December 31, 2018
(Amounts expressed in thousands of United States dollars)

	Harvest Health & Recreation Inc. December 31, 2018	Verano Holdings, LLC and Subsidiaries December 31, 2018	Adjustments (unaudited)		Resulting Issuer Pro Forma Consolidated (unaudited)
ASSETS					
Current assets:					
Cash and cash equivalents	$ 191,883	$ 73,087	$ 5,900	(a)	$ 270,870
Restricted cash	8,000	-	-		8,000
Accounts receivable, net	2,993	2,765	-		5,758
Notes receivable, current portion	13,600	-	-		13,600
Due from Related Parties	-	947	-		947
Biological assets	6,788	10,675	-		17,463
Inventory	23,177	5,287	-		28,464
Other current assets	1,810	1,107	-		2,917
Total current assets	248,251	93,868	5,900		348,019
Notes receivable, net of current portion	3,076	-	5,000	(a)	8,076
Property, plant and equipment, net	31,855	40,747	(10,900)	(a)	61,702
Intangibles assets, net	112,830	7,905	725,037	(b)	845,772
Corporate investments & investments in associates	5,000	2,039	-		7,039
Acquisition deposits	1,350	-	-		1,350
Goodwill	69,407	1,931	-		71,338
Other assets	6,830	2,057	-		8,887
TOTAL ASSETS	**$ 478,599**	**$ 148,547**	**$ 725,037**		**$ 1,352,183**
LIABILITIES AND STOCKHOLDERS' EQUITY					
LIABILITIES					
Current liabilities:					
Accounts payable	$ 4,694	$ 7,809	$ -		$ 12,503
Accrued and other current liabilities	6,715	1,776	-		8,491
Contingent consideration, current portion	11,520	-	-		11,520
Income tax payable	4,120	799	-		4,919
Due to related parties	-	1,391	-		1,391
Members' distributions payable	-	2,961	-		2,961
Notes payable, current portion	11,806	4,262	-		16,068
Total current liabilities	38,855	18,998	-		57,853
Notes payable, net of current portion	19,098	2,854	-		21,952
Deferred tax liability	18,173	568	-		18,741
Contingent consideration, net of current portion	18,190	-	-		18,190
Other long-term liabilities	4,486	247	-		4,733
TOTAL LIABILITIES	98,802	22,667	-		121,469
Capital stock / Members' Equity	435,495	123,383	725,037	(b)	1,283,915
Accumulated (deficit) earnings	(61,270)	-	-		(61,270)
Stockholders' equity attributed to Harvest Health & Recreation Inc.	374,225	123,383	725,037		1,222,645
Non-controlling interest	5,572	2,497	-		8,069
TOTAL STOCKHOLDERS' EQUITY	379,797	125,880	725,037		1,230,714
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 478,599**	**$ 148,547**	**$ 725,037**		**$ 1,352,183**

Adjustments

(a) In October 2018, Verano entered into a Purchase Agreement to acquire a vertically-integrated medical cannabis license in the state of Florida. In anticipation of the purchase successfully closing, Verano incurred $10.9 million of expenditures for property and related assets which was included in property, plant, and equipment, net as of December 31, 2018. In March 2019, Verano entered into a binding agreement with Harvest to effectuate a merger. Harvest has an existing medical cannabis license in Florida. Florida does not permit ownership of multiple medical cannabis licenses. In March 2019, Verano agreed to terminate the Purchase Agreement and subsequently sold the property and related assets for $5.9 million cash and $5.0 million note receivable, the later being due one year from date of note completion.

(b) See purchase price and allocation below

Purchase Price Calculation and Allocation

Purchase Price (does not include various Verano pipeline transactions):	
Fully Diluted Verano units to be exchanged per Schedule 4.03(a)	27,253,151
SVS Exchange Ratio per Business Combination Agreement	4.7536
Total pro forma units issued	129,550,579
assumed CAD$/unit	$ 8.79
Total value in CAD$ in Thousands	$ 1,138,750
assumed CAD$ to US$ exchange rate	1.3422
Total value in US$ in Thousands	$ 848,420
Purchase Price Allocation (final allocation to be based on independent valuation and purchase accounting):	
Fair value of assets assumes book value is fair proxy	$ 148,547
Fair value of liabilities assumes book value is fair proxy	$ (22,667)
Fair value of non-controlling interest assumes book value is fair proxy	$ (2,497)
Excess allocated to intangibles	$ 725,037

Note:

Some audited amounts have been combined for comparable presentation purposes.

HARVEST HEALTH & RECREATION INC. + VERANO HOLDINGS, LLC AND SUBIDIARIES
Pro Forma Consolidated Statements of Operations
For the year ended December 31, 2018
(Amounts expressed in thousands of United States dollars, except share or per share data)

	Harvest Health & Recreation Inc. Year ended December 31, 2018	Verano Holdings, LLC and Subsidiaries Year ended December 31, 2018	Adjustments (unaudited)	Resulting Issuer Pro Forma Consolidated (unaudited)
Revenue	$ 46,955	$ 31,095	$ -	$ 78,050
Cost of goods sold	(22,402)	(18,380)	-	(40,782)
Gross profit, before biological asset adjustments	24,553	12,715	-	37,268
Unrealized gain on changes in fair value of biological asset	5,958	34,211	-	40,169
Cost of goods sold on biological asset transformation	(3,559)	(28,000)	-	(31,559)
Gross profit	26,952	18,926	-	45,878
Expenses				
General and administrative	35,658	9,297	-	44,955
Sales and marketing	1,079	305	-	1,384
Share-based compensation expense	1,545	-	-	1,545
Depreciation and amortization	1,544	1,028	-	2,572
Total expenses	39,826	10,630	-	50,456
Income from investments in associates	-	279	-	279
Operating (loss) income	(12,874)	8,575	-	(4,299)
Other income (expense)				
Gain on sale of assets and impairment, net	566	-	-	566
Other income (loss)	(50,716)	-	-	(50,716)
Foreign currency gain	512	-	-	512
Amortization of debt issuance cost for warrant	-	(2,662)	-	(2,662)
Interest (expense)	(1,677)	(432)	-	(2,109)
(Loss) income before taxes and non-controlling interest	(64,189)	5,481	-	(58,708)
Income taxes	(3,877)	(1,772)	-	(5,649)
(Loss) income before non-controlling interest	(68,066)	3,709	-	(64,357)
Loss (income) attributed to non-controlling interest	601	(4,271)	-	(3,670)
Net (loss) income attributed to reporting entity	**(67,465)**	**(562)**	**-**	**(68,027)**
Loss (income) per share - basic and diluted	$ (0.31)			$ (0.19)
Attributable to reporting entity Shareholders	$ (0.31)			$ (0.20)
Attributable to non-controlling interest	$ -			$ 0.01
Weighted-average shares outstanding - basic and diluted	217,399,052		129,550,579 (a)	346,949,631

Adjustments
(a) Fully Diluted Verano units to be exchanged per Schedule 4.03(a) times SVS Exchange Ratio per Business Combination Agreement

verano™ HOLDINGS

VERANO HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017

(Expressed in United States Dollars)

VERANO HOLDINGS, LLC AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Certified
Public
Accountants

Independent Auditor's Report

To the Members of Verano Holdings, LLC and Subsidiaries

Opinion
We have audited the consolidated financial statements of Verano Holdings, LLC and Subsidiaries (the "Company"), which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the consolidated statements of operations, changes in members' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion
We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

Macias Gini & O'Connell LLP

Los Angeles, California
May 16, 2019

VERANO HOLDINGS, LLC AND SUBSIDIARIES
Consolidated Statements of Financial Position
December 31, 2018 and 2017

		2018	2017
ASSETS			
Current Assets:			
Cash		$ 73,087,292	$ 3,326,794
Accounts Receivable, Net	*Note 3*	2,765,033	1,043,877
Members' Contribution Receivable	*Note 11*	-	96,250
Due from Related Parties	*Note 14*	947,384	221,918
Inventories	*Note 4*	5,286,655	3,213,823
Biological Assets	*Note 5*	10,675,028	3,914,649
Prepaid Expenses and Other Current Assets		1,019,320	295,294
Distributions Receivable		87,420	-
Total Current Assets		93,868,132	12,112,605
Property and Equipment, Net	*Note 6*	40,746,900	21,851,146
Intangible Assets	*Note 8*	7,905,250	5,089,000
Goodwill	*Note 7, 8*	1,930,975	1,930,975
Investments in Associates		2,038,619	212,965
Deposits and Other Assets		2,056,930	227,614
TOTAL ASSETS		$ 148,546,806	$ 41,424,305
LIABILITIES AND MEMBERS' EQUITY			
LIABILITIES			
Current Liabilities:			
Accounts Payable		$ 7,809,439	$ 2,147,810
Accrued Liabilities		1,775,523	612,199
Current Portion of Notes Payable, Net of Unamortized Debt Issuance Costs	*Note 9*	4,261,642	2,049,598
Income Tax Payable		798,965	296,897
License Payable	*Note 7*	-	1,000,000
Acquisition Price Payable	*Note 7*	-	2,460,000
Due to Related Parties	*Note 14*	1,391,354	128,761
Members' Distributions Payable	*Note 11*	2,960,852	-
Total Current Liabilities		18,997,775	8,695,265
Long-Term Liabilities:			
Deferred Rent		247,601	173,017
Notes Payable, Net of Current Portion and Unamortized Debt Issuance Costs	*Note 9*	2,853,836	2,920,569
Deferred Income Taxes	*Note 12*	567,556	-
TOTAL LIABILITIES		22,666,768	11,788,851
MEMBERS' EQUITY OF VERANO HOLDINGS, LLC AND SUBSIDIARIES		123,382,962	13,169,262
NON-CONTROLLING INTEREST		2,497,076	16,466,192
TOTAL LIABILITIES AND MEMBERS' EQUITY		$ 148,546,806	$ 41,424,305

The accompanying notes are an integral part of these consolidated financial statements.

VERANO HOLDINGS, LLC AND SUBSIDIARIES
Consolidated Statements of Operations
For the Years Ended December 31, 2018 and 2017

		2018	2017
Revenues, net of discounts		$ 31,095,461	$ 11,305,354
Cost of Goods Sold		18,380,350	7,533,444
Gross Profit before Biological Asset Adjustment		12,715,111	3,771,910
Realized fair value amounts included in inventory sold	*Note 5*	(27,999,831)	(6,876,839)
Unrealized fair value gain on growth of biological assets	*Note 5*	34,211,034	9,579,548
Gross Profit		18,926,314	6,474,619
Expenses:			
General and Administrative	*Note 10*	9,296,875	3,531,239
Sales and Marketing		305,128	251,136
Depreciation and Amortization		1,028,439	477,829
Total Expenses		10,630,442	4,260,204
Income from Investments in Associates		278,826	51,468
Income From Operations		8,574,698	2,265,883
Other Income (Expense):			
Amortization of Debt Issuance Cost for Warrant	*Note 11*	(2,661,935)	-
Interest Expense, net		(431,689)	(73,157)
Total Other Expense		(3,093,624)	(73,157)
Net Income Before Provision for Income Taxes and Non-Controlling Interest		5,481,074	2,192,726
Provision For Income Taxes	*Note 12*	(1,771,912)	(296,897)
Net Income		3,709,162	1,895,829
Net Income Attributable To Non-Controlling Interest		4,271,145	742,748
Net Income (Loss) Attributable to Verano Holdings, LLC and Subsidiaries		$ (561,983)	$ 1,153,081

The accompanying notes are an integral part of these consolidated financial statements.

VERANO HOLDINGS, LLC AND SUBSIDIARIES
Consolidated Statements of Changes in Members' Equity
For the Years Ended December 31, 2018 and 2017

	Members' Equity	Non-Controlling Interest	Total
Balance, January 1, 2017	$ 5,022,662	$ 11,296,747	$ 16,319,409
Net income	1,153,081	742,748	1,895,829
Contributions from members	7,758,119	2,710,073	10,468,192
Members' contributions receivable	-	71,250	71,250
Non-controlling interest from acquisition	-	1,932,667	1,932,667
Distributions to members	(764,600)	(287,293)	(1,051,893)
Balance, December 31, 2017	13,169,262	16,466,192	29,635,454
Net income	(561,983)	4,271,145	3,709,162
Contributions from members	99,184,602	1,512,311	100,696,913
Conversion of convertible note payable	2,000,000	-	2,000,000
Transfer from non-controlling interest to controlling	18,628,967	(18,628,967)	-
Buyout of Electrum Capital, LLC	(9,500,000)	-	(9,500,000)
Issuance of warrant	2,661,935	-	2,661,935
Non-controlling interest from acquisition	-	1,316,250	1,316,250
Members' distributions payable	(1,331,996)	(1,628,856)	(2,960,852)
Distributions to members	(867,825)	(810,999)	(1,678,824)
Balance, December 31, 2018	$ 123,382,962	$ 2,497,076	$ 125,880,038

The accompanying notes are an integral part of these consolidated financial statements.

VERANO HOLDINGS, LLC AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES		
Net income attributable to Verano Holdings, LLC and Subsidiaries	$ 3,709,162	$ 1,895,829
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,568,562	855,724
Realized gain on changes in fair value of biological assets	27,999,831	6,876,839
Unrealized fair value amounts included in inventory sold	(34,211,034)	(9,579,548)
Amortization of debt issuance costs for warrant	2,661,935	-
Income from investment in associates	(278,824)	(51,468)
Change in deferred rent	74,584	173,017
Amortization of debt issuance costs	10,000	-
Deferred income tax expense	567,556	-
Changes in operating assets and liabilities:		
Accounts receivable	(1,721,156)	(698,456)
Inventories	(2,072,832)	(1,336,488)
Biological assets	(549,176)	57,360
Prepaid expenses and other current assets	(724,026)	(151,962)
Deposits and other assets	(1,804,316)	(16,184)
Accounts payable	5,661,629	1,886,510
Accrued liabilities	1,163,324	295,782
Income tax payable	502,068	296,897
Due to related parties	1,262,593	93,761
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,819,880	597,613
CASH FLOW FROM INVESTING ACTIVITIES		
Cash paid in membership interest acquisition	(3,000,000)	-
Purchases of property and equipment	(21,464,316)	(13,045,705)
Acquisition of business, net of cash acquired	(1,525,000)	68,782
Due from related parties	(725,466)	(221,918)
Dividends received from investments in associates	115,749	-
Purchase of interest in investment in associate	(1,750,000)	(80,000)
Payment of license payable	(1,000,000)	-
NET CASH USED IN INVESTING ACTIVITIES	(29,349,033)	(13,278,841)
CASH FLOW FROM FINANCING ACTIVITIES		
Contributions from members	100,793,164	11,968,192
Distributions to members	(1,678,824)	(1,051,893)
Proceeds from issuance of notes payable	2,208,274	2,936,676
Principal repayments of notes payable	(4,472,963)	(30,761)
Debt issuance costs paid	(100,000)	-
Payment of acquisition price payable	(2,460,000)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	94,289,651	13,822,214
NET INCREASE IN CASH	69,760,498	1,140,986
CASH, BEGINNING OF YEAR	3,326,794	2,185,808
CASH, END OF YEAR	$ 73,087,292	$ 3,326,794

The accompanying notes are an integral part of these consolidated financial statements.

VERANO HOLDINGS, LLC AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

	2018	2017
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$ 489,425	$ 71,633
OTHER NON-CASH INVESTING AND FINANCING ACTIVITIES		
Distributions receivable from investment in associate	$ 87,420	$ -
Issuance of warrant	$ 2,661,935	$ -
Members' contribution receivable	$ -	$ 71,250
Members' distributions payable	$ 2,960,853	$ -
Convertible note payable converted to members' equity	$ 2,000,000	$ -
Cash paid in buyout of Electrum Capital, LLC (Note 11):		
Purchase price of equity interest	$ 9,500,000	$ -
Issuance of note payable	(6,500,000)	-
Cash paid in buyout of Electrum Capital, LLC	$ 3,000,000	$ -
Cash paid (received) in business combination (Note 7):		
Tangible and intangible assets acquired, net of cash	$ 2,841,250	$ 4,458,782
Liabilities assumed	-	(65,872)
Issuance of notes payable	-	(4,460,000)
Goodwill	-	1,930,975
Non-controlling interest from acquisition	(1,316,250)	(1,932,667)
Cash paid (received) in business combination	$ 1,525,000	$ (68,782)

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

References herein to "the Company," or "Verano," are intended to mean Verano Holdings, LLC and Subsidiaries on a consolidated basis.

Verano is a vertically integrated cannabis operator that focuses on limited-licensed markets in the United States. As a vertically integrated provider, the Company owns cultivation, processing, and retail lic enses across five state markets (Illinois, Maryland, Massachusetts, Nevada, and Ohio) and Puerto Rico.

In addition to the states listed above, the Company also conducts pre-licensing activities in several other markets. In these markets, the Company has either applied for licenses, or plans on applying for licenses, but does not currently own any cultivation, production, or retail licenses.

The Company's corporate headquarters is located at 415 North Dearborn St., 4th Floor, Chicago, Illinois 60654.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC") in effect for the all periods presented.

Certain reclassifications were made to the 2017 financial statements to conform to the 2018 presentation.

These consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on May 16, 2019.

(b) Basis of Measurement

These consolidated financial statements have been prepared on the going concern basis, under the historical cost convention except for certain financial instruments and biological assets that are measured at fair value as described herein.

(c) Functional and Presentation Currency

The Company and its affiliates' functional currency, as determined by management, is the United States ("U.S.") dollar. These consolidated financial statements are presented in U.S. dollars.

(d) Basis of Consolidation

On August 16, 2018, certain members of the Company contributed certain interests to Verano Holdings, LLC in exchange for membership units (Note 11). Prior to this date, entities which were controlled either through common control or common management were combined in these financial statements. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. Common management exists when entities operate under the terms of management service agreements whose terms meet the criteria for control established in IFRS 10 – *Consolidated Financial Statements.*

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Basis of Consolidation *(Continued)*

As a result of this reorganization, the accompanying consolidated financial statements include the accounts of Verano Holdings, LLC and its wholly-owned or majority owned subsidiaries, as well as any entities meeting the common control or common management criteria described above. Non-controlling interests are included as a component of members' equity.

All significant intercompany balances and transactions were eliminated in consolidation.

(e) Cash

Cash includes cash deposits in financial institutions and cash held at retail, and cultivation locations.

(f) Accounts Receivable

The Company reviews all outstanding accounts receivable for collectability on an annual basis. An allowance for doubtful accounts is recorded for any amounts deemed uncollectible. The Company does not accrue interest receivable on past due accounts receivable.

(g) Inventories

Inventories purchased from third parties, which include finished goods and packaging and supplies, are valued at the lower of cost and net realizable value. Cost is determined using the weighted average costing method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to sell. The Company reviews inventories for obsolete, redundant and slow-moving goods and any such inventories identified are written down to net realizable value. At December 31, 2018 and 2017, there were no reserves for inventories required.

(h) Investments

The Company accounts for investments under International Accounting Standards 28 – *Investments in Associates and Joint Ventures*. Investments are first evaluated if there is control and should be combined or consolidated. If it is determined that the Company does not have control in an investment but has significant influence, the investment is deemed an investment in an associate. Significant influence is defined as the power to participate in the financial and operating policy decisions of the investee but without control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting. Interests in associates accounted for using the equity method are initially recognized at cost. Subsequent to initial recognition, the carrying value of the Company's investment in an associate is adjusted for the Company's share of comprehensive income (loss) and distributions of the investee. The carrying value of associates is assessed for impairment at each Statement of Financial Position date. Investments that are neither controlled, or the Company does not have significant influence, are recognized at fair value at each reporting period with changes in fair value recognized through profit and loss. As of December 31, 2018 and 2017, the Company did not recognize any impairments in investments at fair value or investments in associates.

(i) Biological Assets

The Company measures biological assets consisting of cannabis plants at fair value less costs to sell and complete up to the point of harvest, which becomes the basis for the cost of internally produced work in process and finished goods inventories after harvest. Unrealized gains or losses arising from changes in fair value less cost to sell during the year are included in the results of operations of the related year. The Company expenses pre-harvest costs as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and impairment losses, if any. Expenditures that materially increase the life of the assets are capitalized. Ordinary repairs and maintenance are expensed as incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset using the following terms and methods:

Land	Not Depreciated
Buildings and Improvements	39 Years
Furniture and Fixtures	5 – 7 Years
Computer Equipment and Software	5 Years
Store Equipment and Tools	5 – 7 Years
Leasehold Improvements	Remaining Life of Lease
Manufacturing Equipment	5 – 7 Years
Vehicles	5 Years
Assets Under Construction	Not Depreciated

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate. An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the Consolidated Statements of Operations in the year the asset is derecognized.

Repairs and maintenance that do not improve efficiency or extend economic life are charged to expense as incurred.

(k) Intangible Assets

Intangible assets are recorded at cost, less impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Certain intangible assets, including cannabis licenses, have indefinite useful lives and are not subject to amortization. Such assets are tested annually for impairment, or more frequently, if events or changes in circumstances indicate that they might be impaired. The estimated useful lives, residual values, and amortization methods are reviewed at each year-end, and any changes in estimates are accounted for prospectively. At December 31, 2018 and 2017, the Company did not recognize any impairment losses.

(l) Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash generating unit ("CGU") or CGUs which are expected to benefit from the synergies of the combination.

Goodwill that has an indefinite useful life is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Goodwill *(Continued)*

Any goodwill impairment loss is recognized in operations in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed. At December 31, 2018 and 2017, the Company did not recognize any impairment losses.

(m) Leased Assets

A lease of property and equipment is classified as an operating lease whenever the terms of the lease do not transfer substantially all of the risks and rewards of ownership to the lessee. Lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which the economic benefits are consumed.

(n) Income Taxes

Income tax expense is recognized in the Consolidated Statements of Operations based on the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end. For the years ended December 31, 2018 and 2017, Federal and State income tax expense totaled $1,791,912 and $296,897, respectively. Federal and State income tax expense is computed on taxable income of NatureX, LLC, Healthway Services of West Illinois, LLC and Union Group of Illinois, LLC all of which elected to be taxed as C Corporations. Furthermore, as a result of Redfish Holdings, Inc.'s stockholders exchanging their stock for membership units in Verano Holdings, LLC in 2018, Redfish Holdings, Inc. became a C corporation for tax purposes during 2018. For the years ended December 31, 2018 and 2017, all other entities were treated as limited liability companies; accordingly, taxable income and losses flowed through to the respective members.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery, if any, are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

(o) Revenue Recognition

The Company has adopted IFRS 15, "Revenue from Contracts with Customers", for the year ended December 31, 2018.

The new standard replaces IAS 18 – *Revenue* and provides for a single model that applies to all contracts with customers with two types of recognition: at a point in time or over time. The Company has applied IFRS 15 retrospectively and determined that there is no change to the comparative periods or transitional adjustments required as a result of adoption. The Company's accounting policy for revenue recognition under IFRS 15 is as follows:

1. Identify the contract with a customer
2. Identify the performance obligation(s)
3. Determine the transaction price
4. Allocate the transaction price to the performance obligation(s)
5. Recognize revenue when/as performance obligation(s) are satisfied

Revenue from the direct sale of cannabis to customers for a fixed price is recognized when the Company transfers control of the goods to customers since at the time of the transfer performance obligations are satisfied.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Financial Instruments *(Also see Note 15)*

Effective January 1, 2018, the Company adopted IFRS 7 *Financial Instruments: Disclosures*. IFRS 7 requires additional disclosures on transition from IAS 39 *Financial Instruments: Recognition and Measurements* to IFRS 9 – *Financial Instruments*. IFRS 7 is effective on adoption of IFRS 9, (see below).

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only three categories: amortized cost, fair value through other comprehensive income, and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. The effective date of this standard was January 1, 2018. The Company has adopted this new standard as of its effective date on a retrospective basis.

(i) *Equity Instruments at Fair Value Through Other Comprehensive Income ("FVOCI")*
This category only includes equity instruments which the Company intends to hold for the foreseeable future and which the Company has irrevocably elected to so classify upon initial recognition or transition. There were no such instruments at December 31, 2018 or 2017. Equity instruments in this category are subsequently measured at fair value with changes recognized in other comprehensive income, with no recycling of gains or losses to profit or loss upon derecognition. Dividend income is recognized in earnings. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9.

(ii) *Amortized Cost*
This category includes financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the solely principal and interest ("SPPI") criterion. Financial assets classified in this category are carried at amortized cost using the effective interest method.

(iii) *Fair Value Through Profit or Loss*
This category includes derivative instruments as well as quoted equity instruments which the Company has not irrevocably elected, at initial recognition or transition, to classify at FVOCI. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Financial assets in this category are recorded at fair value with changes recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Financial Instruments *(Also see Note 15) (Continued)*

The assessment of the Company's business models was made as of the date of initial application, January 1, 2018.

	IFRS 9		IAS 39	
	Classification	Measurement	Classification	Measurement
Cash	FVTPL	Fair Value	Loans and Receivables	Amortized Cost
Accounts Receivable	Amortized Cost	Amortized Cost	Loans and Receivables	Amortized Cost
Members' Contribution Receivable	Amortized Cost	Amortized Cost	Loans and Receivables	Amortized Cost
Due from Related Parties	Amortized Cost	Amortized Cost	Loans and Receivables	Amortized Cost
Distributions Receivable	Amortized Cost	Amortized Cost	Loans and Receivables	Amortized Cost
Investments in Associates	FVTPL	Fair Value	Not Applicable	Not Applicable
Accounts Payable and Accrued Liabilities	Amortized Cost	Amortized Cost	Other Liabilities	Amortized Cost
Due to Related Parties	Amortized Cost	Amortized Cost	Other Liabilities	Amortized Cost
Members' Distributions Payable	Amortized Cost	Amortized Cost	Other Liabilities	Amortized Cost
Notes Payable	Amortized Cost	Amortized Cost	Other Liabilities	Amortized Cost

(iv) Impairment of Financial Instruments

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. IFRS 9 requires the Company to record an allowance for ECL's for all debt financial assets not held at fair value through profit or loss. ECL's are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at a rate approximating the asset's original effective interest rate.

(q) Significant Accounting Judgments, Estimates, and Assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Significant judgments, estimates, and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

(i) Estimated Useful Lives and Depreciation of Property and Equipment (See Note 2(j))

Depreciation of property and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

(ii) Biological Assets (See Note 5)

Management is required to make estimates in calculating the fair value of biological assets and harvested cannabis inventory. These estimates include a number of assumptions, such as estimating the stages of growth of the cannabis, harvested costs, sales price and expected yields.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Significant Accounting Judgments, Estimates, and Assumptions (Continued)

(iii) Business Combinations (See Note 7)

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will last for one year from the acquisition date.

(iv) Intangible Asset and Goodwill Impairment

Indefinite-lived intangible assets and goodwill are tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of such assets has been impaired. In order to determine if the value of goodwill has been impaired, the cash-generating unit to which goodwill has been allocated must be valued using present value techniques. When applying this valuation technique, the Company relies on a number of factors, including historical results, business plans, forecasts and market data. Changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill.

(r) Non-controlling interest

Non-controlling interest represents interests owned by parties that are not members of the ultimate common control group. Non-controlling interest is to be initially measured either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets. The share of net assets attributable to non-controlling interests is presented as a component of equity. Their share of net income or loss is recognized directly in equity. Changes in the parent company's ownership interest that do not result in a loss of control are accounted for as equity transactions. When investors in certain subsidiaries of the Company contribute their interests to Verano Holdings, LLC (parent), their associated non-controlling interest portion is transferred to members' equity.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Recent Accounting Pronouncements

The following IFRS standard has been recently issued by the IASB. The Company is assessing the impact of this new standard on future consolidated financial statements. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Company have been excluded herein.

(i) IFRS 16, Leases

In January 2016, the IASB issued IFRS 16, *Leases*, which will replace IAS 17, *Leases*. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15, *Revenue from Contracts with Customers*, at or before the date of initial adoption of IFRS 16. The extent of the impact of adoption of the standard has not yet been determined. However, upon adoption of IFRS 16, the leases described in note 13 (a) will likely constitute right of use assets with a corresponding lease obligation.

3. ACCOUNTS RECEIVABLE

As of December 31, 2018 and 2017, accounts receivable totaled $2,798,100 and $1,076,944, respectively. As of December 31, 2018 and 2017, the allowance for doubtful accounts was $33,067.

4. INVENTORIES

The Company's inventories include the following at December 31:

	2018	2017
Raw Material	$ 240,708	$ 175,021
Work in Process	223,446	297,089
Finished Goods	4,822,501	2,741,713
Total Inventories	$ 5,286,655	$ 3,213,823

5. BIOLOGICAL ASSETS

Biological assets consist of live cannabis plants. The changes in the carrying value of biological assets are shown below for the years ended December 31, 2018 and 2017:

Harvest in Process	2018	2017
Beginning balance	$ 3,914,649	$ 1,269,300
Costs incurred prior to harvest to facilitate biological transformation	12,287,250	3,920,458
Unrealized gain on fair value of biologicals	34,211,034	9,579,548
Transferred to inventory upon harvest	(39,737,905)	(10,854,657)
Ending balance	$ 10,675,028	$ 3,914,649

The Company values its biological assets at the end of each reporting period at fair value less costs to sell and complete. This is determined using a valuation model to estimate the expected harvest yield per plant applied to the estimated price per gram less processing and selling costs. This model also considers the progress in the plant life cycle.

Management has made the following estimates in this valuation model:

- The average number of weeks in the growing cycle is nineteen weeks from propagation to harvest (2017 – seventeen weeks);
- The average harvest yield of whole flower is 225 grams per plant (2017 – 146.74 grams per plant);
- The average selling price of whole flower is $6.24 per gram (2017 - $6.63 per gram);
- Processing costs include drying and curing, testing and packaging, post-harvest overhead allocation, and oil extraction costs estimated to be $0.72 per gram (2017 - $0.92 per gram) : and
- Selling costs include shipping, order fulfillment, and labelling, estimated to be $0.21 per gram (2017 - $0.19 per gram).

The estimates of growing cycle, harvest yield, and costs per gram are based on the Company's historical results. The estimate of the selling price per gram is based on the Company's historical sales in addition to the Company's expected sales price going forward.
Management has quantified the sensitivity of the inputs, and determined the following:

- Selling price per gram – an increase or decrease in the selling price per gram by 5% would result in an increase or decrease the fair value of biological assets by $611,730 (2017 - $248,947).
- Harvest yield per plant - an increase or decrease in the harvest yield per plant of 5% would result in an increase or decrease the fair value of biological assets by $533,749 (2017 - $197,280)
- Cost of production per gram - an increase or decrease in the cost of production per gram by 5% would result in an increase or decrease the fair value of biological assets by $59,609 (2017 - $47,155).

These inputs are level 3 on the fair value hierarchy, and are subject to volatility and several uncontrollable factors, which could significantly affect the fair value of biological assets in future periods.

As at December 31, 2018, the biological assets were on average, 44.3% complete (2017 – 51.8%) and the estimated fair value less costs to sell of dry cannabis was $3.87 per gram (2017 - $3.97 per gram).

As of December 31, 2018, it is expected that the Company's biological assets will ultimately yield approximately 3,812 kilograms of cannabis (2017 – 2,001 kilograms).

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2018 and 2017:

	2018	2017
Land	$ 1,294,793	$ 1,126,037
Buildings and Improvements	10,967,692	10,802,781
Furniture and Fixtures	1,166,151	798,708
Computer Equipment and Software	340,504	171,659
Store Equipment and Tools	2,363,808	667,357
Leasehold Improvements	12,727,675	7,198,126
Manufacturing Equipment	3,398,802	2,608,010
Vehicles	216,207	147,261
Assets Under Construction	12,508,623	-
Total Property and Equipment, Gross	44,984,255	23,519,939
Less: Accumulated Depreciation	(4,237,355)	(1,668,793)
Property and Equipment, Net	$ 40,746,900	$ 21,851,146

Assets under construction represent construction in progress related to facilities not yet completed or otherwise not placed in service.

A reconciliation of the beginning and ending balances of property and equipment is as follows:

	Property and Equipment, Gross	Accumulated Depreciation	Property and Equipment, Net
Balance as of January 1, 2017	$ 8,781,109	$ (813,069)	$ 7,968,040
Additions	13,045,705	-	13,045,705
Property and equipment from business combination (Note 7)	1,693,125	-	1,693,125
Depreciation	-	(855,724)	(855,724)
Balance as of December 31, 2017	$ 23,519,939	$ (1,668,793)	$ 21,851,146
Additions	21,464,316	-	21,464,316
Depreciation	-	(2,568,562)	(2,568,562)
Balance as of December 31, 2018	$ 44,984,255	$ (4,237,355)	$ 40,746,900

For the years ended December 31, 2018 and 2017, depreciation expense totaling $1,540,123 and $327,372, respectively, was included in costs of goods sold.

7. ACQUISITIONS

(a) Business Combinations

In November 2017, the Company purchased a 60% membership interest in two cannabis companies and its related real estate entities in exchange for $4,460,000.

Acquisition price payable	$ 2,460,000
Convertible note (See Note 9)	2,000,000
Total Consideration	**$ 4,460,000**

In accordance with IFRS 3 - *Business Combinations,* the transaction was accounted for as a business combination.

The following table summarizes the fair value estimates of the acquisition with a purchase price of $4,460,000.

Cash	$ 68,782
Accounts receivable	5,414
Inventories	53,543
Prepaid expenses	117,700
Property and Equipment	1,693,125
Licenses	2,470,000
Tradenames	119,000
Accounts payable and accrued expenses	(65,872)
Total identifiable net assets	4,461,692
Goodwill	1,930,975
Less non-controlling interest from acquisition	(1,932,667)
Net Assets	**$ 4,460,000**

Acquisition costs, which are expensed as incurred, were not significant and were excluded from the consideration transferred.

7. ACQUISITIONS *(Continued)*

(a) Business Combinations *(Continued)*

In December 2018, the Company, through a newly formed wholly-owned subsidiary Verano Four Daughters Holdings, LLC, purchased 3,000 shares of stock of Four Daughters Compassionate Care, Inc. (Four Daughters), representing a 75% ownership interest, for a total purchase price of $6,075,000. Four Daughters holds a provisional license in the state of Massachusetts with the authority and ability to operate cultivation, production/manufacturing, and up to 3 dispensary facilities in the state. The Company paid cash of $1,525,000. The remaining $4,550,000 will be transferred to the new subsidiary at a later date.

In accordance with IFRS 3 - *Business Combinations,* the transaction was accounted for as a business combination.

The purchase price allocation for the acquisition, as set forth in the table below, reflects various fair value estimates and analyses which are subject to change within the measurement period. The primary areas of the purchase price allocation that are subject to change relate to the fair value of certain tangible assets, the value of intangible assets acquired, and residual goodwill. The Company expects to continue to obtain information to assist in determining the fair value of the net assets acquired at the acquisition date during the measurement period. Measurement period adjustments that the Company determined to be material will be applied retrospectively to the period of acquisition in the Company's consolidated financial statements, and depending on the nature of the adjustments, other periods subsequent to the period of acquisition could be affected. The Company expects to finalize the accounting for the acquisition by December 2019.

The following table summarizes the accounting estimates of the acquisition with a purchase price of $6,075,000.

Deposit	$ 25,000
License	2,816,250
Due from Verano Holdings, LLC	4,550,000
Non-controlling interest	(1,316,250)
Net Assets	**$ 6,075,000**

Acquisition costs, which are expensed as incurred, were not significant and were excluded from the consideration transferred.

(b) Asset Acquisitions

(i) Licenses

In March 2016, the Company entered in an agreement with an unrelated party to acquire a provisional cultivation license for consideration of $500,000. The Company was awarded a final license in April 2017. The Company analyzed the acquisition and determined that the asset acquired did not constitute a business; therefore, the Company recorded the transaction as an asset acquisition. The Company capitalized the provisional license in the amount of $500,000, which is included in the intangible assets on the consolidated statements of financial position. The Company determined that the acquired license has an indefinite life and is not subject to amortization.

7. ACQUISITIONS *(Continued)*

(b) Asset Acquisitions *(Continued)*

In June 2016, the Company entered into an agreement with an unrelated party to acquire certain intangible assets in exchange for consideration of $2,000,000, of which $1,000,000 was payable as of December 31, 2017. The Company analyzed the acquisition and determined that the assets acquired do not constitute a business; therefore, the Company recorded the transaction as an asset acquisition. The Company capitalized the provisional registration certificate in the amount of $2,000,000, which is included in the intangible assets on the consolidated statements of financial position. The Company determined that the acquired license as an indefinite life and is not subject to amortization.

Actual amortization expense to be reported in future periods could differ from these estimates as a result of new intangible asset acquisitions, changes in useful lives, or other relevant factors of changes.

8. INTANGIBLE ASSETS AND GOODWILL

As of December 31, 2018, intangible assets and goodwill consisted of the following:

	Balance at January 1, 2018	Purchases	Additions from Acquisitions	Accumulated Amortization	Balance at December 31, 2018
Indefinite Lives					
Licenses	$ 4,970,000	$ -	$ 2,816,250	$ -	$ 7,786,250
Tradenames	119,000	-	-	-	119,000
Goodwill	1,930,975	-	-	-	1,930,975
Total	**$ 7,019,975**	**$ -**	**$ 2,816,250**	**$ -**	**$ 9,836,225**

As of December 31, 2017, intangible assets and goodwill consisted of the following:

	Balance at January 1, 2017	Purchases	Additions from Acquisitions	Accumulated Amortization	Balance at December 31, 2017
Indefinite Lives					
Licenses	$ 2,500,000	$ -	$ 2,470,000	$ -	$ 4,970,000
Tradenames	-	-	119,000	-	119,000
Goodwill	-	-	1,930,975	-	1,930,975
Total	**$ 2,500,000**	**$ -**	**$ 4,519,975**	**$ -**	**$ 7,019,975**

9. NOTES PAYABLE

As of December 31, 2018 and 2017, notes payable consisted of the following:

	2018	2017
Promissory note dated July 31, 2017, in the original amount of $2,900,000 issued to an accredited investor; monthly payment of $19,294 with a balloon payment of $2,493,308 due on August 1, 2027 including interest at 7.00% per annum.	$ 2,860,256	$ 2,890,408
Vehicle loan dated December 6, 2015, in the original amount of $63,315 issued to accredited investors; monthly payment of $1,054, including interest at 5.73% and matures in November 2021. The vehicle loan was fully repaid in 2018.	-	44,260
Vehicle loan dated December 11, 2017, in the original amount of $17,709 issued to accredited investors; monthly payment of $548, including interest at 6.94% and matures in December 2020.	12,245	17,709
Vehicle loan dated August 25, 2017, in the original amount of $18,966 issued to accredited investors; monthly payment of $341, including interest at 2.99% and matures in September 2022.	14,180	17,790
Convertible note dated November 1, 2017, in the original amount of $2,000,000 issued to accredited investors and bears no interest. The note was converted to equity in 2018.	-	2,000,000
Vehicle loan dated May 21, 2018, in the original amount of $18,247 issued to accredited investors; monthly payment of $563, including interest at 6.75% and matures in February 2021.	15,031	-
Promissory note dated May 21, 2018, in the original amount of $2,000,000 issued to accredited investors; monthly payment of $19,979 including interest at 8.75% per annum and matures in July 2033. This note was paid off in January 2019.	1,977,831	-
Promissory note dated August 17, 2018, in the original amount of $6,500,000 issued to an accredited investor; monthly principal payment of $1,083,333, plus interest at 8.00% per annum and matures in February 2019. This note was paid off in January 2019.	2,166,667	-
Promissory note dated December 20, 2018, in the original amount of $190,027 issued to accredited investors; monthly payment of $32,977 including interest at 14.00% per annum and matures in May 2019.	159,268	
Less: unamortized debt issuance costs	(90,000)	-
Total Notes Payable	7,115,478	4,970,167
Less: Current Portion of Notes Payable	(4,261,642)	(2,049,598)
Notes Payable, Net of Current Portion and Unamortized Debt Issuance Costs	**$ 2,853,836**	**$ 2,920,569**

9. NOTES PAYABLE *(Continued)*

Stated maturities of debt obligations are as follows:

Year Ending December 31:

	Principal Payments	Amortization of Debt Issuance Costs	Total Notes Payable
2019	$ 4,261,642	$ 90,000	$ 4,171,642
2020	128,089	-	128,089
2021	127,821	-	127,821
2022	134,154	-	134,154
2023	142,671	-	142,671
Thereafter	2,411,101	-	2,411,101
	$ 7,205,478	$ 90,000	$ 7,115,478

In connection with the issuance of the $2,000,000 note payable dated May 31, 2018, the Company incurred debt issuance costs of $100,000, which have been recorded as a reduction to the carrying value of the note payable. This reduction is recognized on a straight-line basis as interest expense over fifteen years. The charge to interest expense was $10,000 for the year ended December 31, 2018.

The promissory note with an outstanding balance at December 31, 2018 of $2,860,256 is collateralized by certain real estate and improvements made to the property. The vehicle notes are collateralized by their underlying assets.

In August 2018, the Company and ZenNorth, LLC entered into a $10,000,000 credit facility. The terms of the loan provide the Company with the facility at a rate of 1%, compounded monthly, with conversion options. The loan was to be made in several advances on or before December 31, 2018. No such advances were made. In connection with the credit facility, the Company issued a warrant for 424,242 Class B units at an exercise price of $7.14, with a term of 5 years (Note 11).

10. GENERAL AND ADMINISTRATIVE

For the years ended December 31, 2018 and 2017, general and administrative expenses were comprised of:

	2018	2017
Salaries and Benefits	$ 2,517,705	$ 360,645
Professional Fees	3,438,998	1,515,804
Rent	261,584	100,703
Travel and Entertainment	417,159	210,593
Licenses, Taxes, and Permits	392,705	266,505
Office Equipment and Supplies	360,670	97,483
Charitable Donations	18,174	16,352
Utilities	522,207	340,008
Insurance	204,523	14,612
Bank Fees	125,826	89,014
Automobile	22,714	7,844
Management Fees	325,797	-
Freight and Delivery	316,742	135,370
Repairs and Maintenance	68,956	-
Dues and Subscriptions	186,259	68,483
Other	116,856	307,823
Total General and Administrative Expenses	$ 9,296,875	$ 3,531,239

11. MEMBERS' EQUITY

At December 31, 2017, certain unit holders owed the Company $96,250 for their share of capital committed to the Company, all of which was collected during 2018. This amount is included in members' equity as payment was received prior to the issuance of the 2017 financial statements.

As of December 31, 2018 and 2017, members' equity was primarily comprised of one class of units, as described in the Company's applicable operating agreements. Entities for which different classes of shares existed as of December 31, 2018 and 2017 are described further below.

11. MEMBERS' EQUITY *(Continued)*

In 2015, the Company issued 7,569,000 shares of Class A units, 2,000,000 shares of Class B units, and 431,000 shares of Class C units of Maryland Natural Treatment Solutions, LLC, in exchange for $0, $4,750,000, and $250,000, respectively, of which 78.8% are owned by Natural Treatment Solutions, LLC (Class A Member) and 21.2% by unrelated third parties (Class B and C Members). All members are entitled to vote on all matters in which members are entitled to vote. All members at each class level are entitled to receive distributions of net cash flow at the same time without preference or priority to any one class of membership except for the following instances: (1) at the end of the first partial fiscal year, the net cash flow available for distribution shall be allocated and paid to all members, pro rata, in proportion to each member interest in the Company; (2) at the end of the first full fiscal year, the net cash flow available for distribution shall be allocated and paid to all members, pro rata, in proportion to each member interest in the Company; however, a preferred capital return, equal to an additional 20% of the net cash flow available for distribution, shall be paid to each Class B member, pro rata, and the amount will be deducted from the amount otherwise payable to the Class A members; (3) at the end of the second full fiscal year, the net cash flow available for distribution shall be allocated and paid to all members, pro rata, in proportion to each member interest in the Company; however, a preferred capital return, equal to an additional 15% of the net cash flow available for distribution, shall be paid to each Class B member, pro rata, and the amount will be deducted from the amount otherwise payable to the Class A members; and (4) at the end of the third full fiscal year, the net cash flow available for distribution shall be allocated and paid to all members, pro rata, in proportion to each member interest in the Company.

In 2017, the Company issued 337,637 units of Class A units of RedMed, LLC, in the amount of $532,354, of which 100% are owned by unrelated third parties. Acts by the members holding a majority of units, voting together as a single class, shall be the act of the members. As of December 31, 2018 and 2017, Class A members did not hold the majority of units.

In 2017, the Company issued 60,000 units of Class A units and 40,000 shares of Class B units of The M Group, LLC, in the amount of $60,000 and $600,000, respectively, of which 40% are owned by V Waldorf, LLC (Class B Member) and 60% by unrelated third parties (Class A Members). Class A units have voting rights whereas Class B Units have no voting rights.

In August 2018, the Company entered into a membership interest purchase agreement with Electrum Capital, LLC ("Seller") to acquire the non-controlling membership interests in Nevada Natural Treatment Solutions, LLC. As a result of the transaction, the Company now owns 100% of the membership interests in this entity. The aggregate purchase price for the membership interest totaled $9,500,000, of which $3,000,000 was due and paid at closing. The remaining balance is to be repaid equally over six months post-closing (Note 9). The Company recorded the transaction as a distribution to members and all non-controlling interests in this entity were transferred to members' equity on the Consolidated Statements of Changes in Members' Equity.

On August 16, 2018, certain members of the Company contributed certain interests to Verano Holdings, LLC, a Delaware Limited Liability Company, which was organized in September 2017, in exchange for 8,600,000 Class B units. Additionally, in connection with the restructuring, a third party invested $10,000,000 in exchange for 1,400,000 Class B units. During September, October, and November 2018, additional members of the Company's subsidiaries contributed certain interests to Verano Holdings, LLC in exchange for a total of 2,463,061 Class B units. In connection with these transactions, the Company has agreed to make distributions to certain investors to cover their proportionate share of income taxes through the date their interests were contributed to Verano Holdings, LLC. The Company recorded members' distributions payable totaling $2,960,852 as of December 31, 2018.

In October 2018, the Company issued 1,652,094 Class B Units to Sol Verano Blocker 1, Inc., for $35,900,000 and an additional 2,397,607 Class B Units to Sol Verano Blocker 2, Inc., for $52,100,000. Equity issuance costs of $2,713,806 were incurred in connection with the transactions and reduced the contributions recorded in members' equity.

11. MEMBERS' EQUITY *(Continued)*

In connection with the acquisition of Four Daughters Compassionate Care, Verano Four Daughters Holdings, LLC issued 100 Class A units to Verano Holdings, LLC and 100 Class B units to shareholders of Four Daughters Compassionate Care, Inc. in exchange for their shares. Class A units have voting rights whereas Class B Units have no voting rights.

The Company issued a warrant for 424,242 Class B units at an exercise price of $7.14, with a term of 5 years in connection with a credit facility (Note 9). The Company determined the fair value of the warrant to be $2,661,935 using the Black-Scholes valuation model with a volatility of 85%, dividend yield of 0%, and risk-free rate of 2.87%. As there were no proceeds received in connection with the credit facility, the fair value was recorded as debt issuance costs on the Statements of Financial Position. These costs were amortized over the period of expected availability through December 31, 2018. The balance of the debt issuance costs associated with this warrant was fully amortized in 2018.

12. INCOME TAXES

Provision for income taxes consists of the following for the years ended December 31, 2018 and 2017:

	2018	2017
Current:		
Federal	$ 1,005,843	$ 296,897
State	198,513	-
Total current	1,204,356	296,897
Deferred:		
Federal	407,476	-
State	160,080	-
Total deferred	567,556	-
Total	**$ 1,771,912**	**$ 296,897**

As of December 31, 2018 and 2017, the components of deferred tax assets and liabilities were as follows:

	2018	2017
Deferred Tax Liability:		
Biological Assets	$ 567,556	$ -
Net Deferred Tax Liability	**$ 567,556**	**$ -**

At December 31, 2018, the deferred income tax liability pertains to the difference in reporting biological assets for financial statement and income tax reporting purposes. There were no deferred income tax assets or liabilities at December 31, 2017.

The Company is subject to U.S. Internal Revenue Code Section 280E. This section disallows deductions and credits attributable to a trade or business of trafficking in controlled substances. Under U.S. law, marijuana is a Schedule I controlled substance. The Company has taken the position that any costs included in the cost of goods sold should not be treated as amounts subject to the Section 280E expense disallowance. As a result of these permanent differences, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss.

13. COMMITMENTS AND CONTINGENCIES

(a) Office and Operating Leases

The Company leases certain business facilities from third parties under operating lease agreements that specify minimum rentals. The leases expire through 2027 and contain renewal provisions. Additionally, certain leases provide for rent abatement and escalating payments, and rent expense is calculated on straight-line basis over the terms of the leases with the incentives reported as deferred rent. The Company's net rent expense for the years ended December 31, 2018 and 2017 was $678,049 and $375,077, respectively.

Future minimum lease payments under non-cancelable operating leases having an initial or remaining term of more than one year are as follows:

Year Ending December 31	
2019	$ 499,451
2020	464,071
2021	455,137
2022	465,064
2023	395,076
2024 and Thereafter	1,246,193
Total Future Minimum Lease Payments	**$ 3,524,992**

(b) Contingencies

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulation at December 31, 2018, medical cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

(c) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At December 31, 2018, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's consolidated operations, except as disclosed in these consolidated financial statements. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

14. RELATED PARTY TRANSACTIONS

(a) Due from Related Parties

As of December 31, 2018, and 2017, amounts due from related parties were comprised of balances due from investors of $947,384 and $221,918, respectively. These amounts are due on demand and did not have formal contractual agreements governing payment terms or interest.

14. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Due to Related Parties

As of December 31, 2018 and 2017, amounts due to related parties were comprised of advances to investors and management fees payable totaling $1,391,394 and $128,761, respectively. Advances did not have formal contractual agreements governing payment terms or interest, except for one note that is due October 1, 2019 and accrues interest at 10%. Related interest expense was insignificant for the year ended December 31, 2018.

(c) Management Services

One of the Company's subsidiaries had a management services agreement with one of the investors based on the profitability of a subsidiary. Management fees under this arrangement totaled approximately $658,000 and $40,000 for the years ended December 31, 2018 and 2017, respectively. The balance owed at December 31, 2018 was $571,613, which is included in the Due to Related Parties balance.

15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, accounts payable, accrued liabilities, short-term notes payable, and long-term notes payable. The carrying values of these financial instruments approximate their fair values at December 31, 2018 and 2017.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs for the asset or liability that are not based on observable market data.

There have been no transfers between fair value levels during the years ended December 31, 2018 and 2017.

The following table summarizes the Company's financial instruments at December 31, 2018:

	Financial Assets	Financial Liabilities	Total
Financial Assets:			
Cash	$ 73,087,292	$ -	$ 73,087,292
Accounts Receivable	$ 2,765,033	$ -	$ 2,765,033
Financial Liabilities			
Accounts Payable	$ -	$ 7,809,439	$ 7,809,439
Accrued Liabilities	$ -	$ 1,775,523	$ 1,775,523
Current Portion of Notes Payable	$ -	$ 4,261,642	$ 4,261,642
Notes Payable, Net of Current Portion	$ -	$ 2,853,836	$ 2,853,836

15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(Continued)*

Financial Instruments *(Continued)*

The following table summarizes the Company's financial instruments as of December 31, 2017:

	Financial Assets	Financial Liabilities	Total
Financial Assets:			
Cash	$ 3,326,794	$ -	$ 3,326,794
Accounts Receivable	$ 1,043,877	$ -	$ 1,043,877
Financial Liabilities			
Accounts Payable	$ -	$ 2,147,810	$ 2,147,810
Accrued Liabilities	$ -	$ 612,199	$ 612,199
Current Portion of Notes Payable	$ -	$ 2,049,598	$ 2,049,598
Notes Payable, Net of Current Portion	$ -	$ 2,920,569	$ 2,920,569

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes:

(a) Credit Risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at December 31, 2018 and 2017 is the carrying amount of cash. The Company does not have significant credit risk with respect to its customers. All cash is placed with major U.S. financial institutions.

The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit rise but has limited risk as the majority of its sales are transacted with cash.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

In addition to the commitments outlined in Note 13, the Company has the following contractual obligations:

	<1 Year	1 to 3 Years	3 to 5 Years	Greater than 5	Total
Accounts Payable	$ 7,809,439	$ -	$ -	$ -	$ 7,809,439
Accrued Liabilities	$ 1,775,523	$ -	$ -	$ -	$ 1,775,523
Notes Payable	$ 4,261,642	$ 255,910	$ 276,825	$ 2,411,101	$ 7,205,478

15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(Continued)*

Financial Risk Management *(Continued)*

(c) Market Risk

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's financial debts have fixed rates of interest and therefore expose the Company to a limited interest rate fair value risk.

(ii) Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. See Note 5 for the Company's assessment of certain changes in the fair value assumption used in the calculation of biological asset values.

(d) Banking Risk

Notwithstanding that a majority of states have legalized medical marijuana, there has been no change in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the marijuana industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty accessing the U.S. banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate the businesses of the Company and leaves their cash holdings vulnerable.

(e) Asset Forfeiture Risk

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry, which either are used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property was never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

SUBSEQUENT EVENTS

The Company has evaluated subsequent events through May 16, 2019, which is the date these consolidated financial statements were issued.

(a) Litigation

RedMed, LLC, a subsidiary of Verano Holdings, LLC and its wholly-owned subsidiary Freestate Wellness, LLC, were sued in July 2018, in a suit pending in the Circuit Court for Howard County, Maryland, concerning a dispute over payment to a vendor. The Plaintiff alleges that it is owed in excess of $1,200,000; since suit was filed, RedMed, LLC, has directly paid Plaintiff's subcontractors over $250,000, and is actively pursuing an audit of the Plaintiff's billings, believing the same to be overstated. The case has proceeded to discovery. On or about April 8, 2019, the Plaintiff amended its complaint adding as defendants RedMed, LLC, George Archos, and Cary Millstein.

16. SUBSEQUENT EVENTS *(Continued)*

(a) Litigation *(Continued)*

On or about April 10, 2019, Canna Cuzzos, LLC d/b/a Zen Leaf Waldorf received a Notice of Charge of Discrimination from a former employee in the entity's Jessup, Maryland, dispensary. Canna Cuzzos, LLC, aggressively disputes the veracity of the charge and that any discrimination occurred.

ETW Management Group, LLC, et al. v. Nevada Dep't of Taxation, Case No. A-190787004-B (filed Jan. 4, 2019) (Dept 11: Judge Gonzalez) was filed on behalf of eleven applicants denied retail licenses in the State of Nevada. The case does not name any conditional license holders as defendants and requests the court to declare that the Department of Taxation violated regulations by issuing multiple retail licenses to the same entity or group of persons. Lone Mountain Partners, LLC, recently moved to intervene. Plaintiffs have not filed an opposition to the motion yet, but have opposed fellow license holder Nevada Organic Remedies' motion to intervene. Lone Mountain's motion to intervene was granted at hearing on April 15, 2019. Lone Mountain, the Nevada Department of Taxation, and other license holders are in process of responding to the complaint.

Serenity Wellness Center, LLC, et al. v. Nevada Dep't of Taxation, Case No. A-19-786962-B (filed Jan. 4, 2019) (Dept. 11: Judge Gonzalez) was Filed on behalf of twelve applicants that were denied conditional retail licenses in Nevada. The case does not name any of the conditional license-holders as defendants and argues promulgated regulations are unconstitutional and requests an injunction "enjoining the enforcement of the denial of [the Plaintiff's] Applications for licensure." The Plaintiffs' motion for preliminary injunction was filed March 19, 2019. Lone Mountain has intervened in this matter. Lone Mountain, the Nevada Department of Taxation and other license holders are in process of responding to the complaint. The plaintiff's motion for preliminary injunction has been re-set for hearing on May 24, 2019. Oppositions to the motion are now due May 7, 2019. The Company and Lone Mountain intend to vigorously oppose the requested injunctive relief.

MM Development Company, Inc. v. Nevada Dep't of Taxation, Case No. A-18-785818-W (filed Dec. 10, 2018) (Dept. 18: Sr. Judge Barker) was filed on behalf of the company ranked fourth highest applicant for medical marijuana dispensary in unincorporated Clark County in 2015 but was denied retail license. The case does not name any conditional license holders as defendants and requests the court to order the Department to issue conditional licenses to the plaintiff. The state filed a motion to dismiss the complaint, which was denied by the Court the week of April 1, 2019. The Court indicated its hesitation to rule on the motion to dismiss prior to hearing from the entities that had received licenses, and stated that it may be willing to reconsider the issue once the license holders have intervened in the case. Lone Mountain has moved to intervene in this matter and will engage in motion practice if the state or other interveners determine to ask for reconsideration. MM Development has collectively opposed all intervention motions. Lone Mountain has moved to intervene in this matter and expects to have that motion granted at hearing on Monday, April 22, 2019. The state of Nevada and other license holders are in process of responding to the complaint. The state has decided to not file an appeal related to its motion to dismiss that was previously denied.

On or about May 9, 2019, Lone Mountain Partners, LLC, received a complaint filed by a former employee with the Nevada Department of Business and Industry, Division of Industrial Relations, Occupational Health & Safety Administration, alleging retaliation. Lone Mountain Partners, LLC, vehemently denies the allegations contained in the Complaint and intends to vigorously dispute the same.

16. SUBSEQUENT EVENTS *(Continued)*

(b) Term Sheets and Acquisitions

Gentle Ventures, LLC

In October 2018, Verano entered into a term sheet with Gentle Ventures, LLC d/b/a Dispensary 33 ("D33") and 5001 Partners, LLC ("5001"). D33 holds a medical cannabis dispensary license in Chicago, and 5001 holds a leasehold interest in the property out of which D33 operates. Definitive documents for the transaction were executed in February 2019. Pursuant to the definitive documents, upon the approval of the Illinois Department of Financial and Professional Regulation, a wholly-owned subsidiary of Verano created for the purpose of this transaction and known as VHGV Holdings, LLC, would acquire 100% of the membership interests of each of D33 and 5001 for $20,000,000 in stock of Verano's publicly-traded parent company ("PubCo") if the Company became public or, in the case of a sale of Verano prior to becoming a public company, the sellers would receive securities in the acquirer. The transaction also includes a consulting agreement for the sellers and a potential increase in the acquisition price in the event that upon the Company going public or sale of Verano the transaction is not tax-deferred. Closing on the transaction will require approval by the Illinois Department of Financial and Professional Regulation.

Ohio Grown Therapies, LLC

In November 2018, Verano entered into a term sheet with Ohio Grown Therapies, LLC, ("OGT") the holder of, inter alia, a provisional medical cannabis dispensary license in the State of Ohio, and definitive deal documents were executed in January 2019. Pursuant to the transaction, Verano (through wholly-owned subsidiary Ohio Natural Treatment Solutions, LLC) would purchase the provisional medical cannabis dispensary license asset from OGT for a purchase price of $1,250,000 in cash with approval from the appropriate regulatory authorities. Prior to Verano's ability to submit for State approval, Verano would manage and operate the asset pursuant to a contract. The foregoing arrangement will be subject to State approval.

AGG Wellness, LLC

In November 2018, Verano entered into a term sheet with AGG Wellness, LLC d/b/a Herban Legends of Towson ("Herban"). Herban holds a medical cannabis dispensary license in Towson, Maryland. Pursuant to the terms of the transaction, Verano, through wholly-owned subsidiary Zen Leaf Technologies, LLC, ("ZLT") would enter into a management and administrative services agreement ("MSA") with Herban in exchange for a placement fee equal to $2,500,000 in cash and $1,800,000 in stock of PubCo or the acquirer of Verano if Verano is sold prior to going public. The cash portion of the consideration would be paid as follows: (a) $750,000 upon approval of the MSA by MMCC; (b) $750,000 30 days after the approval of the MSA; and (c) $1,000,000 on the earlier of (i) December 2020, so long as the MSA is effective at that time; (ii) the 60th day following Herban's first legal sale of adult-use cannabis products in the State of Maryland after the effective date of the MSA; and (iii) Verano's ability to purchase the equity interests of Herban with regulatory approval. The MSA was sent to MMCC for review and approval in February of 2019, and MMCC provided such approval on Monday, April 8, 2019.

16. SUBSEQUENT EVENTS *(Continued)*

(b) Term Sheets and Acquisitions *(Continued)*

Cali Sweets, LLC

In December 2018, Verano entered into a term sheet with Cali Sweets, LLC, d/b/a Koko Nuggz ("Cali Sweets"). Cali Sweets is a California-based confectionary company, which manufactures chocolates. Cali Sweets does not infuse its products with cannabis. Definitive deal documents were executed in January 2019. Pursuant to the terms of the transaction, Verano purchased 30% of the issued and outstanding membership interests in Cali Sweets for $50,000, also providing to Cali Sweets a secured line of credit in the amount of $10,000,000 (draws from which are at the sole discretion of Verano), and providing to the inventor of the technology Cali Sweets uses to manufacture its products a five year consulting agreement with payments equal to $1,950,000 in the aggregate. Cali Sweets also executed a management agreement with Verano giving Verano management rights over the entity. Notwithstanding the foregoing, the transaction described above was terminated by agreement dated May 15, 2019.

DGV Holdings, LLC

In December 2018, Verano entered into a term sheet with D9 Manufacturing, Inc., ("D9") the holder of cannabis manufacturing and distribution licenses in the State of California, and Greenfield Global, Inc., ("GFG") a Canadian corporation, for the purposes of creating a three way joint venture to extract cannabis oil and manufacture and distribute cannabis products in the State of California. Pursuant to the terms of the transaction, D9 would contribute its licenses and intellectual property related to the extraction of cannabinoids; GFG (later changed to G2 Bio Inc.) would contribute cash; and Verano would contribute cash and certain intellectual property. Between execution of the term sheet and execution of definitive deal documents, and in an effort to permit D9 to meet upcoming equipment and other deadlines, both Verano and GFG entered into equipment leases and secured promissory notes to provide equipment and debt financing to D9. Definitive deal documents, which included the creation of DGV Holdings, LLC (the joint venture) were executed in February 2019. In accordance with the terms of the transaction, Verano contributed cash in the amount of $4,875,000 (less amounts previously contributed for equipment and debt) to DGV and will pay to the founders of D9 $3,500,000 in securities of PubCo or the acquirer of Verano if Verano is sold prior to going public. Verano must make additional cash contributions totaling $1,625,000 by May 2019. Initially, Verano will have a 73.53% equity stake in DGV Holdings, LLC, decreasing to 62.5% upon the joint venture achieving certain targets through the signing date.

Magpie Management, LLC

In December 2018, Verano affiliate Verano Oklahoma, LLC, entered into a transaction with Magpie Management, LLC, ("Magpie") a holding company which, through various subsidiaries, owns two medical cannabis commercial grower licenses, one medical cannabis commercial processing license, and three medical cannabis commercial dispensary licenses in the State of Oklahoma. The transaction provides for Verano Oklahoma, LLC's purchase of 25% of the issued and outstanding membership interests of Magpie, as well as a management and administrative services agreement which, upon State approval of the transfer of the membership interests described above, will become effective. The purchase price for the foregoing is $1,500,000 in stock of PubCo or the acquirer of Verano if Verano is sold prior to going public. Definitive deal documents were executed in February 2019. State approval for the transfer was received on March 28, 2019 and final closing occurred on April 4, 2019.

16. SUBSEQUENT EVENTS *(Continued)*

(b) Term Sheets and Acquisitions *(Continued)*

MOCA, LLC

In December 2018, Verano entered into a term sheet with MOCA, LLC, ("MOCA") holder of a medical cannabis dispensary license in Chicago, Illinois, and 2367 Milwaukee, LLC, the holder of a leasehold interest out of which MOCA operates, to purchase 100% of the issued and outstanding membership interests of MOCA and 100% of the membership interests either of 2367 Milwaukee, LLC, or a real estate entity formed for purposes of the transaction (either, "Real Estate Co."). Pursuant to the term sheet, the purchase price for Real Estate Co. is to be $6,000,000 in cash, and the purchase price for the membership interests of MOCA is to be $19,000,000 in stock of PubCo or the acquirer of Verano if Verano is sold prior to going public. The term sheet also provides for an additional $3,000,000 in stock of PubCo or the acquirer of Verano if Verano is sold prior to going public upon the achievement of performance milestones based upon revenue and patient acquisition, and a three year consulting agreement for the sellers pursuant to which, in exchange for consulting services, they would receive compensation equal to 5% of MOCA's gross revenues. Notwithstanding the foregoing, the term sheet expired in February 2019

Banyan Management Holdings, LLC; Banyan Scientific, LLC; Green Sky Patient Center of Scottsdale North, Inc., Green Sky Patient Center of Peoria, Inc., Ocotillo Vista, Inc.; The Giving Tree Wellness Center of Mesa, Inc.

In January 2019, Verano entered into a term sheet with the above-named entities pursuant to which Verano (likely through subsidiary VHAZ Holdings, LLC) would purchase 100% of the equity of Banyan Management Holdings, LLC; Banyan Scientific, LLC; Green Sky Patient Center of Scottsdale North, Inc.; Green Sky Patient Center of Peoria, Inc.; and Ocotillo Vista, Inc.; as well as transition the Board of Directors of non-profit entity The Giving Tree Wellness Center of Mesa, Inc. Collectively, the foregoing entities own and/or manage four vertically-integrated medical cannabis licenses in the State of Arizona, an IP and branding company, and one pre-approved dispensary license in Maryland Senatorial District 31. The purchase price for the foregoing would be $70,000,000, $15,000,000 of which would be in cash and the balance in stock of PubCo or the acquirer of Verano if Verano is sold prior to going public. Notwithstanding the foregoing, the term sheet expired.

Buchanan Development, LLC

In January 2019, Verano affiliate Verano Michigan, LLC, executed definitive documents to acquire 100% of the membership interests of Buchanan Development, LLC, holder of a provisional medical cannabis dispensary license in the State of Michigan, pending regulatory approval. The purchase price for the membership interests is $1,070,392, to be paid in two tranches; 60% of the purchase price to be paid upon execution of the definitive deal documents with the balance to be paid upon approval from the State of Michigan for the transfer of interests to Verano Michigan, LLC. Together with the definitive documents, Verano Michigan, LLC, entered into a management and administrative services agreement with Buchanan Development, LLC, for Verano Michigan, LLC, to manage and operate the entity until State approval. The parties will seek State approval for the transfer once Buchanan Development, LLC, receives its final license.

16. SUBSEQUENT EVENTS *(Continued)*

(b) Term Sheets and Acquisitions *(Continued)*

Healthway Services of Illinois, LLC

In January 2019, Verano affiliate Chicago Natural Treatment Solutions, LLC, entered into an agreement to acquire, upon regulatory approval, 100% of the membership interests of Healthway Services of Illinois, LLC, ("Healthway") which entity holds a 40% interest in each of Healthway Services of West Illinois, LLC ("HSWI"); West Capital, LLC ("WCL"); Union Group of Illinois, LLC ("UGI"); and United Development of Illinois, LLC ("UDI"). HSWI holds a medical cannabis dispensary license in St. Charles, Illinois, and WCL owns the real property out of which HSWI operates. UGI holds a medical cannabis dispensary license in Chicago, Illinois, and UDI owns the real property out of which UGI operates. Pursuant to the terms of the transaction, the purchase price for Healthway is $3,500,000 in cash and $6,500,000 in stock of PubCo or the acquirer of Verano if Verano is sold prior to going public. Final closing on the transaction will require approval by the Illinois Department of Financial and Professional Regulation.

Saint Chicago, LLC

In February 2019, the owner of Saint Chicago, LLC ("Saint Chicago") entered into an Agreement (the "Agreement") with certain other individuals (the "PTS Members"). Saint Chicago owns 60% of the issued and outstanding membership interests in HSWI, WCL, UGI, and UDI. Pursuant to the terms of the Agreement, Saint Chicago would sell to 2 entities owned and/or controlled by the PTS Members all of its membership interests in UGI and UDI, resulting in a net cash payment to the PTS Members in the amount of $775,000. Closing would occur upon, *inter alia*, regulatory approval of the transaction by the Illinois Department of Financial and Professional Regulation.

Green Rx, LLC

In February 2019, Verano entered into a term sheet with Green Rx, LLC, ("Green Rx") the holder of a provisional medical cannabis dispensary license in the State of Ohio. Pursuant to the terms of the transaction, an affiliate of Verano would purchase 51% of the issued and outstanding membership interests in Green Rx for $1,100,000 upon State approval. Given the temporal limitation on transfers in interest under Ohio law, Verano's subsidiary will first enter into another commercial arrangement with Green Rx, pay a $100,000 deposit upon execution of definitive deal documents, and the remaining $1,000,000 at closing. Contemporaneous with the execution of definitive deal documents, Verano would also provide secured debt to Green Rx in the amount of $1,800,000 bearing an interest rate of 9% per annum.

16. SUBSEQUENT EVENTS *(Continued)*

(b) Term Sheets and Acquisitions *(Continued)*

Conor Green Consulting, LLC and Shinnecock Nation

In February 2019, Verano entered into a term sheet with Conor Green Consulting, LLC, ("CGC"). Under the terms of the transaction, CGC and Verano would create a joint venture (the "JV") that would enter into a contractual relationship through a Master Service Agreement ("MSA") with the Shinnecock Indian Nation, a federally recognized Native American tribe, who will cultivate, manufacture, and sell cannabis. Certain milestone payments tied to the performance of the project would provide CGC with $500,000 in cash and up to $3,000,000 in stock of PubCo or the acquirer of Verano if Verano is sold prior to going public. Verano will have a 51% interest in the JV. Verano would be responsible for lending (through funding of the JV) the Shinnecock Indian Nation funds for capital and operational expenditures. The fees payable under the MSA will initially be 15% of gross revenue of the project, plus 25% of the net profits of the project. All revenues collected under the MSA by the JV will be split 66.67% in favor of Verano and 33.33% in favor of CGC.

3 Boys Farm, LLC and Harvest Health & Recreation, Inc.

In October 2018, the Company entered into a Purchase Agreement with Cannabis Cures Investments, LLC, as Seller, and Scythian Biosciences Corp., ("Scythian") as Owner, pursuant to which, upon the completion of Scythian's acquisition of Cannabis Cures Investments, LLC, and its parent company, CannCure Investments, Inc. ("CannCure"), the Company will purchase 3 Boys Farm, LLC ("3 Boys"), the holder of a vertically-integrated medical cannabis licensee in the State of Florida, for $100,000,000 in Class B Units of the Company at the price of $21.73 per unit.

In March 2019, Verano entered into a binding letter agreement (the "Letter Agreement") with Harvest Health & Recreation, Inc. ("Harvest"), a corporation publicly-traded and based in Canada, for Harvest to acquire, directly, or indirectly through a wholly-owned subsidiary or controlled affiliate, all of the issued and outstanding membership units of Verano by way of a merger, securities exchange or similar transaction. The purchase price is $850,000,000 based upon a price of CAD$8.79 per share of Harvest. Definitive documents were executed on or about April 22, 2019.

Notwithstanding the foregoing, as Harvest has an existing medical cannabis dispensing organization license in Florida, and Florida does not permit ownership of multiple medical cannabis dispensing organization licenses, Verano, Scynthian, 3 Boys, and CannCure mutually agreed and determined not to proceed with the acquisition of 3 Boys. In March 2019, the parties entered into a termination agreement, release, and covenant not to sue regarding the termination of the Purchase Agreement.

16. SUBSEQUENT EVENTS *(Continued)*

(b) Term Sheets and Acquisitions *(Continued)*

420 Capital Management, LLC d/b/a GreenGate Chicago

On March 1, 2019, Verano entered into a term sheet with 420 Capital Management, LLC d/b/a GreenGate Chicago ("GreenGate") and 42 Capital Management, LLC ("GreenGate Property"). GreenGate holds a medical cannabis dispensary license in Chicago, and GreenGate Property owns or leases the property out of which GreenGate operates. Definitive documents for the transaction are being negotiated by the parties. It is contemplated that a wholly-owned subsidiary of Verano created for the purpose of this transaction and known as VHGG Holdings, LLC, would acquire 100% of the membership interests of (i) GreenGate for $10,000,000 in stock of Verano's publicly-traded parent company if the Company became public or, in the case of a sale of Verano prior to becoming a public company, the sellers would receive $10,000,000 in value of securities in the acquirer and (ii) GreenGate Property for $5,000,000 in cash, with the approval of the State of Illinois. The $5,000,000 in cash will be payable in installments beginning on the signing date of the definitive documents, is non-refundable and will be fully paid out five months after the signing (or sooner if the final closing occurs sooner). The transaction also contemplates a contractual arrangement effective whereby VHGG Holdings would act as manager for GreenGate and charge a management fee equal to 10% of GreenGate's net profits. Final closing on the transaction will require approval by the Illinois Department of Financial and Professional Regulation.

Verano NJ, LLC Buy-Out and Roll-Up

On March 1, 2019, Verano entered into a series of agreements with various parties proposing to buy out or roll-up their units in Verano NJ, LLC, partly in cash and partly in stock. As for the members electing to roll-up their Verano NJ units, such members would receive units of a subsidiary of Verano created for the purpose of this transaction called Verano NJ Holdings, LLC, which units would be exchangeable in the aggregate for $1,575,000 in stock of Verano's publicly-traded parent company if the Company became public or, in the case of a sale of Verano prior to becoming a public company, such members would receive $1,575,000 in value of securities in the acquirer. All agreements entered into in connection with this transaction are being held in escrow pending submission to and approval from the State of New Jersey, such that none of the transfers are deemed to have occurred until such approval has been received. Upon receipt of approval from the State of New Jersey, all transaction documents are deemed automatically released and effective.

(c) Commitments and Contingencies

JJR Private Capital II Ltd. Partnership ("JJR") entered into a convertible loan agreement with the Company on or about August 22, 2018, pursuant to which the Company could draw funds which could be converted into equity. The Company did not draw funds under this agreement, and, on or about February 1, 2019, entered into Settlement and Termination Agreement pursuant to which the loan agreement, and any rights which may have arisen thereunder, were terminated, in consideration for the Company's agreement to pay JJR $5,000,000, which was paid in April of 2019.

In connection with a subscription receipt offering in October of 2018, the Company entered into an agency agreement with Clarus Securities, Inc., ("Clarus") pursuant to which Clarus would broker, *inter alia*, the subscription of up to $12,000,000 of Class B Units of the Company. On or about February 7, 2019, the Company and Clarus mutually agreed to terminate the agency agreement and any rights which may have arisen thereunder, in consideration for which the Company granted to Clarus's blocker entity 100,000 Class B warrants in the Company at a price of USD$21.73 per Class B Unit. Clarus's blocker, Clarus Securities SIV, Inc., exercised the warrants on February 11, 2019.

On or about February 11, 2019, the Company took in non-brokered subscription receipts totaling approximately $5.6MM from Cannon Verano, LLC, Andrew Left, A&T SPV II LLC, and Caravel DE Corporation at a price of USD$21.73 per Class B Unit.

Verano Holdings, LLC

MANAGEMENT'S DISCUSSION & ANALYSIS

For the years ended December 31, 2018 and 2017

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

MD&A of Verano Holdings, LLC

This management discussion and analysis ("**MD&A**") of the financial condition and results of operations of Verano Holdings, LLC, and its subsidiaries and affiliates (the "**Company**", "**we**", "**our**", "**us**" or "**Verano**") is for the years ended December 31, 2018 and 2017. It is supplemental to, and should be read in conjunction with, the Company's audited consolidated financial statements and the accompanying notes for the years ended December 31, 2018 and 2017 (the "**Audited Consolidated Financial Statements**"). The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**").

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 Continuous Disclosure Obligations of the Canadian Securities Administrators.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable United States securities laws and Canadian securities laws. Please refer to the discussion of forward-looking statements and information set out under the heading "Cautionary Statement Regarding Forward-Looking Statements", located at the beginning of this listing statement. As a result of many factors, the Company's actual results may differ materially from those anticipated in these forward-looking statements and information.

All references to "$" are to United States dollars unless otherwise specified.

OVERVIEW OF THE COMPANY

Headquartered in Chicago, Illinois, Verano is a vertically integrated cannabis operator that focuses on limited-licensed markets in the United States. As a vertically integrated provider, Verano owns, operates, and/or manages licenses for cultivation, manufacturing/processing, and dispensary/retail facilities across ten U.S. States (Arkansas, California, Illinois, Maryland, Massachusetts, Michigan, Nevada, New Jersey, Ohio, and Oklahoma) and the Commonwealth of Puerto Rico. Verano employs approximately 390 people and serves thousands of customers from coast to coast.

In addition to the states listed above, the Company also conducts pre-licensing activities in several other markets. In these markets, the Company has either applied for licenses, or plans on applying for licenses, but does not currently own any cultivation, processing, or retail licenses.

On April 22, 2019, Verano signed a definitive business combination agreement with Harvest Health & Recreation Inc. ("**Harvest**"), whereby the securityholders of Harvest and Verano will become securityholders in the combined company (the "**Resulting Issuer**"). Harvest and Verano are arm's length parties. In connection with the transaction, an application will be made to list the Resulting Issuer's subordinate voting shares for trading on the Canadian Securities Exchange (the "**CSE**"). The transaction is subject to CSE and court approval, approval of the Verano members and approval of at least 66 2/3% of the votes cast by Harvest shareholders at a special meeting expected to take place on June 26, 2019.

Operating Segments

For the purpose of analysis, Verano considers two operating divisions: Wholesale – in which it cultivates, manufactures, sells and distributes cannabis products to third-party retail customers, and Retail – in which it sells directly to end consumers in its retail stores, with perspectives by each operating market: Arkansas, California, Illinois, Maryland, Massachusetts, Michigan, Nevada, New Jersey, Ohio, Oklahoma, and Puerto Rico. Looking forward, management believes that Verano is well positioned to construct and open more cannabis facilities and to gain control of additional cannabis licenses through the application process, acquisition, or strategic partnerships.

NON-IFRS FINANCIAL AND PERFORMANCE MEASURES

In addition to providing financial measurements based on IFRS, the Company provides additional financial metrics that are not prepared in accordance with IFRS. Management uses non-IFRS financial measures, in addition to IFRS financial measures, to understand and compare operating results across accounting periods, for financial and operational decision making, for planning and forecasting purposes and to evaluate the Company's financial

performance. These non-IFRS financial measures are Adjusted EBITDA and Working Capital.

Management believes that these non-IFRS financial measures reflect the Company's ongoing business in a manner that allows for meaningful comparisons and analysis of trends in the business, as they facilitate comparing financial results across accounting periods and to those of peer companies. Management also believes that these non-IFRS financial measures enable investors to evaluate the Company's operating results and future prospects in the same manner as management. These non-IFRS financial measures may also exclude expenses and gains that may be unusual in nature, infrequent or non-reflective of the Company's ongoing operating results.

As there are no standardized methods of calculating these non-IFRS measures, the Company's methods may differ from those used by others, and accordingly, the use of these measures may not be directly comparable to similarly titled measures used by others. Accordingly, these non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. We use these metrics to measure our core financial and operating performance for business planning purposes. In addition, we believe investors use both IFRS and non-IFRS measures to assess management's past and future decisions associated with our priorities and our allocation of capital, as well as to analyze how our business operates in, or responds to, swings in economic cycles or to other events that impact the cannabis industry. However, these measures do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies in our industry.

Adjusted EBITDA

Adjusted EBITDA is a financial measure that is not defined under IFRS. We use this non-IFRS financial measure, and believe it enhances our investors' understanding of our financial and operating performance from period to period, because it excludes certain material non-cash items and certain other adjustments we believe are not reflective of our ongoing operations and our performance. In particular, we have and continue to make significant acquisitions and investments in cannabis properties and management resources to better position our organization to achieve our strategic growth objectives which have resulted in outflows of economic resources. Adjusted EBITDA is not intended to represent and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with IFRS as measures of operating performance or operating cash flows or as measures of liquidity.

Adjusted EBITDA has important limitations as an analytical tool and should not be considered in isolation or as a substitute for any standardized measure under IFRS. The calculation of Adjusted EBITDA:

- excludes certain tax payments that may reduce cash available to us;
- does not reflect any cash capital expenditure requirements for the assets being depreciated and amortized that may have to be replaced in the future;
- does not reflect changes in, or cash requirements for, our working capital needs; and
- does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments on our debt.

Other companies in our industry may calculate this measure differently than we do, limiting its usefulness as a comparative measure.

Working Capital

The calculation of working capital provides additional information and is not defined under IFRS. We define working capital as current assets less current liabilities. This measure should not be considered in isolation or as a substitute for any standardized measure under IFRS. This information is intended to provide investors with information about the Company's liquidity.

Other companies in our industry may calculate this measure differently than we do, limiting its usefulness as a comparative measure.

Reconciliations of Non-IFRS Financial and Performance Measures

The table below reconciles Net Income to Adjusted EBITDA for the periods indicated.

(in thousands $)	**As at and for the year ended December 31,**		**Change**	
	2018	**2017**	**$**	**%**
Net income (IFRS) before non-controlling interest	$ 3,709	$ 1,896	$ 1,813	95%
Adjustments to derive Adjusted EBITDA				
Interest	431	73	358	490%
Taxes	1,772	297	1,475	496%
Depreciation and amortization	2,569	856	1,713	200%
Amortization of debt issuance cost	2,662	-	2,662	192%
Adjusted EBITDA	$ 11,143	$ 3,122	$ 8,021	257%

SELECTED FINANCIAL INFORMATION

The following table presents selected financial data derived from the audited annual consolidated financial statements of the Company at and for the years ended December 31, 2018 and 2017. The selected consolidated financial information below may not be indicative of the Company's future performance.

(in thousands $)	As at and for the year ended December 31,		Change	
	2018	2017	$	%
Revenue, net	$ 31,095	$ 11,305	$ 19,790	175%
Cost of goods sold	(18,380)	(7,533)	(10,847)	144%
Gross profit before biological asset adjustments	12,715	3,772	8,943	237%
Realized fair value amounts included in inventory sold	(28,000)	(6,877)	(21,123)	307%
Unrealized fair value gain on growth of biological assets	(34,311)	(9,580)	(24,731)	258%
Gross profit	18,926	6,475	12,451	192%
Expenses				
General and administrative	9,297	3,531	5,766	n/m
Sales and Marketing	305	251	54	22%
Depreciation and Amortization	1,028	478	562	115%
Total expenses	10,630	4,260	6,370	150%
Income from investment in Associates	279	51	228	n/m
Operating income	8,575	2,266	6,309	278%
Other expense	(3,093)	(73)	(3,020)	n/m
Net income before provision for income taxes and non-controlling interest	$ 5,481	$ 2,193	$ 3,288	150%
Provision for income taxes	(1,772)	(297)	(1,475)	n/m
Net income before non-controlling interest	3,709	1,896	1,813	96%
Adjusted EBITDA (non-IFRS)	$ 11,143	$ 3,122	$ 8,021	257%
Total assets	$ 148,547	$ 41,424	$ 3,528	259%
Long-term liabilities	$ 3,421	$ 2,921	$ 500	17%

n/m – Not meaningful

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Revenue

Revenue for the year ended December 31, 2018 was $31.1 million, up 175% from $11.3 million for the year ended December 31, 2017 due to revenue contributions across both Wholesale and Retail business units from Illinois, Nevada, and Maryland. Wholesale revenue for the year ended December 31, 2018 was $16.4 million, up 165% from $6.2 million for the year ended December 31, 2017 due to the expansion of branded product offerings and increased retail distribution from the Illinois and Maryland Wholesale businesses of Verano's portfolio of branded consumer cannabis products. Retail revenue for the year ended December 31, 2018 was $14.7 million, up 188% from $5.1 million for the year ended December 31, 2017 due to the increased expansion into additional markets and continued increases in retail foot traffic across all markets.

Cost of Goods Sold

Cost of goods sold are derived from cost related to the internal cultivation and production of cannabis and from purchases made from other licensed producers operating within our state markets.

For the year ended December 31, 2018, cost of goods sold, excluding any adjustments to the fair value of biological assets, of $18.4 million was up $10.8 million or 144% compared to the year ended December 31, 2017, driven by increased sales described above.

Inventory of plants under production is considered a biological asset. Under IFRS, biological assets are to be recorded at fair value at the time of harvest, less costs to sell. The biological assets are transferred to inventory and the transfer becomes the deemed cost on a go-forward basis. When the product is sold, the fair value is removed from inventory and the transfer is recorded to cost of sales. In addition, the cost of sales also includes products and costs related to other products acquired from other licensed producers and sold by the Company.

Gross Profit

Gross profit before biological asset adjustments for the year ended December 31, 2018 was $12.7 million, representing a gross margin on the sale of branded cannabis flower and processed and packaged products including concentrates, edibles, topicals and other cannabis, of 41%. This is compared to gross profit before biological asset adjustments for the year ended December 31, 2017, of $3.8 million or a 33% gross margin.

Gross profit after net gains on biological asset transformation for the year ended December 31, 2018 was $18.9 million, representing a gross margin of 61%, compared with gross profit after net gains on biological asset transformation of $6.5 million or 57% gross margin, for the year ended December 31, 2017, driven by increased harvested cannabis and wholesale shipments.

General and Administrative Expenses

Total general and administrative expenses primarily consist of corporate personnel costs including salaries, benefits, professional service costs including legal and consulting, travel, and rent. Verano expects to continue to invest considerably in this area to support Verano's aggressive expansion plans and to support the increasing complexity of the cannabis business. Furthermore, Verano expects to incur acquisition and transaction costs related to its expansion plans. Verano anticipates an increase in personnel costs, marketing costs, and legal and professional fees associated with bringing new facilities and markets online.

Total expenses for the year ended December 31, 2018 were $10.6 million, an increase of $6.4 million, or 150%, compared to $4.3 million for the year ended December 31, 2017. This was primarily attributable to an increase in general and administrative expenses, particularly costs attributable to professional fees of $3.4 million related to transactions of the Company as well as salaries and benefits of $2.5 million for increased head count to support the Company's expansion plans.

Other Expense

Total other expense for the year ended December 31, 2018 was $3.1 million, an increase of $3 million compared to the year ended December 31, 2017. The increase relates to amortization of debt issuance costs as well as an increase in interest expense.

Provision for Income Taxes

Income tax expense is recognized based on the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end. For the year ended December 31, 2018, Federal and State income tax expense totaled $1.8 million compared to $.3 million for the year ended December 31, 2017. The increase is due to higher revenue offset by a lower tax rate in 2018.

Net Income before Non-controlling Interest

Net income for the year ended December 31, 2018 was $3.7 million, an increase of $1.8 million or 96%, as compared to net income of $1.9 million for the year ended December 31, 2017. The increase in net income was driven largely by the Company's 175% increase in revenues due to our business growth and expansion described above.

Adjusted EBITDA

Adjusted EBITDA increased to $11.1 million for the year ended December 31, 2018 compared to $3.1 million for the same period in 2017. The increase of $8 million is primarily attributable to increases in revenue driven by our business growth and expansion described above.

LIQUIDITY AND CAPITAL RESOURCES

Verano's primary need for liquidity is to fund the working capital requirements of our business, including capital expenditures, acquisitions, and for general corporate purposes. Verano's primary source of liquidity is funds generated by financing activities and from existing operations. When the Company made its decision to enter into the transaction with Harvest, the Company elected to postpone and/or cancel its fundraising initiatives.

For the years ended December 31, 2018 and 2017, the Company had total current liabilities of $19 million and $8.7 million respectively, and cash and cash equivalents of $73.1 million and $3.3 million respectively to meet its current obligations. As of December 31, 2018 and 2017, the Company had working capital of $74.9 million and $3.4 million respectively, an improvement of $71.5 million driven mainly by increases in cash and cash equivalents resulting from equity financing.

The possibility of an extended pre-closing period for, or the termination of, the Harvest transaction creates a material uncertainty and casts significant doubt as to the ability of the Company to meet its obligations as they come due unless it is able to raise sufficient funds to enable it to reach profitability, and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumption was inappropriate, and these adjustments could be material.

Management believes that if the Harvest transaction is terminated, it will have time to execute existing fundraising initiatives and to repay any debt that comes due in the next year. Management has demonstrated its ability to raise capital and to secure loans in the past. Nevertheless, there is no assurance that these initiatives will be successful or sufficient.

Change in Cash (in thousands of $)	For the Years Ended December 31 2018	2017	Change $	%
Net cash provided by operating activities	$ 4,820	$ 597	$4,223	707%
Net cash used in investing activities	(29,349)	(13,279)	(16,070)	121%
Net cash provided by financing activities	94,290	13,822	80,468	582%
Change in cash	$ 69,760	$ 1,140	$ 68,620	

Net Cash provided by Operating Activities

Net cash provided by operating activities was $4.8 million for the year ended December 31, 2018, an increase of $4.2 million, or 707%, as compared to $.6 million for the year ended December 31, 2017. The increase was primarily due to the Company's $6.3 million increase in operating income.

Net Cash used in Investing Activities

Net cash used in investing activities was $29.3 million for the year ended December 31, 2018, an increase of $16 million, or 121%, compared to $13.3 million for the year ended December 31, 2017. The increase was due to an increase in capital expenditures for the buildout of the Illinois dispensary and the Illinois cultivation facility as well as increased expenditures for leasehold improvements, manufacturing equipment, and other construction costs related to other acquisitions during the year ended December 31, 2018.

Net Cash provided by Financing Activities

Net cash provided by financing activities was $94.3 million for the year ended December 31, 2018, an increase of $80.5 million, or 582%, compared to $13.8 million for the year ended December 31, 2017. The increase was due to equity financing of $100.8 million in 2018, which was partially offset by the repayment of approximately $4.5 million in debt and the payment of $2.5 million purchase price in connection with an acquisition.

Contractual Obligations

The Company and its subsidiaries have entered into operating lease agreements for the corporate offices, a cultivation facility and dispensaries. The following represents the Company's commitments in relation to its operating leases:

(in thousands $)	Amount
Not more than one year	$ 499
More than one year and not more than five years	1,780
More than five years	1,246
Total	**$ 3,525**

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of the operations or financial condition of the Company, including without limitation, such considerations as liquidity and capital resources.

TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are entered into in the normal course of business and are measured at the amount established and agreed to by the parties.

Related party notes receivable

As of December 31, 2018 and 2017, amounts due from related parties were comprised of balances due from investors of $947,384 and $221,918 respectively. These amounts are due on demand and do not have formal contract agreements governing payment terms or interest.

SUBSEQUENT TRANSACTIONS

Gentle Ventures, LLC

In October 2018, Verano entered into a term sheet with Gentle Ventures, LLC d/b/a Dispensary 33 ("**D33**") and 5001 Partners, LLC ("**5001**"). D33 holds a medical cannabis dispensary license in Chicago, and 5001 holds a leasehold interest in the property out of which D33 operates. Definitive documents for the transaction were executed in February 2019. Pursuant to the definitive documents, upon the approval of the Illinois Department of Financial and Professional Regulation, a wholly-owned subsidiary of Verano created for the purpose of this transaction and known as VHGV Holdings, LLC, would acquire 100% of the membership interests of each of D33 and 5001 for $20 million in stock of Verano's publicly-traded parent company ("**PubCo**") if the Company became public or, in the case of a sale of Verano prior to becoming a public company, the sellers would receive securities in the acquirer. The transaction also includes a consulting agreement for the sellers and a potential increase in the acquisition price in the event that upon the Company going public or sale of Verano the transaction is not tax-deferred. Closing on the transaction will require approval by the Illinois Department of Financial and Professional Regulation.

Ohio Grown Therapies, LLC

In November 2018, Verano entered into a term sheet with Ohio Grown Therapies, LLC, ("**OGT**") the holder of, inter alia, a provisional medical cannabis dispensary license in the State of Ohio, and definitive deal documents were executed in January 2019. Pursuant to the transaction, Verano (through wholly-owned subsidiary Ohio Natural Treatment Solutions, LLC) would purchase the provisional medical cannabis dispensary license asset from OGT for a purchase price of $1.25 million in cash with approval from the appropriate regulatory authorities. Prior to Verano's ability to submit for State approval, Verano would provide services to operate the asset pursuant to a contract. The foregoing transaction will be subject to State approval.

AGG Wellness, LLC

In November 2018, Verano entered into a term sheet with AGG Wellness, LLC d/b/a Herban Legends of Towson ("**Herban**"). Herban holds a medical cannabis dispensary license in Towson, Maryland. Pursuant to the terms of the transaction, Verano, through wholly-owned subsidiary Zen Leaf Technologies, LLC, ("**ZLT**") would enter into a management and administrative services agreement ("**MSA**") with Herban, upon approval by the Maryland Medical Cannabis Commission ("**MMCC**"), in exchange for a placement fee equal to $2.5 million in cash and $1.8 million in stock of PubCo or the acquirer of Verano if Verano is sold prior to going public. The cash portion of the consideration would be paid as follows: (a) $750,000 upon approval of the MSA by MMCC; (b) $750,000 30 days after the approval of the MSA; and (c) $1 million on the earlier of (i) December 2020, so long as the MSA is effective at that time; (ii) the 60th day following Herban's first legal sale of adult-use cannabis products in the State of Maryland after the effective date of the MSA; and (iii) Verano's ability to purchase the equity interests of Herban with regulatory approval. The MSA was sent to MMCC for review and approval in February of 2019, and MMCC provided such approval on April 8, 2019.

Cali Sweets, LLC

In December 2018, Verano entered into a term sheet with Cali Sweets, LLC, d/b/a Koko Nuggz ("**Cali Sweets**"). Cali Sweets is a California-based confectionary company, which manufactures chocolates. Cali Sweets does not infuse its products with cannabis. Definitive deal documents were executed in January 2019. Pursuant to the terms of the transaction, Verano purchased 30% of the issued and outstanding membership interests in Cali Sweets for $50,000, also providing to Cali Sweets a secured line of credit in the amount of $10 million (draws from which are at the sole discretion of Verano), and providing to the inventor of the technology Cali Sweets uses to manufacture its products a five year consulting agreement with payments equal to $1,950,000 in the aggregate. Cali Sweets also executed a management agreement with Verano giving Verano management rights over the entity. Notwithstanding the foregoing, this transaction was terminated by agreement dated May 15, 2019.

DGV Holdings, LLC

In December 2018, Verano entered into a term sheet with D9 Manufacturing, Inc. ("**D9**"), the holder of cannabis manufacturing and distribution licenses in the State of California, and Greenfield Global, Inc. ("**GFG**"), a Canadian corporation, for the purposes of creating a three way joint venture to extract cannabis oil and manufacture and distribute cannabis products in the State of California. Pursuant to the terms of the transaction, D9 would contribute its licenses and intellectual property related to the extraction of cannabinoids; GFG (later changed to G2 Bio Inc.) would contribute cash; and Verano would contribute cash and certain intellectual property. Between execution of the term sheet and execution of definitive deal documents, and in an effort to permit D9 to meet upcoming equipment and other deadlines, both Verano and GFG entered into equipment leases and secured promissory notes to provide equipment and debt financing to D9. Definitive deal documents, which included the creation of DGV Holdings, LLC (the joint venture) were executed in February 2019. In accordance with the terms of the transaction, Verano contributed cash in the amount of $4,875,000 (less amounts previously contributed for equipment and debt) to DGV and will pay to the founders of D9 $3.5 million in cash or in securities of PubCo or the acquirer of Verano if Verano is sold prior to going public. Verano must make additional cash contributions totaling $1.625 million by May 2019. Initially, Verano will have a 73.53% equity stake in DGV Holdings, LLC, decreasing to 62.5% upon the joint venture achieving certain targets.

Magpie Management, LLC

In December 2018, Verano affiliate Verano Oklahoma, LLC, entered into a transaction with Magpie Management, LLC ("**Magpie**"), a holding company which, through various subsidiaries, owns two medical cannabis commercial grower licenses, one medical cannabis commercial processing license, and three medical cannabis commercial dispensary licenses in the State of Oklahoma. The transaction provides for Verano Oklahoma, LLC's purchase of 25% of the issued and outstanding membership interests of Magpie, which becomes effective upon State approval of the transfer of the membership interests described above. The parties also entered into a management and administrative services agreement. The purchase price for the foregoing is $1.5 million in stock of PubCo or the acquirer of Verano if Verano is sold prior to going public. Definitive deal documents were executed in February 2019. State approval for the transfer was received on March 28, 2019 and final closing occurred on April 4, 2019.

Buchanan Development, LLC

In January 2019, Verano affiliate Verano Michigan, LLC executed definitive documents to acquire 100% of the membership interests of Buchanan Development, LLC, holder of a provisional medical cannabis dispensary license in the State of Michigan, pending regulatory approval. The purchase price for the membership interests is $1,070,392, to be paid in multiple tranches, 60% of the purchase price to be paid upon execution of the definitive deal documents; 20% to be paid upon receipt of a final state operating license; and the final 20% to be paid upon approval from the State of Michigan for the transfer of interests to Verano Michigan, LLC. Together with the definitive documents, Verano Michigan, LLC, entered into a management and administrative services agreement with Buchanan Development, LLC, for Verano Michigan, LLC, to manage and operate the entity until State and municipal approvals are received. The parties will seek State and municipal approvals for the transfer once Buchanan Development, LLC, receives its final license. The final license was received on or about May 6, 2019.

Healthway Services of Illinois, LLC

In January 2019, Verano affiliate Chicago Natural Treatment Solutions, LLC entered into an agreement to acquire 100% of the membership interests of Healthway Services of Illinois, LLC ("**Healthway**"), which entity holds a 40% interest in each of Healthway Services of West Illinois, LLC ("**HSWI**"); West Capital, LLC ("**WCL**"); Union Group of Illinois, LLC ("**UGI**"); and United Development of Illinois, LLC ("**UDI**"). HSWI holds a medical cannabis dispensary license in St. Charles, Illinois, and WCL owns the real property out of which HSWI operates. UGI holds a medical cannabis dispensary license in Chicago, Illinois, and UDI owns the real property out of which UGI operates. Pursuant to the terms of the transaction, the purchase price for Healthway is $3.5 million in cash and $6.5 million in stock of PubCo or the acquirer of Verano if Verano is sold prior to going public. Closing of the transaction will require approval by the Illinois Department of Financial and Professional Regulation.

Saint Chicago, LLC

In February 2019, the owners of Saint Chicago, LLC ("**Saint Chicago**") entered into an Agreement (the "**Agreement**") with certain other individuals (the "**PTS Members**"). Saint Chicago owns 60% of the issued and outstanding membership interests in HSWI, WCL, UGI, and UDI. Pursuant to the terms of the Agreement, Saint Chicago would sell to 2 entities owned and/or controlled by the PTS Members all of its membership interests in UGI and UDI, resulting in a net cash payment to the PTS Members in the amount of $775,000. Closing will occur upon, *inter alia*, regulatory approval of the transaction by the Illinois Department of Financial and Professional Regulation.

Green Rx, LLC

In February 2019, Verano entered into a term sheet with Green Rx, LLC ("**Green Rx**"), the holder of a provisional medical cannabis dispensary license in the State of Ohio. Pursuant to the terms of the transaction, an affiliate of Verano would have the option to purchase 51% of the issued and outstanding membership interests in Green Rx for $1.1 million upon State approval. Given the temporal limitation on transfers in interest under Ohio law, Verano's subsidiary will first enter into another commercial arrangement with Green Rx, pay a $100,000 option deposit upon execution of definitive deal documents, and the remaining $1 million option payment at closing. Closing of the transaction is subject to State approval. Contemporaneous with the execution of definitive deal documents, Verano would also provide secured debt to Green Rx in the amount of $1.8 million bearing an interest rate of 9% per annum. Definitive deal documents were executed on or about April 18, 2019.

Conor Green Consulting, LLC and Shinnecock Nation

In February 2019, Verano entered into a term sheet with Conor Green Consulting, LLC ("**CGC**"). Under the terms of the transaction, CGC and Verano would create a joint venture (the "**JV**") that would enter into a contractual relationship with the Shinnecock Indian Nation, a federally recognized Native American tribe, to develop and open a cannabis dispensary. Certain milestone payments tied to the performance of the project would provide CGC with $500,000 in cash and up to $3 million in stock of PubCo or the acquirer of Verano if Verano is sold prior to going public. Verano will have a 51% interest in the JV. Verano would be responsible for lending (through funding of the JV) the Shinnecock Indian Nation funds for capital and operational expenditures. The fees payable to the JV will initially be 15% of gross revenue of the project, plus 25% of the net profits of the project. All revenues collected by the JV will be split 66.67% in favor of Verano and 33.33% in favor of CGC. Definitive documents for the transaction are being negotiated by the parties.

Harvest Health & Recreation, Inc.

In March 2019, Verano entered into a binding letter agreement (the "**Letter Agreement**") with Harvest Health & Recreation Inc. ("**Harvest**"), a corporation publicly-traded in Canada, for Harvest to acquire, directly, or indirectly through a wholly-owned subsidiary or controlled affiliate, all of the issued and outstanding membership units of Verano by way of a merger, securities exchange or similar transaction. The purchase price is approximately $850 million based upon a price of CAD$8.79 per share of Harvest. The parties executed a definitive agreement on or about April 22, 2019.

420 Capital Management, LLC d/b/a GreenGate Chicago

On March 1, 2019, Verano entered into a term sheet with 420 Capital Management, LLC d/b/a GreenGate Chicago ("**GreenGate**") and 42 Capital Management, LLC ("**GreenGate Property**"). GreenGate holds a medical cannabis dispensary license in Chicago, and GreenGate Property owns or leases the property out of which GreenGate operates. Definitive documents for the transaction are being negotiated by the parties. It is contemplated that a wholly-owned subsidiary of Verano created for the purpose of this transaction and VHGG Holdings, LLC, would acquire 100% of the membership interests of (i) GreenGate for $10 million in stock of Verano's publicly-traded parent company if the Company became public or, in the case of a sale of Verano prior to becoming a public company, the sellers would receive $10 million in value of securities in the acquirer and (ii) GreenGate Property for $5 million in cash, with the approval of the Illinois Department of Financial and Professional Regulation. The $5 million in cash will be payable in installments beginning on the signing date of the definitive documents, is non-refundable and will be fully paid out five months after the signing (or sooner if the final closing occurs sooner). Closing of the transaction will require approval by the Illinois Department of Financial and Professional Regulation.

Commitments and Contingencies

JJR Private Capital II Ltd. Partnership ("**JJR**") entered into a convertible loan agreement with the Company on or about August 22, 2018, pursuant to which the Company could draw funds which could be converted into equity. The Company did not draw funds under this agreement, and, on or about February 1, 2019, entered into Settlement and Termination Agreement pursuant to which the loan agreement, and any rights which may have arisen thereunder, were terminated, in consideration for the Company's agreement to pay JJR $5 million, which was paid in April of 2019.

In connection with a subscription receipt offering in October of 2018, the Company entered into an agency agreement with Clarus Securities, Inc. ("**Clarus**"), pursuant to which Clarus would broker, *inter alia*, the subscription of up to $12 million of Class B Units of the Company. On or about February 7, 2019, the Company and Clarus mutually agreed to terminate the agency agreement and any rights which may have arisen thereunder, in consideration for which the Company granted to Clarus's blocker entity 100,000 Class B warrants in the Company at a price of $21.73 per Class B Unit. Clarus's blocker, Clarus Securities SIV, Inc., exercised the warrants on February 11, 2019.

On or about February 11, 2019, the Company took in non-brokered subscription receipts totaling approximately $5.6 million from Cannon Verano, LLC, Andrew Left, A&T SPV II LLC, and Caravel DE Corporation at a price of $21.73 per Class B Unit.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in conformity with IFRS accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Significant judgements, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

(i) Estimated Useful Lives and Depreciation of Property and Equipment (Also see Note 6)

Depreciation of property and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

(ii) Estimated Useful Lives and Amortization of Intangible Assets (Also see Note 8)

Amortization of intangible assets is recorded on a straight-line basis over the estimated useful life of the intangible asset. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

(iii) Biological Assets

Management is required to make estimates in calculating the fair value of biological assets and harvested cannabis inventory. These estimates include a number of assumptions, such as estimating the stages of growth of the cannabis, harvested costs, sales price and expected yields.

(iv) Intangible Asset and Goodwill Impairment

Indefinite-lived intangible assets and goodwill are tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of such assets has been impaired. In order to determine if the value of the goodwill had been impaired, the cash-generating unit to which goodwill has been allocated must be valued using present value techniques. When applying this valuation technique, the Company relies on a number of factors, including historical results, business plans, forecasts, and market data. Changes in the condition for these judgements and estimates can significantly affect the assessed value of goodwill.

(v) Business Combination

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. Contingent consideration is measured at its acquisition-date fair value and is included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. Amortization of intangible assets is recorded on a straight-line basis over estimated useful lives.

Income taxes

Income tax expense is recognized in the Consolidated Statements of Operations based on the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end. For the years ended December 31, 2018 and 2017, Federal and State income tax expense totaled $1,791,912 and $296,897, respectively. Federal and State income tax expense is computed on taxable income of NatureX, LLC, Healthway Services of West Illinois, LLC and Union Group of Illinois, LLC all of which elected to be taxed as C corporations. Furthermore, as a result of Redfish Holdings, Inc.'s stockholders exchanging their stock for membership units in Verano Holdings, LLC in 2018, Redfish Holdings, Inc. became a C corporation for tax purposes during 2018. For the years ended December 31, 2018 and 2017, all other entities were treated as limited liability companies; accordingly, taxable income and losses flowed through to the respective members.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery, if any, are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive

enactment occurs.

Certain Verano subsidiaries are subject to U.S. Internal Revenue Code Section 280E. This section disallows deductions and credits attributable to a trade or business trafficking in controlled substances. Under U.S. federal law, marijuana is a Schedule I controlled substance. The Company has taken the position that any costs included in the cost of goods sold should not be treated as amounts subject to the Section 280E expense disallowance.

The Company would recognize any potential accrued interest and penalties related to unrecognized tax benefits as part of its tax provision as interest or penalty expense, as applicable. The Company had no penalties or interest related to income taxes for the years ended December 31, 2018 and 2017.

CHANGES IN OR ADOPTION OF ACCOUNTING POLICIES

New standards and interpretations issued but not yet adopted

The following IFRS standards have been recently issued by the IASB. The Company is assessing the impact of these new standards on future consolidated financial statements. Pronouncements that are not applicable or where it has been determined to not have a significant impact to the Company have been excluded herein.

(i) IFRS 16, Leases

In January 2016, the IASB issued IFRS 16, *Leases*, which will replace IAS 17, *Leases*. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15, *Revenue from Contracts with Customers*, at or before the date of initial adoption of IFRS 16. The extent of the impact of adoption of the standard has not yet been determined.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, accounts payable, accrued liabilities, short-term notes payable, and long-term notes payable. The carrying values of these financial instruments approximate their fair values at December 31, 2018 and 2017.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly

Level 3 – Inputs for the asset or liability that are not based on observable market data.

There have been no transfers between fair value levels during the years ended December 31, 2018 and 2017.

The following table summarizes the Company's financial instruments at December 31, 2018:

	Financial Assets	Financial Liabilities	Total
Financial Assets:			
Cash	$ 73,087,292	$ -	$ 73,087,292
Accounts Receivable	$ 2,765,033	$ -	$ 2,765,033
Financial Liabilities			
Accounts Payable	$ -	$ 7,809,439	$ 7,809,439
Accrued Liabilities	$ -	$ 1,775,523	$ 1,775,523
Current Portion of Notes Payable	$ -	$ 4,261,642	$ 4,261,642
Notes Payable, Net of Current Portion	$ -	$ 2,853,836	$ 2,853,836

The following table summarizes the Company's financial instruments at December 31, 2017:

	Financial Assets	Financial Liabilities	Total
Financial Assets:			
Cash	$ 3,326,794	$ -	$ 3,326,794
Accounts Receivable	$ 1,043,877	$ -	$ 1,043,877
Financial Liabilities			
Accounts Payable	$ -	$ 2,147,810	$ 2,147,810
Accrued Liabilities	$ -	$ 612,199	$ 612,199
Current Portion of Notes Payable	$ -	$ 2,049,598	$ 2,049,598
Notes Payable, Net of Current Portion	$ -	$ 2,920,569	$ 2,920,569

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes:

Credit Risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at December 31, 2018 and 2017 is the carrying amount of cash. The Company does not have significant credit risk with respect to its customers.

The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk but has limited risk as the majority of its sales are transacted with cash.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

In addition to the commitments outlined in Note 13 to the Audited Consolidated Financial Statements, the Company has the following contractual obligations:

	<1 Year	1 to 3 Years	3 to 5 Years	Greater than 5	Total
Accounts Payable	$ 7,809,439	$ -	$ -	$ -	$ 7,809,439
Accrued Liabilities	$ 1,775,523	$ -	$ -	$ -	$ 1,775,523
Notes Payable	$ 4,261,642	$ 255,910	$ 276,825	$ 2,411,101	$ 7,205,478

Market Risk

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's financial debts have fixed rates of interest and therefore expose the Company to a limited interest rate fair value risk.

(ii) Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. See Note 5 to the Audited Consolidated Financial Statements for the Company's assessment of certain changes in the fair value assumption used in the calculation of biological asset values.

Banking Risk

Notwithstanding that a majority of states have legalized medical marijuana, there has been no change in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the marijuana industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty accessing the U.S. banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate the businesses of the Company and leaves their cash holdings vulnerable.

Asset Forfeiture Risk

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry, which either are used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property was never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

APPENDIX "J"
RESULTING ISSUER EQUITY INCENTIVE PLAN

See attached.

HARVEST HEALTH & RECREATION INC.
STOCK AND INCENTIVE PLAN

Section 1. Purpose

The purpose of the Plan is to promote the interests of the Company and its shareholders by aiding the Company in attracting and retaining employees, officers, consultants, advisors and Non-Employee Directors capable of assuring the future success of the Company, to offer such persons incentives to put forth maximum efforts for the success of the Company's business and to compensate such persons through various stock and cash-based arrangements and provide them with opportunities for stock ownership in the Company, thereby aligning the interests of such persons with the Company's shareholders.

Section 2. Definitions

As used in the Plan, the following terms shall have the meanings set forth below:

(a) "*Affiliate*" shall mean any entity that, directly or indirectly through one or more intermediaries, is controlled by the Company.

(b) "*Award*" shall mean any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Award, Dividend Equivalent or Other Stock-Based Award granted under the Plan.

(c) "*Award Agreement*" shall mean any written agreement, contract or other instrument or document evidencing an Award granted under the Plan (including a document in an electronic medium) executed in accordance with the requirements of Section 10(b).

(d) "*Board*" shall mean the Board of Directors of the Company.

(e) "*Code*" shall mean the U.S. Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder.

(f) "*Committee*" shall mean the Compensation Committee of the Board or such other committee designated by the Board to administer the Plan. At any time that the Company is an SEC registrant and is not a "foreign private issuer" for purposes of the Securities Act and the Exchange Act, the Committee shall be comprised of not less than such number of Directors as shall be required to permit Awards granted under the Plan to qualify under Rule 16b-3, and each member of the Committee shall be a "non-employee director" within the meaning of Rule 16b-3.

(g) "*Company*" shall mean Harvest Health & Recreation Inc., a British Columbia corporation, and any successor corporation.

(h) *"CSE"* means the Canadian Securities Exchange"

(i) "*Director*" shall mean a member of the Board.

(j) "*Dividend Equivalent*" shall mean any right granted under Section 6(e) of the Plan.

(k) "*Effective Date*" shall mean the date the Plan is adopted by the Board, as set forth in Section 12.

(l) "*Eligible Person*" shall mean any employee, officer, Non-Employee Director, consultant, independent contractor or advisor providing services to the Company or any Affiliate, or any such person to whom an offer of employment or engagement with the Company or any Affiliate is extended.

(m) "*Exchange Act*" shall mean the U.S. Securities Exchange Act of 1934, as amended.

(n) "*Fair Market Value*" with respect to one Share as of any date shall mean (a) if the Shares are listed on the CSE or any established stock exchange, the price of one Share at the close of the regular trading session of such market or exchange on the last trading day prior to such date, and if no sale of Shares shall have occurred on such date, on the next preceding date on which there was a sale of Shares. Notwithstanding the foregoing, in the event that the Shares are listed on the CSE, for the purposes of establishing the exercise price of any Options, the Fair Market Value shall not be lower than the greater of the closing market price of the Shares on the CSE on (i) the trading day prior to the date of grant of the Options, and (ii) the date of grant of the Options; (b) if the Shares are not so listed on the CSE or any established stock exchange, the average of the closing "bid" and "asked" prices quoted by the OTC Bulletin Board, the National Quotation Bureau, or any comparable reporting service on such date or, if there are no quoted "bid" and "asked" prices on such date, on the next preceding date for which there are such quotes for a Share; or (c) if the Shares are not publicly traded as of such date, the per share value of one Share, as determined by the Board, or any duly authorized Committee of the Board, in its sole discretion, by applying principles of valuation with respect thereto.

(o) "*Incentive Stock Option*" shall mean an option granted under Section 6(a) of the Plan that is intended to meet the requirements of Section 422 of the Code or any successor provision.

(p) "*Listed Security*" means any security of the Company that is listed or approved for listing on a U.S. national securities exchange or designated or approved for designation as a national market system security on an interdealer quotation system by the U.S. Financial Industry Regulatory Authority (or any successor thereto).

(q) *"Multiple Voting Shares"* shall mean the multiple voting shares of the Company, each of which carries 100 votes and is convertible, in certain limited circumstances, into 100 Subordinate Voting Shares.

(r) "*Non-Employee Director*" shall mean a Director who is not also an employee of the Company or any Affiliate.

(s) "*Non-Qualified Stock Option*" shall mean an option granted under Section 6(a) of the Plan that is not intended to be an Incentive Stock Option.

(t) "*Option*" shall mean an Incentive Stock Option or a Non-Qualified Stock Option to purchase Shares of the Company.

(u) "*Other Stock-Based Award*" shall mean any right granted under Section 6(f) of the Plan.

(v) "*Participant*" shall mean an Eligible Person designated to be granted an Award under the Plan.

(w) "*Performance Award*" shall mean any right granted under Section 6(d) of the Plan.

(x) "*Person*" shall mean any individual or entity, including a corporation, partnership, limited liability company, association, joint venture or trust.

(y) "*Plan*" shall mean this Harvest Health & Recreation Inc. Stock and Incentive Plan, as amended from time to time.

(z) "*Restricted Stock*" shall mean any Share granted under Section 6(c) of the Plan.

(aa) "*Restricted Stock Unit*" shall mean any unit granted under Section 6(c) of the Plan evidencing the right to receive a Share (or a cash payment equal to the Fair Market Value of a Share) at some future date, provided that in the case of Participants who are liable to taxation under the Tax Act in respect of amounts payable under this Plan, that such date shall not be later than December 31of the third calendar year following the year services were performed in respect of the corresponding Restricted Stock Unit award.

(bb) *"Section 409A"* shall mean Section 409A of the Code, or any successor provision, and applicable Treasury Regulations and other applicable guidance thereunder.

(cc) "*Securities Act*" shall mean the U.S. Securities Act of 1933, as amended.

(dd) "*Share*" or "*Shares*" shall mean Subordinate Voting Shares of the Company (or such other securities or property as may become subject to Awards pursuant to an adjustment made under Section 4(c) of the Plan).

(ee) *"Specified Employee"* shall mean a specified employee as defined in Section 409A(a)(2)(B) of the Code or applicable proposed or final regulations under Section 409A, determined in accordance with procedures established by the Company and applied uniformly with respect to all plans maintained by the Company that are subject to Section 409A.

(ff) "*Stock Appreciation Right*" shall mean any right granted under Section 6(b) of the Plan.

(gg) *"Super Voting Shares"* shall mean the super voting shares of the Company, each of which carries 200 votes and is convertible into 1 Subordinate Voting Share.

(hh) "*Tax Act*" means the *Income Tax Act* (Canada).

(ii) "*U.S. Award Holder*" shall mean any holder of an Award who is a "U.S. person" (as defined in Rule 902(k) of Regulation S under the Securities Act) or who is holding or exercising Awards in the United States.

Section 3. Administration

(a) Power and Authority of the Committee. The Plan shall be administered by the Committee. Subject to the express provisions of the Plan and to applicable law, the Committee shall have full power and authority to: (i) designate Participants; (ii) determine the type or types of Awards to be granted to each Participant under the Plan; (iii) determine the number of Shares to be covered by (or the method by which payments or other rights are to be calculated in connection with) each Award; (iv) determine the terms and conditions of any Award or Award Agreement, including any terms relating to the forfeiture of any Award and the forfeiture, recapture or disgorgement of any cash, Shares or other amounts payable with respect to any Award; (v) amend the terms and conditions of any Award or Award Agreement, subject to the limitations under Section 7; (vi) accelerate the exercisability of any Award or the lapse of any restrictions relating to any Award, subject to the limitations in Section 7, (vii) determine whether, to what extent and under what circumstances Awards may be exercised in cash, Shares, other securities, other Awards or other property (excluding promissory notes), or canceled, forfeited or suspended, subject to the limitations in Section 7; (viii) determine whether, to what extent and under what circumstances amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or the Committee, subject to the requirements of Section 409A; (ix) interpret and administer the Plan and any instrument or agreement, including an Award Agreement, relating to the Plan; (x) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (xi) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan; and (xii) adopt such modifications, rules, procedures and subplans as may be necessary or desirable to comply with provisions of the laws of the jurisdictions in which the Company or an Affiliate may operate, including, without limitation, establishing any special rules for Affiliates, Eligible Persons or Participants located in any particular country, in order to meet the objectives of the Plan and to ensure the viability of the intended benefits of Awards granted to Participants located in such non-United States jurisdictions. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations and other decisions under or with respect to the Plan or any Award or Award Agreement shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon any Participant, any holder or beneficiary of any Award or Award Agreement, and any employee of the Company or any Affiliate.

(b) Delegation. The Committee may delegate to one or more officers or Directors of the Company, subject to such terms, conditions and limitations as the Committee may establish in its sole discretion, the authority to grant Awards; *provided*, *however*, that the Committee shall not delegate such authority in such a manner as would cause the Plan not to comply with applicable exchange rules or applicable corporate law.

(c) Power and Authority of the Board. Notwithstanding anything to the contrary contained herein, (i) the Board may, at any time and from time to time, without any further action of the Committee, exercise the powers and duties of the Committee under the Plan, unless the exercise of such powers and duties by the Board would cause the Plan not to comply with the requirements of all applicable securities rules and (ii) only the Committee (or another committee of the Board comprised of directors who qualify as independent directors within the meaning of the independence rules of any applicable securities exchange where the Shares are then listed) may grant Awards to Directors who are not also employees of the Company or an Affiliate.

(d) Indemnification. To the full extent permitted by law, (i) no member of the Board, the Committee or any person to whom the Committee delegates authority under the Plan shall be liable for any action or determination taken or made in good faith with respect to the Plan or any Award made under the Plan, and (ii) the members of the Board, the Committee and each person to whom the Committee delegates authority under the Plan shall be entitled to indemnification by the Company with regard to such actions and determinations. The provisions of this paragraph shall be in addition to such other rights of indemnification as a member of the Board, the Committee or any other person may have by virtue of such person's position with the Company.

Section 4. Shares Available for Awards

(a) Shares Available. Subject to adjustment as provided in Section 4(c) of the Plan, the aggregate number of Shares that may be issued under all Awards under the Plan shall be 10% of the number of Shares outstanding. References to number of outstanding Shares hereunder, include the number of Shares issuable on conversion of the Super Voting Shares and the Multiple Voting Shares. The aggregate number of Shares that may be issued under all Awards under the Plan shall be reduced by Shares subject to Awards issued under the Plan in accordance with the Share counting rules described in Section 4(b) below.

(b) Counting Shares. For purposes of this Section 4, if an Award entitles the holder thereof to receive or purchase Shares, the number of Shares covered by such Award or to which such Award relates shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan.

(i) Shares Added Back to Reserve. If any Shares covered by an Award or to which an Award relates are not purchased or are forfeited or are reacquired by the Company (including any Shares withheld by the Company or Shares tendered to satisfy any tax withholding obligation on Awards or Shares covered by an Award that are settled in cash), or if an Award otherwise terminates or is cancelled without delivery of any Shares, then the number of Shares counted against the aggregate number of Shares available under the Plan with respect to such Award, to the extent of any such forfeiture, reacquisition by the Company, termination or cancellation, shall again be available for granting Awards under the Plan.

(ii) Cash-Only Awards. Awards that do not entitle the holder thereof to receive or purchase Shares shall not be counted against the aggregate number of Shares available for Awards under the Plan.

(iii) Substitute Awards Relating to Acquired Entities. Shares issued under Awards granted in substitution for awards previously granted by an entity that is acquired by or merged with the Company or an Affiliate shall not be counted against the aggregate number of Shares available for Awards under the Plan.

(c) Adjustments. In the event that any dividend (other than a regular cash dividend) or other distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company or other similar corporate transaction or event affects the Shares such that an adjustment is necessary in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number and type of Shares (or other securities or other property) that thereafter may be made the subject of Awards, (ii) the number and type of Shares (or other securities or other property) subject to outstanding Awards, (iii) the purchase price or exercise price with respect to any Award and (iv) the limitation contained in Section 4(d) below; *provided, however*, that the number of Shares covered by any Award or to which such Award relates shall always be a whole number. Such adjustment shall be made by the Committee or the Board, whose determination in that respect shall be final, binding and conclusive.

(d) Director Award Limitations. The limitation contained in this Section 4(d) shall apply only with respect to any Award or Awards granted under this Plan, and limitations on awards granted under any other shareholder-approved incentive plan maintained by the Company will be governed solely by the terms of such other plan.

No Non-Employee Director may be granted any Award or Awards denominated in Shares that exceed in the aggregate US$1 million (such value computed as of the date of grant in accordance with applicable financial accounting rules) in any calendar year. The foregoing limit shall not apply to any Award made pursuant to any election by the Director to receive an Award in lieu of all or a portion of annual and committee retainers and meeting fees.

(e) Additional Award Limitations. If, and so long as, the Company is listed on the CSE, the aggregate number of Shares issued or issuable to persons providing investor relations activities (as defined in CSE policies) as compensation within a one-year period, shall not exceed 1% of the total number of Shares then outstanding.

Section 5. Eligibility

Any Eligible Person shall be eligible to be designated as a Participant. In determining which Eligible Persons shall receive an Award and the terms of any Award, the Committee may take into account the nature of the services rendered by the respective Eligible Persons, their

present and potential contributions to the success of the Company and/or such other factors as the Committee, in its discretion, shall deem relevant. Notwithstanding the foregoing, an Incentive Stock Option may only be granted to full-time or part-time employees (which term, as used herein, includes, without limitation, officers and Directors who are also employees), and an Incentive Stock Option shall not be granted to an employee of an Affiliate unless such Affiliate is also a "subsidiary corporation" of the Company within the meaning of Section 424(f) of the Code or any successor provision.

Section 6. Awards

(a) Options. The Committee is hereby authorized to grant Options to Eligible Persons with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan, as the Committee shall determine:

(i) Exercise Price. The purchase price per Share purchasable under an Option shall be determined by the Committee and shall not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option; *provided, however,* that the Committee may designate a purchase price below Fair Market Value on the date of grant if the Option is granted in substitution for a stock option previously granted by an entity that is acquired by or merged with the Company or an Affiliate.

(ii) Option Term. The term of each Option shall be fixed by the Committee at the date of grant but shall not be longer than 10 years from the date of grant. Notwithstanding the foregoing, in the event that the expiry date of an Option held by a non-U.S. Award Holder falls within a trading blackout period imposed by the Company (a "**Blackout Period**"), and neither the Company nor the individual in possession of the Options is subject to a cease trade order in respect of the Company's securities, then the expiry date of such Option shall be automatically extended to the 10th business day following the end of the Blackout Period.

(iii) Time and Method of Exercise. The Committee shall determine the time or times at which an Option may be exercised in whole or in part and the method or methods by which, and the form or forms, including, but not limited to, cash, Shares (actually or by attestation), other securities, other Awards or other property, or any combination thereof, having a Fair Market Value on the exercise date equal to the applicable exercise price, in which payment of the exercise price with respect thereto may be made or deemed to have been made.

(A) Promissory Notes. Notwithstanding the foregoing, the Committee may not permit payment of the exercise price, either in whole or in part, with a promissory note.

(B) Net Exercises. The Committee may, in its discretion, permit an Option to be exercised by delivering to the Participant a number of

Shares having an aggregate Fair Market Value (determined as of the date of exercise) equal to the excess, if positive, of the Fair Market Value of the Shares underlying the Option being exercised on the date of exercise, over the exercise price of the Option for such Shares.

(iv) Incentive Stock Options. Notwithstanding anything in the Plan to the contrary, the following additional provisions shall apply to the grant of stock options which are intended to qualify as Incentive Stock Options:

(A) The Committee will not grant Incentive Stock Options in which the aggregate Fair Market Value (determined as of the time the Option is granted) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under this Plan and all other plans of the Company and its parent or subsidiary corporations) shall exceed US$100,000.

(B) Subject to adjustment pursuant to Section 4(c), the maximum number of Shares that may be issued pursuant to Incentive Stock Options shall not exceed 20,000,000 Shares.

(C) All Incentive Stock Options must be granted within ten years from the earlier of the date on which this Plan was adopted by the Board or the date this Plan was approved by the shareholders of the Company.

(D) Unless sooner exercised, all Incentive Stock Options shall expire and no longer be exercisable no later than 10 years after the date of grant; *provided, however*, that in the case of a grant of an Incentive Stock Option to a Participant who, at the time such Option is granted, owns (within the meaning of Section 422 of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of its parent or subsidiary corporation, such Incentive Stock Option shall expire and no longer be exercisable no later than five years from the date of grant.

(E) The purchase price per Share for an Incentive Stock Option shall be not less than 100% of the Fair Market Value of a Share on the date of grant of the Incentive Stock Option; *provided, however*, that, in the case of the grant of an Incentive Stock Option to a Participant who, at the time such Option is granted, owns (within the meaning of Section 422 of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of its parent or subsidiary corporation, the purchase price per Share purchasable under an Incentive Stock

Option shall be not less than 110% of the Fair Market Value of a Share on the date of grant of the Incentive Stock Option.

(F) If an Option fails to meet the foregoing requirements of this Section 6(a)(iv), or otherwise fails to meet the requirements of Section 422 of the Code for an Incentive Stock Option, the Option shall be treated, for all purposes of this Plan, as a Non-Qualified Stock Option.

(G) Any Incentive Stock Option authorized under the Plan shall contain such other provisions as the Committee shall deem advisable, but shall in all events be consistent with and contain all provisions required in order to qualify the Option as an Incentive Stock Option.

(b) Stock Appreciation Rights. The Committee is hereby authorized to grant Stock Appreciation Rights to Eligible Persons subject to the terms of the Plan and any applicable Award Agreement. A Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive upon exercise thereof the excess of (i) the Fair Market Value of one Share on the date of exercise over (ii) the grant price of the Stock Appreciation Right as specified by the Committee, which price shall not be less than 100% of the Fair Market Value of one Share on the date of grant of the Stock Appreciation Right; *provided, however,* that, subject to applicable law and stock exchange rules, the Committee may designate a grant price below Fair Market Value on the date of grant if the Stock Appreciation Right is granted in substitution for a stock appreciation right previously granted by an entity that is acquired by or merged with the Company or an Affiliate. Subject to the terms of the Plan and any applicable Award Agreement, the grant price, term, methods of exercise, dates of exercise, methods of settlement and any other terms and conditions of any Stock Appreciation Right shall be as determined by the Committee (except that the term of each Stock Appreciation Right shall be subject to the same limitations in Section 6(a)(ii) applicable to Options). The Committee may impose such conditions or restrictions on the exercise of any Stock Appreciation Right as it may deem appropriate.

(c) Restricted Stock and Restricted Stock Units. The Committee is hereby authorized to grant an Award of Restricted Stock and Restricted Stock Units to Eligible Persons with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan as the Committee shall determine:

(i) Restrictions. Shares of Restricted Stock and Restricted Stock Units shall be subject to such restrictions as the Committee may impose (including, without limitation, any limitation on the right to vote a Share of Restricted Stock or the right to receive any dividend or other right or property with respect thereto), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise as the Committee may deem appropriate. Notwithstanding the foregoing, rights to dividend or Dividend Equivalent payments shall be subject to the limitations described in Section 6(e).

(ii) Issuance and Delivery of Shares. Any Restricted Stock granted under the Plan shall be issued at the time such Awards are granted and may be evidenced in such manner as the Committee may deem appropriate, including book-entry registration or issuance of a stock certificate or certificates, which certificate or certificates shall be held by the Company or held in nominee name by the stock transfer agent or brokerage service selected by the Company to provide such services for the Plan. Such certificate or certificates shall be registered in the name of the Participant and shall bear an appropriate legend referring to the restrictions applicable to such Restricted Stock. Shares representing Restricted Stock that are no longer subject to restrictions shall be delivered (including by updating the book-entry registration) to the Participant promptly after the applicable restrictions lapse or are waived. In the case of Restricted Stock Units, no Shares shall be issued at the time such Awards are granted. Upon the lapse or waiver of restrictions and the restricted period relating to Restricted Stock Units evidencing the right to receive Shares, such Shares shall be issued and delivered to the holder of the Restricted Stock Units.

(iii) Forfeiture. Except as otherwise determined by the Committee or as provided in an Award Agreement, upon a Participant's termination of employment or service or resignation or removal as a Director (in either case, as determined under criteria established by the Committee) during the applicable restriction period, all Shares of Restricted Stock and all Restricted Stock Units held by such Participant at such time shall be forfeited and reacquired by the Company for cancellation at no cost to the Company; *provided, however*, that the Committee may waive in whole or in part any or all remaining restrictions with respect to Shares of Restricted Stock or Restricted Stock Units.

(d) Performance Awards. The Committee is hereby authorized to grant Performance Awards to Eligible Persons. A Performance Award granted under the Plan (i) may be denominated or payable in cash, Shares (including, without limitation, Restricted Stock and Restricted Stock Units), other securities, other Awards or other property and (ii) shall confer on the holder thereof the right to receive payments, in whole or in part, upon the achievement of one or more objective performance goals during such performance periods as the Committee shall establish. Subject to the terms of the Plan, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance Award and any other terms and conditions of any Performance Award shall be determined by the Committee.

(e) Dividend Equivalents. The Committee is hereby authorized to grant Dividend Equivalents to Eligible Persons under which the Participant shall be entitled to receive payments (in cash, Shares, other securities, other Awards or other property as determined in the discretion of the Committee) equivalent to the amount of cash dividends paid by the Company to holders of Shares with respect to a number of Shares determined by the Committee. Subject to the terms of the Plan and any applicable Award Agreement, such Dividend Equivalents may have such terms

and conditions as the Committee shall determine. Notwithstanding the foregoing, (i) the Committee may not grant Dividend Equivalents to Eligible Persons in connection with grants of Options, Stock Appreciation Rights or other Awards the value of which is based solely on an increase in the value of the Shares after the date of grant of such Award, and (ii) dividend and Dividend Equivalent amounts may be accrued but shall not be paid unless and until the date on which all conditions or restrictions relating to such Award have been satisfied, waived or lapsed.

(f) Other Stock-Based Awards. The Committee is hereby authorized to grant to Eligible Persons such other Awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares), as are deemed by the Committee to be consistent with the purpose of the Plan. The Committee shall determine the terms and conditions of such Awards, subject to the terms of the Plan and any applicable Award Agreement. No Award issued under this Section 6(f) shall contain a purchase right or an option-like exercise feature.

(g) GeneralConsideration for Awards. Awards may be granted for no cash consideration or for any cash or other consideration as may be determined by the Committee or required by applicable law.

(ii) Limits on Transfer of Awards. Except as otherwise provided by the Committee in its discretion and subject to such additional terms and conditions as it determines, no Award (other than fully vested and unrestricted Shares issued pursuant to any Award) and no right under any such Award shall be transferable by a Participant other than by will or by the laws of descent and distribution, and no Award (other than fully vested and unrestricted Shares issued pursuant to any Award) or right under any such Award may be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance thereof shall be void and unenforceable against the Company or any Affiliate. Where the Committee does permit the transfer of an Award other than a fully vested and unrestricted Share, such permitted transfer shall be for no value and in accordance with all applicable securities rules. The Committee may also establish procedures as it deems appropriate for a Participant to designate a person or persons, as beneficiary or beneficiaries, to exercise the rights of the Participant and receive any property distributable with respect to any Award in the event of the Participant's death.

(iii) Restrictions; Securities Exchange Listing. All Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such restrictions as the Committee may deem advisable under the Plan, applicable federal or state securities laws and regulatory requirements, and the Committee may cause appropriate entries to be made with respect to, or legends to be placed on the certificates for, such Shares or other securities to reflect such restrictions. The Company shall not be required to deliver any Shares or other securities covered by an Award unless and until the requirements of any federal or state securities

or other laws, rules or regulations (including the rules of any securities exchange) as may be determined by the Company to be applicable are satisfied.

(iv) Prohibition on Option and Stock Appreciation Right Repricing. Except as provided in Section 4(c) hereof, the Committee may not, without prior approval of the Company's shareholders and applicable stock exchange approval, seek to effect any repricing of any previously granted, "underwater" Option or Stock Appreciation Right by: (i) amending or modifying the terms of the Option or Stock Appreciation Right to lower the exercise price; (ii) canceling the underwater Option or Stock Appreciation Right and granting either (A) replacement Options or Stock Appreciation Rights having a lower exercise price; or (B) Restricted Stock, Restricted Stock Units, Performance Award or Other Stock-Based Award in exchange; or (iii) cancelling or repurchasing the underwater Option or Stock Appreciation Right for cash or other securities. An Option or Stock Appreciation Right will be deemed to be "underwater" at any time when the Fair Market Value of the Shares covered by such Award is less than the exercise price of the Award.

(v) Section 409A Provisions. Notwithstanding anything in the Plan or any Award Agreement to the contrary, to the extent that any amount or benefit that constitutes "deferred compensation" to a Participant under Section 409A and is otherwise payable or distributable to a Participant under the Plan or any Award Agreement solely by reason of the occurrence of a change in control or due to the Participant's disability or "separation from service" (as such term is defined under Section 409A), such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless the Committee determines in good faith that (i) the circumstances giving rise to such change in control event, disability or separation from service meet the definition of a change in control event, disability, or separation from service, as the case may be, in Section 409A(a)(2)(A) of the Code and applicable proposed or final regulations, or (ii) the payment or distribution of such amount or benefit would be exempt from the application of Section 409A by reason of the short-term deferral exemption or otherwise. Any payment or distribution that otherwise would be made to a Participant who is a Specified Employee (as determined by the Committee in good faith) on account of separation from service may not be made before the date which is six months after the date of the Specified Employee's separation from service (or if earlier, upon the Specified Employee's death) unless the payment or distribution is exempt from the application of Section 409A by reason of the short-term deferral exemption or otherwise.

(vi) Acceleration of Vesting or Exercisability. No Award Agreement shall accelerate the exercisability of any Award or the lapse of restrictions relating to any Award in connection with a change-in-control event, unless

such acceleration occurs upon the consummation of (or effective immediately prior to the consummation of, *provided that* the consummation subsequently occurs) such change-in-control event.

Section 7. Amendment and Termination; Corrections

(a) Amendments to the Plan and Awards. The Board may from time to time amend, suspend or terminate this Plan, and the Committee may amend the terms of any previously granted Award, *provided that* no amendment to the terms of any previously granted Award may (except as expressly provided in the Plan) materially and adversely alter or impair the terms or conditions of the Award previously granted to a Participant under this Plan without the written consent of the Participant or holder thereof. Any amendment to this Plan, or to the terms of any Award previously granted, is subject to compliance with all applicable laws, rules, regulations and policies of any applicable governmental entity or securities exchange, including receipt of any required approval from the governmental entity or stock exchange, and any such amendment, alteration, suspension, discontinuation or termination of an Award will be in compliance with CSE Policies. For greater certainty and without limiting the foregoing, the Board may amend, suspend, terminate or discontinue the Plan, and the Committee may amend or alter any previously granted Award, as applicable, without obtaining the approval of shareholders of the Company in order to:

(i) amend the eligibility for, and limitations or conditions imposed upon, participation in the Plan;

(ii) amend any terms relating to the granting or exercise of Awards, including but not limited to terms relating to the amount and payment of the exercise price, or the vesting, expiry, assignment or adjustment of Awards, or otherwise waive any conditions of or rights of the Company under any outstanding Award, prospectively or retroactively;

(iii) make changes that are necessary or desirable to comply with applicable laws, rules, regulations and policies of any applicable governmental entity or stock exchange (including amendments to Awards necessary or desirable to avoid any adverse tax results under Section 409A), and no action taken to comply shall be deemed to impair or otherwise adversely alter or impair the rights of any holder of an Award or beneficiary thereof; or

(iv) amend any terms relating to the administration of the Plan, including the terms of any administrative guidelines or other rules related to the Plan.

Notwithstanding the foregoing and for greater certainty, prior approval of the shareholders of the Company shall be required for any amendment to the Plan or an Award that would:

(i) require shareholder approval under the rules or regulations of securities exchange that is applicable to the Company;

(ii) increase the number of Shares authorized under the Plan as specified in Section 4 of the Plan;

(iii) permit repricing of Options or Stock Appreciation Rights, which is currently prohibited by Section 6(g)(iv) of the Plan;

(iv) permit the award of Options or Stock Appreciation Rights at a price less than 100% of the Fair Market Value of a Share on the date of grant of such Option or Stock Appreciation Right, contrary to the provisions of Section 6(a)(i) and Section 6(b) of the Plan;

(v) permit Options to be transferable other than as provided in Section 6(g)(ii);

(vi) amend this Section 7(a); or

(vii) increase the maximum term permitted for Options and Stock Appreciation Rights as specified in Section 6(a) and Section 6(b) or extend the terms of any Options beyond their original expiry date.

(b) Corporate Transactions. In the event of any reorganization, merger, consolidation, split-up, spin-off, combination, plan of arrangement, take-over bid or tender offer, repurchase or exchange of Shares or other securities of the Company or any other similar corporate transaction or event involving the Company (or the Company shall enter into a written agreement to undergo such a transaction or event), the Committee or the Board may, in its sole discretion, provide for any of the following to be effective upon the consummation of the event (or effective immediately prior to the consummation of the event, *provided that* the consummation of the event subsequently occurs), and no action taken under this Section 7(b) shall be deemed to impair or otherwise adversely alter the rights of any holder of an Award or beneficiary thereof:

(i) either (A) termination of the Award, whether or not vested, in exchange for an amount of cash and/or other property, if any, equal to the amount that would have been attained upon the exercise of the vested portion of the Award or realization of the Participant's vested rights (and, for the avoidance of doubt, if, as of the date of the occurrence of the transaction or event described in this Section 7(b)(i)(A), the Committee or the Board determines in good faith that no amount would have been attained upon the exercise of the Award or realization of the Participant's rights, then the Award may be terminated by the Company without any payment) or (B) the replacement of the Award with other rights or property selected by the Committee or the Board, in its sole discretion;

(ii) that the Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(iii) that, subject to Section 6(g)(vi), the Award shall be exercisable or payable or fully vested with respect to all Shares covered thereby, notwithstanding anything to the contrary in the applicable Award Agreement; or

(iv) that the Award cannot vest, be exercised or become payable after a date certain in the future, which may be the effective date of the event.

(c) Correction of Defects, Omissions and Inconsistencies. The Committee may, without prior approval of the shareholders of the Company, correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Award or Award Agreement in the manner and to the extent it shall deem desirable to implement or maintain the effectiveness of the Plan.

Section 8. Income Tax Withholding

In order to comply with all applicable federal, state, local or foreign income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that all applicable federal, state, local or foreign payroll, withholding, income or other taxes, which are the sole and absolute responsibility of a Participant, are withheld or collected from such Participant. Without limiting the foregoing, in order to assist a Participant in paying all or a portion of the applicable taxes to be withheld or collected upon exercise or receipt of (or the lapse of restrictions relating to) an Award, the Committee, in its discretion and subject to such additional terms and conditions as it may adopt, may permit the Participant to satisfy such tax obligation by (a) electing to have the Company withhold a portion of the Shares otherwise to be delivered upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes (subject to any applicable limitations under ASC Topic 718 to avoid adverse accounting treatment) or (b) delivering to the Company Shares other than Shares issuable upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes. The election, if any, must be made on or before the date that the amount of tax to be withheld is determined.

Section 9. U.S. Securities Laws

Neither the Awards nor the securities which may be acquired pursuant to the exercise of the Awards have been registered under the Securities Act or under any securities law of any state of the United States of America and are considered "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act and any Shares shall be affixed with an applicable restrictive legend as set forth in the Award Agreement. The Awards may not be offered or sold, directly or indirectly, in the United States except pursuant to registration under the U.S. Securities Act and the securities laws of all applicable states or available exemptions therefrom, and the Company has no obligation or present intention of filing a registration statement under the U.S. Securities Act in respect of any of the Awards or the securities underlying the Awards, which could result in such U.S. Award Holder not being able to dispose of any Shares issued on exercise of Awards for a considerable length of time. Each U.S. Award Holder or anyone who becomes a U.S. Award Holder, who is granted an Award in the United States, who is a resident of the United States or who is otherwise subject to the Securities Act or

the securities laws of any state of the United States will be required to complete an Award Agreement which sets out the applicable United States restrictions.

Section 10. General Provisions

(a) No Rights to Awards. No Eligible Person, Participant or other Person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Eligible Persons, Participants or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to any Participant or with respect to different Participants.

(b) Award Agreements. No Participant shall have rights under an Award granted to such Participant unless and until an Award Agreement shall have been signed by the Participant (if requested by the Company), or until such Award Agreement is delivered and accepted through an electronic medium in accordance with procedures established by the Company. An Award Agreement need not be signed by a representative of the Company unless required by the Committee. Each Award Agreement shall be subject to the applicable terms and conditions of the Plan and any other terms and conditions (not inconsistent with the Plan) determined by the Committee.

(c) Provision of Information. At least annually, copies of the Company's balance sheet and income statement for the just completed fiscal year shall be made available to each Participant and purchaser of Shares upon the exercise of an Award; provided, however, that this requirement shall not apply if all offers and sales of securities pursuant to the Plan comply with all applicable conditions of Rule 701 under the Securities Act. The Company shall not be required to provide such information to key persons whose duties in connection with the Company assure them access to equivalent information

(d) Plan Provisions Control. In the event that any provision of an Award Agreement conflicts with or is inconsistent in any respect with the terms of the Plan as set forth herein or subsequently amended, the terms of the Plan shall control.

(e) No Rights of Shareholders. Except with respect to Shares issued under Awards (and subject to such conditions as the Committee may impose on such Awards pursuant to Section 6(c)(i) or Section 6(e)), neither a Participant nor the Participant's legal representative shall be, or have any of the rights and privileges of, a shareholder of the Company with respect to any Shares issuable upon the exercise or payment of any Award, in whole or in part, unless and until such Shares have been issued.

(f) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other or additional compensation plans or arrangements, and such plans or arrangements may be either generally applicable or applicable only in specific cases.

(g) No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained as an employee of the Company or any Affiliate, nor will it affect in any way the right of the Company or an Affiliate to terminate a Participant's employment at any time, with or without cause, in accordance with applicable law. In addition,

the Company or an Affiliate may at any time dismiss a Participant from employment free from any liability or any claim under the Plan or any Award, unless otherwise expressly provided in the Plan or in any Award Agreement. Nothing in this Plan shall confer on any person any legal or equitable right against the Company or any Affiliate, directly or indirectly, or give rise to any cause of action at law or in equity against the Company or an Affiliate. Under no circumstances shall any person ceasing to be an employee of the Company or any Affiliate be entitled to any compensation for any loss of any right or benefit under the Plan which such employee might otherwise have enjoyed but for termination of employment, whether such compensation is claimed by way of damages for wrongful or unfair dismissal, breach of contract or otherwise. By participating in the Plan, each Participant shall be deemed to have accepted all the conditions of the Plan and the terms and conditions of any rules and regulations adopted by the Committee and shall be fully bound thereby.

(h) Governing Law. The internal law, and not the law of conflicts, of Delaware shall govern all questions concerning the validity, construction and effect of the Plan or any Award, and any rules and regulations relating to the Plan or any Award.

(i) Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the purpose or intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction or Award, and the remainder of the Plan or any such Award shall remain in full force and effect.

(j) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

(k) Other Benefits. No compensation or benefit awarded to or realized by any Participant under the Plan shall be included for the purpose of computing such Participant's compensation or benefits under any pension, retirement, savings, profit sharing, group insurance, disability, severance, termination pay, welfare or other benefit plan of the Company, unless required by law or otherwise provided by such other plan.

(l) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash shall be paid in lieu of any fractional Share or whether such fractional Share or any rights thereto shall be canceled, terminated or otherwise eliminated.

(m) Headings. Headings are given to the sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

Section 11. Clawback or Recoupment

All Awards under this Plan shall be subject to recovery or other penalties pursuant to (i) any Company clawback policy, as may be adopted or amended from time to time, or (ii) any applicable law, rule or regulation or applicable stock exchange rule.

Section 12. Effective Date of the Plan

The Plan was adopted by the Board on [•]. The Plan shall be subject to approval by the shareholders of the Company which approval will be within 12 months after the date the Plan is adopted by the Board.

Section 13. Term of the Plan

No Award shall be granted under the Plan, and the Plan shall terminate, on the earlier of (i) [•], 2029 or (ii) the tenth anniversary of the date the Plan is approved by the shareholders of the Company, or any earlier date of discontinuation or termination established pursuant to Section 7(a) of the Plan. Unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such dates, and the authority of the Committee provided for hereunder with respect to the Plan and any Awards, and the authority of the Board to amend the Plan, shall extend beyond the termination of the Plan.

ADDENDUM A

Harvest Health & Recreation Inc. Stock and Incentive Plan

(California Participants)

Prior to the date, if ever, on which the Shares becomes a Listed Security and/or the Company is subject to the reporting requirements of the Exchange Act, the terms set forth herein shall apply to Awards issued to California Participants. "California Participant" means a Participant whose Award is issued in reliance on Section 25102(o) of the California Corporations Code. All capitalized terms used herein but not otherwise defined shall have the respective meanings set forth in the Plan.

1. The following rules shall apply to any Option in the event of termination of the Participant's service to the Company or an Affiliate:

(a) If such termination was for reasons other than death, "Permanent Disability" (as defined below), or cause, the Participant shall have at least 30 days after the date of such termination to exercise his or her Option to the extent the Participant is entitled to exercise on his or her termination date, provided that in no event shall the Option be exercisable after the expiration of the term as set forth in the Award Agreement.

(b) If such termination was due to death or Permanent Disability, the Participant shall have at least 6 months after the date of such termination to exercise his or her Option to the extent the Participant is entitled to exercise on his or her termination date, provided that in no event shall the Option be exercisable after the expiration of the term as set forth in the Award Agreement.

"Permanent Disability" for purposes of this Addendum shall mean the inability of the Participant, in the opinion of a qualified physician acceptable to the Company, to perform the major duties of the Participant's position with the Company or any Affiliate because of the sickness or injury of the Participant.

2. Notwithstanding anything to the contrary in Section 4(c) of the Plan, the Committee shall in any event make such adjustments as may be required by Section 25102(o) of the California Corporations Code.

3. Notwithstanding anything stated herein to the contrary, no Option shall be exercisable on or after the 10th anniversary of the date of grant and any Award Agreement shall terminate on or before the 10th anniversary of the date of grant.

4. The Company shall furnish summary financial information (audited or unaudited) of the Company's financial condition and results of operations, consistent with the requirements of applicable law, at least annually to each California Participant during the period such Participant has one or more Awards outstanding, and in the case of an individual who acquired Shares pursuant to the Plan, during the period such Participant owns such Shares; provided, however, the Company shall not be required to provide such information if (i) the issuance is limited to key persons whose duties in connection with the Company assure their access to equivalent information or (ii) the Plan or any Award Agreement complies with all conditions of

Rule 701 of the Securities Act; provided that for purposes of determining such compliance, any registered domestic partner shall be considered a "family member" as that term is defined in Rule 701.

5. The Plan or any increase in the maximum aggregate number of Shares issuable thereunder as provided in Section 4(a) of the Plan (the "Authorized Shares") shall be approved by a majority of the outstanding securities of the Company entitled to vote by the later of (a) a period beginning twelve (12) months before and ending twelve (12) months after the date of adoption thereof by the Board or (b) the first issuance of any security pursuant to the Plan in the State of California (within the meaning of Section 25008 of the California Corporations Code). Awards granted prior to security holder approval of the Plan or in excess of the Authorized Shares previously approved by the security holders shall become exercisable no earlier than the date of shareholder approval of the Plan or such increase in the Authorized Shares, as the case may be, and such Awards shall be rescinded if such security holder approval is not received in the manner described in the preceding sentence. Notwithstanding the foregoing, a foreign private issuer, as defined by Rule 3b-4 of the Exchange Act of 1934 shall not be required to comply with this paragraph provided that the aggregate number of persons in California granted options under all option plans and agreements and issued securities under all purchase and bonus plans and agreements does not exceed 35.

APPENDIX "K"
ANNUAL MATTERS

PARTICULARS OF MATTERS TO BE ACTED UPON

Capitalized terms used herein and not otherwise defined have the meaning ascribed thereto in Appendix "A" of the Circular.

To the knowledge of Harvest Board, the only matters to be brought before the Meeting are set forth in the accompanying Notice. The Annual Matters are described below.

Auditor Resolution

The auditor of the Corporation is currently Haynie and Company, LLC ("**Haynie**"), having been appointed in connection with the completion of the RTO. Prior to the completion of the RTO, DeVisser Gray LLP, Chartered Professional Accountants was the auditor of the Corporation.

At the Meeting, the Shareholders will be asked to approve the appointment of Haynie as auditor of the Corporation for the ensuing year and authorize the Harvest Board to fix their remuneration.

Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of Proxy will vote the Shares represented by such form of Proxy FOR the Auditor Resolution. If you do not specify how you want your Shares voted at the Meeting, the persons designated as proxyholders in the accompanying form of Proxy will cast the votes represented by your proxy at the Meeting FOR the Auditor Resolution.

The Harvest Board unanimously recommends that Shareholders vote FOR the Auditor Resolution at the Meeting.

Election of Directors

At the Meeting, the Shareholders will be asked to elect the five (5) nominees set forth below as directors for the ensuing year. Each director elected will hold office until the close of the first annual meeting of the Shareholders of the Corporation following his election unless his office is earlier vacated in accordance with the by-laws of the Corporation.

The following table sets forth certain information regarding the nominees, their position with the Corporation, their principal occupation during the last five years, the dates upon which the nominees became directors of the Corporation and the number of Harvest Subordinate Voting Shares, Harvest Multiple Voting Shares or Harvest Super Voting Shares beneficially owned by them, directly or indirectly, or over which control or direction is exercised by them as of May 24, 2019.

Name and Place of Residence	Principal Occupation During Last Five Years	Date Became Director	Number and Percentage of Harvest Super Voting, Harvest Multiple Voting and/or Harvest Subordinate Voting Shares (as applicable) Beneficially Owned or Controlled [(1)]
Steven White, Tempe, AZ, USA[(2)]	Founder and executive of Harvest	November 15, 2018	1,000,000 Harvest Super Voting Shares/100% 229,966 Harvest Multiple Voting Shares/11%[(4)]
Jason Vedadi, Scottsdale, AZ, USA	Executive of Harvest, Manager of Vedadi Corp.	November 15, 2018	1,000,000 Harvest Super Voting Shares/100%

Name and Place of Residence	Principal Occupation During Last Five Years	Date Became Director	Number and Percentage of Harvest Super Voting, Harvest Multiple Voting and/or Harvest Subordinate Voting Shares (as applicable) Beneficially Owned or Controlled [(1)]
	LLC and Vedadi Homes, LLC.		417,541 Harvest Multiple Voting Shares/19.4%[(4)]
Elroy Sailor, Haymarket, VA, USA[(2)(3)]	President and CEO of the J.C. Watts Companies	November 15, 2018	Nil.
Mark Barnard, Singapore[(3)]	CEO Octopus Global Holdings PTE Ltd.	November 15, 2018	Nil.
Frank Bedu-Addo, Stamford, CT, USA[(2)(3)]	CEO PDS Biotechnology Corporation	November 15, 2018	Nil.

Notes:

(1) Information concerning Harvest Super Voting Shares, Harvest Multiple Voting Shares and/or Harvest Subordinate Voting Shares of the Corporation beneficially owned or controlled, directly or indirectly, has been furnished by each respective nominee.
(2) Member of the Audit Committee.
(3) Member of the Compensation Committee.
(4) Based on 2,095,190.04 Harvest Multiple Voting Shares issued and outstanding as of May 13, 2019.

Biographies

Steven White

Steve graduated early from Arizona State's Honors College summa cum laude with two minors, while also winning an athletic national championship. After his undergraduate work, Steve attended and graduated from Washington and Lee's School of Law in 1999. At Washington and Lee, he competed on the school's National Moot Court team and served as a law journal editor. In private practice, he practiced business, business litigation and regulatory law for two national law firms. In 2005, he founded his own boutique law firm and achieved an AV rating, the highest possible rating for skill and ethics. There, Steve represented clients ranging from very large to start-ups across a variety of industries.

Steve founded Harvest in 2011. After opening Harvest's first dispensary in 2013, Steve worked there for several months fulfilling orders, performing reception duties, and consulting with patients. He quickly learned that he had the ability to help shape a company that gave people control over an aspect of their life where they previously had very little – their health and wellness. This led Steve to instill a culture of education and empowerment at Harvest to provide patients much needed products, resources, and support. For example, Harvest facilities host a new patient orientation and monthly support group meetings for epilepsy, chronic pain, cancer, and PTSD. Under Steve's direction, Harvest has also engaged in many community activities and events, including donating more than $500,000 to local charitable organizations, veterans, seniors, and patients in need. Steve founded and now serves on the board of directors for Harvesting Hope, a non-profit organization that supports young children suffering from seizure disorders. To date, Harvesting Hope has provided a wide range of services for over 100 families.

As Harvest's CEO, Steve is responsible for license acquisition, organizational direction and strategy. He has also been instrumental in navigating state- and county-level regulatory audits, including, to date, more than one hundred state inspections across multiple states, four Americans for Safe Access Patient Focused Certifications, and more than fifty certified financial audits. He sits on Americans for Safe Access's Advisory Board for its End Pain, Not Lives campaign. He is also a board member of the Arizona Dispensary Association. In addition, he has done hundreds of interviews, speaking engagements, and provided expert testimony on a multitude of marijuana-related topics.

Steven White is employed on a full-time basis as CEO. He is classified as an employee of Harvest and devotes 100% of his time in his role with Harvest. Steve has entered into a confidentiality and non-compete agreement with Harvest.

Jason Vedadi

Jason Vedadi brings his extensive experience in real estate development, finance, raising private equity capital, joint ventures, and debt and equity combinations as Executive Chairman of Harvest.

Jason is a 2001 graduate of the University of Montana with a degree in Business. Prior to joining Harvest, Jason built and sold three companies in the Western United States by the age of 35. He built a residential and commercial mortgage company in Washington state, a residential and commercial development company with operations in 4 states and over 200 employees and 10-40 million per year in revenue, and a luxury home building company, all from the ground up by deploying a variety of business platforms and investment infrastructures. An avid chess player since the age of three, the analysis and strategy skills honed during thousands of hours playing the oldest game in the world, have been a cornerstone of his success. For Jason, those skills are invaluable on the golf course, as well as in the board room. Jason is also bilingual, speaking fluently in Farsi.

Jason leads the company's acquisitions, capital infusion, development, investor relations, and expansion to new states and is employed on a full-time basis as Executive Chairman. He is classified as an employee of Harvest and devotes 100% of his time in his roles with Harvest. Jason has entered into a confidentiality and non-compete agreement with Harvest.

Elroy Sailor

Elroy Sailor serves on Harvest's Board of Directors. Elroy's experience spans twenty plus years of effective, results-oriented leadership with a strong track record of performance in management, federal, state and local government and community relations, strategic partnerships, communications and crises management, business development and advocacy campaigns. As a board member and steward of the organization, Elroy is responsible for advancing, and advocating for, the mission of Harvest through the planning of programs and operations in anticipation of industry trends.

For the past 5 years Elroy has been the President and CEO of J.C. Watts. Along with former Congressman J.C. Watts, Elroy co-founded The J.C. Watts Companies in 2003, a multi-industry business headquartered in Washington, D.C. with operations in Oklahoma and Texas, and serves on its Board of Directors and as Chief Executive Officer. Elroy led a dynamic and talented executive management team to build grow The J.C. Watts Companies from start-up to an organization with revenues of $25 million.

Elroy served on the 2017 Trump Pence Presidential Transition Team. He has served as a Senior Advisor to Reince Priebus, former Chairman of the Republican National Committee, and has served as Senior Advisor and Director of Strategic Programs for Rand Paul for President, 2016 Presidential Campaign. Because of Elroy's political acumen, he was recently named as number 14 of Newsmax's 50 Most Influential African-American Republicans and is one of the premier business executives and political operatives in Washington, D.C.

Elroy's philanthropic activity includes founding INSIGHT America, a non-profit organization co- chaired by thirteen U.S. Congressional Members. Elroy has served as a monthly commentator on American Urban Radio, ABC World News, and News One Now, hosted by Roland Martin.

Prior to starting his own business, Elroy served thirteen years in various leadership positions throughout the federal and state governments and on political campaigns. As Director of Urban Affairs for then-Michigan Governor John Engler, Elroy managed urban development policy; as a Legislative Aide to then-U.S. Senator Spencer Abraham (R-MI), he led transportation, housing and economic development policy; as Deputy Chief of Staff, U.S. House of Representatives, Republican Leadership Conference, Elroy managed and developed the Republican Five Point Urban Initiative and served as a liaison to the White House, members of Congress, governors and mayors.

Elroy has extensive experience in managing international relations. Highlights of his international work includes leading a senior U.S. Congressional staff delegation to Botswana and Israel, an appointment by the U.S. State Department to serve as a U.S. Advisor to the African Development Bank Annual Summit in Ethiopia, and directing two official U.S. Congressional delegations to Cote d'Ivoire, Nigeria, Ghana, Mali, Morocco and Senegal.

Elroy is a proud graduate of Morehouse College, Atlanta, Georgia and a graduate of the Michigan Political Leadership Program (MPLP), Michigan State University.

Elroy is not classified as an employee of Harvest but is compensated under a Board of Directors Appointment Agreement. Elroy has entered into a confidentiality and non-compete agreement with Harvest.

Mark Barnard

Mark Barnard serves on Harvest's Board of Directors. As a board member and steward of the organization, Mark is responsible for advancing, and advocating for, the mission of Harvest through the planning of programs and operations in anticipation of industry trends. Mark also serves as the Chairman of Harvest's Special Committee on mergers and acquisitions.

After 23 years with Unilever in various senior international roles Mark was recruited into Diageo PLC. From 2008-2014, Mark served as the Chief Commercial Officer of Diageo PLC. During his tenure he was responsible for development of Diageo sales and customer marketing strategy to ensure the achievement of long-term performance goals of the organization. Further, he was accountable for the overall health of the commercial function of Diageo and led the overall talent agenda with regional presidents in each market and region.

In 2015, Mark retired from Diageo PLC to pursue his entrepreneurial passions. Since then he has taken on various private equity roles both operationally and in advisory capacities. These include CEO of Octopus Group, advisory roles to The Blackstone Group and to CVC Capital Partners. Mark also serves in a consulting capacity as Global Senior Advisor to McKinsey & Co. Ltd serves as an advisory board member of TRAX Retail. He continues these private equity, consulting, and ownership roles currently.

Mark does not have any prior experience in the cannabis industry; however, his private equity expertise and the multitude of corporate roles he held successfully with Unilever and Diageo, will add critical areas of expertise as he serves on the Board.

Mark is not classified as an employee of Harvest but is compensated under a Board of Directors Appointment Agreement. Mark has entered into a confidentiality and non-compete agreement with Harvest.

Frank Bedu-Addo

Dr. Frank Bedu-Addo serves on Harvest's Board of Directors. As a board member and steward of the organization, Frank is responsible for advancing, and advocating for, the mission of Harvest through the planning of programs and operations in anticipation of industry trends.

From 2006-2018, Frank has been CEO and a director of PDS Biotechnology Corporation (“PDS”), a mid-clinical stage cancer immunotherapy company that merged with Edge Therapeutics, Inc. (“Edge”) on March 15, 2019. PDS is a U.S. public company and its shares are traded on the Nasdaq under the symbol PDSB. He has led PDS through technology acquisition and preclinical development to a successful clinical-stage company partnered with the top institutions in the field of immuno-oncology. In addition, Frank led PDS’ merger with Edge and its listing on the Nasdaq. Frank has extensive pharmaceutical business and drug development experience and has been responsible for the development and implementation of both drug development and operational strategy and has overseen operations in both large pharmaceutical organizations and emerging biotechnology companies. Frank began his industrial career as a scientist at The Liposome Company, NJ, where he participated in the development of various drugs including the anti-fungal drug Abelcet®. He also participated in development of various biotech-based drugs such as the hepatitis C drug PEG-Intron® while a scientist at Schering-Plough Research Institute, NJ. Frank successfully started up and managed Cardinal Health's East Coast biotech drug development operations where he oversaw all business and drug

development operations for the division. Frank was then hired to the senior executive management team of KBI BioPharma, Inc. He started up the company's operations, oversaw all drug development, business operations and P&L. He provided steady double-digit revenue growth and established a current and growing industry- leading contract biotech drug development company. Dr. Bedu-Addo has developed several pharmaceutical products, and has participated in the development of anticancer and infectious disease products currently on the market. Dr. Bedu-Addo has been a consultant to several leading pharmaceutical companies, and has also served on biotech company boards. Frank obtained a Masters of Science degree in Chemical Engineering and a Ph.D. in Pharmaceutics from the University of Pittsburgh.

Frank is not classified as an employee of Harvest but is compensated under a Board of Directors Appointment Agreement. Frank has entered into a confidentiality agreement with Harvest.

Other Reporting Issuer Experience

As of the date of this Circular, other than as set out under the biographies above, none of the Harvest Board nominees are directors of other issuers that are reporting issuers (or the equivalent) in Canada or a foreign jurisdiction.

Cease Trade Orders, Bankruptcies and Penalties

None of the nominees for election as a director of the Corporation is as at the date of this Circular, or has been, within the 10 years prior to the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

(a) was the subject of a cease trade or similar order, or an order that denied the other company access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days that was issued while the proposed Director was acting as director, chief executive officer or chief financial officer; or

(b) was the subject of a cease trade or similar order, or an order that denied the other company access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days that was issued after the proposed Director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

None of the nominees for election as a director of the Corporation is as at the date of this Circular, or has been, within the 10 years prior to the date of this Circular, a director or executive officer of any issuer (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that issuer.

None of the nominees for election as a director of the Corporation is as at the date of this Circular, or has been, within the 10 years prior to the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

None of the nominees for election as a director of the Corporation is as at the date of this Circular, or has been, within the 10 years prior to the date of this Circular, subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable securityholder in deciding whether to vote for the proposed Director.

Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of Proxy will vote the Shares represented by such form of Proxy FOR the Director Election Resolution. If you do not specify how you want your Shares voted at the Meeting, the persons designated as proxyholders in the accompanying form of Proxy will cast the votes represented by your proxy at the Meeting FOR the Director Election Resolution.

The Harvest Board unanimously recommends that Shareholders vote FOR the Director Election Resolution at the Meeting.

EXECUTIVE COMPENSATION

The following disclosure of compensation earned by certain executive officers and directors of the Corporation in connection with their office or employment with the Corporation is made in accordance with the requirements of National Instrument 51-102 - *Continuous Disclosure Obligations* ("**NI 51-102**"). Disclosure is required to be made in relation to "**Named Executive Officers**" (as defined below).

For the purpose of this Circular:

"**CEO**" means each individual who acted as chief executive officer of the Corporation or acted in a similar capacity for any part of the most recently completed financial year;

"**CFO**" means each individual who acted as chief financial officer of the Corporation or acted in a similar capacity for any part of the most recently completed financial year; and

"**Named Executive Officer**" or "**NEO**" means: (a) a CEO; (b) a CFO; (c) the Corporation's most highly compensated executive officers or the most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year and whose total compensation was, individually, more than $150,000 as determined in accordance with subsection 1.3(5) of Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*, for that financial year; and (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity at the end of the most recently completed financial year.

In connection with the completion of the RTO, the Corporation changed its financial year-end from September to December. During the financial year ended September 30, 2018, prior to completion of the RTO, the Corporation had three Named Executive Officers, namely Rana Vig, former Chief Executive Officer; Gary Mathiesen, former Chief Financial Officer; and Steve Mathiesen, former Corporate Secretary and Chief Executive Officer. For the financial year ended December 31, 2018, following completion of the RTO, the Corporation had three Named Executive Officers, namely Steven White, Chief Executive Officer, Ruenjai Phengphipat, Interim Chief Financial Officer and Leo Jaschke, Chief Financial Officer.

All dollar amounts referenced herein are Canadian Dollars unless otherwise specified.

Director and NEO Compensation

The following table (presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*) sets forth all annual and long term compensation for services paid to or earned by each NEO and director, directly or indirectly, for the two most recently completed financial years ended December 31, 2017 and December 31, 2018.

Table of compensation excluding compensation securities							
Name and position	**Year Ended[1]**	**Salary, consulting fee, retainer, commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of all other compen-sation ($)**	**Total compen-sation ($)**
Steven White[1] *CEO and Director*	2018 2017	63,942 n/a	- n/a	- n/a	- n/a	- n/a	63,942 n/a
Ruenjai Phengphipat[2] *Interim CFO*	2018 2017	28,461 n/a	20,000 n/a	- n/a	- n/a	- n/a	48,461 n/a
Leo Jaschke[3] *CFO*	2018 2017	34,615 n/a	n/a n/a	- n/a	- n/a	- n/a	34,615 n/a
Jason Vedadi[4] *Executive Chairman & Director*	2018 2017	57,692 n/a	- n/a	- n/a	- n/a	- n/a	57,692 n/a
Elroy Sailor[5] *Director*	2018 2017	16,666.67 n/a	- n/a	- n/a	- n/a	- n/a	16,666 n/a
Mark Barnard[6] *Director*	2018 2017	25,000 n/a	- n/a	- n/a	- n/a	- n/a	25,000 n/a
Frank Bedu-Addo [7] *Director*	2018 2017	16,666.67 n/a	- n/a	- n/a	- n/a	- n/a	16,666.67 n/a
Rana Vig [8] *Former CEO and Director*	2018 2017	$ Nil n/a	Nil Nil	Nil Nil	Nil Nil	Nil Nil	$ Nil n/a
Gary Mathiesen *Former CFO*	2018 2017	$ Nil $ Nil	Nil Nil	Nil Nil	Nil Nil	$24,309 $14,053	$24,309 $14,053
Steve Mathiesen[9] *Former Director and Former CEO*	2018 2017	$ Nil $ Nil	Nil Nil	Nil Nil	Nil Nil	$35,595 $7,247	$35,595 $7,247
Dario Sodero *Former Director*	2018 2017	$ Nil $ Nil	Nil Nil	$1,600 $1,000	Nil Nil	$7,282 $6,724	$ 8,882 $ 7,724
Adrian Van de Mosselaer[10] *Former Director*	2018 2017	$ Nil $ Nil	Nil Nil	$1,600 $1,000	Nil Nil	Nil Nil	$ 1,600 $ 1,000
Roger Giovanetto[11] *Former Director*	2018 2017	$ Nil $ Nil	Nil Nil	$1,000 $1,000	Nil Nil	Nil Nil	$ 1,000 $1,000
Mike O'Byrne[12] *Former Director*	2018 2017	$ Nil $ Nil	Nil Nil	$1,000 $1,000	Nil Nil	Nil Nil	$1,000 $1,000
Gurm Sangha[13] *Former Director*	2018 2017	$ Nil Nil	Nil Nil	Nil $600	Nil Nil	Nil Nil	Nil $600

Notes:

(1) Mr, White was appointed CEO and elected to the Harvest Board effective November 15, 2018 in connection with the completion of the RTO.
(2) Ms. Phengphipat was appointed Interim CFO effective November 15, 2018 in connection with the completion of the RTO. Ms. Phengphipat resigned as Interim CFO effective as of January 4, 2019.
(3) Mr. Jashcke was appointed CFO effective November 12, 2018.
(4) Mr. Vedadi was elected to the Harvest Board effective November 15, 2018 in connection with the completion of the RTO.
(5) Mr. Sailor was elected to the Harvest Board effective November 15, 2018 in connection with the completion of the RTO.
(6) Mr. Barnard was elected to the Harvest Board effective November 15, 2018 in connection with the completion of the RTO.
(7) Mr. Bedu-Addo was elected to the Harvest Board effective November 15, 2018 in connection with the completion of the RTO.
(8) Mr. Vig joined as CEO and as a director in August 2018 and resigned as CEO and Director on November 15, 2018 in connection with the completion of the RTO.
(9) Mr. Mathiesen resigned as CEO in August 2018.
(10) Mr. Van de Mosselaer resigned as a director in October 2018.
(11) Mr. Giovanetto resigned as a director in August 2018.
(12) Mr. O'Byrne resigned as a director in August 2018.
(13) Mr. Sangha resigned as a director in August 2018.

Stock Options and Other Compensation Securities

During the fiscal year ended December 31, 2018, upon completion of the RTO, the Corporation granted a total of 9,955,000 options to purchase Harvest Subordinate Voting Shares ("**Options**"), of which 5,300,000 Options were granted to its directors and NEOs.

The following table sets forth all compensation securities granted or issued to each NEO and director by the Corporation in the financial year ended December 31, 2018 for services provided or to be provided, directly or indirectly, to the Corporation:

Compensation Securities							
Name and position	**Type of compen-sation security**	**Number of compensation securities, number of underlying securities, and percentage of class [(1)]**	**Date of issue, grant or modification (dd/mm/yy)**	**Issue, conversion or exercise price ($)**	**Closing price of security or underlying security on date of grant ($)**	**Closing price of security or underlying security at year end ($)**	**Expiry Date (dd/mm/yy)**
Steven White[(2)] *CEO and Director*	Options	2,500,000 Options 2,500,000 Subordinate Voting Shares, 3.5%	11/14/2018	US$6.55	US$6.55	C$7.20	11/14/2028
Leo Jaschke[(1)] *CFO*	Options	Nil	n/a	n/a	n/a	n/a	n/a
Ruenjai Phengphipat *Interim CFO*	Options	125,000 Options	11/14/2018	US$6.55	US$6.55	C$7.20	11/14/2028

Compensation Securities							
Name and position	**Type of compen-sation security**	**Number of compensation securities, number of underlying securities, and percentage of class [(1)]**	**Date of issue, grant or modification (dd/mm/yy)**	**Issue, conversion or exercise price ($)**	**Closing price of security or underlying security on date of grant ($)**	**Closing price of security or underlying security at year end ($)**	**Expiry Date (dd/mm/yy)**
Jason Vedadi[(3)] *Director*	Options	2,500,000 Options 2,500,000 Subordinate Voting Shares, 3.5%	11/14/2018	US$6.55	US$6.55	C$7.20	11/14/2028
Elroy Sailor *Director*	Options	150,000 Options 150,000 Subordinate Voting Shares, 0.225%	11/14/2018	US$6.55	US$6.55	C$7.20	11/14/2028
Mark Barnard *Director*	Options	150,000 Options 150,000 Subordinate Voting Shares, 0.225%	11/14/2018	US$6.55	US$6.55	C$7.20	11/14/2028
Frank Bedu-Addo *Director*	Options	Nil	n/a	n/a	n/a	n/a	n/a
Rana Vig *Former CEO and Director*	Options	Nil	n/a	n/a	n/a	n/a	n/a
Gary Mathiesen *Former CFO*	Options	Nil	n/a	n/a	n/a	n/a	n/a
Steve Mathiesen *Former Director and CEO*	Options	Nil	n/a	n/a	n/a	n/a	n/a
Dario Sodero *Former Director*	Options	Nil	n/a	n/a	n/a	n/a	n/a
Adrian Van de Mosselaer *Former Director*	Options	Nil	n/a	n/a	n/a	n/a	n/a
Roger Giovanetto *Former Director*	Options	Nil	n/a	n/a	n/a	n/a	n/a
Mike O'Byrne *Former Director*	Options	Nil	n/a	n/a	n/a	n/a	n/a

Compensation Securities							
Name and position	**Type of compen-sation security**	**Number of compensation securities, number of underlying securities, and percentage of class [(1)]**	**Date of issue, grant or modification (dd/mm/yy)**	**Issue, conversion or exercise price ($)**	**Closing price of security or underlying security on date of grant ($)**	**Closing price of security or underlying security at year end ($)**	**Expiry Date (dd/mm/yy)**
Gurm Sangha *Former Director*	Options	Nil	n/a	n/a	n/a	n/a	n/a

Notes:

(1) Please refer to the notes to the table provided above under the heading "Director and NEO compensation" for dates of appointment and/or resignation of each NEO and director. The Optionds disclosed in this table represent
(2) Mr. White's Options vest 25% on each anniversary of the date of grant so long as Mr. White is employed by Harvest.
(3) Mr. Vedadi's Options vest 25% on each anniversary of the date of grant so long as Mr. Vedadi is employed by Harvest.

During the financial year ended December 31, 2018 no compensation securities were re-priced, cancelled and replaced, had the term extended, or were otherwise materially modified.

During the financial year ended December 31, 2018 there were no Options or other compensation securities exercised by any director or NEO of the Corporation.

Equity Incentive Plans and other incentive plans

The Harvest Equity Incentive Plan was approved by Harvest Shareholders on November 13, 2018 in connection with completion of the RTO.

The purpose of the Harvest Equity Incentive Plan is to promote the interests of the Corporation and its Shareholders by aiding the Corporation in attracting and retaining employees, officers, consultants, advisors and non-employee directors capable of assuring the future success of the Corporation, to offer such persons incentives to put forth maximum efforts for the success of the Corporation's business and to compensate such persons through various stock and cash-based arrangements and provide them with opportunities for stock ownership in the Corporation, thereby aligning the interests of such persons with the Company's shareholders.

The Harvest Equity Incentive Plan will be administered by the Compensation Committee which has full and final authority with respect to the granting of all Options thereunder. Options may be granted under the Harvest Equity Incentive Plan to any employee, officer, non-employee director, consultant, independent contractor or advisor providing services to the Corporation or any Affiliate, or any such person to whom an offer of employment or engagement with the Corporation or any Affiliate is extended.

The exercise prices will be determined by the Harvest Board but will, in no event, be less than the greater of the closing market price of the Subordinate Voting on the CSE on (i) the trading day prior to the date of grant of the Options, and (ii) the date of grant of the Options.

All Options granted under the Harvest Equity Incentive Plan will expire not later than the date that is ten years from the date that such Options are granted. Options granted under the Harvest Equity Incentive Plan are not transferable or assignable other than by will or by the laws of descent and distribution.

Following completion of the Business Combination, the Resulting Issuer will adopt the Resulting Issuer Equity Incentive Plan, attached as Appendix "J" to this Circular. The Resulting Issuer Equity Incentive Plan will be in substantially the form of the Harvest Equity Incentive Plan. See "*Other Matters to be Considered at the Meeting – Resulting Issuer Equity Incentive Plan*" in the Circular for a description of the Resulting Issuer Equity Incentive Plan.

External Management Companies

None of the NEOs or directors of the Corporation have been retained or employed by an external management company which has entered into an understanding, arrangement or agreement with the Corporation to provide executive management services to the Corporation, directly or indirectly.

Employment, Consulting and Management Agreements

Except as described below, the Corporation does not have any contracts, agreements, plans or arrangements that provide for payments to a director or NEO.

Under the employment agreements for Messrs. White and Vedadi, each is employed for a term of three years commencing on November 15, 2018. The term is automatically renewed for periods of two years commencing on the third anniversary of commencement date and on each subsequent anniversary thereafter unless notice that the term will not be extended is given by either the executive or Harvest not less than 180 days prior to the expiration of the term. The base salary for each of Mr. White and Mr. Vedadi payable under the agreement is $500,000 per annum, subject to up to a 50% increase beginning each calendar year starting on January 1, 2019. Each of Mr. White and Mr. Vedadi are entitled to a potential bonus of 300% of base salary at target performance, 100% of base salary at threshold performance and 500% of base salary for superior performance. In addition, each executive is entitled to participate in Harvest's stock option plan and welfare benefit plans in effect from time to time for senior executives of Harvest. In addition, each of Mr. White and Mr. Vedadi shall receive a $5,000,000 bonus, payable in stock or cash, at Harvest's sole discretion, if Harvest's share price reaches $20 and averages that price or above for thirty consecutive days. If Harvest's share price reaches $40 and averages that price or above for thirty consecutive days, Harvest shall pay each of Mr. White and Mr. Vedadi $10,000,000 in stock or cash, at Harvest's election. Effective January 11, 2019, each of Mr. White and Mr. Vedadi shall be provided a discretional monthly expense account of $23,000 per month.

In addition, the employment agreements for Messrs. White and Vedadi shall contain customary confidentiality and noncompete convenants. Termination and change of control benefits under the employment agreements are comprised of the following:

- Termination by company for cause: Unpaid and earned base salary only;
- Termination by NEO upon company breach: Base salary and bonus, base salary continuation for two (2) years and health benefits for twenty four (24) months;
- Death or disability of NEO: Base salary through the date of termination, pro-rated bonus for the calendar year, and health benefits for one year;
- Voluntary termination/resignation by NEO: Unpaid and earned base salary only;
- Termination by company without cause and upon signed release from NEO: Base salary, bonus, Base salary continuation for three years, and health benefits for 24 months from the date of termination; and
- Change of Control: Five (5) times the annual base salary and two (2) years bonus, health benefits for twenty four (24) months.

Oversight and Description of Director and Named Executive Officer Compensation

At this time, there are no policies or practices adopted to determine compensation for the company's directors and executive officers, other than compensation awarded under the Harvest Equity Incentive Plan.

Benefit, Contribution, Pension, Retirement, Deferred Compensation and Actuarial Plans

The Corporation currently has no defined benefit, defined contribution, pension, retirement, deferred compensation or actuarial plans for its officers or directors of the Corporation.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out securities authorized for issuance under equity compensation plans of the Corporation as at December 31, 2018.

Plan Category	Number of Harvest Subordinate Voting Shares to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Common Shares Remaining Available for Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by securityholders	9,955,000	$6.55	19,765,303[(1)]
Equity compensation plans not approved by securityholders	n/a	n/a	n/a
TOTAL	9,955,000	n/a	19,765,303

Notes:

(1) Based on 68,358,934 Harvest Subordinate Voting Shares, 217,969,100 Multiple Voting Shares and 2,000,000 Super Voting Shares being outstanding as of December 31, 2018, such that a maximum of 28,832,803 Options may be granted under the Harvest Equity Incentive Plan.

CORPORATE GOVERNANCE DISCLOSURE

Corporate Governance

Corporate governance relates to the activities of the Harvest Board, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Harvest Board and who are charged with the day-to-day management of the Corporation. National Policy 58-201 *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Harvest Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("**NI 58-101**"), the Corporation is required to disclose its corporate governance practices, as summarized below. The Harvest Board will continue to monitor such practices on an ongoing basis and, when necessary, implement such additional practices as it deems appropriate.

Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Corporation. A "material relationship" is a relationship which could, in the view of the Harvest Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

The Harvest Board facilitates its exercise of independent judgment in carrying out its responsibilities by carefully examining issues and consulting with outside counsel and other advisors in appropriate circumstances. The Harvest Board requires management to provide complete and accurate information with respect to the Corporation's activities

and to provide relevant information concerning the industry in which the Corporation operates in order to identity and manage risks. The Harvest Board is responsible for monitoring the Corporation's officers, who in turn are responsible for the maintenance of internal controls and management information systems.

As of the date of this Circular, the Harvest Board has five directors, of whom three are independent within the meaning of National Instrument 52-110 – Audit Committees ("**NI 52-110**"). The Harvest Board members are Steven White, Jason Vedadi, Mark Barnard, Elroy Sailor and Frank Bedu-Addo.

Elroy Sailor, Mark Barnard and Frank Bedu-Addo are independent directors. Steven White is not considered independent within the meaning of NI 52-110 because he is the CEO of the Corporation. Jason Vedadi is not considered independent as he is the Executive Chairman of the Corporation.

Directorships

The following table sets forth the directors of the Corporation who currently hold directorships in other reporting issuers:

Name of Director	Other Issuer
Frank Bedu-Addo	PDS Biotechnology Corporation (Nasdaq: PDSB)

Orientation and Continuing Education

Each new director is given an outline of the nature of the Corporation's business, its corporate strategy and current issues within the Corporation. New directors are also required to meet with management of the Corporation to discuss and better understand the Corporation's business and are given the opportunity to meet with counsel to the Corporation to discuss their legal obligations as director of the Corporation.

In addition, management of the Corporation takes steps to ensure that its directors and officers are continually updated as to the latest corporate and securities policies which may affect the directors, officers and committee members of the Corporation as a whole. The Corporation continually reviews the latest securities rules and stock exchange policies.

Any such changes or new requirements are then brought to the attention of the Corporation's directors either by way of director or committee meetings or by direct communications from management to the directors.

Ethical Business Conduct

The Harvest Board has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual directors' participation in decisions of the Harvest Board in which the director has an interest have been sufficient to ensure that the Harvest Board operates independently of management and in the best interests of the Corporation. Further, the Corporation's auditor has full and unrestricted access to the Audit Committee at all times to discuss the audit of the Corporation's financial statements and any related findings as to the integrity of the financial reporting process.

Nomination of Directors

The Harvest Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Harvest Board's duties effectively and to maintain a diversity of views and experience. The Harvest Board does not have a nominating committee, and these functions are currently performed by the Harvest Board as a whole. However, if there is a change in the number of directors required by the Corporation, this policy will be reviewed.

Compensation

The Compensation Committee is appointed by the Harvest Board (the "**Compensation Committee**") and is responsible for administering the Harvest Equity Incentive Plan and granting Awards to the Corporation's employees, officers, directors and consultants. The Compensation Committee is responsible for all compensation decisions under the Harvest Equity Incentive Plan. As noted above, at this time, there are no policies or practices adopted to determine compensation for the company's directors and executive officers, other than compensation awarded under the Harvest Equity Incentive Plan.

Other Board Committees

The Harvest Board has no committees other than the Audit Committee and the Compensation Committee.

Assessments

The Harvest Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Harvest Board and committees.

AUDIT COMMITTEE

Pursuant to section 224(1) of the *British Columbia Business Corporations Act*, the policies of the CSE and NI 52-110, the Corporation is required to have an Audit Committee comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Corporation or an affiliate of the Corporation. NI 52-110 requires the Corporation, as a venture issuer, to disclose annually in its information circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor. The Audit Committee Charter is attached to this Circular as Schedule "A".

Composition of the Audit Committee

As of the date of this Circular, the Audit Committee is comprised of:

Frank Bedu-Addo	Independent[(1)]	Financially literate[(2)]
Steven White	Not Independent[(1)]	Financially literate[(2)]
Elroy Sailor	Independent[(1)]	Financially literate[(2)]

Notes:

(1) A member of the audit committee is independent if he or she has no direct or indirect 'material relationship' with the Corporation. A material relationship is a relationship which could, in the view of the Harvest Board, reasonably interfere with the exercise of a member's independent judgment. An executive officer of the Corporation, such as the President or Secretary, is deemed to have a material relationship with the Corporation.

(2) A member of the audit committee is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Relevant Education and Experience

Frank Bedu-Addo

Dr. Frank Bedu-Addo serves on Harvest's Board of Directors. As a board member and steward of the organization, Frank is responsible for advancing, and advocating for, the mission of Harvest through the planning of programs and operations in anticipation of industry trends.

From 2006-2018, Frank has been CEO of PDS Biotechnology Corporation, a privately held mid- clinical stage cancer immunotherapy company. He has led PDS through technology acquisition and preclinical development to a successful

clinical-stage company partnered with the top institutions in the field of immuno-oncology. Frank has extensive pharmaceutical business and drug development experience and has been responsible for the development and implementation of both drug development and operational strategy and has overseen operations in both large pharmaceutical organizations and emerging biotechnology companies. Frank began his industrial career as a scientist at The Liposome Company, NJ, where he participated in the development of various drugs including the anti-fungal drug Abelcet®. He also participated in development of various biotech-based drugs such as the hepatitis C drug PEG-Intron® while a scientist at Schering-Plough Research Institute, NJ. Frank successfully started up and managed Cardinal Health's East Coast biotech drug development operations where he oversaw all business and drug development operations for the division. Frank was then hired to the senior executive management team of KBI BioPharma, Inc. He started up the company's operations, oversaw all drug development, business operations and P&L. He provided steady double-digit revenue growth and established a current and growing industry- leading contract biotech drug development company. Dr. Bedu-Addo has developed several pharmaceutical products, and has participated in the development of anticancer and infectious disease products currently on the market. Dr. Bedu-Addo has been a consultant to several leading pharmaceutical companies, and has also served on biotech company boards. Frank obtained a Masters in Chemical Engineering and a PhD in Pharmaceutics from the University of Pittsburgh.

Frank is not classified as an employee of Harvest but is compensated under a Board of Directors Appointment Agreement. Frank has entered into a confidentiality agreement with Harvest.

Steven White

Steve graduated early from Arizona State's Honors College summa cum laude with two minors, while also winning an athletic national championship. After his undergraduate work, Steve attended and graduated from Washington and Lee's School of Law in 1999. At Washington and Lee, he competed on the school's National Moot Court team and served as a law journal editor. In private practice, he practiced business, business litigation and regulatory law for two national law firms. In 2005, he founded his own boutique law firm and achieved an AV rating, the highest possible rating for skill and ethics. There, Steve represented clients ranging from very large to start-ups across a variety of industries.

Steve founded Harvest in 2011. After opening Harvest's first dispensary in 2013, Steve worked there for several months fulfilling orders, performing reception duties, and consulting with patients. He quickly learned that he had the ability to help shape a company that gave people control over an aspect of their life where they previously had very little – their health and wellness. This led Steve to instill a culture of education and empowerment at Harvest to provide patients much needed products, resources, and support. For example, Harvest facilities host a new patient orientation and monthly support group meetings for epilepsy, chronic pain, cancer, and PTSD. Under Steve's direction, Harvest has also engaged in many community activities and events, including donating more than $500,000 to local charitable organizations, veterans, seniors, and patients in need. Steve founded and now serves on the board of directors for Harvesting Hope, a non-profit organization that supports young children suffering from seizure disorders. To date, Harvesting Hope has provided a wide range of services for over 100 families.

As Harvest's CEO, Steve is responsible for license acquisition, organizational direction and strategy. He has also been instrumental in navigating state- and county-level regulatory audits, including, to date, more than one hundred state inspections across multiple states, four Americans for Safe Access Patient Focused Certifications, and more than fifty certified financial audits. He sits on Americans for Safe Access's Advisory Board for its End Pain, Not Lives campaign. He is also a board member of the Arizona Dispensary Association. In addition, he has done hundreds of interviews, speaking engagements, and provided expert testimony on a multitude of marijuana-related topics.

Steven White is employed on a full-time basis as CEO. He is classified as an employee of Harvest and devotes 100% of his time in his role with Harvest. Steve has entered into a confidentiality and non-compete agreement with Harvest.

Elroy Sailor

Elroy Sailor serves on Harvest's Board of Directors. Elroy's experience spans twenty plus years of effective, results-oriented leadership with a strong track record of performance in management, federal, state and local government and community relations, strategic partnerships, communications and crises management, business development and advocacy campaigns. As a board member and steward of the organization, Elroy is responsible for advancing, and

advocating for, the mission of Harvest through the planning of programs and operations in anticipation of industry trends.

For the past 5 years Elroy has been the President and CEO of J.C. Watts. Along with former Congressman J.C. Watts, Elroy co-founded The J.C. Watts Companies in 2003, a multi-industry business headquartered in Washington, D.C. with operations in Oklahoma and Texas, and serves on its Board of Directors and as Chief Executive Officer. Elroy led a dynamic and talented executive management team to build grow The J.C. Watts Companies from start-up to an organization with revenues of $25 million.

Elroy served on the 2017 Trump Pence Presidential Transition Team. He has served as a Senior Advisor to Reince Priebus, former Chairman of the Republican National Committee, and has served as Senior Advisor and Director of Strategic Programs for Rand Paul for President, 2016 Presidential Campaign. Because of Elroy's political acumen, he was recently named as number 14 of Newsmax's 50 Most Influential African-American Republicans and is one of the premier business executives and political operatives in Washington, D.C.

Elroy's philanthropic activity includes founding INSIGHT America, a non-profit organization co- chaired by thirteen U.S. Congressional Members. Elroy has served as a monthly commentator on American Urban Radio, ABC World News, and News One Now, hosted by Roland Martin.

Prior to starting his own business, Elroy served thirteen years in various leadership positions throughout the federal and state governments and on political campaigns. As Director of Urban Affairs for then-Michigan Governor John Engler, Elroy managed urban development policy; as a Legislative Aide to then-U.S. Senator Spencer Abraham (R-MI), he led transportation, housing and economic development policy; as Deputy Chief of Staff, U.S. House of Representatives, Republican Leadership Conference, Elroy managed and developed the Republican Five Point Urban Initiative and served as a liaison to the White House, members of Congress, governors and mayors.

Elroy has extensive experience in managing international relations. Highlights of his international work includes leading a senior U.S. Congressional staff delegation to Botswana and Israel, an appointment by the U.S. State Department to serve as a U.S. Advisor to the African Development Bank Annual Summit in Ethiopia, and directing two official U.S. Congressional delegations to Cote d'Ivoire, Nigeria, Ghana, Mali, Morocco and Senegal.

Elroy is a proud graduate of Morehouse College, Atlanta, Georgia and a graduate of the Michigan Political Leadership Program (MPLP), Michigan State University.

Elroy is not classified as an employee of Harvest but is compensated under a Board of Directors Appointment Agreement. Elroy has entered into a confidentiality and non-compete agreement with Harvest.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recent completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Harvest Board.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.The Company is a "venture issuer" as defined in NI 52-110 and as such, is exempt from the requirements of Part 3 - *Composition of the Audit Committee* and Part 5 - *Reporting Obligations* of NI 52-110.

External Auditor Service Fees (By Category)

Aggregate fees paid to the Auditor during the financial years ended September 30, 2017, September 30, 2018 and December 31, 2018, were as follows:

Financial Year Ended	Audit Fees	Audit Related Fees[1]	Tax Fees[2]	All Other Fees[3]
September 30, 2017	$ 16,900	$Nil	$ 900	$ 17,800
September 30, 2018	$ 15,120	$Nil	$ Nil	$15,120
December 31, 2018	$ 363,500	$Nil	$Nil	$Nil

Notes:

(1) Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".
(2) Fees charged (or estimated charges) for tax compliance, tax advice and tax planning services.
(3) Fees for services other than disclosed in any other column.

SCHEDULE "A"

CHARTER OF THE AUDIT COMMITTEE

1. ROLE AND OBJECTIVE

The Audit Committee (the "**Committee**") is appointed by and reports to the board of directors (the "**Board**") of Harvest Health & Recreation Inc. (the "**Corporation**"). The Committee assists the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation.

The Committee and its membership shall to the best of its ability, knowledge and acting reasonably, meet all applicable legal, regulatory and listing requirements, including, without limitation, those of any stock exchange on which the Corporation's shares are listed and the *Business Corporations Act* (British Columbia) (the "**BCBCA**"), and all applicable securities regulatory authorities.

2. COMPOSITION

- The Committee shall be composed of three or more directors as shall be designated by the Board from time to time.
- A majority of members of the Committee shall be "independent"; and all shall be financially literate (as such terms are defined under applicable securities laws, the BCBCA and exchange requirements for audit committee purposes).
- Each member of the Committee shall be able to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement.
- Members of the Committee shall be appointed at a meeting of the Board, typically held immediately after the annual shareholders' meeting. Each member shall serve until his/her successor is appointed unless he/she shall resign or be removed by the Board or he/she shall otherwise cease to be a director of the Corporation. Any member may be removed or replaced at any time by the Board.
- Where a vacancy occurs at any time in the membership of the Committee, it may be filled by a vote of a majority of the Board.
- A Chair of the Committee shall be designated by the Board or, if it does not do so, the members of the Committee shall elect a chair by vote of a majority of the full Committee membership. The Chair of the Committee shall be an independent director (as described above), and as detailed herein is charged with the responsibility of oversight over matters detailed in this Charter.
- If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside.
- The Chair of the Committee presiding at any meeting shall not have a casting vote.
- The Committee shall appoint a secretary (the "**Secretary**") who need not be a member of the Committee or a director of the Corporation. The Secretary shall keep minutes of the meetings of the Committee. This role is normally filled by the Secretary of the Corporation.
- No Committee member shall simultaneously serve on the audit committee of more than two other public companies with active business operations or significant assets.

3. MEETINGS

- The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements.
- The Chair of the Committee shall prepare and/or approve an agenda in advance of each meeting.
- Notice of the time and place of every meeting may be given orally, in writing, by facsimile or by e-mail to each member of the Committee at least 48 hours prior to the time fixed for such meeting.
- A member may in any manner waive notice of the meeting. Attendance of a member at the meeting shall constitute waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.
- Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
- A majority of Committee members, present in person, by video-conference, by telephone or by a combination thereof, shall constitute a quorum.
- If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.
- If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office for no more than six months, at which time the vacancy will be filled by a vote of a majority of the Board.
- At all meetings of the Committee, every question shall be decided by a majority of the votes cast. In case of an equality of votes, the matter will be referred to the Board for decision. Any decision or determination of the Committee reduced to writing and signed by all of the members of the Committee shall be fully effective as if it had been made at a meeting duly called and held.
- The CEO and CFO are expected to be available to attend meetings, but a portion of every meeting will be reserved for in camera discussion without the CEO or CFO, or any other member of management, being present.
- The Committee may by specific invitation have other resource persons in attendance such officers, directors and employees of the Corporation and its subsidiaries, and other persons, including the Independent Auditors, as it may see fit, from time to time, to attend at meetings of the Committee.
- The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.
- The Committee shall have the right to determine who shall and who shall not be present at any time during a meeting of the Committee.
- Minutes of Committee meetings shall be sent to all Committee members.
- The Chair of the Committee shall report periodically the Committee's findings and recommendations to the Board.

4. RESOURCES AND AUTHORITY

- The Committee shall have access to such officers and employees of the Corporation and its subsidiaries and to such information with respect to the Corporation and its subsidiaries as it considers being necessary or advisable in order to perform its duties and responsibilities.
- The Committee shall have the authority to obtain advice and assistance from internal or external legal, accounting or other advisors and resources, as it deems advisable, at the expense of the Corporation.
- The Committee shall have the authority to communicate directly with the internal and external auditors.

5. RESPONSIBILITIES

A. Chair

To carry out its oversight responsibilities, the Chair of the Committee shall undertake the following:

- provide leadership to the Committee with respect to its functions as described in this Charter and as otherwise may be appropriate, including overseeing the logistics of the operations of the Committee;
- chair meetings of the Committee, unless not present (including in camera sessions), and reports to the Board following each meeting of the Committee on the findings, activities and any recommendations of the Committee;
- ensures that the Committee meets on a regular basis and at least four times per year;
- in consultation with the Committee members, establishes a calendar for holding meetings of the Committee;
- establish the agenda for each meeting of the Committee, with input from other Committee members, and any other parties, as applicable;
- ensures that Committee materials are available to any director on request;
- acts as liaison and maintains communication with the Chair of the Board (or Lead Director if an individual other than the Chair) and the Board to optimize and coordinate input from Board members, and to optimize the effectiveness of the Committee. This includes, at least annually and at such other times and in such manner as the Committee considers advisable, reporting to the full Board on:
    - all proceedings and deliberations of the Committee;
    - the role of the Committee and the effectiveness of the Committee in contributing to the objectives and responsibilities of the Board as a whole; and
    - principal operating and business risks identified by management and how each are either mitigated or managed.
- ensure that the members of the Committee understand and discharge their duties and obligations;
- foster ethical and responsible decision making by the Committee and its individual members;
- encourage Committee members to ask questions and express viewpoints during meetings;
- together with the Board, oversee the structure, composition, membership and activities delegated to the Committee from time to time;

- ensure that resources and expertise are available to the Committee so that it may conduct its work effectively and efficiently and pre-approve work to be done for the Committee by consultants;
- facilitate effective communication between members of the Committee and management;
- encourage the Committee to meet in separate, regularly scheduled, non-management, closed sessions with the Independent Auditors;
- attend each meeting of shareholders to respond to any questions from shareholders as may be put to the Chair; and
- perform such other duties and responsibilities as may be delegated to the Chair by the Board from time to time.

B. The Committee

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditors as well as any officer of the Corporation, or legal counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties.

The Committee is hereby delegated the duties and powers specified in Sections 224-226 of the BCBCA and, without limiting these duties and powers, the Committee will carry out the following responsibilities:

Financial Accounting and Reporting Process and Internal Controls

- review the annual audited financial statements to satisfy itself that they are presented in accordance with International Financial Reporting Standards ("**IFRS**" or "**applicable Accounting Principles**"), and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review and approve the interim financial statements, management's discussion and analysis relating to annual and interim financial statements, annual and interim earnings press releases and any other public disclosure documents that are required to be reviewed by the Committee under any applicable laws before the Corporation publicly discloses this information and/or prior to their being filed with the appropriate regulatory authorities. The Committee shall discuss significant issues regarding applicable Accounting Principles, practices, and judgments of management with management and the Independent Auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements, the interim financial statements and management's discussion and analysis relating to such annual and interim financial statements is not significantly erroneous, misleading or incomplete and that the audit and review functions have been effectively carried out.
- review management's internal control report. In consultation with the Independent Auditors the Committee shall assess the integrity of management's risk assessments and internal controls over financial reporting and disclosure controls and procedures and ensure implementation of such controls and procedures.

- be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and periodically assess the adequacy of these procedures.

- meet no less frequently than annually with the Independent Auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, deems appropriate.

- inquire of management and the Independent Auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks.

- review the post-audit or management letter containing the recommendations of the Independent Auditors and management's response and subsequent follow-up to any identified weaknesses.

- oversee the Corporation's plans to adopt changes to policy choices under applicable Accounting Principles, and related disclosure obligations.

- in consultation with the Board, ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting and overseeing a corporate code of ethics for senior financial personnel.

- establish procedures for the receipt, retention and treatment of:
    - complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
    - confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting, internal accounting controls or auditing matters.

- provide oversight to related party transactions entered into by the Corporation.

Independent Auditors

- recommend to the Board for approval by shareholders, the selection, appointment and compensation of the Independent Auditors;

- be directly responsible for oversight of the Independent Auditors and the Independent Auditors shall report directly to the Committee.

- ensure the lead audit partner and the other audit partners (if any) at the Independent Auditor is replaced in compliance with applicable laws.

- be directly responsible for overseeing the work of the Independent Auditors, including the resolution of disagreements between management and the Independent Auditors regarding financial reporting.

- with reference to the procedures outlined separately in "*Procedures for Approval of Non-Audit Services*" (attached hereto as Appendix 'A'), pre-approve all audit and non-audit services not prohibited by law to be provided by the Independent Auditors.

- monitor and assess the relationship between management and the Independent Auditors and monitor, confirm, support and assure the independence and objectivity of the Independent Auditors.

- review the Independent Auditors' audit plan, including scope, procedures, timing and staffing of the audit as well as any procedures relating to attestation on the Corporation's ESTMA reporting.

- review the results of the annual audit with the Independent Auditors, including matters related to the conduct of the audit, and receive and review the auditor's interim review reports.

- review the results of procedures undertaken by the Independent Auditors relating to ESTMA reporting, and receive and review the auditor's reporting thereon.

- obtain timely reports from the Independent Auditors describing critical accounting policies and practices, alternative treatments of information within applicable Accounting Principles that were discussed with management, their ramifications, and the Independent Auditors' preferred treatment and material written communications between the Corporation and the Independent Auditors.

- review fees paid by the Corporation to the Independent Auditors and other professionals in respect of audit and non-audit services on an annual basis.

- review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.

Other Responsibilities

- perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate;

- institute and oversee special investigations, as needed; and

- review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

Enacted November 13, 2018

Appendix A

Procedures for Approval of Non Audit Services

1. The external auditors to Harvest Health & Recreation Inc. (the "**Corporation**") shall be prohibited from performing for the Corporation the following categories of non-audit services:

   (a) bookkeeping or other services related to the Corporation's accounting records or financial statements;

   (b) financial information systems design and implementation;

   (c) appraisal or valuation services, fairness opinion or contributions-in-kind reports;

   (d) actuarial services;

   (e) internal audit outsourcing services;

   (f) management functions;

   (g) human resources;

   (h) broker or dealer, investment adviser or investment banking services;

   (i) legal services;

   (j) expert services unrelated to the audit; and

   (k) any other service that the Canadian Public Accountability Board or any other applicable regulatory authority determines is impermissible.

2. In the event that the Corporation wishes to retain the services of the Corporation's external auditors for minimal non-audit services (e.g. tax compliance, tax advice or tax planning), the Chief Financial Officer of the Corporation shall consult with the Chair of the Audit Committee of the Board of Directors (the "**Committee**"), who shall have the authority to approve or disapprove on behalf of the Committee, such non-audit services in accordance with the requirements set forth under the "Exemption for minimal non-audit services" provided by Section 2.3 (4) of National Instrument 52-110 - *Audit Committees*, whereby

   (a) the aggregate fees paid for all the non-audit services that are not approved by the Committee is reasonably expected to constitute no more than five per cent of the aggregate fees paid by the Corporation and its subsidiary entities to the Corporation's external auditor during the financial year in which the services are provided;

   (b) the Corporation or the subsidiary entity of the issuer, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and

   (c) once recognized as non-audit services, the services are promptly brought to the attention of the Committee of the issuer and approved, prior to the completion of the audit, by the Committee.

3. All other non-audit services shall be approved or disapproved by the Committee as a whole as set forth herein.

4. The Chief Financial Officer of the Corporation shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis.