

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

AMENDMENT NO. 1

TO

FORM S-1

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

ASCEND WELLNESS HOLDINGS, LLC

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

2833
(Primary Standard Industrial
Classification Code Number)

83-0602006
(I.R.S. Employer
Identification Number)

**1411 Broadway
16th Floor
New York, NY 10018
(781) 703-7800**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Daniel Neville
1411 Broadway
16th Floor
New York, NY 10018
(781) 703-7800**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

As soon as practicable after this Registration Statement becomes effective.
(Approximate date of commencement of proposed sale to the public)

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Accelerated filer	<input type="checkbox"/>	Emerging growth company	<input checked="" type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share ⁽¹⁾	Proposed Maximum Aggregate Offering Price ⁽¹⁾	Amount of Registration Fee ⁽²⁾
Class A Common Stock, \$ par value per share		\$	\$	\$

(1) Estimated solely for purposes of computing the amount of the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended.

(2) Calculated pursuant to Rule 457(c) based on the proposed maximum aggregate offering price.

WE HEREBY AMEND THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL WE SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

EXPLANATORY NOTE

Ascend Wellness Holdings, LLC, or “**AWH**”, the registrant whose name appears on the cover of this registration statement, is a Delaware limited liability company. Immediately prior to the effectiveness of this registration statement, AWH will convert into a Delaware corporation and change its name to “Ascend Wellness Holdings, Inc.” We refer to this conversion throughout the prospectus included in this registration statement as the “**Conversion**.” As a result of the Conversion, the members of AWH will become holders of shares of stock of AWH. Except as disclosed in the prospectus, the consolidated financial statements and selected consolidated financial data and other financial information included in this registration statement are those of AWH and its subsidiaries and do not give effect to the Conversion. Shares of the Class A common stock of Ascend Wellness Holdings, Inc. are being offered by the prospectus included in this registration statement.

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS (Subject to Completion)

Dated _____, 2021



Ascend Wellness Holdings, Inc.

Class A Common Stock

This is an initial public offering of shares of Class A common stock of Ascend Wellness Holdings, Inc. We are offering _____ shares of Class A common stock.

Prior to this offering, there has been no public market for our Class A common stock. It is currently estimated that the initial public offering price per share of common stock will be between \$ _____ and \$ _____. For a detailed description of our Class A common stock, see “Description of Capital Stock.”

We have applied to list our Class A common stock on the Canadian Securities Exchange (the “CSE”) and to have our Class A common stock quoted on the OTCQX® Best Market operated by OTC Markets Group, Inc. (the “OTCQX”). Listing and quotation of our Class A common stock will be subject to us fulfilling all of the listing requirements of the CSE and OTCQX, respectively.

Following this offering, we will have two classes of common stock, Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock will be identical, except for voting and conversion rights. Each share of Class A common stock will be entitled to one vote per share. Each share of Class B common stock will be entitled to two votes per share and will be convertible at any time into one share of Class A common stock at the option of the holder. Following this offering, outstanding shares of Class B common stock will represent approximately _____ % of the voting power of our outstanding capital stock. See “Description of Capital Stock.”

We are an emerging growth company under federal securities laws and are subject to reduced public company reporting requirements for this prospectus and our future filings. See “Implications of Being an Emerging Growth Company.”

Investing in our common stock involves a high degree of risk. We refer you to the section entitled “Risk Factors” on page 11 of this prospectus.

	Per Share	Total
Initial Public Offering Price		
Underwriting discount and commissions ⁽¹⁾		
Proceeds, before expenses, to us		

⁽¹⁾ We have agreed to reimburse the underwriters for certain expenses in connection with this offering. See “Underwriters.”

We have granted the underwriters an option for a period of 30 days following the date of this prospectus to purchase up to an additional _____ shares of Class A common stock at the initial offering price less the discount solely to cover over-allotments, if any. If the underwriters exercise the option in full, the total underwriting discounts and commission payable by us will be \$ _____, and the total proceeds to us, before expenses, will be \$ _____. See “Underwriters.”

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of Class A common stock against payment in _____ on _____, 2021.

Canaccord Genuity

The date of this prospectus is _____, 2021.

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ABOUT THIS PROSPECTUS

This prospectus is a part of a registration statement on Form S-1 that we filed with the U.S. Securities and Exchange Commission (the “SEC”), under the Securities Act of 1933, as amended (the “Securities Act”). You should read this prospectus together with additional information described under “Where You Can Find Additional Information.”

We have not authorized anyone to provide you with information other than that contained in this prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give to you. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus.

We are offering to sell, and seeking offers to buy, shares of Class A common stock only in jurisdictions where offers and sales are permitted. We have not taken any action to permit a public offering of our shares of Class A common stock or the possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than the United States and Canada. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

Unless otherwise indicated, information contained in this prospectus concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunity and market share, is based on information from our own management estimates and research, as well as from industry and general publications and research, surveys and studies conducted by third parties. Actual outcomes may vary materially from those forecasts in the reports or publications referred to herein. Management estimates are derived from publicly available information, our knowledge of our industry and assumptions based on such information and knowledge, which we believe to be reasonable. In addition, assumptions and estimates of our and our industry’s future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in “Risk Factors.” These and other factors could cause our future performance to differ materially from our assumptions and estimates. See “Cautionary Note Regarding Forward-Looking Statements.”

Solely for convenience, trademarks and trade names referred to in this prospectus may appear without the ® and ™ symbols, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights, or that the applicable owner will not assert its rights, to these trademarks and tradenames.

Unless the context otherwise requires, the terms “we,” “us,” “our,” “AWH” or the “Company” as used in this prospectus refer to Ascend Wellness Holdings, Inc., together with its wholly-owned subsidiaries.

Unless otherwise indicated, all references to “\$” or “US\$” in this prospectus refer to United States dollars.

IMPLICATIONS OF BEING AN EMERGING GROWTH COMPANY

As a company with less than \$1.07 billion in revenue during our most recently completed fiscal year, we qualify as an “emerging growth company” as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act (the “**JOBS Act**”) of 2012. As an emerging growth company, we may take advantage of specified reduced disclosure and other exemptions from requirements that are otherwise applicable to public companies that are not emerging growth companies. These provisions include:

- reduced disclosure about our executive compensation arrangements;
- exemptions from non-binding stockholder advisory votes on executive compensation or golden parachute arrangements; and
- exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting.

We may take advantage of these exemptions for up to five years or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company if we have more than \$1.07 billion in annual revenues as of the end of a fiscal year, if we are deemed to be a large-accelerated filer under the rules of the SEC or if we issue more than \$1.0 billion of non-convertible debt over a three-year period.

PROSPECTUS SUMMARY

This summary highlights certain information about us, this offering and selected information contained in the prospectus. This summary is not complete and does not contain all of the information that you should consider before deciding whether to invest in our shares of common stock. For a more complete understanding of our company and this offering, we encourage you to read and consider the more detailed information included in this prospectus, including “Risk Factors” and the financial statements and related notes thereto. See “Where You Can Find Additional Information.”

Overview

AWH is a vertically integrated multi-state operator focused on adult-use or near-term adult-use cannabis states in limited license markets. Our core business is the cultivation, manufacturing and distribution of cannabis consumer packaged goods, which we sell through our company-owned retail stores and to third-party licensed cannabis retail stores. We were founded in 2018 and initially pursued cultivation and dispensary licensing opportunities in Massachusetts. In December 2018, we entered the Illinois market with the acquisition of an existing cultivation facility through the acquisition of Revolution Cannabis-Barry LLC. We also acquired HealthCentral, LLC (“**HCI**”) and its related entities, which owned two operational medical dispensaries in Illinois. We have since expanded our operational footprint, primarily through acquisitions and now have direct or indirect operations or financial interests in five U.S. geographic markets: Illinois, Massachusetts, Michigan, New Jersey, and Ohio.

We believe in bettering lives through cannabis. Our mission is to improve the lives of our employees, patients, customers and the communities we serve through the use of the cannabis plant. We are committed to providing safe, reliable and high-quality products and providing consumers options and education to ensure they are able to identify and obtain the products that fit their personal needs. As of February 25, 2021, we have direct or indirect operations or financial interests in five U.S. geographic markets and employ approximately 900 people.

Currently, approximately one third of our portfolio of cultivation and dispensary assets are generating revenue and we expect the remainder of these assets to begin generating revenue over the course of the 2021 calendar year. We are committed to being vertically integrated in every state we operate in, which entails controlling the entire supply chain from seed to sale. We are currently vertically integrated in two out of our five states with expansion plans underway to achieve vertical integration in all five states. While we have been successful in opening facilities and dispensaries, we expect continued growth to be driven by opening new operational facilities and dispensaries under our current licenses, expansion of our current facilities and increased consumer demand.

Our consumer products portfolio is generated primarily from plant material that we grow and process ourselves. We produce our consumer-packaged goods in five manufacturing facilities with 74,000 square feet of current cumulative canopy and total current capacity of 38,000 pounds annually. We are undergoing expansions to 285,000 square feet of cumulative canopy, which is estimated to have a total production capacity of 142,000 pounds annually post build-out. Our product portfolio currently consists of 87 stock keeping units (“**SKUs**”), across a range of cannabis product categories, including flower, pre-rolls, concentrates, vapes, edibles and other cannabis-related products. As of December 31, 2020, we have 12 open and operating retail locations, which we anticipate will expand to 20 locations open and operating by the end of calendar year 2021. Our new store opening plans are flexible and will ultimately depend on market conditions, local licensing, construction and other regulatory permissions. All of our expansion plans are subject to capital allocation decisions, the evolving regulatory environment and the COVID-19 pandemic.

Corporate Information

We were originally formed as Ascend Group Partners, LLC on May 15, 2018 as a Delaware limited liability company. We changed our name to “Ascend Wellness Holdings, LLC” on September 10, 2018. Prior to the effectiveness of the registration statement of which this prospectus forms a part, we will convert into a Delaware corporation pursuant to a statutory conversion and be renamed “Ascend Wellness Holdings, Inc.” See “*Corporate Conversion and Corporate Structure.*”

Our principal executive offices are located at 1411 Broadway, 16th Floor, New York, NY 10018. Our telephone number is (781) 703-7800. Our website address is www.awholdings.com. The information contained on our website or connected to our website is not incorporated by reference into and should not be considered part of this prospectus.

Corporate Conversion and Corporate Structure

Immediately prior to the effectiveness of the registration statement of which this prospectus forms a part, we will engage in the following transactions, which we refer to collectively as the “Conversion”:

- we will convert from a Delaware limited liability company to a Delaware corporation by filing a certificate of conversion with the Delaware Secretary of State; and
- we will change our name from “Ascend Wellness Holdings, LLC” to “Ascend Wellness Holdings, Inc.”

As part of the Conversion:

- we will create two classes of authorized common stock, Class A common stock and Class B common stock;
- holders of Series Seed Preferred and Series Seed Preferred+ Units of AWH will receive one share of Class A common stock of Ascend Wellness Holdings, Inc. for each unit of Series Seed Preferred and Series Seed Preferred+ Units held immediately prior to the Conversion;
- holders of Real Estate Preferred Units of AWH will receive, for each unit of Real Estate Preferred Units of AWH, a number of shares of Class A common stock of Ascend Wellness Holdings, Inc. equal to (x) one plus (y) (A) the original purchase price of such Real Estate Preferred Unit multiplied by 1.5, divided by (B) the price at which we are offering Class A common stock pursuant to this offering;
- holders of common units of AWH will receive one share of Class A common stock of Ascend Wellness Holdings, Inc. for each common unit held immediately prior to the Conversion;
- holders of restricted common units issued under the 2020 Incentive Plan (as defined below) will receive one share of Class A common stock of Ascend Wellness Holdings, Inc. for each restricted common unit held immediately prior to the Conversion;
- holders of convertible notes will convert into shares of Class A common stock in accordance with the terms of the note purchase agreement, dated June 12, 2019, between the Company and the purchasers of the convertible notes (the “**2019 Convertible Notes**”). The holders of 2019 Convertible Notes will receive a number of shares of Class A common stock equal to the outstanding principal and accrued and unpaid interest under the notes divided by a price per share equal to the lesser of (a) (i) a 20% of a discount to the price per share of Class A common stock offered pursuant to this offering in the event the offering occurs on or before 12 months from the closing date; (ii) a 25% of a discount to the price per share of Class A common stock offered pursuant to this offering in the event the offering occurs after 12 months from the closing date, but before the maturity date; and (b) _____, which represents the price per share resulting from a pre-money valuation of the company of \$295,900,000;
- holders of convertible notes will convert into shares of Class A common stock in accordance with the terms of the note purchase agreement, dated January 6, 2021, between the Company and the purchasers of the convertible notes (the “**2021 Convertible Notes**”). The holders of 2021 Convertible Notes will receive a number of shares of Class A common stock equal to the outstanding principal and accrued and unpaid interest under the notes divided by a price per share equal to the lesser of (a) (i) a 20% of a discount to the price per share of Class A common stock offered pursuant to this offering in the event the offering occurs on or before 12 months from the closing date; (ii) a 25% of a discount to the price per share of Class A

common stock offered pursuant to this offering in the event the offering occurs after 12 months from the closing date, but before the maturity date; and (b) \$3.00 per share of Class A common stock.

- holders of warrants to acquire 7,062,285 common units of AWH at an exercise price of \$2.00 per share will receive warrants to acquire an equal number of shares Class A common stock; and
- AGP Partners, LLC, a Delaware limited liability company (“AGP”), will receive _____ shares of Class B common stock, which will constitute all of the outstanding shares of Class B common stock of AWH.

Prior to the Conversion, we expect holders of warrants to acquire 2,187,500 common units of AWH at an exercise price of \$1.60 per unit to exercise their warrants and acquire common units of the Company. Pursuant to the terms of such warrants, if the warrants are not exercised prior to the completion of the offering, the warrants will expire and no longer be exercisable upon the completion of the offering. However, there is no assurance that the holders will exercise the warrants.

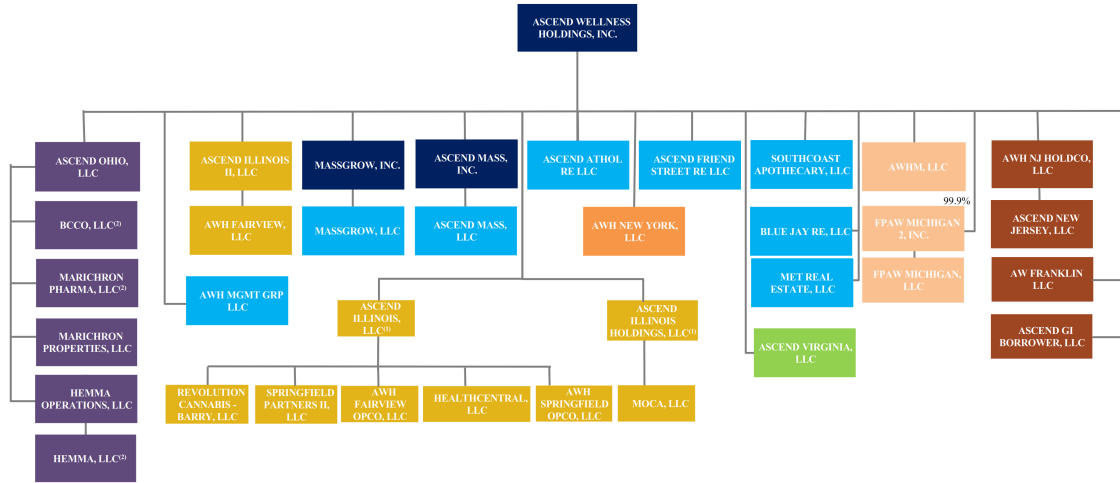
Following the Conversion, Ascend Wellness Holdings, Inc. will be deemed to be the same entity as AWH, and as a result will continue to hold all property and assets of AWH and will remain liable for all of the debts and obligations of AWH. After effecting the Conversion, we will be governed by a certificate of incorporation to be filed with the Delaware Secretary of State and bylaws.

Following the Conversion, we will have two classes of authorized common stock, Class A common stock and Class B common stock. Each share of Class A common stock will be entitled to one vote per share. Each share of Class B common stock will be entitled to two votes per share. Holders of Class A common stock and Class B common stock will vote together as a single class on all matters (including the election of directors) submitted to a vote of stockholders, unless otherwise required by law or our certificate of incorporation. Each share of Class B common stock will automatically convert into one share of Class A common stock on the final conversion date, as defined in our certificate of incorporation. Each share of Class B common stock will also be convertible at any time at the option of the holder into one share of Class A common stock. In addition, each share of Class B common stock will convert automatically into one share of Class A common stock upon any transfer, whether or not for value, except for certain transfers described in our certificate of incorporation, including, without limitation, transfers for tax and estate planning purposes, so long as the transferring holder of Class B common stock continues to hold exclusive voting and dispositive power with respect to the shares transferred. Once converted into a share of Class A common stock, a converted share of Class B common stock will not be reissued. Following the conversion of all outstanding shares of Class B common stock, no further shares of Class B common stock will be issued. See “*Description of Capital Stock.*”

On the effective date of the Conversion, the members of the board of managers of AWH will become the members of the board of directors (the “**Board**”) of Ascend Wellness Holdings, Inc., with the exceptions described in this prospectus, and the officers of AWH will become the officers of Ascend Wellness Holdings, Inc. Following the Conversion, we will consummate the initial public offering of our Class A common stock.

The following diagram illustrates our corporate structure following the completion of the Conversion and the closing of the offering. See Exhibit 21.1 to the registration statement of which this prospectus is a part for a list of our subsidiaries. All lines represent 100% ownership of outstanding securities of the applicable subsidiary unless

otherwise noted. In part, the complexity of our organization structure is due to state licensing requirements that mandate that we maintain the corporate identity of our operating license holders.



- (1) In process of transfer to AWH. The Illinois Department of Financial and Professional Regulation is currently reviewing the transfer application.
- (2) The Ohio Medical Marijuana Control Program is currently reviewing transfer requests for Hemma, LLC and BCCO, LLC. We have entered into an agreement to acquire Marichron Pharma, LLC, but cannot submit a transfer request until Marichron Pharma, LLC receives a certificate of operation.

Legend:



In this prospectus, except as otherwise indicated or the context otherwise requires, all information is presented giving effect to the Conversion. The purpose of the Conversion is to reorganize our structure so that the entity that is offering our Class A common stock to the public in this offering is a Delaware corporation rather than a Delaware limited liability company, and so that our existing investors will own our Class A common stock rather than equity interests in a limited liability company. The Conversion will be effected by the filing of a certificate of conversion with the Secretary of State of the State of Delaware. See “Corporate Conversion and Corporate Structure.”

THE OFFERING

Amount of securities to be offered:	shares of Class A common stock
Class A common stock to be outstanding after this offering:	shares of Class A common stock ⁽¹⁾
Class B common stock to be outstanding after this offering:	shares of Class B common stock ⁽¹⁾
Over-allotment option to purchase additional shares of Class A common stock:	We have granted the underwriters the right to purchase up to additional shares of Class A common stock within 30 days following the date of this prospectus
Use of proceeds:	We estimate that the net proceeds from this offering will be approximately \$, or approximately \$ if the underwriters exercise their over-allotment option in full. We expect to use (i) approximately \$31,000,000 of the proceeds from this offering for the pending investment in MedMen NY, Inc., though we are not certain when or if such transaction will be consummated, or the terms upon which it will ultimately be completed as it remains subject to regulatory approval in all respects, (ii) approximately \$7,000,000 to consummate the transactions for our proposed acquisitions of (a) Hemma, LLC and (b) BCCO, LLC, both of which are in Ohio, though we are not certain when or if such transactions will be consummated, or the terms upon which they will ultimately be completed as each remains subject to regulatory approval in all respects, (iii) approximately \$20,000,000 for capital expenditures, and (iv) the remainder for working capital and general corporate purposes, including additional financing provided to MedMen NY, Inc. prior to closing. See "Use of Proceeds."
Dividend policy:	We do not expect to pay any dividends on our shares of Class A common stock for the foreseeable future. See " <i>Dividend Policy</i> ."
Voting and conversion:	We have two classes of common stock, Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except for voting and conversion rights. Each share of Class A common stock will be entitled to one vote per share. Each share of Class B common stock will be entitled to two votes per share. In the event of any change of control transaction, shares of our Class A common stock and Class B common stock shall be treated equally, ratably and identically, on a per share basis, unless different treatment of the shares of each such class is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class. See " <i>Description of Capital Stock</i> ."
Risk factors:	You should read the "Risk Factors" section included in this prospectus for a discussion of factors to consider carefully before deciding to invest in shares of our Class A common stock.
Trading symbol:	We have applied to list our Class A common stock on the CSE and to have our Class A common stock quoted on the OTCQX. The listing and quotation of our Class A common stock will be subject to us fulfilling all of the listing requirements of the CSE and OTCQX, respectively.

- (1) The total number of shares of our common stock outstanding immediately after this offering is based on _____ shares of Class A common stock and _____ shares of Class B common stock outstanding as of _____, after giving effect to the Conversion, and excludes:
- _____ shares of Class A common stock issuable upon the exercise of warrants outstanding as of _____, 2021, at an exercise price of \$2.00 per share of Class A common stock.

In this prospectus, except as otherwise indicated or the context otherwise requires, all information is presented giving effect to the Conversion. The purpose of the Conversion is to reorganize our structure so that the entity that is offering our Class A common stock to the public in this offering is a Delaware corporation rather than a Delaware limited liability company, and so that our existing investors will own our Class A common stock rather than equity interests in a limited liability company. The Conversion will be effected by the filing of a certificate of conversion with the Secretary of State of the State of Delaware. See “*Corporate Conversion and Corporate Structure.*”

Summary of Risk Factors

Participating in this offering involves substantial risk. Our ability to execute our strategy is also subject to certain risks and uncertainties. The risks described under the heading “*Risk Factors*” included elsewhere in this prospectus may cause us not to realize the full benefits of our strengths or may cause us to be unable to successfully execute all or part of our strategy. Some of the most significant challenges and risks include the following:

- the effect of the volatility of the market price and liquidity risks on shares of our Class A common stock;
- the effect of the voting control exercised by holders of Class B common stock;
- our ability to attract and maintain key personnel;
- our ability to continue to open new dispensaries and cultivation facilities as anticipated;
- the illegality of cannabis under federal law;
- our ability to comply with state and federal regulations;
- the uncertainty regarding enforcement of cannabis laws;
- the effect of restricted access to banking and other financial services;
- the effect of constraints on marketing and risks related to our products;
- the effect of unfavorable tax treatment for cannabis businesses;
- the effect of security risks;
- the effect of infringement or misappropriation claims by third parties;
- our ability to comply with potential future FDA regulations;
- our ability to enforce our contracts;
- the effect of unfavorable publicity or consumer perception;
- the effect of risks related to material acquisitions, dispositions and other strategic transactions;
- the effect of agricultural and environmental risks;
- the effect of risks related to information technology systems;
- the effect of product liability claims and other litigation to which we may be subjected;
- the effect of risks related to the results of future clinical research;
- the effect of intense competition in the industry;
- the effect of outbreaks of pandemic diseases, fear of such outbreaks or economic disturbances due to such outbreaks, particularly the impact of the COVID-19 illness; and
- the effect of general economic risks, such as the unemployment level, interest rates and inflation, and challenging global economic conditions.

Before you invest in our Class A common stock, you should carefully consider all the information in this prospectus, including matters set forth in the section captioned “*Risk Factors.*”

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION

The following table sets forth our selected consolidated financial data for the periods, and as of the dates, indicated. The (i) consolidated statements of operations data for the years ended December 31, 2020 and 2019 and (ii) consolidated balance sheet data as of December 31, 2020 and 2019 have been derived from the audited consolidated financial statements of the Company and its subsidiaries, which are included elsewhere in this prospectus.

The data set forth below should be read in conjunction with “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and the consolidated financial statements and the accompanying notes presented in this prospectus. Our consolidated financial statements have been prepared in accordance with U.S. GAAP and on a going-concern basis that contemplates continuity of operations and realization of assets and liquidation of liabilities in the ordinary course of business.

	Year Ended December 31,	
	2020	2019
<i>(in thousands, except per share data)</i>		
Revenue, net	\$ 143,732	\$ 12,032
Cost of goods sold	\$ (82,818)	\$ (8,744)
Gross profit	\$ 60,914	\$ 3,288
Total operating expenses	\$ 53,067	\$ 29,409
Other income (expense)	\$ (12,986)	\$ (6,454)
Net loss attributable to AWH	\$ (25,439)	\$ (31,895)
Net loss per share attributable to AWH	\$ (0.13)	\$ (0.18)
Total assets	\$ 427,748	\$ 195,931
Noncurrent liabilities	\$ 308,677	\$ 145,045

RISK FACTORS

Investing in our Class A common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below before making an investment decision, which we believe are material risks associated with our business and this offering. Our business, financial condition, operating results or growth prospects could be harmed by any of these risks. In such an event, the trading price of our Class A common stock could decline, and you may lose all or part of your investment. In assessing these risks, you should also refer to all of the other information contained in this prospectus, including our consolidated financial statements and related notes. Please also see the sections captioned “Cautionary Note Regarding Forward-Looking Statements” and “Market Industry and Other Data.”

Risks Related to this Offering and Our Class A Common Stock

We do not intend to pay dividends on our shares of Class A common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our shares of Class A common stock.

We have never declared or paid any cash dividend on our shares of Class A common stock and do not currently intend to do so in the foreseeable future. We currently anticipate that we will retain future earnings, if materialized, for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends in the foreseeable future. Therefore, the success of an investment in our shares of Class A common stock will depend upon any future appreciation in their value. Our shares of Class A common stock may not appreciate in the short term or long term or even maintain the price at which said shares of Class A common stock were purchased. A holding of shares of Class A common stock is speculative and involves a high degree of risk and should be undertaken only by holders whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. A holding of shares of Class A common stock is appropriate only for holders who have the capacity to absorb a loss of some or all of their holdings.

Our voting control will be concentrated.

Abner Kurtin, one of our founders and our Chief Executive Officer, and Frank Perullo, one of our founders and our Chief Strategy Officer, have the ability to exercise significant voting power with respect to our outstanding shares because of the shares of Class B common stock that will be held by AGP, an entity Mr. Kurtin and Mr. Perullo control. Shares of Class B common stock will be entitled to two votes per share. Upon completion of this offering, Mr. Kurtin and Mr. Perullo will control approximately % of our total issued and outstanding shares and approximately % of the voting power attached to all of our issued and outstanding shares (approximately % and %, respectively, if the underwriters exercise their option to purchase additional Class A common stock in full).

As a result, Mr. Kurtin and Mr. Perullo have the ability to exercise significant voting power on decisions that require stockholder approval, including the election and removal of directors and significant corporate transactions. This ability to exercise significant voting power could delay, defer or prevent a change of control, arrangement or merger or sale of all or substantially all of our assets that our other stockholders may support, which in turn could have a material adverse effect on the market price of our Class A common stock. Conversely, this concentrated control could allow the holders of the Class B common stock to consummate such a transaction that our other stockholders do not support. In addition, the holders of the Class B common stock may make long-term strategic investment decisions and take risks that may not be successful and/or may seriously harm our business.

Additionally, subsequent to the Conversion, Mr. Kurtin will serve as our Chair of the Board and Mr. Perullo will serve as one of our directors.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions described in our certificate of incorporation. Each share of our Class B common stock is convertible at any time at the option of the Class B holder into one share of Class A common

stock. The conversion of Class B common stock to Class A common stock would dilute the overall voting power of Mr. Kurtin and Mr. Perullo and the voting power of holders of Class A common stock in terms of voting power within the Class A common stock, including holders of Class A common stock purchased in this offering.

For a description of our capital structure, see “*Description of Capital Stock.*”

Our capital structure and voting control may cause unpredictability in the price of our Class A common stock.

Given the concentration of voting control that is held by the holders of the Class B common stock, this capital structure and voting control could result in a lower trading price for, or greater fluctuations in, the trading price of our shares of Class A common stock, adverse publicity or other adverse consequences.

If you purchase our shares of Class A common stock in this offering, you will incur immediate and substantial dilution in the book value of your shares.

If you purchase shares of Class A common stock in this offering, you will incur immediate and substantial dilution of \$ _____ per share after giving effect to the sale by us of _____ shares of Class A common stock offered in this offering at the public offering price of \$ _____ per share, and after deducting underwriting discounts and commissions for shares sold in the public offering and estimated offering expenses payable by us. The exercise of outstanding stock options and warrants may result in further dilution of your investment. See the section titled “*Dilution*” appearing elsewhere in this prospectus for a more detailed description of the dilution to new investors in the offering.

The market price for the shares of Class A common stock may be volatile, which may affect the price at which you could sell the shares of Class A common stock.

The market price for securities of cannabis companies generally are likely to be volatile. In addition, the market price for the shares of Class A common stock has been and may be subject to wide fluctuations in response to numerous factors beyond our control, including, but not limited to:

- actual or anticipated fluctuations in our quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which we operate;
- addition or departure of our executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding shares of Class A common stock;
- sales or perceived sales of additional shares of Class A common stock;
- operating and financial performance that varies from the expectations of management, securities analysts and investors;
- regulatory changes affecting our industry generally and our business and operations both domestically and abroad, or legislative or regulatory decisions to halt adult-use or medical cannabis programs;
- announcements of developments and other material events by us or our competitors;
- fluctuations in 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 price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors;
- operating and share price performance of other companies that investors deem comparable to us or from a lack of market comparable companies; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in our industry or target markets.

Financial markets have at times historically experienced significant price and volume fluctuations that: (i) have particularly affected the market prices of equity securities of companies, and (ii) have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the shares of Class A common stock from time to time may decline even if our operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that may result in impairment losses to us. Further fluctuations in price and volume of equity securities may occur in the future. If increased levels of volatility and market turmoil continue, our operations could be adversely impacted, and the trading price of the shares of Class A common stock may be materially adversely affected.

We may face liquidity risks.

We have applied to list our shares of Class A common stock on the CSE and to have our shares of Class A common stock quoted on the OTCQX. Listing and quotation of our Class A common stock will be subject to us fulfilling all of the listing requirements of the CSE and OTCQX, respectively. We cannot predict at what prices the shares of Class A common stock will continue to trade, and an active trading market may not be sustained.

Our shares of Class A common stock do not currently trade on any U.S. securities exchange. In the event our shares of Class A common stock do trade on any U.S. securities exchange, we cannot predict at what prices the shares of Class A common stock will trade and there is no assurance that an active trading market will develop or be sustained. There is a significant liquidity risk associated with an investment in us.

We will be subject to increased costs as a result of being a United States company listed on the CSE.

We have applied to be listed on the CSE and anticipate being subject to SEC rules and regulations. As a result, we will be subject to the reporting requirements, rules and regulations under the applicable Canadian and U.S. securities laws and rules of stock exchanges on which our securities may be listed. The requirements of existing and potential future rules and regulations will increase our legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may place undue strain on our personnel, systems and resources, which could adversely affect our business, financial condition and results of operations.

We will face costs of maintaining a public listing.

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. We may also elect to devote greater resources on communication and other activities typically considered important by publicly traded companies.

Anti-takeover provisions in our certificate of incorporation and bylaws and Delaware law could discourage a takeover.

Our certificate of incorporation and bylaws, as adopted in connection with this offering, will contain provisions that might enable our management to resist a takeover. These provisions include:

- authorizing the issuance of “blank check” preferred stock that could be issued by our Board to increase the number of outstanding shares and thwart a takeover attempt;
- advance notice requirements applicable to stockholders for matters to be brought before a meeting of stockholders and requirements as to the form and content of a stockholder’s notice;
- restrictions on the transfer of our outstanding shares of Class B common stock, which shares will represent % of the voting rights of our capital stock following this offering, or % of the voting rights if the underwriters exercise in full their option to purchase additional shares of Class A common stock;
- the dual-class structure of our common stock, which gives our founders significant influence over all matters requiring stockholder approval, including the election of directors, amendments to our charter documents and significant corporate transactions, such as a merger or other sale of our company or its assets;
- the inability of our stockholders to act by written consent;
- a requirement that the authorized number of directors may be changed only by resolution of the Board;
- allowing all vacancies, including newly created directorships, to be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum, except as otherwise required by law;
- limiting the forum for certain litigation against us to Delaware; and
- limiting the persons that can call special meetings of our stockholders to our Board, the chief executive officer, the president, the secretary or a majority of the authorized number of directors.

These provisions might discourage, delay or prevent a change in control of our company or a change in our Board or management. The existence of these provisions could adversely affect the voting power of holders of Class A common stock and limit the price that investors might be willing to pay in the future for shares of our Class A common stock. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any “interested” stockholder for a period of three years following the date on which the stockholder became an “interested” stockholder. See “*Description of Capital Stock.*”

We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our Class A common stock, which could depress the price of our Class A common stock.

Our certificate of incorporation will authorize us to issue one or more series of preferred stock. Our Board will have the authority to determine the preferences, limitations and relative rights of the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our Class A common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discourage bids for our Class A common stock at a premium to the market price, and materially and adversely affect the market price and the voting and other rights of the holders of our Class A common stock.

Our certificate of incorporation and bylaws will provide that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our certificate of incorporation and bylaws, which will become effective prior to the completion of this offering, provide that, unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of fiduciary duty owed by any of our directors, officers or other employees to us or to our stockholders, (iii) any action asserting a claim arising pursuant to the Delaware General Corporation Law or our certificate of incorporation or bylaws, (iv) any action to interpret, apply, enforce or determine the validity of our certificate of incorporation or bylaws, or (v) any action asserting a claim governed by the internal affairs doctrine.

This exclusive forum provision would not apply to suits brought to enforce any liability or duty created by the Securities Act or the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. To the extent that any such claims may be based upon federal law claims, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. The choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees or could result in increased costs for a stockholder to bring a claim, both of which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find the choice of forum provision contained in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results and financial condition.

It may be difficult to enforce civil liabilities in the U.S. under Canadian securities laws.

We are incorporated in the State of Delaware and our corporate headquarters are located in New York. A majority of our directors and executive officers and certain of the experts named in this prospectus reside principally in the U.S. and the majority of our assets and all or a substantial portion of the assets of these persons is located outside of Canada. It may be difficult for investors who reside in Canada to effect service of process upon these persons in Canada, or to enforce a Canadian court judgment predicated upon the civil liability provisions of the Canadian securities laws against us or any of these persons. U.S. courts may refuse to hear a claim based on an alleged violation of Canadian securities laws against us or these persons on the grounds that the U.S. is not the most appropriate forum in which to bring a claim. Even if a U.S. court agrees to hear a claim, it may determine that U.S. 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 proved as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by U.S. law.

We will be an SEC foreign issuer under Canadian securities laws and, therefore, will be exempt from certain requirements of Canadian securities laws applicable to other Canadian reporting issuers.

Although we intend to be a reporting issuer in Canada, we will be an "SEC foreign issuer" as defined in National Instrument 71-102 – *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*, and will be exempt from certain Canadian securities laws relating to continuous disclosure obligations and proxy solicitation if we comply with certain reporting requirements applicable in the U.S., provided that the relevant documents filed with the SEC are filed in Canada and sent to our stockholders in Canada to the extent and in the manner and within the time required by applicable U.S. requirements. In some cases, the disclosure obligations applicable in the U.S. are different or less onerous than the comparable disclosure requirements applicable in Canada for a Canadian reporting issuer that is not exempt from Canadian disclosure obligations. Therefore, there may be less or different publicly available information about us than would be available if we were a Canadian reporting issuer that is not

exempt from such Canadian disclosure obligations. While we expect to be an SEC foreign issuer for the foreseeable future, we may lose the ability to rely upon such exemption in the event of a significant increase in the number of our Canadian resident stockholders and/or in the event of a significant change in the administration of our business or the location of our assets, which would in turn require us, as a consequence, to comply with the Canadian disclosure requirements in addition to those of the U.S., thereby necessitating the devotion of further administrative and legal resources in order to meet such requirement.

Risks Related to Our Business and Industry

Cannabis remains illegal under U.S. federal law, and enforcement of cannabis laws could change.

We are currently engaged in the cannabis industry in the United States, both directly and indirectly, where local and state laws permit such activities. However, investors are cautioned that cannabis is a Schedule I controlled substance pursuant to the United States Controlled Substances Act (21 U.S.C. § 811) (the “CSA”), and is illegal under U.S. federal law. Even in those states in which the use of cannabis has been legalized, its use, cultivation, sale and distribution remains a violation of federal law. Since federal law criminalizing the use of cannabis preempts state laws that legalize its use, strict enforcement of federal law regarding cannabis would harm our business, prospects, results of operation, and financial condition.

Unlike in Canada, which has federal legislation uniformly governing the cultivation, distribution, sale and possession of medical and adult-use cannabis, for both adult-use and medical purposes, cannabis is largely regulated at the state level in the United States. To date, the cultivation and sale of cannabis for medical uses has been legalized in 35 states, four of five permanently inhabited U.S. territories and the District of Columbia. The adult-use of cannabis has been legalized in 15 states and the District of Columbia. Although certain U.S. states have legalized the sale of medical or adult-use cannabis, the sale, distribution, and cultivation of cannabis and cannabis-related products remains illegal under U.S. federal law pursuant to the CSA. The CSA classifies cannabis as a Schedule I controlled substance, and as such, medical and adult-use cannabis use is illegal under U.S. federal law.

Unless and until the United States Congress (“Congress”) amends the CSA with respect to cannabis (and the President approves such amendment), there is a risk that federal authorities may enforce current federal law. If that occurs, we may be deemed to be producing, cultivating or dispensing cannabis and drug paraphernalia in violation of federal law. Any person connected to the cannabis industry in the United States may be at risk of federal criminal prosecution and civil liability in the United States. Any investments may be subject to civil or criminal forfeiture and total loss.

We are directly or indirectly engaged in the medical and adult-use cannabis industry in the United States where local state law permits such activities. Although our activities are believed to be compliant with applicable state and local laws, strict compliance with state and local laws with respect to cannabis may neither absolve us from liability under United States federal law, nor may it provide a defense to any federal proceeding which may be brought against us. There can be no assurances that the federal government of the United States will not seek to enforce the applicable laws against us. Enforcement of federal law regarding cannabis is a significant risk and would greatly harm our business, prospects, revenue, results of operation and financial condition.

Due to the conflicting views between state legislatures and the federal government regarding cannabis, cannabis businesses are subject to inconsistent laws and regulations. The Obama administration attempted to address the inconsistent treatment of cannabis under state and federal law in August 2013 in a memorandum which then-Deputy Attorney General James Cole sent to all U.S. District Attorneys (the “Cole Memorandum”). The Cole Memorandum outlined certain priorities for the Department of Justice (the “DOJ”) relating to the prosecution of cannabis offenses and noted that, in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, processing, distribution, sale and possession of cannabis, conduct in compliance with such laws and regulations was not a priority for the DOJ. However, the DOJ did not provide (and has not provided since) specific guidelines for what regulatory and enforcement systems would be deemed sufficient under the Cole Memorandum.

On January 4, 2018, then-U.S. Attorney General Jeff Sessions formally issued a memorandum (the “**Sessions Memorandum**”) which rescinded the Cole Memorandum effective upon its issuance. The Sessions Memorandum stated, in part, that current law reflects “Congress’ determination that cannabis is a dangerous drug and cannabis activity is a serious crime,” and Mr. Sessions directed all U.S. Attorneys to enforce the laws enacted by Congress and to follow well-established principles when pursuing prosecutions related to cannabis activities.

As a result of the Sessions Memorandum, federal prosecutors are now free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities, despite the existence of state-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities, and thus it is uncertain how active U.S. federal prosecutors will be in relation to such activities.

There can be no assurance that the federal government will not enforce federal laws relating to cannabis and seek to prosecute cases involving cannabis businesses that are otherwise compliant with state laws in the future. Mr. Sessions resigned as U.S. Attorney General on November 7, 2018. On February 14, 2019, William Barr was confirmed as U.S. Attorney General. On January 7, 2021, then President-elect Joe Biden announced his nomination of current Chief Judge of the United States Court of Appeals for the District of Columbia Circuit, Merrick Garland, to succeed Mr. Barr as the U.S. Attorney General. It is unclear what impact this development will have on U.S. federal government enforcement policy.

We may be subject to action by the U.S. federal government.

Since the cultivation, processing, production, distribution and sale of cannabis for any purpose, medical, adult-use or otherwise, remain illegal under U.S. federal law, it is possible that we may be forced to cease activities. The U.S. federal government, through, among others, the DOJ, its sub-agency, the Drug Enforcement Administration (the “**DEA**”), and the Internal Revenue Service (“**IRS**”), has the right to actively investigate, audit and shut down cannabis growing facilities, processors and retailers. The U.S. federal government may also attempt to seize our property. Any action taken by the DOJ, the DEA and/or the IRS to interfere with, seize or shut down our operations will have an adverse effect on our business, prospects, revenue, results of operation and financial condition.

Because federal law criminalizing the use of cannabis preempts state laws that legalize its use, the federal government can assert criminal violations of federal law despite state laws permitting the use of cannabis. While it does not appear that federal law enforcement and regulatory agencies are focusing resources on licensed cannabis related businesses that are operating in compliance with state law, the stated position of the current administration is hostile to legal cannabis. Additionally, while the MORE Act was passed by the House of Representatives on December 4, 2020, there is no assurance that the bill will be passed by the Senate or signed into law by the President. As the rescission of the Cole Memorandum and the implementation of the Sessions Memorandum demonstrate, the DOJ may at any time issue additional guidance that directs federal prosecutors to devote more resources to prosecuting cannabis related businesses. If the DOJ under the Biden administration aggressively pursues financiers or equity owners of cannabis-related businesses, and U.S. Attorneys follow the DOJ policies through pursuing prosecutions, then we could face:

- seizure of our cash and other assets used to support or derived from our cannabis subsidiaries;
- the arrest of our employees, directors, officers, managers and investors;
- ancillary criminal violations of the Controlled Substances Act for aiding and abetting, and conspiracy to violate the Controlled Substances Act by providing financial support to cannabis companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors and/or retailers of cannabis; and
- the barring of our employees, directors, officers, managers and investors who are not U.S. citizens from entry into the United States for life.

Because the Cole Memorandum was rescinded, the DOJ under the current or new administration or an aggressive federal prosecutor could allege that us and our Board, our executive officers and, potentially, our stockholders, “aided and abetted” violations of federal law by providing finances and services to our portfolio cannabis companies. Under these circumstances, federal prosecutors could seek to seize our assets, and to recover the “illicit profits” previously distributed to stockholders resulting from any of our financing or services. In these circumstances, our operations would cease, stockholders may lose their entire investments and directors, officers and/or stockholders may be left to defend any criminal charges against them at their own expense and, if convicted, be sent to federal prison.

Additionally, there can be no assurance as to the position the new administration under President Biden may take on cannabis, and the new administration could decide to enforce the federal laws strongly. Any enforcement of current federal cannabis laws could cause significant financial damage to us and our stockholders. Further, President Biden’s administrations may choose to treat cannabis differently and potentially enforce the federal laws more aggressively.

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. These results could have a material adverse effect on us, including our reputation and ability to conduct business, our holding (directly or indirectly) of cannabis licenses in the United States, the listing of our Class A common stock on various stock exchanges, our financial position, operating results, profitability or liquidity or the market price of our shares of Class A common stock. In addition, it is difficult to estimate the time or resources that would be needed for the investigation or final resolution of any such matters because: (i) the time and resources that may be needed depend on the nature and extent of any information requested by the authorities involved, and (ii) such time or resources could be substantial.

U.S. State regulation of cannabis is uncertain.

Our activities are, and will continue to be, subject to evolving regulation and interpretation by various governmental authorities. The medical and adult-use cannabis industries are subject to various local, state and federal laws, regulations, guidelines, and licensing requirements relating to the manufacture, sale, distribution, management, transportation, storage, and disposal of cannabis, as well as being subject to laws and regulations relating to health and safety, the conduct of operations, and the protection of the environment. There is no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Given the current regulatory environment in the United States, new risks may emerge, and management may not be able to predict all such risks. If the U.S. federal government begins to enforce U.S. federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, our business or operations in those states or under those laws would be materially and adversely affected. Federal actions against any individual or entity engaged in the cannabis industry or a substantial repeal of cannabis related legislation could adversely affect us, our business and our assets or investments.

As a result of the conflicting views between state legislatures and the federal government regarding cannabis, the rulemaking process at the state level that applies to cannabis operators in any state will be ongoing and result in frequent changes. As a result, a compliance program is essential to manage regulatory risk. All of our implemented operating policies and procedures are compliance-based and are derived from the state regulatory structure governing ancillary cannabis businesses and their relationships to state-licensed or permitted cannabis operators, if any. Notwithstanding our efforts and diligence, regulatory compliance and the process of obtaining regulatory approvals can be costly and time-consuming. No assurance can be given that we will receive or will continue to hold the requisite licenses, permits or cards to operate our businesses as currently operated or as proposed to be operated in the future, or that we will be able to complete business transactions, including acquisitions or transfers of licenses, permits, cards or other property.

In addition, local laws and ordinances could restrict our business activity. Although our operations are legal under the laws of the states in which we operate, local governments have the ability to limit, restrict and ban cannabis businesses from operating within their jurisdiction. Land use, zoning, local ordinances and similar laws could be adopted or changed and have a material adverse effect on our business.

Multiple states where medical and/or adult-use cannabis is legal have or are considering special taxes or fees on businesses in the cannabis industry. It is uncertain at this time whether other states are in the process of reviewing such additional taxes and fees. The implementation of special taxes or fees could have a material adverse effect upon our business, prospects, revenue, results of operation and financial condition.

We are affected by the dynamic laws and regulations of the industry.

The success of our business strategy depends on the legality of the cannabis industry. The constant evolution of laws and regulations affecting the cannabis industry could detrimentally affect us. Our current and proposed operations are subject to a variety of local, state and federal medical cannabis laws and regulations relating to the manufacture, management, transportation, storage and disposal of cannabis, as well as laws and regulations relating to consumable products health and safety, the conduct of operations and the protection of the environment. These laws and regulations are broad in scope and subject to evolving interpretations, which could require us to incur substantial costs associated with compliance or alter certain aspects of their business plans.

In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of our business plans and result in a material adverse effect on certain aspects of its planned operations. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect our profitability or cause us to cease operations entirely. The cannabis industry may come under the scrutiny or further scrutiny by the U.S. Food and Drug Administration (the “FDA”), SEC, the DOJ, 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 adult-use 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 medical and adult-use cannabis industries are subject to significant regulatory change at both the state and federal level. The regulatory uncertainty surrounding the industries may adversely affect our business and operations, including without limitation, the costs to remain compliant with applicable laws and the impairment of its business or the ability to raise additional capital. In addition, we will not be able to predict the nature of any future laws, regulations, interpretations or applications, and it is possible that regulations may be enacted in the future that will be directly applicable to its business. For example, see “*Risk Factors - We may be subject to heightened scrutiny by Canadian regulatory authorities*” below.

State regulatory agencies may require us to post bonds, maintain large insurance policies or post significant fees.

There is a risk that a greater number of state regulatory agencies will begin requiring entities engaged in certain aspects of the legal cannabis industry to post a bond or significant fees when applying, for example, for a dispensary license or renewal as a guarantee of payment of sales and franchise taxes. We are not able to quantify at this time the potential scope of such bonds or fees in the states in which we currently operate or may in the future operate. Any bonds or fees of material amounts could have a negative impact on the ultimate success of our business.

We may be subject to heightened scrutiny by Canadian regulatory authorities.

Following the completion of this offering, we anticipate that our Class A common stock we will be traded on the CSE and quoted on the OTCQX in the United States. Our business, operations and investments in the United States, and any future business, operations or investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada and the United States. As a result, we 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 our ability to operate or invest in the United States or any other jurisdiction.

In 2017, there were concerns that the Canadian Depository for Securities Limited, through its subsidiary CDS Clearing and Depository Services Inc. (“**CDS**”), Canada’s central securities depository (clearing and settling trades in the Canadian equity, fixed income and money markets), would refuse to settle trades for cannabis issuers that have investments in the United States. However, CDS has not implemented this policy.

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.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group, which is the owner and operator of CDS, announced the signing of a Memorandum of Understanding (“**MOU**”) with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange and the TSX Venture Exchange. The MOU outlines the parties’ understanding of Canada’s regulatory framework applicable to the rules, procedures and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the United States. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the Canadian securities exchanges to review the conduct of listed issuers.

The 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 MOU, CDS will not ban accepting deposits of or transactions for clearing and settlement of securities of issuers with cannabis-related activities in the United States.

Although the MOU indicated that there are no plans to ban the settlement of securities through CDS, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were implemented at a time when shares of Class A common stock are listed on a Canadian stock exchange, it would have a material adverse effect on the ability of holders of shares of Class A common stock to make and settle trades. In particular, the shares of Class A common stock would become highly illiquid until an alternative (if available) was implemented, and investors would have no ability to effect a trade of shares of Class A common stock through the facilities of the applicable Canadian stock exchange.

We face risks associated with a change in U.S. administrations.

The inauguration of President Joseph Biden Jr. in January 2021 has created political uncertainty with respect to the regulation of cannabis in the U.S. federally. This uncertainty may include issues such as enforcement of the U.S. federal laws including those with respect to the cannabis industry. Implementation by the U.S. of new legislative or regulatory regimes could impose additional costs on us, decrease U.S. demand for our products or otherwise negatively impact us, which may have a material adverse effect on the Company’s business, financial condition and operations.

We may face limitations on ownership of cannabis licenses.

In certain states, the cannabis laws and regulations limit not only the number of cannabis licenses and types of licenses issued, but also the number of cannabis licenses and types that one person or entity may own. We believe that, where such restrictions apply, the Company may still recognize revenue in the market through wholesale sales, exclusive marketing relations, the provision of management or support services, and joint ventures or similar contractual relationships with other operators to ensure continued compliance with the applicable regulatory guidelines. In addition, states may require that certain qualified applicants or individuals participate in the ownership

of the licensed entity. Currently, we have joint ventures or contractual relationships with third parties in Illinois, Michigan and Ohio. Nevertheless, such limitations on the ownership of additional licenses within certain states may limit our ability to expand in such states.

We may become subject to FDA or Bureau of Alcohol, Tobacco, Firearms and Explosives (“ATF”) regulation.

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 seek to regulate cannabis under the Food, Drug and Cosmetics Act of 1938. Additionally, the FDA may issue rules and regulations, including good manufacturing practices, related to the growth, cultivation, harvesting, processing and labeling of medical cannabis. Clinical trials may be needed to verify the efficacy and safety of cannabis. It is also possible that the FDA would require facilities where medical use cannabis is grown to register with the FDA and comply with certain federally prescribed regulations. If some or all of these regulations are imposed, the impact they would have on the cannabis industry is unknown, including the costs, requirements and possible prohibitions that may be enforced. If we are unable to comply with the potential regulations or registration requirements prescribed by the FDA, it may have an adverse effect on our business, prospects, revenue, results of operation and financial condition.

It is also possible that the federal government could seek to regulate cannabis under the ATF. The ATF may issue rules and regulations related to the use, transporting, sale and advertising of cannabis or cannabis products, including smokeless cannabis products.

Cannabis businesses are subject to applicable anti-money laundering laws and regulations and have restricted access to banking and other financial services.

We are subject to a variety of laws and regulations in the United States that involve money laundering, financial record-keeping and proceeds of crime, including the U.S. Currency and Foreign Transactions Reporting Act of 1970 (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 (which we refer to as the USA Patriot Act), and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States. Since the cultivation, manufacture, distribution and sale of cannabis remains illegal under the CSA, banks and other financial institutions providing services to cannabis-related businesses risk violation of federal anti-money laundering statutes (18 U.S.C. §§ 1956 and 1957) and the Bank Secrecy Act, among other applicable federal statutes. Accordingly, pursuant to the Bank Secrecy Act, 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 criminally prosecuted for willful violations of money laundering statutes, in addition to being subject to other criminal, civil, and regulatory enforcement actions.

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 U.S. The lack of banking and financial services presents unique and significant challenges to businesses in the cannabis industry. The potential 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. The above-mentioned laws and regulations can impose criminal liability for engaging in certain financial and monetary transactions with the proceeds of a “specified unlawful activity” such as distributing controlled substances, including cannabis, which are illegal under federal law, and for failing to identify or report financial transactions that involve the proceeds of cannabis-related violations of the CSA. We may also be exposed to the foregoing risks.

In February 2014, the U.S. Department of the Treasury’s Financial Crimes Enforcement Network (“**FinCEN**”) issued a memorandum (the “**FinCEN Memorandum**”) providing instructions to banks seeking to provide services to cannabis-related businesses. The FinCEN Memorandum echoed the enforcement priorities of the Cole Memorandum and 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. The FinCEN Memorandum directed prosecutors to apply the enforcement priorities of the Cole Memorandum in determining

whether to charge individuals or institutions with crimes related to financial transactions involving the proceeds of cannabis-related conduct.

The revocation of the Cole Memorandum has not yet affected the status of the FinCEN Memorandum, nor has FinCEN given any indication that it intends to rescind the FinCEN Memorandum itself. Shortly after the Sessions Memorandum was issued, FinCEN did state that it would review the FinCEN Memorandum, but FinCEN has not yet issued further guidance.

Although the FinCEN Memorandum remains intact, it is unclear whether the current administration will continue to follow its guidelines. 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 prosecution of banks and financial institutions for crimes that were not previously prosecuted.

If our operations, or proceeds thereof, dividend distributions or profits or revenues derived from our operations were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds from a crime (the sale of a Schedule I drug) under the Bank Secrecy Act's money laundering provisions. This may restrict our ability to declare or pay dividends or effect other distributions.

The FinCEN Memorandum does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the DOJ, FinCEN or other federal regulators. Thus, most banks and other financial institutions in the United States do not appear comfortable providing banking services to cannabis-related businesses or relying on this guidance given that it has the potential to be amended or revoked by the current administration. There are no assurances that this position will change under the Biden administration. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, we may have limited or no access to banking or other financial services in the United States. In addition, federal money laundering statutes and Bank Secrecy Act regulations discourage financial institutions from working with any organization that sells a controlled substance, regardless of whether the state it operates in permits cannabis sales. Our inability or limitation of our ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for us to operate and conduct our business as planned or to operate efficiently.

Other potential violations of U.S. federal law resulting from cannabis-related activities include the Racketeer Influenced Corrupt Organizations Act ("**RICO**"). RICO is a federal statute providing criminal penalties in addition to a civil cause of action for acts performed as part of an ongoing criminal organization. Under RICO, it is unlawful for any person who has received income derived from a pattern of racketeering activity (which includes most felonious violations of the CSA), to use or invest any of that income in the acquisition of any interest, or the establishment or operation of, any enterprise which is engaged in interstate commerce. RICO also authorizes private parties whose properties or businesses are harmed by such patterns of racketeering activity to initiate a civil action against the individuals involved. Although RICO suits against the cannabis industry are rare, a few cannabis businesses have been subject to a civil RICO action. Defending such a case has proven extremely costly, and potentially fatal to a business' operations.

In the event that any of our operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize our ability to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada, and subject us to civil and/or criminal penalties. Furthermore, in the event that a determination was made that the proceeds from our operations (or any future operations or investments in the United States) could reasonably be shown to constitute proceeds of crime, we may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time. We could likewise be required to suspend or cease operations entirely.

We operate in a highly regulated sector and may not always succeed in complying fully with applicable regulatory requirements in all jurisdictions where we carry on business.

Our business and activities are heavily regulated in all jurisdictions where we carry on business. Our operations are subject to various laws, regulations and guidelines by state and local governmental authorities relating to the manufacture, marketing, management, transportation, storage, sale, pricing and disposal of cannabis and cannabis oil, and also including laws and regulations relating to health and safety, insurance coverage, the conduct of operations and the protection of the environment. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over our activities, including the power to limit, require, or restrict business activities as well as impose additional disclosure requirements on our products and services. Achievement of our business objectives is contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all necessary regulatory approvals for the manufacture, production, storage, transportation, sale, import and export, as applicable, of our products, and as may be required in connection with any business transactions, including acquisition or transfer of licenses, permits, cards or other property. The commercial cannabis industry is still a new industry at the state and local level. The effect of relevant governmental authorities' administration, application and enforcement of their respective regulatory regimes and delays in obtaining, or failure to obtain, applicable regulatory approvals which may be required may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on our business, prospects, revenue, results of operation and financial condition.

While we endeavor to comply with all relevant laws, regulations and guidelines and we are in compliance or are in the process of being assessed for compliance with all such laws, regulations and guidelines, any failure to comply with the regulatory requirements applicable to our operations may lead to possible sanctions including the revocation or imposition of additional conditions on licenses to operate our business; the suspension or expulsion from a particular market or jurisdiction or of our key personnel; the imposition of additional or more stringent inspection, testing and reporting requirements; and the imposition of fines and censures. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to our operations, increase compliance costs or give rise to material liabilities and/or revocation of our licenses and other permits, which could have a material adverse effect on our business, results of operations and financial condition. Furthermore, governmental authorities may change their administration, application or enforcement procedures at any time, which may adversely impact our ongoing costs relating to regulatory compliance.

We may face difficulties in enforcing our contracts.

Because our contracts involve cannabis and other activities that are currently illegal under U.S. federal law and the laws of certain other jurisdictions, we may face difficulties in enforcing our contracts in U.S. federal courts and certain state courts.

More specifically, some courts have determined that contracts relating to state legal cultivation and sale of cannabis are unenforceable on the grounds that they are illegal under federal law and therefore void as a matter of public policy. This could substantially impact the rights of parties making or defending claims involving us and any of our lenders or members.

It is a fundamental principle of law that a contract will not be enforced if it involves a violation of law or public policy. Notwithstanding that cannabis related businesses operate pursuant to the laws of states in which such activity is legal under state law, judges have on a number of 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. There remains doubt and uncertainty that we will be able to legally enforce contracts we enter into if necessary. As we cannot be assured that we will have a remedy for breach of contract, investors must bear the risk of the uncertainty in the law. If borrowers fail or refuse to repay loans and we are unable to legally enforce our contracts, we may suffer substantial losses for which we have no legal remedy. The inability of us to enforce any of our contracts could have a material adverse effect on our business, revenues, operating results, financial condition or prospects.

We have limited trademark and intellectual property protection.

As long as cannabis remains illegal under U.S. federal law as a Schedule I controlled substance pursuant to the CSA, the benefit of certain federal laws which may be available to most businesses, such as federal trademark protection, may not be available to us. 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, our intellectual property may never be adequately or sufficiently protected against use or misappropriation by third-parties. In addition, since the regulatory framework of the cannabis industry is in a constant state of flux, we can provide no assurance that we will ever obtain any protection of its intellectual property, whether on a federal, state or local level.

Any infringement or misappropriation of our intellectual property could damage its value and limit our ability to compete. We may have to engage in litigation to protect the rights to our intellectual property, which could result in significant litigation costs and require a significant amount of our time.

Competitors may also harm our sales by designing products that mirror our products or processes without infringing on our intellectual property rights. If we do not obtain sufficient protection for our intellectual property, or if we are unable to effectively enforce our intellectual property rights, our competitiveness could be impaired, which would limit our growth and future revenue.

We may also find it necessary to bring infringement or other actions against third parties to seek to protect our intellectual property rights. Litigation of this nature, even if successful, is often expensive and time-consuming to prosecute and there can be no assurance that we will have the financial or other resources to enforce our rights or be able to prevent other parties from developing similar products or processes or designing around our intellectual property.

We are and may continue to be subject to constraints on marketing our products.

We have committed and expect to continue committing significant resources and capital to develop and market existing products and new products and services. The development of our business and operating results may be adversely affected by applicable restrictions on sales and marketing activities imposed by regulatory bodies. Certain of the states in which we operate have enacted strict regulations regarding marketing and sales activities on cannabis products. There may be restrictions on sales and marketing activities imposed by government regulatory bodies that can hinder the development of our business and operating results. Restrictions may include regulations that specify what, where and to whom product information and descriptions may appear and/or be advertised. Marketing, advertising, packaging and labeling regulations also vary from state to state, potentially limiting the consistency and scale of consumer branding communication and product education efforts. The regulatory environment in the U.S. limits our ability to compete for market share in a manner similar to other industries. If we are unable to effectively market our 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 our products, our sales and operating results could be adversely affected.

We face risks related to the results of future clinical research.

Research regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as cannabidiol, commonly referred to as CBD, and tetrahydrocannabinol, commonly referred to as 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 we believe that various articles, reports and studies support our 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 federal illegality of cannabis and associated limits on our ability to properly fund and conduct research on cannabis and the lack of formal FDA oversight of cannabis, there is limited information about the long-term safety and efficacy of cannabis in its various forms, when combusted or combined with various cannabis and/or non-cannabis derived ingredients and materials or when

ingested, inhaled, or topically applied. Future research or oversight may reveal negative health and safety effects, which may significantly impact our reputation, operations and financial performance.

Given these risks, uncertainties and assumptions, prospective purchasers of shares of Class A common stock should not place undue reliance on such articles and reports. Future research studies and clinical trials may draw opposing conclusions to those stated in this prospectus or 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 our products, with the potential to have a material adverse effect on our business, prospects, revenue, results of operation and financial condition.

U.S. tax risks related to controlled substances

Limits on U.S. deductibility of certain expenses may have a material adverse effect on our financial condition, results of operations and cash flows. Section 280E (“**Section 280E**”) of the United States Internal Revenue Code of 1986, as amended (the “**Code**”), prohibits businesses from deducting certain expenses associated with the trafficking of controlled substances (within the meaning of Schedule I and II of the CSA). The IRS has applied Section 280E broadly in tax audits against various cannabis businesses in the U.S. that are permitted under applicable state laws, seeking substantial sums in tax liabilities, interest and penalties resulting from under payment of taxes due to the lack of deductibility of otherwise ordinary business expenses the deduction of which is prohibited by Section 280E. Although the IRS issued a clarification allowing the deduction of certain expenses that can be categorized as cost of goods sold, the scope of such items is interpreted very narrowly, and the bulk of operating costs and general administrative costs are not permitted to be deducted. 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 that is favorable to cannabis businesses.

If our tax filing positions were to be challenged by federal, state and local or foreign tax jurisdictions, we may not be wholly successful in defending our tax filing positions. We record reserves for unrecognized tax benefits based on our assessment of the probability of successfully sustaining tax filing positions. Management exercises significant judgment when assessing the probability of successfully sustaining tax filing positions, and in determining whether a contingent tax liability should be recorded and, if so, estimating the amount. If our tax filing positions are successfully challenged, payments could be required that are in excess of reserved amounts or we may be required to reduce the carrying amount of our net deferred tax asset, either of which result could be significant to our financial condition or results of operations.

We lack access to U.S. bankruptcy protections.

Because cannabis is illegal under U.S. federal law, and bankruptcy is a strictly federal proceeding, many courts have denied cannabis businesses federal bankruptcy protections, thus making it very difficult for lenders to recoup their investments in the cannabis industry in the event of a bankruptcy. If we were to seek protection from creditors pursuant to applicable bankruptcy or insolvency laws, there is no guarantee that U.S. federal bankruptcy protections would be available to our United States operations, which would have a material adverse effect on us, our lenders and other stakeholders. While state-level receivership options do exist in some states as an alternative to bankruptcy, the efficacy of these alternatives cannot be guaranteed.

Cannabis businesses may be subject to civil asset forfeiture.

As an entity that conducts business in the cannabis industry, we will potentially be subject to federal and state forfeiture laws (criminal and civil) that permit the government to seize the proceeds of criminal activity. Civil forfeiture laws could provide an alternative enforcement mechanism for the federal government, any state, or local police force that wants to discourage residents from conducting transactions with cannabis related businesses but believes criminal liability is too difficult to prove beyond a reasonable doubt. Individuals may be required to forfeit property considered to be from proceeds of crime even if the individual is not convicted of a criminal offense, and the standard of proof in a civil forfeiture matter is lower than the burden in a criminal matter. Depending on the applicable law, whether federal or state, rather than having to establish liability beyond a reasonable doubt, the

federal government or the state, as applicable, may be required to prove that the money or property at issue is proceeds of a crime only by either clear and convincing evidence or a mere preponderance of the evidence.

Our stockholders that are located in states where cannabis remains illegal may be at risk of prosecution under federal and/or state conspiracy, aiding and abetting, and money laundering statutes, and may be at further risk of losing their investments or proceeds thereof under forfeiture statutes. Many states remain able to take action to prevent the proceeds of cannabis businesses from entering their state. Because state legalization is relatively new, it remains to be seen whether these states would take such action and whether a court would approve it. Our stockholders and prospective stockholders should be aware of these potentially relevant federal and state laws in considering whether to invest in our securities.

We are subject to proceeds of crime statutes.

We will be subject to a variety of laws that concern money laundering, financial recordkeeping and proceeds of crime. These include: the Bank Secrecy Act, as amended by Title III of the USA Patriot Act, the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), the rules and regulations under the Criminal Code of Canada and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States and Canada.

In the event that any of our license agreements, or any proceeds thereof, in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above, or any other applicable legislation. This could have a material adverse effect on us and, among other things, could restrict or otherwise jeopardize our ability to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

We face security risks.

The business premises of our operating locations are targets for theft. While we have implemented security measures at each location and continue to monitor and improve such security measures, our cultivation, processing and dispensary facilities could be subject to break-ins, robberies and other breaches in security. If there was a breach in security and we fell victim to a robbery or theft, the loss of cannabis plants, cannabis oils, cannabis flowers, other cannabis goods and cultivation and processing equipment could have a material adverse impact on our business, prospects, revenue, results of operation and financial condition.

As our business involves the movement and transfer of cash which is collected from dispensaries or patients/customers and deposited into our bank, there is a risk of theft or robbery during the transport of cash. Our transport, distribution, and delivery of finished cannabis goods inventory including but not limited to wholesale delivery of finished products to retail customers and delivery of finished goods to end consumers and other intermediaries, also is subject to risks of theft and robbery. We have engaged a security firm to provide security in the transport and movement of large amounts of cash and products. Employees sometimes transport cash and/or products and, if requested, may be escorted by armed guards. While we have taken robust steps to prevent theft or robbery of cash during transport, there can be no assurance that there will not be a security breach during the transport and the movement of cash involving the theft of product or cash.

Additionally, we store certain personally identifiable information, credit and debit card information and other confidential information of our customers on our systems. We may experience attempts by third parties to obtain unauthorized access to the personally identifiable information, credit and debit card information and other confidential information of our customers. This information could also be otherwise exposed through human error or malfeasance. The unauthorized access or compromise of this personally identifiable information, credit and debit card information and other confidential information could have a material adverse impact on our business, financial condition and results of operation.

We are a holding company.

We are a holding company and substantially all of our assets are the capital stock of our subsidiaries in our five geographic markets, including Illinois, Massachusetts, Michigan, New Jersey and Ohio. As a result, our stockholders are subject to the risks attributable to our subsidiaries and each individual state laws, rules, and regulatory schemes. As a holding company, we conduct substantially all of our business through our subsidiaries, which generate substantially all of our revenues. Consequently, our cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of our subsidiaries and the distribution of those earnings to us. The ability of these entities to pay dividends and other distributions depends on their operating results and is subject to applicable laws and regulations, which require that solvency and capital standards be maintained by our subsidiaries and contractual restrictions are contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of our material subsidiaries, holders of indebtedness and trade creditors may be entitled to payment of their claims from the assets of those subsidiaries before us.

Competition for the acquisition and leasing of properties suitable for the cultivation, production and sale of medical and adult-use cannabis may impede our ability to make acquisitions or increase the cost of these acquisitions, which could adversely affect our operating results and financial condition.

We compete for the acquisition of properties suitable for the cultivation, production and sale of medical and adult-use cannabis with entities engaged in agriculture, real estate investment, consumer products manufacturing and retail activities, including corporate agriculture companies, cultivators, producers and sellers of cannabis. These competitors may prevent us from acquiring and leasing desirable properties, may cause an increase in the price we must pay for properties or may result in us having to lease our properties on less favorable terms than we expect. Our competitors may have greater financial and operational resources than we do and may be willing to pay more for certain assets or may be willing to accept more risk than we believe can be prudently managed. Larger companies may enjoy significant competitive advantages that result from, among other things, a lower cost of capital and enhanced operating efficiencies. Our competitors may also adopt transaction structures similar to ours, which would decrease our competitive advantage in offering flexible transaction terms. In addition, due to a number of factors, including but not limited to potential greater clarity of the laws and regulations governing medical use cannabis by state and federal governments, the number of entities and the amount of funds competing for suitable investment properties may increase, resulting in increased demand and increased prices paid for these properties. If we pay higher prices for properties or enter into leases for such properties on less favorable terms than we expect, our profitability and ability to generate cash flow and make distributions to our stockholders may decrease. Increased competition for properties may also preclude us from acquiring those properties that would generate attractive returns to us.

We face risks due to industry immaturity or limited comparable, competitive or established industry best practices.

As a relatively new industry, there are not many established operators in the medical and adult-use cannabis industries whose business models we can follow or build upon. Similarly, there is no or limited information about comparable companies available for potential investors to review in deciding about whether to invest in us.

Stockholders and investors should consider, among other factors, our prospects for success considering the risks and uncertainties encountered by companies, like us, that are in their early stages. For example, unanticipated expenses and problems or technical difficulties may occur, which may result in material delays in the operation of our business. We may fail to successfully address these risks and uncertainties or successfully implement our operating strategies. If we fail to do so, it could materially harm our business to the point of having to cease operations and could impair the value of the shares of Class A common stock to the extent that investors may lose their entire investments.

Our business is subject to the risks inherent in agricultural operations.

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

greenhouses 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 our products and, consequentially, on the anticipated business, financial condition or results of our operations.

We may be adversely impacted by rising or volatile energy costs and dependent on inputs.

Our cannabis cultivation operations consume considerable energy, which makes it vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may adversely affect our business and our ability to operate profitably.

In addition, our business is dependent on a number of key inputs and their related costs, including raw materials and supplies related to our growing operations, as well as electricity, water and other utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact our financial condition and operating results. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on our business, financial condition and operating results.

We may encounter unknown environmental risks.

There can be no assurance that we will not encounter hazardous conditions, such as asbestos or lead, at the sites of the real estate used to operate our businesses, which may delay the development of our businesses. Upon encountering a hazardous condition, work at our facilities may be suspended. If we receive notice of a hazardous condition, we may be required to correct the condition prior to continuing construction. If additional hazardous conditions were present, it would likely delay construction and may require significant expenditure of our resources to correct the conditions. Such conditions could have a material impact on our investment returns.

We are dependent on key inputs, suppliers and skilled labor.

The cannabis industry is dependent on a number of key inputs and their related costs, including raw materials and supplies related to growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs, such as the raw material cost of cannabis, or natural or other disruptions to power or other utility systems, could materially impact our business, financial condition, results of operations or prospects. 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, we might be unable to find a replacement for such source in a timely manner, or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to us in the future. Any inability to secure required supplies and services, or to do so on appropriate terms, could have a materially adverse impact on our business, prospects, revenue, results of operation and financial condition.

Our ability to compete and grow will be dependent on us having access, at a reasonable cost and in a timely manner, to skilled labor, equipment, parts and components. No assurances can be given that we will be successful in maintaining our required supply of skilled labor, equipment, parts and components. This could have an adverse effect on our financial results.

We must attract and maintain key personnel or our business will fail.

Our success is dependent upon the ability, expertise, judgment, discretion and good faith of our senior management and key personnel. We compete with other companies both within and outside the cannabis industry to recruit and retain competent employees. If one or more of our executive officers are unable or unwilling to continue in their present positions, we may not be able to replace them readily, if at all. We may also incur additional expenses to recruit and retain new executive officers.

Our continuing ability to attract and retain highly qualified personnel will also be critical to our success because we will need to hire and retain additional personnel as our business grows. There can be no assurance that we will be

able to attract or retain highly qualified personnel. We face significant competition for skilled personnel in our industries. In particular, if the cannabis industry continues to grow, demand for personnel may become more competitive. This competition may make it more difficult and expensive to attract, hire, and retain qualified managers and employees. Because of these factors, we may not be able to effectively manage or grow our business, which could adversely affect our financial condition, operations or prospects. As a result, the value of an investment in our securities could be significantly reduced or completely lost. If we cannot maintain qualified employees to meet the needs of our anticipated growth, our business and financial condition could be materially adversely affected.

We may be subject to growth-related risks.

We may be subject to growth-related risks, including capacity constraints and pressure on our internal systems and controls. Our ability to manage growth effectively will require us to continue to implement and improve our operational and financial systems and to expand, train and manage our employee base. Our inability to deal with this growth may have a material adverse effect on our business, prospects, revenue, results of operation and financial condition.

Our growth strategy is dependent upon expanding our product and service offerings into new business areas or new geographic markets. There can be no assurance that any new business areas and geographic markets will generate the clients and revenue anticipated. In addition, any expansion into new business areas or geographic markets could expose us to new risks, including compliance with applicable laws and regulations, changes in the regulatory or legal environment, differing customer preferences or habits, adverse exchange rate fluctuations, adverse tax consequences, difficulties staffing and managing new operations, infringement of third-party intellectual property rights, new costs to adapting our products and services for new markets, and difficulties collecting accounts receivable. As a result of such expansion, we may incur losses or otherwise fail to enter new markets successfully.

We face an inherent risk of product liability and similar claims.

As a distributor of products designed to be ingested by humans, we face an inherent risk of exposure to product liability claims, regulatory action and litigation if our products are alleged to have failed to meet expected standards or to have caused significant loss or injury. In addition, the sale of our products involves 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 our products alone or in combination with other medications or substances could occur. We may be subject to various product liability claims, including, among others, that our products caused injury, illness or death, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. As an agricultural product, the quality of cannabis is inherently variable, and consumers may raise claims that our quality control or labeling processes have not sufficiently ensured that our grown and manufactured processes are sufficient to meet expected standards.

A product liability claim or regulatory action against us could result in increased costs, could adversely affect our reputation with our clients and consumers generally and could have a material adverse effect on our business, results of operations and financial condition. There can be no assurances that we will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of our potential products.

We may be exposed to infringement or misappropriation claims by third parties, which, if determined adversely to us, could subject us to significant liabilities and other costs.

Our success may depend on our 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. We cannot assure that third parties will not assert intellectual property claims against us. We are subject to additional risks if entities licensing intellectual property to us do not have adequate rights to the licensed materials. If third parties assert copyright or

patent infringement or violation of other intellectual property rights against us, we will be required to defend ourselves 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 we may become a party could subject us to significant liability to third parties, require us to seek licenses from third parties, require us to pay ongoing royalties or subject us to injunctions that may prohibit the development and operation of our applications.

Our products may be subject to product recalls.

Manufacturers, distributors and retailers 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 our products or products sold at our retail stores are recalled due to an alleged product defect or for any other reason, we could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall.

We may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin, if at all. In addition, a product recall may require significant management attention. Although we have detailed procedures in place for testing our products and requiring compliant labeling of third-party products we sell, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if any of our brands were subject to recall, our image and the image of that brand could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for our products and could have a material adverse effect on the results of our operations and financial condition. Additionally, product recalls may lead to increased scrutiny of our operations by the FDA, or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

We may face unfavorable publicity or consumer perception.

Our ability to generate revenue and be successful in the implementation of our business plan is dependent on consumer acceptance of and demand for our product lines. Management believes the medical and adult-use cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced.

Acceptance of our products depends on several factors, including availability, cost, ease of use, familiarity of use, convenience, effectiveness, safety and reliability. If customers do not accept our products, or if such products fail to adequately meet customers' needs and expectations, our ability to continue generating revenues could be affected.

Consumer perception of our current or proposed products may 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, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that is perceived as less favorable than, or questions earlier research reports, findings or publicity could have a material adverse effect on the demand for our products. Our dependence upon consumer perceptions means that such adverse reports, whether or not accurate or with merit, could ultimately have a material adverse effect on our business, results of operations, financial condition and cash flows.

Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or our products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect on us. Although we use quality control processes and procedures to ensure our consumer packaged goods meet our standards, a failure or alleged failure of such processes and procedures could result in negative consumer perception of our products or legal claims against us. 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.

Certain of our products are e-vapor or "vape" products. The use of vape products and vaping may pose health risks. According to the Centers for Disease Control, vape products may contain ingredients that are known to be toxic to humans and may contain other ingredients that may not be safe. Because clinical studies about the safety and efficacy of vape products have not been submitted to the FDA, consumers currently have no way of knowing whether they are safe for their intended use or what types or concentrations of potentially harmful chemicals or by-products are found in these products. It is also uncertain what implications the use of vape or other inhaled products, such as flower that is smoked, may have on respiratory illnesses such as that caused by COVID-19. Adverse findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of vape or other inhaled products, including adverse publicity regarding underage use of vape or other inhaled products, may adversely affect us.

We face intense competition.

We face intense competition from other companies, some of which have longer operating histories and more financial resources and manufacturing, retail and marketing experience than us. Increased competition by larger and better financed competitors could materially and adversely affect our business, financial condition and results of operations.

Because of the early stage of the industry in which we operate, we face additional competition from new entrants. If the number of consumers of cannabis in the states in which we operate our business increases, the demand for products and qualified talent will increase and we expect that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, we will require a continued high level of investment in research and development, marketing, sales, talent retention and client support. We may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis, which could materially and adversely affect our business, financial condition and results of our operations.

A decline in the price of the shares of Class A common stock could affect our ability to raise further working capital and adversely impact our ability to continue operations.

A prolonged decline in the price of the shares of Class A common stock could result in a reduction in the liquidity of the shares of Class A common stock and a reduction in our ability to raise capital. Because a significant portion of our operations have been and will be financed through the sale of equity securities, a decline in the price of our common stock could be especially detrimental to our liquidity and our operations. Such reductions may force us to reallocate funds from other planned uses and may have a significant negative effect on our business plan and operations, including our ability to develop new products and continue our current operations. If our stock price declines, there can be no assurance that we will be able to raise additional capital or generate funds from operations sufficient to meet our obligations. If we are unable to raise sufficient capital in the future, we may not be able to have the resources to continue our normal operations.

Our business is highly dependent upon our brand recognition and reputation, and the erosion or degradation of our brand recognition or reputation would likely adversely affect our business and operating results.

We believe that our business is highly dependent on the Ascend brand identity and our reputation, which is critical to our ability to attract and retain customers and consumers. We also believe that the importance of our brand recognition and reputation will continue to increase as competition in the markets in which we operate continues to develop. Our success in this area will depend on a wide range of factors, some of which are within our control and some of which are not. The factors affecting our brand recognition and reputation that are within our control include the following:

- the efficacy of our marketing efforts;

- our ability to maintain high satisfaction among consumers and customers;
- the quality of our products;
- our ability to successfully differentiate our products from competitors' products; and
- our compliance with laws and regulations.

In addition, our brand recognition and reputation may be affected by factors that are outside our control, such as:

- actions of competitors or other third parties;
- consumers' experiences with our services or products;
- positive or negative publicity, including with respect to events or activities attributed to us, our employees, partners or others associated with any of these parties; and
- litigation or regulatory developments.

Damage to our reputation and loss of brand equity from one or more of the factors listed above may reduce demand for our products and have an adverse effect on our business, operating results and financial condition. Moreover, any attempts to rebuild our reputation and restore the value of our brand may be costly and time-consuming, and such efforts may not ultimately be successful.

We may face competition from synthetic production and technological advances.

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 materially adversely affect our ability to secure long-term profitability and success through the sustainable and profitable operation of its business. There may be unknown additional regulatory fees and taxes that may be assessed in the future.

We may have increased labor costs based on union activity.

Labor unions are working to organize workforces in the cannabis industry in general. Currently, there is no labor organization that has been recognized as a representative of our employees. However, it is possible that certain retail and/or manufacturing locations will be organized in the future, which could lead to work stoppages or increased labor costs and adversely affect our business, profitability and our ability to reinvest into the growth of our business. We cannot predict how stable our relationships with U.S. labor organizations would be or whether we would be able to meet any unions' requirements without impacting our financial condition. Labor unions may also limit our flexibility in dealing with our workforce. Work stoppages and instability in our union relationships could delay the production and sale of our products, which could strain relationships with customers and cause a loss of revenues which would adversely affect our operations.

Risks Related to Our Finances and Capital Requirements

We may face difficulties acquiring additional or traditional financing.

Due to the present state of the laws and regulations governing financial institutions in the U.S., banks often refuse to provide banking services to businesses involved in the cannabis industry. Consequently, it may be difficult for us to obtain financing from large U.S. financial institutions.

We have historically, and continue to have, access to equity and debt financing from non-public (i.e., private placement) markets. Our business plan continues to include aggressive growth, both in the form of additional acquisitions and through facility expansion and improvements. Accordingly, we may require equity and/or debt financing to support ongoing operations, to undertake capital expenditures or to undertake acquisitions and/or other business combination transactions. There can be no assurance that additional financing will be available to us when needed or on terms which are acceptable. Our inability to raise financing through traditional banking to fund ongoing operations, capital expenditures or acquisitions could limit our growth and may have a material adverse effect upon our business, prospects, revenue, results of operation and financial condition.

Our ability to utilize our net operating loss carryforwards and certain other tax attributes may be limited.

Under Section 382 and related provisions of the Code, if a corporation undergoes an “ownership change” (generally defined as a greater than 50% change (by value) in its equity ownership over a rolling three year period), the corporation’s ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes to offset its post-change income may be limited. We may, in the future as a result of subsequent shifts in our stock ownership, experience, an “ownership change.” Thus, our ability to utilize carryforwards of our net operating losses and other tax attributes to reduce future tax liabilities may be substantially restricted for federal or state tax purposes.

Material acquisitions, dispositions and other strategic transactions involve a number of risks for us.

Material acquisitions, dispositions and other strategic transactions involve a number of risks for us, including: (i) potential disruption of our ongoing business; (ii) distraction of management; (iii) increased financial leverage; (iv) the anticipated benefits and cost savings of those transactions may not be realized or may take longer to realize than anticipated; (v) increased scope and complexity of our operations; and (vi) loss or reduction of control over certain of our assets.

Additionally, we may issue additional shares of Class A common stock in connection with such transactions, which would dilute a stockholder’s holdings in us.

The presence of one or more material liabilities of an acquired company that are known, but believed to be immaterial, or unknown to us at the time of acquisition could have a material adverse effect on our business, prospects, revenue, results of operation and financial condition. A strategic transaction may result in a significant change in the nature of our business, operations and strategy. In addition, we may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into our operations.

We may experience risks relating to the closing of acquisitions or investments.

We may experience risks relating to the challenges and costs of closing an acquisition or investment, including the transfers of licenses, permits, cards or other property, and the risk that an announced transaction may not close. Completion of certain acquisition and investment transactions are conditioned upon, among other things, the receipt of necessary approvals, including including the receipt of required regulatory clearances which could delay the completion a transaction for a significant period of time or prevent it from occurring at all.

In particular, the completion of our pending acquisitions of each of Hemma LLC, BCCO, LLC and Marichron Pharma LLC remain subject in all respects to approval by the relevant regulatory authorities in Ohio; the completion of our pending acquisition of Chicago Alternative Health Center, LLC and Chicago Alternative Health Center Holdings, LLC remain subject in all respects to approval by the relevant regulatory authorities in Illinois; and our investment in MedMen NY, Inc. remains subject in all respects to approval by the relevant regulatory authorities in New York. Although we have no reason to believe we will not receive the requisite approvals for the foregoing transactions, there is a possibility that such approvals may not be received. Any combination of the failure to complete the foregoing transactions could have a material adverse effect on us and would prevent us from realizing the anticipated benefits of such transaction(s). We may also be liable for certain transaction costs, including legal and accounting fees, whether or not a transaction is completed.

We may invest in pre-revenue and other revenue-generating cannabis companies which may not be able to meet anticipated revenue targets in the future.

We may make investments in companies with no significant sources of operating cash flow and no revenue from operations. Our 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 our investment in these pre-revenue companies will not be able to meet anticipated revenue targets or will 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 our business, prospects, revenue, results of operation and financial condition.

There can be no assurance that our current and future contractual relationships or strategic alliances or expansions of scope of existing relationships will have a beneficial impact on our business, financial condition and results of operations.

We currently have, and may in the future enter into, additional strategic alliances and partnerships with third parties that we believe will complement or augment our existing business. Our ability to complete strategic alliances is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, strategic alliances could present unforeseen integration obstacles or costs, may not enhance our business and may involve risks that could adversely affect us, including significant amounts of management time that may be diverted from operations in order to pursue and complete such transactions or maintain such strategic alliances. Future strategic alliances could result in the incurrence of additional debt, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve, or that our existing strategic alliances will continue to achieve, the expected benefits to our business or that we will be able to consummate future strategic alliances on satisfactory terms, if at all. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Our sales are difficult to forecast.

As a result of recent and ongoing regulatory and policy changes in the medical and adult-use cannabis industries and unreliable levels of market supply, the market data available is limited and unreliable. We must rely largely on our own market research to forecast sales, as detailed forecasts are not generally obtainable from other sources in the states in which our business operates. Additionally, any market research and our projections of estimated total retail sales, demographics, demand and similar consumer research, are based on assumptions from limited and unreliable market data. Projections are inherently subject to varying degrees of uncertainty and their achievability depends on the timing and probability of a complex series of future events. There is no assurance that the assumptions upon which these projections are based will be realized. Actual results may differ materially from projected results for a number of reasons including increases in operating expenses, changes or shifts in regulations or applicable laws, undiscovered or unanticipated adverse industry and economic conditions, and unanticipated competition. Accordingly, our stockholders should not rely on any projections to indicate the actual results we might achieve.

Changes in our customer, product or competition mix could cause our product margin to fluctuate.

From time to time, we may experience changes in our customer mix, our product mix or our competition mix. Changes in our customer mix may result from geographic expansion or contractions, legislative or enforcement priority changes affecting the products we distribute, selling activities within current geographic markets and targeted selling activities to new customer sectors. Changes in our product mix may result from marketing activities to existing customers, the needs communicated to us from existing and prospective customers and from legislative changes. Changes in our competition mix may result from well-financed competitors entering into our business segment. If customer demand for lower-margin products increases and demand for higher-margin products decreases, our business, results of operations and financial condition may suffer.

We have a limited operating history and a history of net losses, and we may not achieve or maintain profitability in the future.

We began operating in May 2018 and have yet to generate a profit. We generated a net loss of \$25.4 million and \$31.9 million for the years ended December 31, 2020 and 2019, respectively. We intend to continue to expend significant funds to expand our cultivation and processing facilities, make acquisitions and to fund our working capital.

Our efforts to grow our business may be more costly than we expect and we may not be able to increase our revenue enough to offset higher operating expenses. We may incur significant losses in the future for a number of reasons, including as a result of unforeseen expenses, difficulties, complications and delays, the other risks described in this prospectus and other unknown events. The amount of future net losses will depend, in part, on the growth of our future expenses and our ability to generate revenue. If we continue to incur losses in the future, the net losses and negative cash flows incurred to date, together with any such future losses, will have an adverse effect on our stockholders' equity and working capital. Because of the numerous risks and uncertainties associated with producing cannabis products, as outlined herein, we are unable to accurately predict when, or if, we will be able to achieve profitability. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. If we are unable to achieve and sustain profitability, the market price of our Class A common stock may significantly decrease and our ability to raise capital, expand our business or continue our operations may be impaired. A decline in our value may also cause you to lose all or part of your investment.

We will incur increased costs as a result of operating as a public company and our management will be required to devote substantial time to new compliance initiatives.

Historically, we have operated as a private company. As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. In addition, the Sarbanes-Oxley Act of 2002 and rules implemented by SEC, and CSE, and equivalent rules and regulations in Canada, impose various requirements on public companies, including requirements to file certain periodic and event-driven reports with respect to our business and financial condition and operations and establish and maintain effective disclosure and financial controls and corporate governance practices.

Our management and other personnel have limited experience operating a public company, which may result in operational inefficiencies or errors, or a failure to improve or maintain effective internal controls over financial reporting, and disclosure controls and procedures, necessary to ensure timely and accurate reporting of operational and financial results. Our existing management team will need to devote a substantial amount of time to these compliance initiatives, and we may need to hire additional personnel to assist us with complying with these requirements. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time consuming and costly.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some public company required activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and divert management's time and attention from revenue generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

We also expect that being a public company and complying with applicable rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to incur substantially

higher costs to obtain and maintain the same or similar coverage that is currently in place. These factors could also make it more difficult for us to attract and retain qualified executive officers and members of our Board.

There is no assurance that our management's past experience will be sufficient to enable us to operate successfully as a public company.

There is no guarantee that our current cash position, expected revenue growth and anticipated financing transactions will be sufficient to fund our operations for the next twelve months.

We have an accumulated deficit as of December 31, 2020 and 2019, as well as a net loss and negative cash flows from operating activities for the reporting periods then-ended. The recurring net losses and negative cash flows from operating activities are indicators of substantial doubt as to our ability to continue as a going concern for at least one year from issuance of the audited financial statements included in this prospectus. If we are unable to raise additional capital on favorable terms, if at all, during the next twelve months, we may be forced to decelerate or curtail certain of our operations until such time as additional capital becomes available.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" for a discussion regarding management's belief that the substantial doubt of our ability to continue as a going concern for at least one year from the issuance of the financial statements included in this prospectus has been alleviated.

General Risk Factors

Additional issuances of shares of Class A common stock may result in further dilution.

We may issue additional equity or convertible debt securities in the future, which may dilute an existing stockholder's holdings. Our certificate of incorporation permits the issuance of _____ shares of our Class A common stock, and existing stockholders will have no preemptive rights in connection with such further issuances. Our Board has discretion to determine the price and the terms of further issuances, and such terms could include rights, preferences and privileges superior to those existing holders of shares of Class A common stock. To the extent holders of our options or other convertible securities convert or exercise their securities and sell shares of Class A common stock they receive, the trading price of the shares of Class A common stock may decrease due to the additional amount of shares of Class A common stock available in the market. We cannot predict the size or nature of future issuances or the effect that future issuances and sales of shares of Class A common stock will have on the market price of the shares of Class A common stock. Issuances of a substantial number of additional shares of Class A common stock, or the perception that such issuances could occur, may adversely affect prevailing market prices for the shares of Class A common stock. With any additional issuance of shares of Class A common stock, our investors will suffer dilution to their voting power and economic interest.

Sales of substantial amounts of shares of Class A common stock by our existing stockholders in the public market may have an adverse effect on the market price of the shares of Class A common stock.

Sales of a substantial number of shares of Class A common stock in the public market could occur at any time, subject to certain restrictions described below. These sales, or the perception in the market that holders of many shares intend to sell shares, or the availability of such securities for sale, could adversely affect the prevailing market prices for the shares of Class A common stock. A decline in the market prices of the shares of Class A common stock could impair our ability to raise additional capital through the sale of securities should it desire to do so.

If securities or industry analysts do not publish or cease publishing research or reports or publish misleading, inaccurate or unfavorable research about us, our business or our market, our stock price and trading volume could decline.

The trading market for our shares of Class A common stock will be influenced by the research and reports that securities or industry analysts publish about us, our business, our market or our competitors. If no or few securities

or industry analysts cover us, the trading price and volume of our shares would likely be negatively impacted. If one or more of the analysts who covers us downgrades our shares or publishes inaccurate or unfavorable research about our business, or provides more favorable relative recommendations about our competitors, our stock price would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our shares could decrease, which could cause our stock price or trading volume to decline.

We are eligible to be treated as an “emerging growth company” as defined in the JOBS Act, and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make the shares of Class A common stock less attractive to investors.

We are an “emerging growth company,” as defined in the JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including (1) not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, (2) reduced disclosure obligations regarding executive compensation in this prospectus and periodic reports and proxy statements, and (3) exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if the market value of the shares of Class A common stock held by non-affiliates exceeds \$700 million as of _____, or if we have total annual gross revenue of \$1.07 billion or more during any fiscal year before that time, in which case we would no longer be an emerging growth company as of the following December 31. Additionally, if we issue more than \$1.0 billion in non-convertible debt during any three-year period before _____, we would cease to be an emerging growth company immediately. We cannot predict if investors will find the shares of Class A common stock less attractive because we may rely on these exemptions. If some investors find the shares of Class A common stock less attractive as a result, there may be a less active trading market for the shares of Class A common stock, and the stock price may be more volatile.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies.

We have broad discretion in the use of our cash, cash equivalents, and investments, including the net proceeds from this offering, and may not use them effectively.

Our management will have broad discretion in the application of our cash, cash equivalents, and investments, including the net proceeds from this offering, and could spend the proceeds in ways that do not improve our results of operations or enhance the value of our Class A common stock. We intend to use the proceeds from this offering as described in “*Use of Proceeds*.” We could spend the proceeds in ways that our stockholders may not agree with. The failure by our management to apply these funds effectively could result in financial losses that could have a material adverse impact on our business, cause the price of our Class A common stock to decline, and delay the development of additional products or the opening of new locations. Pending their use, we may invest our cash, cash equivalents, and investments, including the net proceeds from this offering, in a manner that does not produce income or that loses value. See the section titled “*Use of Proceeds*” appearing elsewhere in this prospectus.

Changes in U.S. tax law may adversely affect us or our investors.

The rules dealing with U.S. federal, state and local income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. Changes to tax laws (which changes may have retroactive application) could adversely affect us or holders of our common stock. In recent years, many changes have been made and changes are likely to continue to occur in the future.

For example, the Tax Cuts and Jobs Act was enacted in 2017 and made significant changes to corporate taxation, including the reduction of the corporate tax rate from a top marginal rate of 35% to a flat rate of 21%, which is a historically low rate. On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act, which included certain changes in tax law intended to stimulate the U.S. economy in

light of the COVID-19 coronavirus outbreak, including temporary beneficial changes to the treatment of net operating losses, interest deductibility limitations and payroll tax matters.

In light of the election of Joseph Biden, it cannot be predicted whether, when, in what form, or with what effective dates, new tax laws may be enacted, or regulations and rulings may be enacted, promulgated or issued under existing or new tax laws, which could result in an increase in our or our stockholders' tax liability or require changes in the manner in which we operate in order to minimize or mitigate any adverse effects of changes in tax law or in the interpretation thereof.

We face exposure to fraudulent or illegal activity by employees, contractors and consultants.

We face exposure to the risk that employees, independent contractors or consultants may engage in fraudulent or other illegal activities. Misconduct by these parties could be intentional, reckless and/or negligent conduct. There may be disclosure of unauthorized activities that violate government regulations, manufacturing standards, healthcare laws, abuse laws and other financial reporting laws. Further, it may not always be possible for us to identify and deter misconduct by our employees and other third parties, and the precautions we take to detect and prevent these activities may not always be effective in controlling unknown or unmanaged risks or losses, or in protecting us 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 us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, or curtailment of our operations, any of which could have a material adverse effect on our business, financial condition, results of operations or prospects.

Our reputation and ability to do business may be negatively impacted by the improper conduct by our business partners, employees or agents.

In certain states, we depend on third-party suppliers to produce and ship our orders. Products purchased from our suppliers are resold to our customers. These suppliers could fail to produce products to our specifications or quality standards and may not deliver units on a timely basis. Any changes in our suppliers' production or product availability could impact our ability to fulfill orders and could also disrupt our business due to delays in finding new suppliers.

Furthermore, we cannot provide assurance that our internal controls and compliance systems will protect us from acts committed by our employees, agents or business partners in violation of U.S. federal or state or local laws. Any improper acts or allegations could damage our reputation and subject us to civil or criminal investigations and related stockholder lawsuits, could lead to substantial civic and criminal monetary and non-monetary penalties and could cause us to incur significant legal and investigatory fees.

We face risks related to our information technology systems, and potential cyber-attacks and security breaches.

Our operations depend, in part, on how well we and our suppliers protect networks, equipment, information technology ("IT") systems and software against damage and threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. We are susceptible to operational, financial and information security risks resulting from cyber-attacks and/or malfunctioning technology. Our operations also depend on the timely maintenance and replacement of network equipment, IT systems and software, as well as preemptive expenses to mitigate associated risks. Any of the foregoing and other events could result in information system failures, delays, increase in capital expenses, financial losses, the inability to process transactions, the unauthorized release of customer information and reputational risk. If there was a breach in security or if there was a failure in information systems, it could adversely affect our reputation and business continuity.

Additionally, we may store and collect personal information about customers and is responsible for protecting that information from privacy breaches that may occur through procedural or process failure, IT malfunction or

deliberate unauthorized intrusions. We are subject to laws, rules and regulations in the United States and other jurisdictions relating to the collection, processing, storage, transfer and use of personal data. Our ability to execute transactions and to possess and use personal information and data in conducting our business subjects us to legislative and regulatory burdens that may require us to notify regulators and customers, employees and other individuals of a data security breach. Any such theft or privacy breach would have a material adverse effect on our business, prospects, revenue, results of operation and financial condition.

In addition, non-compliance could result in proceedings against us by governmental entities and/or significant fines, could negatively impact our reputation and may otherwise adversely impact our business, financial condition and operating results.

We have not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that we will not incur such losses in the future. Our risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, we may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

We face risks related to our insurance coverage and uninsurable risks.

Our business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labor disputes, destruction from civil unrest and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although we intend to continue to maintain insurance to protect against certain risks in such amounts as we consider to be reasonable, our insurance will not cover all the potential risks associated with our operations. We may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in our operations is not generally available on acceptable terms. We might also become subject to liability for pollution or other hazards which it may not be insured against or which we may elect not to insure against because of premium costs or other reasons. Losses from these events may cause us to incur significant costs that could have a material adverse effect upon our financial performance and results of operations.

We may be subject to litigation.

We may become party to litigation from time to time in the ordinary course of business, which could adversely affect our business. Should any litigation in which we become involved be determined against us, such a decision could adversely affect our ability to continue operating and the market price for the shares of Class A common stock and could potentially use significant resources. Even if we are successful in litigation, litigation can redirect our significant resources and/or the significant resources of our subsidiaries.

We may be negatively impacted by challenging global economic conditions.

Our business, financial condition, results of operations and cash flow may be negatively impacted by challenging global economic conditions. For example and as discussed in more detail below, since early 2020, the U.S. and other world economies have experienced turmoil due to the outbreak of a novel strain of coronavirus (“COVID-19”), which has resulted in global economic uncertainty.

A global economic slowdown would cause disruptions and extreme volatility in global financial markets, increased rates of default and bankruptcy and declining consumer and business confidence, which can lead to decreased levels of consumer spending. These macroeconomic developments could negatively impact our business,

which depends on the general economic environment and levels of consumer spending. As a result, we may not be able to maintain our existing customers or attract new customers, or we may be forced to reduce the price of our products. We are unable to predict the likelihood of the occurrence, duration or severity of such disruptions in the credit and financial markets or adverse global economic conditions. Any general or market-specific economic downturn could have a material adverse effect on our business, financial condition, results of operations and cash flow.

Additionally, the U.S. has imposed and may impose additional quotas, duties, tariffs, retaliatory or trade protection measures or other restrictions or regulations and may adversely adjust prevailing quota, duty or tariff levels, which can affect both the materials that we use to package our products and the sale of finished products. For example, the tariffs imposed by the U.S. on materials from China are impacting materials that we import for use in packaging in the U.S. Measures to reduce the impact of tariff increases or trade restrictions, including geographical diversification of our sources of supply, adjustments in packaging design and fabrication or increased prices, could increase our costs, delay our time to market and/or decrease sales. Other governmental action related to tariffs or international trade agreements has the potential to adversely impact demand for our products and our costs, customers, suppliers and global economic conditions and cause higher volatility in financial markets. While we actively review existing and proposed measures to seek to assess the impact of them on our business, changes in tariff rates, import duties and other new or augmented trade restrictions could have a number of negative impacts on our business, including higher consumer prices and reduced demand for our products and higher input costs.

We are subject to risks arising from epidemic diseases, such as the outbreak of the COVID-19 illness.

In December 2019, COVID-19 emerged in Wuhan, China. Since then, it has spread to several other countries and infections have been reported around the world. On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. A public health epidemic, including COVID-19, or the fear of a potential pandemic, poses the risk that we or our employees, contractors, suppliers, and other partners may be prevented from conducting business activities for an indefinite period of time, including due to shutdowns or other preventative measures taken to limit the potential impact from a public health epidemic that may be requested or mandated by governmental authorities.

Our priorities during the COVID-19 pandemic are protecting the health and safety of our employees and our customers, following the recommended actions of government and health authorities. In the future, the pandemic may cause reduced demand for our products and services if, for example, the pandemic results in a recessionary economic environment. Our operations are currently ongoing as the cultivation, processing and sale of cannabis products is currently considered an essential business by all states in which we operate with respect to all customers (except in Massachusetts where only medical use cannabis has been deemed essential). Our ability to continue to operate without any significant negative operational impact from the COVID-19 pandemic will in part depend on our ability to protect our employees, customers and supply chain, as well as our continued designation as “essential” in states where we do business that currently or in the future impose restrictions on business operations.

While it is not possible at this time to estimate the impact that COVID-19 (or any other actual or potential pandemic) could have on our business, the continued spread of COVID-19 (or any other actual or potential pandemic) and the measures taken by the governments of countries affected could disrupt the supply chain and the manufacture or shipment or sale of our products and adversely impact our business, financial condition or results of operations. It could also affect the health and availability of our workforce at our facilities, as well as those of our suppliers, particularly those in China and India. The COVID-19 outbreak and mitigation measures may also have an adverse impact on global economic conditions which could have an adverse effect on our business and financial condition. The extent to which the COVID-19 outbreak impacts our results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of the virus and the actions to contain its impact. Because cannabis remains federally illegal, it is possible that we would not be eligible to participate in any government relief programs (such as federal loans or access to capital) resulting from COVID-19 or any other actual or potential pandemic.

Our internal controls over financial reporting may not be effective, and our independent auditors may not be able to certify as to their effectiveness, which could have a significant and adverse effect on our business.

We are subject to various SEC reporting and other regulatory requirements. We have incurred and will continue to incur expenses and, to a lesser extent, diversion of our management's time in our efforts to comply with Section 404 of the Sarbanes-Oxley Act of 2002 regarding internal controls over financial reporting. Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404 of the Sarbanes-Oxley Act of 2002, or the subsequent testing by our independent registered public accounting firm when required, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retrospective changes to our consolidated financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our shares of Class A common stock.

Our internal controls over financial reporting may not be effective and our independent registered public accounting firm may not be able to certify as to their effectiveness, which could have a significant and adverse effect on our business and reputation.

As a public company, we will be required to evaluate our internal controls over financial reporting. Furthermore, at such time as we cease to be an "emerging growth company," as more fully described in these Risk Factors, we shall also be required to comply with Section 404. At such time we may identify material weaknesses that we may not be able to remediate in time to meet the applicable deadline imposed upon us for compliance with the requirements of Section 404. In addition, if we fail to achieve and maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404. We cannot be certain as to the timing of completion of our evaluation, testing and any remediation actions or the impact of the same on our operations. If we are not able to implement the requirements of Section 404 in a timely manner or with adequate compliance, our independent registered public accounting firm may issue an adverse opinion due to ineffective internal controls over financial reporting and we may be subject to sanctions or investigation by regulatory authorities, such as the SEC. As a result, there could be a negative reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. In addition, we may be required to incur costs in improving our internal control system and the hiring of additional personnel. Any such action could negatively affect our results of operations and cash flows.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains “forward-looking statements” that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. The statements contained in this prospectus that are not purely historical are “forward-looking statements” within the meaning of applicable securities legislation. Forward-looking statements are identified by the use of words such as, but not limited to, “anticipate,” “believe,” “continue,” “could,” “estimate,” “prospects,” “forecasts,” “expect,” “intend,” “may,” “will,” “plan,” “target,” and similar expressions or variations intended to identify forward-looking statements. These statements are based on the beliefs and assumptions of our management based on information currently available to management. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, factors discussed in the section entitled “*Risk Factors*” in this prospectus.

By way of example, and without implied limitation, such risks and uncertainties include:

- the effect of the volatility of the market price and liquidity risks on shares of our Class A common stock;
- the effect of the voting control exercised by holders of Class B common stock;
- our ability to attract and maintain key personnel;
- our ability to continue to open new dispensaries and cultivation facilities as anticipated;
- the illegality of cannabis under federal law;
- our ability to comply with state and federal regulations;
- the uncertainty regarding enforcement of cannabis laws;
- the effect of restricted access to banking and other financial services;
- the effect of constraints on marketing and risks related to our products;
- the effect of unfavorable tax treatment for cannabis businesses;
- the effect of security risks;
- the effect of infringement or misappropriation claims by third parties;
- our ability to comply with potential future FDA regulations;
- our ability to enforce our contracts;
- the effect of unfavorable publicity or consumer perception;
- the effect of risks related to material acquisitions, dispositions and other strategic transactions;
- the effect of agricultural and environmental risks;
- the effect of risks related to information technology systems;
- the effect of product liability claims and other litigation to which we may be subjected;
- the effect of risks related to the results of future clinical research;
- the effect of intense competition in the industry;
- the effect of outbreaks of pandemic diseases, fear of such outbreaks or economic disturbances due to such outbreaks, particularly the impact of the COVID-19 illness; and
- the effect of general economic risks, such as the unemployment level, interest rates and inflation, and challenging global economic conditions.

For more information regarding these and other uncertainties and factors that could cause our actual results to differ materially from what we have anticipated in our forward-looking statements or otherwise could materially adversely affect our business, financial condition or operating results, see the section entitled “*Risk Factors*” in this prospectus. The risks and uncertainties described above and in the section entitled “*Risk Factors*” in this prospectus are not exclusive and further information concerning us and our business, including factors that potentially could materially affect our financial results or condition, may emerge from time to time. We assume no obligation to update, amend or clarify forward-looking statements to reflect actual results or changes in factors or assumptions affecting such forward-looking statements.

MARKET AND INDUSTRY DATA

This prospectus contains statistical data and estimates regarding market and industry data. Unless otherwise indicated, information concerning our industry and the markets in which we operate, including our general expectations, market position, market opportunity and market size, are based on our management's knowledge and experience in the markets in which we operate, together with currently available information obtained from various sources, including publicly available information, industry reports and publications, surveys, our customers, trade and business organizations and other contacts in the markets in which we operate. Certain information is based on management estimates, which have been derived from third-party sources, as well as data from our internal research, and are based on certain assumptions that we believe to be reasonable. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable. We have not independently verified any of the information from third-party sources nor have we ascertained the validity or accuracy of the underlying economic assumptions relied upon therein. Actual outcomes may vary materially from those forecast in the reports or publications referred to herein, and the prospect for material variation can be expected to increase as the length of the forecast period increases. Because this information involves a number of assumptions and limitations, you are cautioned not to give undue weight to these estimates. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section entitled "*Risk Factors*."

MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign exchange rates, raw material and other commodity prices.

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. Cash and cash equivalents bear interest at market rates. Our financial debts have fixed rates of interest and therefore expose us to a limited interest rate fair value risk.

Commodities Price Risk. Price risk is the risk of variability in fair value due to movements in equity or market prices. The primary raw materials we use, aside from those cultivated internally, are labels and packaging. Management believes a hypothetical 10% change in the price of these materials would not have a significant effect on our consolidated annual results of operations or cash flows, as these costs are generally passed through to our customers. However, such an increase could have an impact on our customers' demand for our products, and we are not able to quantify the impact of such potential change in demand on our annual results of operations or cash flows.

COVID-19 Risk. We are monitoring COVID-19 closely, and although our operations have not been materially affected by the COVID-19 outbreak to date, the ultimate severity of the outbreak and its impact on the economic environment is uncertain. Our operations are ongoing as the cultivation, processing and sale of cannabis products is currently considered an essential business by the states in which we operate with respect to all customers (except for Massachusetts, where cannabis has been deemed essential only for medical patients). In all locations where regulations have been enabled by governmental authorities, we have expanded consumer delivery options and curbside pickup to help protect the health and safety of our employees and customers. The pandemic has not materially impacted our business operations or liquidity position to date. We continue to generate operating cash flows to meet our short-term liquidity needs. The uncertain nature of the spread of COVID-19 may impact our business operations for reasons including the potential quarantine of our employees or those of our supply chain partners or a change in our designation as "essential" in states where we do business that currently or in the future impose restrictions on business operations.

CORPORATE CONVERSION AND CORPORATE STRUCTURE

Immediately prior to the effectiveness of the registration statement of which this prospectus forms a part, we will engage in the following transactions, which we refer to collectively as the Conversion:

- we will convert from a Delaware limited liability company to a Delaware corporation by filing a certificate of conversion with the Delaware Secretary of State; and
- we will change our name from “Ascend Wellness Holdings, LLC” to “Ascend Wellness Holdings, Inc.”

As part of the Conversion:

- we will create two classes of authorized common stock, Class A common stock and Class B common stock;
- holders of Series Seed Preferred and Series Seed Preferred+ Units of AWH will receive one share of Class A common stock of Ascend Wellness Holdings, Inc. for each unit of Series Seed Preferred and Series Seed Preferred+ Units held immediately prior to the Conversion;
- holders of Real Estate Preferred Units of AWH will receive, for each unit of Real Estate Preferred Units of AWH, a number of shares of Class A common stock of Ascend Wellness Holdings, Inc. equal to (x) one plus (y) (A) the original purchase price of such Real Estate Preferred Unit multiplied by 1.5, divided by (B) the price at which we are offering Class A common stock pursuant to this offering;
- holders of common units of AWH will receive one share of Class A common stock of Ascend Wellness Holdings, Inc. for each common unit held immediately prior to the Conversion;
- holders of restricted common units issued under the 2020 Incentive Plan (as defined below) will receive one share of Class A common stock of Ascend Wellness Holdings, Inc. for each restricted common unit held immediately prior to the Conversion;
- holders of convertible notes will convert into shares of Class A common stock in accordance with the terms of the note purchase agreement, dated June 12, 2019, between the Company and the purchasers of the convertible notes (the “**2019 Convertible Notes**”). The holders of 2019 Convertible Notes will receive a number of shares of Class A common stock equal to (a) the outstanding principal and accrued and unpaid interest under the notes divided by (b) a price per share equal to the lesser of (i) 20% of a discount to the price per share of Class A common stock offered pursuant to this offering and (ii) _____, which represents the price per share resulting from a pre-money valuation of the company of \$295,900,000;
- holders of convertible notes will convert into shares of Class A common stock in accordance with the terms of the note purchase agreement, dated January 6, 2021, between the Company and the purchasers of the convertible notes (the “**2021 Convertible Notes**”). The holders of 2021 Convertible Notes will receive a number of shares of Class A common stock equal to (a) the outstanding principal and accrued and unpaid interest under the notes divided by (b) a price per share equal to the lesser of (i) 20% of a discount to the price per share of Class A common stock offered pursuant to this offering and (ii) \$3.00 per share of Class A common stock.
- holders of warrants to acquire 7,062,285 common units of AWH at an exercise price of \$2.00 per share will receive warrants to acquire an equal number of shares Class A common stock; and
- AGP will receive _____ shares of Class B common stock, which will constitute all of the outstanding shares of Class B common stock of AWH.

Prior to the Conversion, we expect holders of warrants to acquire 2,187,500 common units of AWH at an exercise price of \$1.60 per unit to exercise their warrants and acquire common units of the Company. Pursuant to the

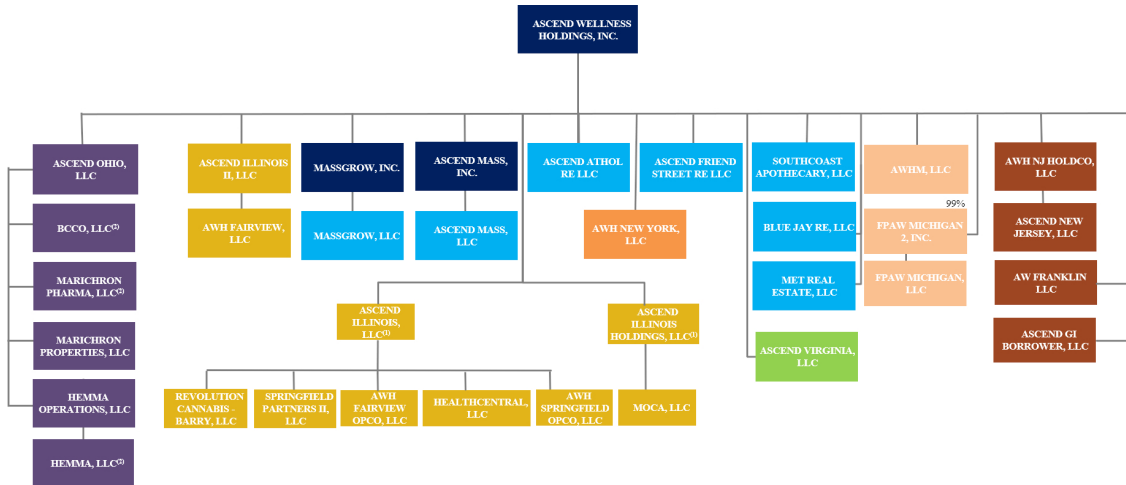
terms of such warrants, if the warrants are not exercised prior to the completion of the offering, the warrants will expire and no longer be exercisable upon the completion of the offering. However, there is no assurance that the holders will exercise the warrants.

Following the Conversion, Ascend Wellness Holdings, Inc. will be deemed to be the same entity as AWH, and as a result will continue to hold all property and assets of AWH and will remain liable for all of the debts and obligations of AWH. After effecting the Conversion, we will be governed by a certificate of incorporation to be filed with the Delaware Secretary of State and bylaws.

Following the Conversion, we will have two classes of authorized common stock, Class A common stock and Class B common stock. Each share of Class A common stock will be entitled to one vote per share. Each share of Class B common stock will be entitled to two votes per share. Holders of Class A common stock and Class B common stock will vote together as a single class on all matters (including the election of directors) submitted to a vote of stockholders, unless otherwise required by law or our certificate of incorporation. Each share of Class B common stock will automatically convert into one share of Class A common stock on the final conversion date, as defined in our certificate of incorporation. Each share of Class B common stock will also be convertible at any time at the option of the holder into one share of Class A common stock. In addition, each share of Class B common stock will convert automatically into one share of Class A common stock upon any transfer, whether or not for value, except for certain transfers described in our certificate of incorporation, including, without limitation, transfers for tax and estate planning purposes, so long as the transferring holder of Class B common stock continues to hold exclusive voting and dispositive power with respect to the shares transferred. Once converted into a share of Class A common stock, a converted share of Class B common stock will not be reissued. Following the conversion of all outstanding shares of Class B common stock, no further shares of Class B common stock will be issued. See “*Description of Capital Stock.*”

On the effective date of the Conversion, the members of the board of managers of AWH will become the members of the Board of Ascend Wellness Holdings, Inc., with the exceptions described in this prospectus, and the officers of AWH will become the officers of Ascend Wellness Holdings, Inc. Following the Conversion, we will consummate the initial public offering of our Class A common stock.

The following diagram illustrates our corporate structure following the completion of the Conversion and the closing of the offering. See Exhibit 21.1 to the registration statement of which this prospectus is a part for a list of our subsidiaries. All lines represent 100% ownership of outstanding securities of the applicable subsidiary unless otherwise noted. In part, the complexity of our organization structure is due to state licensing requirements that mandate that we maintain the corporate identity of our operating license holders.



- (1) In process of transfer to AWH. The Illinois Department of Financial and Professional Regulation is currently reviewing the transfer application.
 (2) The Ohio Medical Marijuana Control Program is currently reviewing transfer requests for Hemma, LLC and BCCO, LLC. We have entered into an agreement to acquire Marichron Pharma, LLC, but cannot submit a transfer request until Marichron Pharma, LLC receives a certificate of operation.

Legend for state of incorporation:



In this prospectus, except as otherwise indicated or the context otherwise requires, all information is presented giving effect to the Conversion. The purpose of the Conversion is to reorganize our structure so that the entity that is offering our Class A common stock to the public in this offering is a Delaware corporation rather than a Delaware limited liability company, and so that our existing investors will own our Class A common stock rather than equity interests in a limited liability company.

USE OF PROCEEDS

We estimate that the net proceeds to us from our issuance and sale of _____ shares of Class A common stock in this offering will be approximately \$ _____ million, after deducting the underwriting commission and estimated offering expenses payable by us. This estimate assumes an initial public offering price of \$ _____ per share, the midpoint of the price range set forth on the cover page of this prospectus. If the underwriters exercise their over-allotment option in full to purchase additional shares from us, we estimate that our net proceeds will be approximately \$ _____ million, after deducting the underwriting commission and estimated offering expenses payable by us.

Each \$1.00 increase (decrease) in the assumed initial public offering price of \$ _____ per share would increase (decrease) our net proceeds by approximately \$ _____ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, after deducting the underwriting commission and estimated offering expenses payable by us. Each increase (decrease) of _____ shares in the number of shares offered by us would increase (decrease) the net proceeds from this offering by approximately \$ _____ million, assuming the assumed initial public offering price remains the same, after deducting the underwriting commission and estimated offering expenses payable by us. The information discussed above is illustrative only and will adjust based on the actual initial public offering price and other terms of this offering determined at pricing. Any increase or decrease in the net proceeds would not change our intended use of proceeds.

We currently expect to use the balance of net proceeds of this offering to increase our capitalization and financial flexibility. We intend to use the net proceeds from this offering to fund the expansion of our cultivation and processing facilities, for future acquisitions, to fund working capital and for general corporate purposes. Specifically, we expect to use (i) approximately \$31,000,000 of the proceeds for the pending investment in MedMen NY, Inc., (ii) approximately \$7,000,000 to consummate the transactions for our proposed acquisitions of (a) Hemma, LLC and (b) BCCO, LLC, both of which are in Ohio, though we are not certain when or if such transactions will be consummated, or the terms upon which they will ultimately be completed, as each remains subject to regulatory approval in all respects, (iii) approximately \$20,000,000 for capital expenditures, and (iv) the remainder for working capital and general corporate purposes, including additional financing provided to MedMen NY, Inc. prior to closing.

Additionally, we may use a portion of the net proceeds to acquire or invest in businesses, products, services or technologies. Pending the use of proceeds from this offering as described above, we may invest the net proceeds that we receive in this offering in short-term, investment grade, interest-bearing instruments.

The expected use of proceeds from this offering represent our intentions based upon our current plans and business conditions. The amounts and timing of our actual expenditures may vary significantly depending on numerous factors and any unforeseen cash needs. As a result, management will retain broad discretion over the allocation of the net proceeds from this offering. See "*Risk Factors - We may experience risks relating to the closing of acquisitions or investments.*"

DIVIDEND POLICY

Following the Conversion, we do not intend to pay any cash dividends on our capital stock in the foreseeable future. We currently intend to reinvest all future earnings to finance the development and growth of our business and team. Any future determination to pay distributions will be at the discretion of the 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 Board deems relevant. Our future ability to pay cash dividends on our capital stock may be limited by any future debt instruments or preferred securities. Accordingly, you may need to sell your Class A common stock to realize a return on your investment and you may not be able to sell your shares at or above the price you paid for them.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of the dates set forth below:

- AWH and its subsidiaries on an actual basis as of December 31, 2020;
- AWH and its subsidiaries immediately prior to the Conversion on a pro forma basis of December 31, 2020, after giving effect to the Conversion;
- Ascend Wellness Holdings, Inc. and its subsidiaries on a pro forma basis after giving effect to the Conversion; and
- Ascend Wellness Holdings, Inc. and its subsidiaries on a pro forma after giving effect to the Conversion, further adjusted to include the sale of shares of Class A common stock in this offering at an assumed initial public offering price of \$ per share (which is the midpoint of the price range set forth on the cover page of this prospectus), after deducting the estimated underwriting discounts and commissions and estimated offering expenses that we expect to pay, the application of the net proceeds from this offering as described under “*Use of Proceeds*”.

This table should be read in conjunction with “Use of Proceeds”, “Selected Financial Data”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, and the consolidated financial statements and notes thereto appearing elsewhere in this prospectus.

AS OF DECEMBER 31, 2020 (in thousands)				
	Ascend Wellness Holdings, LLC Actual	Pro Forma Ascend Wellness Holdings, LLC (unaudited)	Pro Forma Ascend Wellness Holdings, Inc. (unaudited)	Pro Forma As Adjusted Ascend Wellness Holdings, Inc. (unaudited)
Cash and cash equivalents	\$ 56,547			
Debt, including current portion	\$ 211,607			
Operating lease liabilities, including current portion	\$ 158,528			
Stockholders’ equity (deficit)				
Preferred stock, par value \$, shares authorized on a pro forma basis, shares issued and outstanding on an as adjusted basis	—			
Class A common stock, par value \$, shares authorized on a pro forma basis, shares issued and outstanding on an as adjusted basis	—			
Class B common stock, par value \$, shares authorized on a pro forma basis, shares issued and outstanding on an as adjusted basis	—			
Members’ equity				
Additional paid-in capital	\$ 67,378			
Accumulated deficit	\$ (63,592)			
Equity of AWH	\$ 3,786			
Total members’/stockholders’ equity (deficit)	\$ 3,786			
Total capitalization	\$ 373,921			
Share reconciliation:				
Real Estate Preferred Units	45,602			
Series Seed Preferred Units	28,505			
Series Seed+ Preferred Units	41,964			
Common Units	96,094			

A \$1.00 increase (decrease) in the assumed initial public offering price of \$ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, additional paid-in capital, total stockholders’ equity and total capitalization by \$ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

OPTIONS TO PURCHASE SECURITIES

The following table sets forth the aggregate number of warrants to purchase Class A common stock and Class B common stock that will be outstanding upon the closing of this offering, including after giving effect to the Conversion. See “*Corporate Conversion and Corporate Structure.*”

Category	Number of warrants exercisable to acquire Class A common stock	Number of warrants exercisable to acquire Class B common stock	Exercise Price	Expiration Date
Executive Officers and Former Executive Officers				
Directors (other than those who are also executive officers) and Former Directors				
Other Current and Former Employees				
Consultants				
Total				

DILUTION

Pursuant to the registration statement of which this prospectus is a part, we may offer or sell shares of our Class A common stock. If you invest in our Class A common stock in this offering, your interest in the Company will be immediately diluted to the extent of the difference between the public offering price per share of Class A common stock and the as adjusted net tangible book value per share of our Class A common stock immediately after this offering.

Our pro forma net tangible book value as of _____, was \$ _____ million, or \$ _____ per share of Class A common stock. Pro forma net tangible book value per share of Class A common stock is determined by subtracting our total liabilities from the total book value of our tangible assets and dividing the difference by the number of shares of Class A common stock deemed to be outstanding, after giving effect to the Conversion.

Our pro forma as adjusted net tangible book value as of _____, after giving effect to this offering would have been approximately \$ _____ million, or \$ _____ per share of Class A common stock. This amount represents an immediate increase in pro forma as adjusted net tangible book value of \$ _____ per share of Class A common stock to our existing stockholders and an immediate dilution in pro forma as adjusted net tangible book value of approximately \$ _____ per share of Class A common stock to new investors purchasing shares of Class A common stock in this offering. We determine dilution by subtracting the pro forma as adjusted net tangible book value per share of Class A common stock after this offering from the amount of cash that a new investor paid for a share of Class A common stock. The following table illustrates this dilution:

Assumed initial public offering price per share		\$	—
Pro forma net tangible book value per share as of _____ before this offering	\$	—	
Increase in pro forma as adjusted net tangible book value per share attributable to investors in this offering	\$	—	
Pro forma as adjusted net tangible book value per share after this offering	\$	—	
Dilution in pro forma as adjusted net tangible book value per share to new common stock investors in this offering	\$	—	

A \$1.00 increase (decrease) in the assumed initial public offering price of \$ _____ per share of Class A common stock, which is the midpoint of the price range listed on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted net tangible book value per share of Class A common stock after this offering by approximately \$ _____, and dilution in pro forma as adjusted net tangible book value per share of Class A common stock to new investors by approximately \$ _____, assuming that the number of shares of Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

If the underwriters exercise their over-allotment option to purchase additional shares of Class A common stock from us in full, the pro forma as adjusted net tangible book value after the offering would be \$ _____ per share of Class A common stock, the increase in pro forma as adjusted net tangible book value per share of Class A common stock to existing stockholders would be \$ _____ per share of Class A common stock and the dilution in pro forma as adjusted net tangible book value to new investors would be \$ _____ per share of Class A common stock, in each case assuming an initial public offering price of \$ _____ per share of Class A common stock, which is the midpoint of the price range listed on the cover page of this prospectus.

The following table summarizes, as of _____, after giving effect to this offering, the number of shares of Class A common stock purchased from us, the total consideration paid, or to be paid, to us and the average price per share of Class A common stock paid, or to be paid, by existing stockholders and by the new investors. The calculation below is based on an assumed initial public offering price of \$ _____ per share of Class A common stock, which is the midpoint of the price range listed on the cover page of this prospectus, before deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%		%	
New investors					
Total		%		%	

Each \$1.00 increase (decrease) in the assumed initial public offering price of \$ per share of Class A common stock would increase (decrease) the total consideration paid by new investors and the total consideration paid by all stockholders by \$ million, assuming the number of shares of Class A common stock offered by us remains the same and after deducting estimated underwriting discounts and commissions but before estimated offering expenses.

Except as otherwise indicated, the discussion and the tables above assume no exercise of the underwriters' over-allotment option to purchase additional shares of Class A common stock from us. The number of shares of our Class A common stock outstanding after this offering as shown in the tables above is based on the number of shares of Class A common stock outstanding as of , after giving effect to the Conversion and excludes:

- shares of Class A common stock issuable upon the exercise of warrants outstanding as of , at an exercise price of \$2.00 per share of Class A common stock.

To the extent any of the outstanding warrants are exercised, there will be further dilution to new investors. To the extent all of such outstanding warrants had been exercised as of , the pro forma as adjusted net tangible book value per share of Class A common stock after this offering would be \$, and total dilution per share to new investors would be \$.

If the underwriters exercise their over-allotment option to purchase additional shares of Class A common stock from us in full:

- the percentage of shares of Class A common stock held by the existing stockholders will decrease to approximately % of the total number of shares of our Class A common stock outstanding after this offering; and
- the number of shares held by new investors will increase to , or approximately % of the total number of shares of our Class A common stock outstanding after this offering.

SELECTED FINANCIAL DATA

The following table sets forth our selected consolidated financial data for the periods, and as of the dates, indicated. The (i) consolidated statements of operations data for the years ended December 31, 2020 and 2019 and (ii) consolidated balance sheet data as of December 31, 2020 and 2019 have been derived from the audited consolidated financial statements of the Company and its subsidiaries, which are included elsewhere in this prospectus.

The data set forth below should be read in conjunction with “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and the consolidated financial statements and the accompanying notes presented in this prospectus. Our consolidated financial statements have been prepared in accordance with U.S. GAAP and on a going-concern basis that contemplates continuity of operations and realization of assets and liquidation of liabilities in the ordinary course of business.

<i>(in thousands except per share data)</i>	Year Ended December 31,	
	2020	2019
Revenue, net	\$ 143,732	\$ 12,032
Cost of goods sold	\$ (82,818)	\$ (8,744)
Gross profit	\$ 60,914	\$ 3,288
Total operating expenses	\$ 53,067	\$ 29,409
Other income (expense)	\$ (12,986)	\$ (6,454)
Net loss attributable to AWH	\$ (25,439)	\$ (31,895)
Net loss per share attributable to AWH	\$ (0.13)	\$ (0.18)
Total assets	\$ 427,748	\$ 195,931
Noncurrent liabilities	\$ 308,677	\$ 145,045

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This management discussion and analysis, which we refer to as the “**MD&A**”, of the financial condition and results of operations of Ascend Wellness Holdings, LLC (the “**Company**” or “**AWH**”) is for the years ended December 31, 2020 and 2019. It is supplemental to, and should be read in conjunction with, the consolidated financial statements for the years ended December 31, 2020 and 2019, and the accompanying notes thereto (the “**Annual Financial Statements**”). The Annual Financial Statements were prepared in accordance with accounting principles generally accepted in the United States of America, which we refer to as “**GAAP**”.

The following discussion should be read in conjunction with, and is qualified in its entirety by, the Annual Financial Statements and the accompanying notes thereto. In addition to historical information, the discussion in this section contains forward-looking statements and forward-looking information (collectively, forward-looking information”) that involve risks and uncertainties. Generally, forward-looking information may be identified by the use of forward-looking terminology such as “plans,” “expects,” “does not expect,” “proposed,” “is expected,” “budgets,” “scheduled,” “estimates,” “forecasts,” “intends,” “anticipates,” “does not anticipate,” “believes,” or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events, or results may, could, would, or might occur or be achieved. There can be no assurance that such forward-looking information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such forward-looking information. Forward-looking information is subject to known and unknown risks, uncertainties, and other factors that may cause the actual results, level of activity, performance, or achievements of the Company to be materially different from those or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; delay or failure to receive board or regulatory approvals; the actual results of future operations; operating and development costs; competition; changes in legislation or regulations affecting the Company; the timing and availability of external financing on acceptable terms, if at all; favorable production levels and outputs; the stability of pricing of cannabis products; the level of demand for cannabis product; the availability of third-party service providers and other inputs for the Company’s operations; and lack of qualified, skilled labor or loss of key individuals. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, including those set forth under the “Risk Factors” section and elsewhere in this Prospectus, there may be other factors that cause results not to be as anticipated, estimated or intended. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Financial information presented in this MD&A is presented in thousands of United States dollars (“\$”), unless otherwise indicated. We round amounts in this MD&A to the thousands and calculate all percentages and per-share data from the underlying whole-dollar amounts. Thus, certain amounts may not foot, crossfoot, or recalculate based on reported numbers due to rounding. Unless otherwise indicated, all references to years are to our fiscal year, which ends on December 31.

This MD&A was prepared by management of the Company and is dated and presented as of February 25, 2021.

BUSINESS OVERVIEW

We are a vertically integrated multi-state operator focused on adult-use or near-term adult-use cannabis states in limited license markets. Our core business is the cultivation, manufacturing, and distribution of cannabis consumer packaged goods, which we sell through our company-owned retail stores and to third-party licensed retail cannabis stores. We were founded in 2018 and initially pursued cultivation and dispensary licensing opportunities in Massachusetts. In December 2018, we entered the Illinois market with the acquisition of Revolution Cannabis-Barry LLC, an existing cultivation facility. We also acquired HealthCentral, LLC (“HCI”) and its related entities, which owned two operational medical dispensaries in Illinois. We have since expanded our operational footprint, primarily through acquisitions and now have direct or indirect operations or financial interests in five U.S. geographic markets: Illinois, Massachusetts, Michigan, New Jersey, and Ohio. During 2020, our growth was further fueled by the legalization of adult-use cannabis in the state of Illinois. We also acquired three dispensaries in the Chicago, Illinois area, along with a cultivation site and dispensary location in New Jersey. Additionally, we opened four new dispensaries during 2020 and expanded our cultivation operations.

We believe in bettering lives through cannabis. Our mission is to improve the lives of our employees, patients, customers and the communities we serve through the use of the cannabis plant. We are committed to providing safe, reliable and high-quality products and providing consumers options and education to ensure they are able to identify and obtain the products that fit their personal needs. As of February 25, 2021, we have direct or indirect operations or financial interests in five U.S. markets and employ approximately 900 people.

We are committed to being vertically integrated in every state we operate in, which entails controlling the entire supply chain from seed to sale. We are currently vertically integrated in two out of the five states in which we operate with expansion plans underway to achieve vertical integration in all five states. While we have been successful in opening facilities and dispensaries, we expect continued growth to be driven by opening new operational facilities and dispensaries under our current licenses, expansion of our current facilities, and increased consumer demand.

Our consumer products portfolio is generated primarily from plant material that we grow and process ourselves. We produce our consumer packaged goods in five manufacturing facilities with 74,000 square feet of current operational canopy and total current capacity of 38,000 pounds annually. We are undergoing expansions to 285,000 square feet of cumulative canopy, which is estimated to have a total production capacity of 142,000 pounds annually post build-out. As of December 31, 2020, our product portfolio consists of 87 stock keeping units (“SKUs”), across a range of cannabis product categories, including flower, pre-rolls, concentrates, vapes, edibles, and other cannabis-related products. As of December 31, 2020, we have 12 open and operating retail locations, which we anticipate will expand to 20 locations open and operating by the end of calendar year 2021. Our new store opening plans are flexible and will ultimately depend on market conditions, local licensing, construction, and other regulatory permissions. All of our expansion plans are subject to capital allocations decisions, the evolving regulatory environment, and the COVID-19 pandemic.

Results of Operations

Year Ended December 31, 2020 Compared with the Year Ended December 31, 2019

(\$ in thousands)	Year Ended December 31,		Increase / (Decrease)	
	2020	2019		
Revenue, net	\$ 143,732	\$ 12,032	\$ 131,700	NM*
Cost of goods sold	(82,818)	(8,744)	74,074	NM*
Gross profit	60,914	3,288	57,626	NM*
Gross profit %	42.4 %	27.3 %		
Operating expenses				
General and administrative	53,067	29,409	23,658	80%
Total operating expenses	53,067	29,409	23,658	80%
Operating profit (loss)	7,847	(26,121)	33,968	130%
Other income (expense)				
Interest expense	(12,993)	(6,477)	6,516	101%
Other, net	7	23	(16)	(70)%
Total other income (expense)	(12,986)	(6,454)	6,532	101%
Loss before income taxes	(5,139)	(32,575)	(27,436)	(84)%
Income tax expense	(18,702)	(667)	18,035	NM*
Net loss	\$ (23,841)	\$ (33,242)	(9,401)	(28)%
Less: net income (loss) attributable to non-controlling interests	1,598	(1,347)	2,945	219%
Net loss attributable to AWH	\$ (25,439)	\$ (31,895)	\$ 6,456	20%

*Not meaningful

Revenue

Revenue in 2020 was \$143,732, compared to \$12,032 in 2019, representing an increase of \$131,700, primarily driven by growth from our existing businesses as well as new site openings and acquisitions. Revenue at our existing dispensaries increased by \$71,298, primarily due to the approval of adult recreational use in Illinois in January 2020. We opened four new dispensaries during 2020 which contributed \$5,912 of revenue during the year, and the acquisition of four dispensaries contributed additional \$15,445 of the total growth. Increased production and sales from our existing cultivation and manufacturing sites contributed \$38,929 to our revenue growth, primarily driven by a full year of sales at our Illinois facility, as compared to one quarter during 2019, and the commencement of cultivation and production at our Massachusetts and Michigan facilities during 2020. By the end of 2020, we had 87 SKUs for our cultivation products, compared to 33 at the end of 2019.

Cost of Goods Sold and Gross Profit

Cost of goods sold in 2020 was \$82,818, compared to \$8,744 in 2019, representing an increase of \$74,074. Cost of goods sold represent direct and indirect expenses attributable to the production of wholesale products as well as direct expenses incurred in purchasing products from other wholesalers. The increase in cost of goods sold in 2020 was driven by expansion of our operations, including \$8,096 of incremental costs from acquisitions. Gross profit for 2020 was \$60,914, representing a gross margin of 42.4%, compared to gross profit of \$3,288 and gross margin of 27.3% in 2019. The increase in gross margin was primarily driven by an increase in scale as well as efficiency improvements at our Illinois cultivation facility relative to its operations in 2019.

General and Administrative Expenses

General and administrative expenses were \$53,067 in 2020, compared to \$29,409 in 2019, representing an increase of \$23,658 or 80%. The increase was primarily related to:

- a \$7,873 increase in rent and utilities, driven by eight new operating leases that we entered into during 2020 and an increase in related utilities expenses to support the expansion of our operations;
- a \$7,155 increase in compensation expense resulting from an increase in headcount from approximately 270 at the end of 2019 to approximately 900 by the end of 2020 to support our expanded operations;
- a \$4,336 increase in depreciation and amortization expense due to \$4,530 of amortization related to in-place leases that were acquired during 2019, and \$583 of incremental amortization from licenses acquired during 2020.
- a \$2,633 increase in professional services, driven by an increase in consulting, accounting, and tax services;
- an increase of \$709 related to insurance expenses;
- a \$545 increase in marketing expenses associated with new dispensary openings; and
- a \$286 loss related to the sale of one of our capital assets during 2020.

Interest Expense

Interest expense was \$12,993 in 2020, compared to \$6,477 in 2019, an increase of \$6,516, due to an increase in the principal amount of Company debt outstanding during 2020.

Income Tax Expense

Income tax expense is recognized based on the expected tax payable on the taxable income for the year, using tax rates enacted at year-end. In 2020, income tax expense was \$18,702, compared to income tax expense of \$667 in 2019. The increase was primarily attributable to the increase in gross profit during 2020.

Since the Company operates in the cannabis industry, it is subject to the limitations of Internal Revenue Code (“IRC”) Section 280E, which prohibits businesses engaged in the trafficking of Schedule I or Schedule II controlled substances from deducting ordinary and necessary business expenses from gross profit. Cannabis businesses operating in states that align their tax codes with IRC Section 280E are also unable to deduct ordinary and necessary business expenses for state tax purposes. Ordinary and necessary business expenses deemed non-deductible under IRC Section 280E are treated as permanent book-to-tax differences. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss.

Effective January 1, 2020, AWH elected to be treated as a C-Corporation for Federal income tax purposes. AWH did not recognize any deferred taxes as a result of this change, as AWH did not have any temporary book-to-tax differences prior to this election, largely due to the limitations of IRC Section 280E.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (“**CARES Act**”) was enacted in response to the COVID-19 pandemic. Among other provisions, the CARES Act allows net operating loss carryforwards incurred in 2018, 2019, and 2020 to be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. The Company is currently evaluating the impact of the CARES Act, but at present does not expect it to have a material impact on its provision due to the limitations of IRC Section 280E.

NON-GAAP FINANCIAL MEASURES

We define “**Adjusted Gross Profit**” as gross profit excluding non-cash inventory costs. We define “**Adjusted Gross Margin**” as Adjusted Gross Profit as a percentage of net revenue. Our “**Adjusted EBITDA**” is a non-GAAP measure used by management that is not defined by U.S. GAAP and may not be comparable to similar measures presented by other companies. Management calculates Adjusted EBITDA as the reported net loss, adjusted to exclude: income tax expense; other (income) expense; interest expense, depreciation and amortization; depreciation and amortization included in cost of goods sold; loss on sale of assets; non-cash inventory adjustments; equity based compensation; start-up costs; and other one-time charges. Accordingly, management believes that Adjusted EBITDA provides meaningful and useful financial information, as this measure demonstrates the operating performance of the business. Non-GAAP financial measures may be considered in addition to the results prepared in accordance with U.S. GAAP, but they should not be considered a substitute for, or superior to, U.S. GAAP results.

The following table presents Adjusted Gross Profit for the years ended December 31, 2020 and 2019:

<i>(\$ in thousands)</i>	Year Ended December 31,	
	2020	2019
Gross Profit	\$ 60,914	\$ 3,288
Depreciation and amortization included in cost of goods sold	3,696	323
Non-cash inventory adjustments	146	(589)
Adjusted Gross Profit	\$ 64,756	\$ 3,022
<i>Adjusted Gross Margin</i>	45.1 %	25.1 %

The following table presents Adjusted EBITDA for the years ended December 31, 2020 and 2019:

<i>(in thousands)</i>	Year Ended December 31,	
	2020	2019
Net income (loss)	\$ (23,841)	\$ (33,242)
Income tax expense	18,702	667
Other (income) expense	(7)	(23)
Interest expense	12,993	6,477
Depreciation and amortization	7,914	3,578
Depreciation and amortization included in cost of goods sold	3,696	323
Loss on sale of assets	286	—
Non-cash inventory adjustments	146	(589)
Equity based compensation	680	311
Start-up costs ⁽¹⁾	8,097	10,096
Other one-time charges ⁽²⁾	2,164	—
Adjusted EBITDA	\$ 30,830	\$ (12,402)

⁽¹⁾ One-time costs associated with acquiring real estate, obtaining licenses and permits, and other costs incurred before commencement of operations at certain locations.

⁽²⁾ Legal and professional fees associated with the Company’s potential go-public transaction. Includes acquisition-related costs for MOCA LLC, Greenleaf Compassion Center, and Chicago Alternative Health Center, LLC totaling \$526 during 2020, in addition to other expenses for potential future business development and expansion.

LIQUIDITY AND CAPITAL RESOURCES

We are an emerging growth company and our primary sources of liquidity are operating cash flows, borrowings through the issuances of notes payable, and funds raised through the issuance of equity securities. We are generating cash from sales and deploying our capital reserves to acquire and develop assets capable of producing additional revenue and earnings over both the immediate and long term. Capital reserves are being utilized for acquisitions in the medical and adult use cannabis markets, for capital expenditures and improvements in existing facilities, product development and marketing, as well as customer, supplier, and investor and industry relations.

Financing History and Future Capital Requirements

To date, we have used private financing as a source of liquidity for short-term working capital needs and general corporate purposes. During 2018, we raised \$28,675 through the issuance of notes payable and \$14,651 through the issuance of membership units to fund the commencement of our operations. During 2019, we raised \$64,742 through the issuance of notes payable and \$38,481 through the issuance of membership units to help finance our expanded operations and provide funds for investments in our capital assets and acquisitions. During 2020, we raised an additional \$101,886 through the issuance of notes payable to further finance our expanded operations. During 2021, we raised \$49,500 through the issuance of notes payable to further finance our expanded operations and acquisitions.

Our future ability to fund operations, to make planned capital expenditures, to acquire other entities or investments, to make scheduled debt payments, and to repay or refinance indebtedness depends on our future operating performance, cash flows, and ability to obtain equity or debt financing, which are subject to prevailing economic conditions, as well as financial, business, and other factors, some of which are beyond our control.

As reflected in the Annual Financial Statements, the Company had an accumulated deficit as of December 31, 2020 and 2019, as well as a net loss and negative cash flows from operating activities for the reporting periods then-ended. Management believes that substantial doubt of our ability to continue as a going concern for at least one year from the issuance of our Annual Financial Statements has been alleviated due to: (i) capital raised subsequent to December 31, 2020 and (ii) continued sales growth from our consolidated operations. Management plans to continue to access capital markets for additional funding through debt and/or equity financings to supplement future cash needs, as may be required. However, management cannot provide any assurances that the Company will be successful in accomplishing its business plans. If we are unable to raise additional capital on favorable terms, if at all, whenever necessary, we may be forced to decelerate or curtail certain of its operations until such time as additional capital becomes available.

As of December 31, 2020 and 2019, the Company had total current liabilities of \$115,285 and \$16,046, respectively, and total current assets of \$134,547 and \$57,376, respectively, which includes cash and cash equivalents of \$56,547 and \$10,555, respectively, to meet its current obligations. As of December 31, 2020, the Company had working capital of \$19,262, compared to \$41,330 as of December 31, 2019.

Cash Flows

<i>(in thousands)</i>	Year Ended December 31,	
	2020	2019
Net cash used in operating activities	\$ (6,004)	\$ (40,929)
Net cash used in investing activities	(30,872)	(65,551)
Net cash provided by financing activities	82,168	111,062

Operating Activities

Net cash used in operating activities decreased by \$34,925 during 2020, as compared to 2019. The decrease was primarily driven by: the year-over-year decrease in our net loss and increases in non-cash income and expense items impacting net loss, as well as a decrease in net investments in working capital, including inventory partially offset by the timing of accounts receivable and income taxes payable.

Investing Activities

Net cash used in investing activities decreased by \$34,679 during 2020, as compared to 2019. The decrease primarily resulted from lower purchases of intangible assets, lower cash investments in capital assets, and an increase in proceeds from the sale of assets, partially offset by an increase in cash paid in business acquisitions.

Financing Activities

Net cash provided by financing activities decreased by \$28,894 during 2020, as compared to 2019. The decrease was primarily driven by lower proceeds from the issuance of membership units, lower proceeds from sale-leaseback transactions, and an increase in repayments of debt, partially offset by higher proceeds from the issuance of debt.

Contractual Obligations and Other Commitments and Contingencies

The following table summarizes the Company's future contractual obligations as of December 31, 2020:

(in thousands)

Contractual Obligations	Commitments Due by Period				
	Total	2021	2022 - 2023	2024 - 2025	Thereafter
Term notes ⁽¹⁾	\$ 155,608	\$ 28,222	\$ 85,762	\$ 41,624	\$ —
Sellers' Notes ⁽²⁾	45,803	31,517	14,286	—	—
Finance arrangements ⁽³⁾	19,873	2,022	4,225	4,477	9,149
Operating leases ⁽⁴⁾	427,971	20,345	42,599	45,084	319,943
Total	\$ 649,255	\$ 82,106	\$ 146,872	\$ 91,185	\$ 329,092

⁽¹⁾ Principal payments due under term notes payable.

⁽²⁾ Consists of amounts owed for acquisitions or other purchases. Certain cash payments include an interest accretion component.

⁽³⁾ Reflects our contractual obligations to make future payments under non-cancelable operating leases that did not meet the criteria to qualify for sale-leaseback treatment.

⁽⁴⁾ Reflects our contractual obligations to make future payments under non-cancelable operating leases.

Other Commitments

In December 2020, the Company submitted a state application to acquire BCCO, LLC, a medical dispensary license holder in Ohio for cash consideration of approximately \$3,500, subject to certain adjustments at closing. The Company may settle the outstanding balances due under a note receivable and a working capital loan as part of the purchase price at closing. The Company expects to enter into a definitive purchase agreement following the state approval of the license transfer.

In December 2020, the Company submitted a state application to acquire Hemma, LLC, the owner of a medical cultivation site in Ohio, for cash consideration of approximately \$9,570, subject to certain adjustments at closing. The Company may settle the outstanding balances due under a note receivable and a working capital loan as part of the purchase price at closing. The Company expects to enter into a definitive purchase agreement following the state approval of the license transfer.

Off-Balance Sheet Arrangements

As of the date of this MD&A, we do not have any off-balance-sheet arrangements, as defined by applicable regulations of the Securities and Exchange Commission, that have, or are reasonably likely to have, a current or future effect on the results of our operations or financial condition, including, and without limitation, such considerations as liquidity and capital resources.

Related Party Transactions

AWH has a management services agreement (“**MSA**”) with AGP Partners, LLC (“**AGP**”) under which AGP provides management services to AWH in connection with the monitoring and oversight of AWH’s financial and business functions. The founder of AGP is the Chief Executive Officer and founder of AWH. Pursuant to the MSA, AWH pays AGP a quarterly fee of \$100. As of December 31, 2020 and 2019, \$100 and \$200, respectively, of these fees are included in “Accounts payable and other accrued expenses” on the Consolidated Balance Sheets. We recognized expenses of \$400 during each of 2020 and 2019, respectively, that are included in “General and administrative expenses” on the Consolidated Statements of Operations. AGP is entitled to receive \$2,000 upon the termination of the MSA in the event of an initial public offering or a change of control. This payout is contingent upon the beneficial owners of AGP who serve as officers of the Company entering into lock-up agreements that extend for 180 days following such event. Pursuant to the MSA, each such lock-up agreement shall contain a provision whereby AWH’s Board of Managers may waive, in whole or in part, such extended lock-up thereto if AWH’s Board of Managers determines, in its sole discretion and in accordance with AWH’s governing documents and applicable law, that such waiver will not have an adverse effect on AWH and its equity holders, business, financial condition and prospects.

Additionally, \$1,000 of the Company’s convertible notes are with related party entities that are managed by one of the founders of the Company.

In December 2020, one of the founders of AWH assigned his interest in Ascend Michigan to AWH. Following the assignment, AWH retains a 99.9% ownership interest in Ascend Michigan. Please see the description of the transaction below for additional information.

Other Matters

As of December 31, 2020, there are 45,602 of Real Estate Preferred Units outstanding, 28,505 of Series Seed Preferred Units outstanding, and 41,964 of Series Seed+ Preferred Units outstanding (collectively, the “**Preferred Units**”), in addition to 212,165 common units. The Preferred Units are convertible at the option of the Holder into common units on a one-for-one basis. In addition, if a go-public transaction were to occur, then each common unit, Series Seed Preferred Unit, and Series Seed+ Preferred Unit would convert on a one-for-one basis. Each Real Estate Preferred Unit would convert at a rate of (i) one (ii) plus (A) the original purchase price of such Real Estate Preferred Unit multiplied by 1.5, divided by (B) the price at which the securities are sold to the public. This conversion feature for the Real Estate Preferred Units is considered a contingent beneficial conversion feature that would only be recognized if the event occurs, and is quantifiable only at the date of such event. This contingent beneficial conversion feature may result in a charge that could adversely impact our operating results upon the conversion.

As of December 31, 2020, there are 19,887 of restricted common units issued, of which 5,252 are vested. The Company recognized \$313 as compensation expense in connection with these units during 2020, which is included in “Compensation expense” on the Consolidated Statement of Operations in the Annual Financial Statements. As of December 31, 2020, total unrecognized compensation cost related to incentive units was \$1,802, which is expected to be recognized over the weighted-average remaining vesting period of 1.4 years. Approximately 8,960 of the unvested restricted common units have an acceleration clause upon a go-public transaction. The accelerated vesting provisions could result in additional compensation charges up to \$1,084, related to these awards.

In December 2020, the sole member of FPAW Michigan 2, Inc. (“**Ascend Michigan**”) assigned his interests to AWH, thereby making AWH the majority member, retaining 99.9% of the membership interests in Ascend Michigan. The previous member is a founder of the Company and has a significant equity interest in the Company. Ascend Michigan was previously accounted for as a variable interest entity (“**VIE**”) because the Company possessed the power to direct the significant activities of the VIE and had the obligation to absorb losses or the right to receive benefits from the VIE. Subsequent to the assignment of the member interests, Ascend Michigan is considered a wholly owned subsidiary. The assignment had no significant impact on the Company’s results, as Ascend Michigan was previously consolidated as a VIE and will continue to be consolidated as a subsidiary. No impairment of assets or impact on results of operations occurred with the transfer of member interests.

Subsequent Transactions

Investments

On February 25, 2021, we entered into a definitive investment agreement (the “**Investment Agreement**”) with MedMen Enterprises Inc. (“**MedMen**”), under which we will, subject to regulatory approval, complete an investment (the “**Investment**”) of approximately \$73,000 in MedMen NY, Inc. (“**MMNY**”), a licensed medical cannabis operator in New York. In connection with the investment, and subject to regulatory approval, MMNY will engage our services pursuant to a management agreement (the “**Management Agreement**”) under which we will advise on MMNY’s operations pending regulatory approval of the Investment transaction.

Under the terms of the Investment, at closing, MMNY will assume approximately \$73,000 of MedMen’s existing secured debt, AWH will invest \$35,000 in cash in MMNY, and AWH New York, LLC will issue a senior secured promissory note in favor of MMNY’s senior secured lender in the principal amount of \$28,000, guaranteed by AWH, which cash investment and note will be used to reduce the amounts owed to MMNY’s senior secured lender. Following its investment, AWH will hold a controlling interest in MMNY equal to approximately 86.7% of the equity in MMNY, and be provided with an option to acquire MedMen’s remaining interest in MMNY in the future. AWH must also make an additional investment of \$10,000 in exchange for additional equity in MMNY, which investment will also be used to repay MMNY’s senior secured lender if adult-use cannabis sales commence in MMNY’s dispensaries.

The transactions contemplated by the Investment Agreement are subject to customary closing conditions, including approval from the New York State Department of Health and other applicable regulatory bodies.

Leases

Subsequent to December 31, 2020, new operating leases with ROU assets and related lease liabilities of approximately \$7,400 have commenced.

Notes Payable

In January 2021, the Company entered into a convertible note purchase agreement (the “**2021 AWH Convertible Promissory Notes**”). The Company issued \$49,500 of 2021 AWH Convertible Promissory Notes through the date of this report. Each note matures two years from its issue date and can either be paid in full at maturity or converted into common units. Each note bears interest at 8% for the first twelve months, 10% for months thirteen through fifteen, and 13% thereafter through maturity. Interest is paid-in-kind and added to the outstanding balance of the note, to be paid at maturity or upon conversion.

These notes are convertible into common units of the Company on occurrence of certain events, such as a change of control or an initial public offering (“**IPO**”) (which events had not occurred as of the date of the Annual Financial Statements). Upon the occurrence of an IPO, each note, including interest thereon less applicable withholding taxes, will automatically convert into equity securities issued in connection with the IPO, with the number of securities issued on the basis of a price equal to the lesser of: (a)(i) a 20% discount to the issue price if an IPO occurs on or before 12 months from each note issuance; (ii) a 25% discount to the issue price if an IPO occurs

after 12 months of each note issuance, but before maturity; and (b) the conversion price then in effect based on a defined pre-money valuation of the Company. If the Company does not consummate an IPO prior to the maturity date, at maturity the holder may elect the outstanding principal amount and accrued and unpaid interest to be paid in full in cash or convert into common units at a price of \$3.00 per unit, subject to adjustments for splits, dividends or other similar recapitalization events.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of consolidated financial statements in accordance with GAAP requires our management to make certain estimates that affect the reported amounts. The Company's significant accounting policies are described in Note 2, "*Basis of Presentation and Significant Accounting Policies*," in the Annual Financial Statements. The Company bases estimates on historical experience, known or expected trends, independent valuations, and various other assumptions that the Company believes to be reasonable under the circumstances. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. The Company believes the following critical accounting policies govern the more significant judgments and estimates used in the preparation of the Annual Financial Statements.

Estimated Useful Lives and Amortization of Intangible Assets

Amortization of intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. 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 may be impaired.

Business Combinations

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the entries made on and after acquisition.

In determining the fair value of all identifiable assets and liabilities acquired, the most significant estimates relate to intangible assets. 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.

Cannabis licenses are the primary intangible asset acquired in business combinations, as they provide us the ability to operate in each market. The key assumptions used in calculating the fair value of these intangible assets are cash flow projections that include discount rates and terminal growth rates. In calculating the fair value of the cannabis licenses acquired during 2020 and 2019, management selected discount rates ranging from 13% to 21%. The terminal growth rate represents the rate at which these businesses will continue to grow into perpetuity. Management selected a terminal growth rate of 3%. Other significant assumptions include revenue, gross profit, operating expenses and anticipated capital expenditures which are based upon the Company's historical operations along with management projections.

The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets.

Inventories

The net realizable value of inventories represents the estimated selling price for inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale. The determination of net realizable value requires significant judgment, including consideration of factors such as shrinkage, the aging of and future demand for inventory, expected future selling price we expect to realize by selling the inventory, and the

contractual arrangements with customers. Reserves for excess and obsolete inventory are based upon quantities on hand, projected volumes from demand forecasts and net realizable value. The estimates are judgmental in nature and are made at a point in time, using available information, expected business plans and expected market conditions. As a result, the actual amount received on sale could differ from the estimated value of inventory. Periodic reviews are performed on the inventory balance. The impact of changes in inventory reserves is reflected as cost of goods sold.

Goodwill Impairment

Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill has been impaired. In order to determine if the value of goodwill has been impaired, the reporting unit to which goodwill has been assigned or allocated must be valued using present value techniques. When applying this valuation technique, we rely 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.

In performing our annual goodwill impairment analysis we concluded that the implied fair value of our reporting units was substantially in excess of its carrying value and that no further evaluation of impairment was necessary. A 10% decrease in the estimated fair value of our reporting unit would not have resulted in a different conclusion.

Leases

For leases other than short-term leases (those with an initial term of twelve months or less), we recognize right-of-use (“**ROU**”) assets and lease liabilities on the Consolidated Balance Sheet. Operating lease liabilities are initially recognized based on the net present value of the fixed portion of our lease payments from lease commencement through the lease term. To calculate the net present value, we apply an incremental borrowing rate that is estimated as the rate of interest we would pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term. We use quoted interest rates as an input to derive our incremental borrowing rate as the discount rate for the lease. We recognize ROU assets based on operating lease liabilities reduced by lease incentives, including tenant improvement allowances. We test ROU assets for impairment in the same manner as long-lived assets.

Consolidation

Judgment is applied in assessing whether we exercise control and have significant influence over entities in which we directly or indirectly own an interest. We have control when we have the power over the subsidiary, have exposure or rights to variable returns and have the ability to use our power to affect the returns. Significant influence is defined as the power to participate in the financial and operating decisions of the subsidiaries. Where we are determined to have control, these entities are consolidated. Additionally, judgment is applied in determining the effective date on which control was obtained.

Recently Adopted Accounting Standards and Recently Issued Accounting Pronouncements

For information about our recently adopted accounting standards and recently issued accounting standards not yet adopted, see Note 2, “Basis of Presentation and Significant Accounting Policies,” of the Annual Financial Statements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed in varying degrees to a variety of financial instrument related risks. We mitigate these risks by assessing, monitoring and approving our risk management processes.

Credit Risk

Credit risk is the risk of a potential loss to us if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at December 31, 2020 is the carrying amount of cash and cash equivalents. We do not have significant credit risk with respect to our customers. All cash and cash equivalents are placed with major U.S. financial institutions.

We provide credit to our customers in the normal course of business. We have established credit evaluation and monitoring processes to mitigate credit risk but have limited risk as the majority of our sales are transacted with cash.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations associated with financial liabilities. We manage liquidity risk through the effective management of our capital structure. Our approach to managing liquidity is to ensure that we will have sufficient liquidity at all times to settle obligations and liabilities when due.

As reflected in the Annual Financial Statements, we had an accumulated deficit as of December 31, 2020 and 2019, as well as a net loss and negative cash flows from operating activities for the reporting periods then-ended. Management believes that substantial doubt of our ability to continue as a going concern for at least one year from the issuance of our Annual Financial Statements has been alleviated due to: (i) capital raised subsequent to December 31, 2020 and (ii) continued sales growth from our consolidated operations. Management plans to continue to access capital markets for additional funding through debt and/or equity financings to supplement future cash needs, as may be required. However, management cannot provide any assurances that we will be successful in accomplishing our business plans. If we are unable to raise additional capital on favorable terms, if at all, whenever necessary, we may be forced to decelerate or curtail certain of our operations until such time as additional capital becomes available.

Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, raw materials, and other commodity prices. Strategic and operational risks may arise if we fail to carry out business operations and/or raise sufficient equity and/or debt financing. Strategic opportunities or threats may arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. We seek to mitigate such risks by consideration of potential development opportunities and challenges.

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. Cash and cash equivalents bear interest at market rates. Our financial debts have fixed rates of interest and therefore expose us to a limited interest rate fair value risk.

Commodities Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The primary raw materials used by us aside from those cultivated internally are labels and packaging. Management believes a hypothetical 10% change in the price of these materials would not have a significant effect on our consolidated annual results of operations or cash flows, as these costs are generally passed through to our customers. However, such an increase could have an impact on our customers' demand for our products, and we are not able to quantify the impact of such potential change in demand on our annual results of operations or cash flows.

COVID-19 Risk

We are monitoring COVID-19 closely, and although our operations have not been materially affected by the COVID-19 outbreak to date, the ultimate severity of the outbreak and its impact on the economic environment is uncertain. Our operations are ongoing as the cultivation, processing and sale of cannabis products is currently considered an essential business by the states in which we operate with respect to all customers (except for Massachusetts, where cannabis has been deemed essential only for medical patients). In all locations where regulations have been enabled by governmental authorities, we have expanded consumer delivery options and curbside pickup to help protect the health and safety of our employees and customers. The pandemic has not materially impacted our business operations or liquidity position to date. We continue to generate operating cash flows to meet our short-term liquidity needs. The uncertain nature of the spread of COVID-19 may impact our business operations for reasons including the potential quarantine of our employees or those of our supply chain partners or a change in our designation as “essential” in states where we do business that currently or in the future impose restrictions on business operations.

BUSINESS

Overview

AWH is a vertically integrated multi-state operator focused on adult-use or near-term adult-use cannabis states in limited license markets. Our core business is the cultivation, manufacturing and distribution of cannabis consumer packaged goods, which we sell through our company-owned retail stores and to third-party licensed retail cannabis stores. We were founded in 2018 and initially pursued cultivation and dispensary licensing opportunities in Massachusetts. In December 2018, we entered the Illinois market with the acquisition of an existing cultivation facility through the acquisition of Revolution Cannabis-Barry LLC. We also acquired HCI and its related entities, which owned two operational medical dispensaries in Illinois. We have since expanded our operational footprint, primarily through acquisitions, and now have direct or indirect operations or financial interests in five U.S. geographic markets: Illinois, Massachusetts, Michigan, New Jersey, and Ohio.

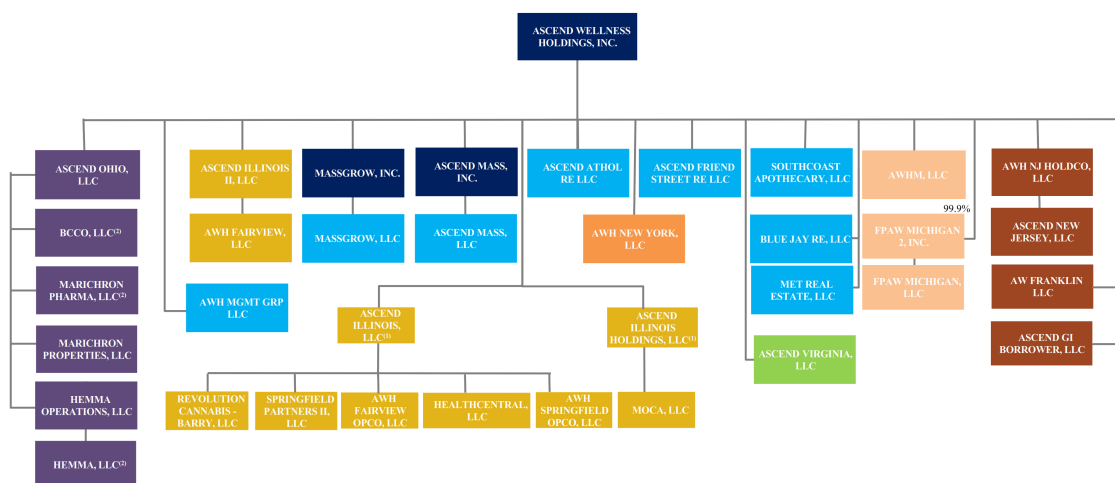
We believe in bettering lives through cannabis. Our mission is to improve the lives of our employees, patients, customers and the communities we serve through the use of the cannabis plant. We are committed to providing safe, reliable and high-quality products and providing consumers options and education to ensure they are able to identify and obtain the products that fit their personal needs. As of February 25, 2021, we have direct or indirect operations or financial interests in five U.S. geographic markets and employ approximately 900 people.

Currently, approximately one third of our portfolio of cultivation and dispensary assets are generating revenue and we expect the remainder of these assets to begin generating revenue over the course of the 2021 calendar year. Our core business is the cultivation, manufacturing and distribution of cannabis consumer packaged goods, which we sell through our company-owned retail stores and to third-party licensed retail cannabis stores. We are committed to being vertically integrated in every state we operate in, which entails controlling the entire supply chain from seed to sale. We are currently vertically integrated in two out of our five states with expansion plans underway to achieve vertical integration in all five states. While we have been successful in opening facilities and dispensaries, we expect continued growth to be driven by opening new operational facilities and dispensaries under our current licenses, expansion of our current facilities and increased consumer demand.

Our consumer products portfolio is generated primarily from plant material that we grow and process ourselves. We produce our consumer-packaged goods in five manufacturing facilities with 74,000 square feet of current cumulative canopy and total current capacity of 38,000 pounds annually. We are undergoing expansions to 285,000 square feet of cumulative canopy, which is estimated to have a total production capacity of 142,000 pounds annually post build-out. Our product portfolio currently consists of 87 SKUs, across a range of cannabis product categories, including flower, pre-rolls, concentrates, vapes, edibles and other cannabis-related products. As of December 31, 2020, we have 12 open and operating retail locations, which we anticipate will expand to 20 locations open and operating by the end of calendar year 2021. Our new store opening plans are flexible and will ultimately depend on market conditions, local licensing, construction, and other regulatory permissions. All of our expansion plans are subject to capital allocation decisions, the evolving regulatory environment and the COVID-19 pandemic.

The following organizational chart describes our organizational structure as of February 25, 2021. See Exhibit 21.1 to the registration statement of which this prospectus is a part for a list of our subsidiaries. All lines represent 100% ownership of outstanding securities of the applicable subsidiary unless otherwise noted. In part, the

complexity of our organization structure is due to state licensing requirements that mandate that we maintain the corporate identity of our operating license holders.



- (1) In process of transfer to AWH. The Illinois Department of Financial and Professional Regulation is currently reviewing the transfer application.
- (2) The Ohio Medical Marijuana Control Program is currently reviewing transfer requests for Hemma, LLC and BCCO, LLC. We have entered into an agreement to acquire Marichron Pharma, LLC, but cannot submit a transfer request until Marichron Pharma, LLC receives a certificate of operation.

Legend for state of incorporation:



Our registered office is located at 1209 Orange Street, Wilmington, DE 19801. Our headquarters are located at 1411 Broadway, 16th Floor, New York, NY 10018.

Operations Summary

The following is an overview of our assets by state that are currently operational, as well as our expected asset base once fully built out:

Illinois

We have an indoor cultivation and manufacturing facility in Barry, Illinois and six open dispensaries, including our pending acquisition of Chicago Alternative Health Center LLC and Chicago Alternative Health Center Holdings LLC (collectively, “**Midway Dispensary**”).

Our Barry cultivation and manufacturing facility is a 75,000 square foot building with 55,000 square feet of double-stacked indoor canopy that has an annual production capacity of 28,000 pounds. We currently utilize both ethanol- and butane-based extraction on site. We are also currently building out an additional 110,000 square foot headhouse and greenhouse on the Barry site with 58,000 square feet of canopy. This build-out is funded through a sale lease-back transaction with Innovative Industrial Properties and will add an additional 26,000 pounds of production capacity for total canopy of 114,000 square foot and annual capacity of 54,000 pounds at completion.

We have three open dispensaries in Chicago with two located in each of the Logan Square and River North neighborhoods and one located next to Chicago's Midway Airport. We also have two dispensaries in Springfield and one in the St. Louis area. We have secondary site licenses for and are currently building out two additional dispensaries, one in Fairview Heights, which is approximately 15 minutes from St. Louis and one in Chicago Ridge, a suburb of Chicago. The Fairview Heights and Chicago Ridge locations are anticipated to open in Spring 2021. Illinois rules and regulations impose a 10-dispensary cap on any one operator. Given our scale in Illinois, we view the acquisition of additional dispensaries in Illinois as a lower-risk, higher-return opportunity to move up from our current portfolio of eight dispensaries to ten dispensaries over time.

Massachusetts

We have an operational indoor cultivation and manufacturing facility in Athol, Massachusetts and three dispensaries fully permitted and currently under development.

Our Athol cultivation and manufacturing facility is a 360,000 square foot building with 17,000 square feet of double-stacked indoor canopy that has an annual production capacity of 9,000 pounds. We are also currently building out a 90,000 square foot Phase II expansion with 37,000 square feet of indoor single-stacked canopy. This expansion is also funded through a sale lease-back transaction with Innovative Industrial Properties and will add an additional 19,000 pounds of production capacity for total canopy of 54,000 square feet and annual capacity of 28,000 pounds at completion. We expect to add both ethanol and butane-based extraction capabilities in calendar year 2021.

Our dispensaries are located in downtown Boston, Newton and New Bedford, with all three dispensaries anticipated to open in 2021. The downtown Boston dispensary is located in the heart of downtown Boston on Friend Street, one block from TD Garden and North Station and 0.5 miles from Faneuil Hall.

New Jersey

Our New Jersey license grants the right to operate a cultivation and processing facility and up to three medical dispensaries in New Jersey. Our operations are vertically integrated in New Jersey. We currently operate a medical dispensary in Montclair and an indoor cultivation and manufacturing facility in Franklin.

Our Franklin cultivation and manufacturing facility currently has 2,300 square feet of indoor canopy that has an annual production capacity of 1,000 pounds. We are currently reviewing opportunities to expand our cultivation and processing capabilities ahead of adult-use sales in New Jersey in late calendar year 2021 to ensure the New Jersey medical and adult-use markets are adequately supplied.

In addition to our existing dispensary, we have a second dispensary site located in Rochelle Park near Paramus that is locally permitted and under development and a third site in Fort Lee that is locally permitted. Our two satellite dispensaries are anticipated to open in calendar year 2021. We anticipate that New Jersey will remain a product-constrained market in the medium term, with a limited number of operators and insufficient canopy ahead of adult-use sales commencing. As such, we are pursuing an aggressive canopy expansion to supply our owned retail stores and wholesale to third-party stores.

Michigan

We have an indoor cultivation and manufacturing facility under development in Lansing, Michigan and four open dispensaries.

Our Lansing cultivation and manufacturing facility is a 144,000 square foot building that will have 28,000 square feet of single-stacked indoor canopy with an annual production capacity of 15,000 pounds at completion of its build-out. We expect to add both ethanol and butane-based extraction in calendar year 2021 and the site has adequate space for a second phase canopy build-out.

Our dispensaries are located in Ann Arbor, Morenci, Detroit and Battle Creek. We are also currently building out an additional dispensary in Lansing expected to be operational in calendar year 2021. Our existing Detroit dispensary currently serves medical customers only, but Detroit is expected to pass an adult-use ordinance in calendar year 2021. Our Ann Arbor location serves adult-use customers. Morenci and Battle Creek serve both medical and adult-use customers and patients.

New York

On February 25, 2021, we entered into the Investment Agreement with MedMen, under which we will, subject to regulatory approval, complete the Investment of approximately \$73 million in MMNY, a licensed medical cannabis operator in New York. In connection with the investment, and subject to regulatory approval, MMNY will engage our services pursuant to the Management Agreement under which we will advise on MMNY's operations pending regulatory approval of the Investment transaction.

Under the terms of the Investment, at closing, MMNY will assume approximately \$73 million of MedMen's existing secured debt, AWH will invest \$35 million in cash in MMNY, and AWH New York, LLC will issue a senior secured promissory note in favor of MMNY's senior secured lender in the principal amount of \$28 million, guaranteed by AWH, which cash investment and note will be used to reduce the amounts owed to MMNY's senior secured lender. Following its investment, AWH will hold a controlling interest in MMNY equal to approximately 86.7% of the equity in MMNY, and be provided with an option to acquire MedMen's remaining interest in MMNY in the future. AWH must also make an additional investment of \$10 million in exchange for additional equity in MMNY, which investment will also be used to repay MMNY's senior secured lender if adult-use cannabis sales commence in MMNY's dispensaries.

The transactions contemplated by the Investment Agreement are subject to customary closing conditions, including approval from the New York State Department of Health and other applicable regulatory bodies.

MMNY operates a 11,000 square foot cultivation and manufacturing facility in Utica, New York, and has four operational medical cannabis dispensaries. MMNY's dispensaries are in the Bryant Park neighborhood of New York City, Syracuse, Buffalo and Lake Success on Long Island.

Ohio

We have entered into agreements to acquire a (i) licensed cultivator, (ii) processor and (iii) dispensary operator in Ohio. We are party to a consulting services agreement with the dispensary operator. Our contractual partners have one open medical dispensary and a cultivation and processing facility under development. The medical dispensary is located in Carroll, which is in the Columbus area. The cultivation and processing facilities will be located in Monroe. The 9,000 square foot processing facility is currently under development and we are in the planning stage for a 55,000 square foot cultivation with 35,000 square feet of quad-stacked canopy capable of producing 18,000 pounds annually once complete. The Company is awaiting approval from regulators to move the existing sub-scale cultivation and co-locate a larger, greenfield cultivation on the same site as our processing facility; the Company has submitted an application and is awaiting feedback.

Licenses

The following chart summarizes as of February 25, 2021 the U.S. states in which we operate or have an investment, the nature of our operations, whether such activities carried on are direct, indirect or ancillary in nature,

the number of dispensary, cultivation and other licenses held by each entity and whether such entity has any operation, cultivation or processing facilities.

State	Entity	Adult-Use/Medical	Direct/Indirect/Ancillary	Dispensary Licenses	Cultivation/Processing/Distribution Licenses	Operational Dispensaries	Operational Cultivation/Processing Facilities
Illinois	HealthCentral LLC	AU, M	Direct	5	—	3	—
Illinois	Revolution Cannabis-Barry LLC	AU, M	Direct	—	2	—	1
Illinois	MOCA LLC	AU, M	Direct	3	—	2	—
Illinois	Chicago Alternative Health Center, LLC	AU, M	Ancillary	2	—	1	—
Mass.	MassGrow LLC	AU	Direct	—	2 ⁽¹⁾	—	1
Mass.	Ascend Mass LLC	AU	Direct	—	—	—	—
New Jersey	Ascend New Jersey LLC	M	Direct	—	1	1	1
New York	MedMen NY, Inc. ⁽⁴⁾	M	Indirect	4	1	4	1
Michigan	FPAW Michigan LLC	AU, M	Direct	4	1	4	1
Ohio	Ascend Ohio LLC	M	Ancillary	1	2 ⁽¹⁾	1	—
Total				23	9	16	5

(1) Provisionally licensed for processing.

(2) Provisionally licensed.

(3) An ATC permit enables the holder to pursue two additional satellite dispensary locations.

(4) On February 25, 2021, we entered into a definitive investment agreement with MedMen under which we will, subject to regulatory approval, complete an investment in MedMen NY, Inc.

Investment Highlights and Competitive Strengths

Leading Position Across Some of the Most Attractive U.S. Markets

We strive to become a leading player in each of the markets we operate in. While many of our competitors have focused on geographic breadth, our strategy has been to “go deep, not wide” in what we believe to be the most attractive markets. We seek to have scaled cultivation facilities and high-volume, flagship retail locations, alongside a portfolio of brands to create a dominant market position in each of the states in which we operate. Being vertically integrated not only enables us to capture a full vertical margin from seed through retail sale, it also ensures availability of supply to our owned dispensaries. Availability of supply is especially important in early-stage adult-use markets, where aggregate retail demand can exceed existing cultivation capacity. States with cannabis programs on the East Coast and in the Midwest are also largely limited license markets. We consider states and jurisdictions which have enacted regulations that restrict the number of licenses that may be issued to operate in the cannabis business or have caps on the amount of canopy per cultivation facility to be “limited license.” Such restrictions make it difficult for new entrants to enter the cannabis business in these markets. We believe these markets are characterized by stable pricing, reasonably predictable competitive forces and the potential for attractive returns for incumbent, vertically integrated operators. AWH operates in these limited license, East Coast and Midwest states and endeavors to capitalize on these favorable market dynamics. Additionally, we believe that our scale within our states should allow us to realize better margins than operators that have wider footprints and lower market shares within their markets on a relative basis. We remain vigilant regarding the allocation of our operational focus and deployment of capital to markets that we believe will afford us optimal returns.

Established Ascend Brand with Focus on Flagship Retail

The Ascend retail brand elevates the cannabis shopping experience by combining consistent and convenient customer service with high-quality products and exclusive brand partnerships. Our stores are primarily located in high-traffic retail corridors, with sufficient parking and proximity to highways or main thoroughfares. Despite operating a number of high-throughput locations, our well-trained staff and omni-channel capabilities enable us to serve our customer efficiently, while also delivering a pleasant, informative and cultivated shopping experience. In Illinois, the Ascend retail brand is a recognized brand in the cannabis market and serves an average of 2,615 customers on a daily basis. Further, our Illinois retail stores achieved sales productivity of approximately \$5,381 per square foot in the fourth quarter of 2020 (measured as in-store net sales divided by gross square feet) which exceeds the publicly reported sales productivity of luxury retailers Tiffany & Co. and lululemon athletica.as reported for each company's fiscal 2019. We have also focused on opening flagship locations in or near major metropolitan areas including Chicago, Boston, St. Louis and the Greater New York City Area, where we expect to achieve higher customer traffic and drive mind-share for our retail brand. Our flagship location in Collinsville has achieved even higher sales productivity than our Illinois average at \$10,893 per square foot in the fourth quarter of 2020. Our Collinsville location also served on average 1,262 customers during the same period with an average basket size of \$133. We believe these flagship locations strengthen our brand awareness and will create a halo-effect around the rest of our retail portfolio. While the number of dispensaries and competition will likely increase over time, we anticipate that the combination our brand awareness and premium locations will enable us to outperform our competitors.

Omni-channel Customer Experience

As customer shopping preferences continue to evolve and customers increasingly shop across multiple channels, we strive to create a best-in-class, omni-channel customer experience. Although in-store experiences will continue to be the primary fulfillment point for orders, we believe that customers' experiences in our stores are complemented by our omni-channel capabilities, a few of which include:

- Reserve-Online-Pickup-in-Store, allowing customers to purchase merchandise through one of our websites and pick-up the merchandise in-store, which often drives incremental in-store sales. Over 90% of our customers in Collinsville utilize our Reserve-Online-Pickup-in-Store option;
- Curbside Pickup, allowing customers to have their orders brought directly to their vehicles; and
- Online Consultations and Real-time Chat, allowing customers to interact with associates, ask questions and build their basket ahead of their in-store visit, driving associate productivity and incremental sales.

We also believe that our loyalty programs are an important part of our omni-channel strategy as we aim to seamlessly interact and connect with customers across all touchpoints. We currently have 47,000 loyalty members across our 13 operating dispensaries. Our loyalty members grew by 5,000 members in November 2020, or 13% sequentially, in part because of the rollout of our loyalty program to additional dispensaries in Illinois, Michigan and New Jersey. Under these programs, customers accumulate points primarily based on purchase activity. These rewards can then be redeemed for merchandise discounts at the point of purchase. Our loyalty programs provide timely customer insights, creating stronger customer engagement while driving a higher average level of customer spend. In addition, we use our loyalty programs as a tool to stay connected to our customers through members-only offers, items and experiences.

Continued Innovation and Brand Partnerships to Expand Product Portfolio

Our product portfolio today includes standard form factors: flower, pre-rolls, distillate vapes and gummies. We believe standard form factors typically account for over 80% of market demand in medical and early-stage adult-use markets. However, as these markets mature, we expect customer preferences to evolve and the consumer will increasingly look toward new form factors and brands. We have a robust product development pipeline that includes a number of new form factors including live resin vapes, tablets, vegan gummies, cigarette-style pre-rolls and mints.

We expect to launch 5 new internally-developed products over the next six months. In addition to developing products internally, we have also partnered with leading West Coast cannabis brands like Cookies Enterprises, 1906, and Airo Brands, to bring established brands with cannabis heritage and name recognition to our existing markets, while creating a halo effect around our retail stores with exclusive launch events and product releases.

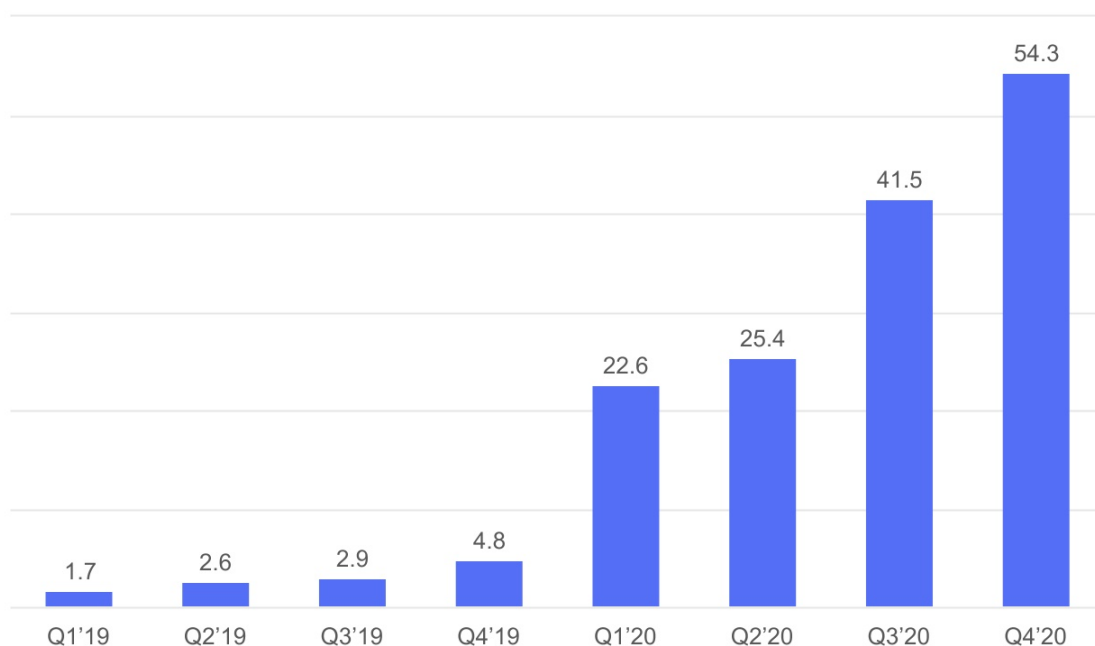
Executing on Growth While Maintaining Profitability and Liquidity

We have achieved \$ _____ million of revenue during _____, and will continue to work to open additional dispensaries and build out our existing cultivation facilities during the remainder of calendar year 2021. The figure below shows our quarterly revenue progression from Q1'19 through Q4'20, highlighting that our calendar year 2020 revenue is over 10x higher than revenue in calendar year 2019. Additionally, our gross profit in calendar year 2020 is over 17x higher than revenue in calendar year 2019 and our loss before income taxes decreased from \$32.6 million in calendar year 2019 to \$5.1 million in calendar year 2020. As of December 31, 2019, we had four open dispensaries and 32,000 square feet of operational canopy. As of December 31, 2020, we have 12 dispensaries open and 74,000 square feet of operational canopy with expectations to have 20 dispensaries and 285,000 square feet of operational canopy by the end of calendar year 2022.

Managing significant growth in a capital-intensive industry while determining which opportunities to focus on requires a keen focus on capital allocation. We have worked to secure project financing for our expansion projects by partnering with Innovative Industrial Properties to fund cultivation build-outs through sale leaseback transactions with various financing sources to fund acquisition opportunities.

Our management team has significant capital markets success and has raised over \$300 million of debt, equity, and sale-leaseback financing since inception. This proven ability to raise capital is especially important as we execute on our growth plans in a highly capital-intensive industry and as we explore potential acquisitions in the future. We believe that we will continue to be able to source capital in an efficient manner on a go-forward basis.

Quarterly Net Revenue (\$ in millions) (unaudited)



History

Illinois

In December 2018, we entered the Illinois market with the acquisition of an existing cultivation facility, through the acquisition of Revolution Cannabis-Barry LLC. We expanded our presence in Illinois in January 2019 through the acquisition of HCI and its related entities, which owned two operational medical dispensaries in Springfield and Collinsville. Under the Illinois recreational act, existing operators were granted, as-right, a license to operate an additional adult-use dispensary for each existing medical dispensary they owned. These dispensaries were required to be in the same U.S. Bureau of Labor Statistics (“BLS”) Region as the existing medical dispensaries. A BLS Region is a geographic area designated by the BLS to gather and categorize certain employment and wage data. There are 17 such regions in Illinois.

We sited our two HCI expansion dispensaries in Springfield and Fairview Heights. Our second Springfield site opened in November 2020 and our Fairview Heights dispensary is currently under construction and is expected to open in Spring 2021. We entered into an agreement to acquire MOCA in August 2020, which operates two Chicago-area dispensaries. MOCA’s original dispensary in Logan Square has been operational since 2016 and is licensed for sales to both medical and adult-use customers. MOCA’s second dispensary, which opened in August 2020, is located in the River North area of downtown Chicago and serves adult-use customers. We received approval from the Illinois Department of Financial & Professional Regulation for the acquisition of MOCA on December 15, 2020, and we closed on the transaction on December 23, 2020. On December 14, 2020, we entered into an agreement to acquire Midway Dispensary, an operational medical and adult use dispensary in Chicago located next to Midway Airport. Effective with the agreement date, we obtained financial control over Midway. The final closing date is pending the Illinois Department of Financial & Professional Regulation’s approval of the license transfer. Midway Dispensary is permitted to open a second adult use dispensary. We have secured a site in Chicago Ridge, a suburb of Chicago, for this second dispensary and are currently under development.

Massachusetts

In 2018, the Company acquired two properties that were zoned for cannabis but unlicensed, which became the foundation of our operations in Massachusetts. The real property that is now our Boston, MA dispensary was acquired in May 2018 and our future Athol, MA cultivation was acquired in August 2018. We obtained local support for both properties and submitted applications with the Massachusetts Cannabis Control Commission. MassGrow LLC, which is the licensee for our Athol cultivation received its provisional license in May 2019 and commenced operations in November 2019. Our dispensary licenses are held by AscendMass, LLC. Our Boston dispensary received its provisional license in January 2020 and is expected to commence operations in Spring 2021. Our Newton location, which we lease, received its provisional license in June 2020 and is expected to commence operations in Summer 2021. In February 2020, we acquired Southcoast Apothecary LLC, which held the license application for a third adult-use dispensary located in New Bedford, MA. This dispensary was provisionally licensed in August 2020 and is expected to open in the second half of 2021. There is a license cap of three dispensaries in Massachusetts, and we cannot add any additional dispensaries under the current regulations.

New Jersey

Ascend New Jersey LLC acquired certain assets of Greenleaf Compassion Center, which holds a permit for the operation of an Alternative Treatment Center (each, an “ATC”) in New Jersey on September 29, 2020. We currently operate one medical dispensary in Montclair, NJ and a cultivation and processing facility in Franklin, NJ. An ATC permit enables the holder to pursue two additional satellite dispensary locations, and, as such, we are currently pursuing licensing for two additional dispensary locations.

Michigan

We entered the Michigan market through a series of acquisitions over the course of 2019, acquiring the property that would become our Lansing cultivation and five dispensaries. Our licenses are held by FPAW Michigan, LLC.

We closed on the acquisition of properties in Detroit in April 2019 and Battle Creek in August 2019. In July 2019, we acquired our Morenci dispensary property and entered into a back-to-back close and sale leaseback of the Lansing cultivation with Innovative Industrial Properties, and secured a \$15 million tenant improvement allowance for the development of the property. In September 2019, we acquired certain lease agreements for our Ann Arbor dispensary. We operate under the Michigan Supply and Provisions retail banner in Michigan.

Ohio

Ascend Ohio, LLC entered into a unit purchase option agreement with BCCO, LLC (“**BCCO**”), which holds a license for a medical dispensary in Carroll, OH, in March 2019. The Carroll dispensary, which is 45 minutes southeast of Columbus, is branded Ohio Provisions and opened in September 2019. We have submitted applications for the full transfer of ownership of BCCO to a wholly owned subsidiary of AWH and are awaiting regulatory approval. The parties also entered into a consulting services agreement in April 2019, pursuant to which AWH provides certain consulting services relating to the operation of the medical dispensary business for a fixed monthly fee of \$25,000, which can be adjusted at the discretion of AWH to reflect the scope and nature of services being provided to BCCO, plus expense reimbursement.

In January 2020, Ascend Ohio, LLC entered into an amended merger agreement with Hemma Operations, LLC (“**Hemma**”), which holds a license to operate a medical cannabis cultivation facility in Monroe, OH. We have submitted applications for the full transfer of ownership of Hemma to a wholly owned subsidiary of Ascend and are awaiting regulatory approval. We anticipate the transfer of ownership with the state of Ohio to be completed in the first quarter of 2021.

We also entered into an agreement with Marichron Pharma LLC, which was granted a processor license in Monroe, Ohio. This processing facility is currently being built-out and is expected to be operational in 2021.

New York

On February 25, 2021, we entered into the Investment Agreement with MedMen, under which we will, subject to regulatory approval, complete the investment of approximately \$73 million in MMNY, a licensed medical cannabis operator in New York. In connection with the investment, and subject to regulatory approval, MMNY will engage our services pursuant to the Management Agreement under which we will advise on MMNY’s operations pending regulatory approval of the Investment transaction.

The transactions contemplated by the Investment Agreement are subject to customary closing conditions, including approval from the New York State Department of Health and other applicable regulatory bodies.

MMNY operates a cultivation and manufacturing facility in Utica, New York, and has four operational medical cannabis dispensaries. MMNY’s dispensaries are in the Bryant Park neighborhood of New York City, Syracuse, Buffalo and Lake Success on Long Island.

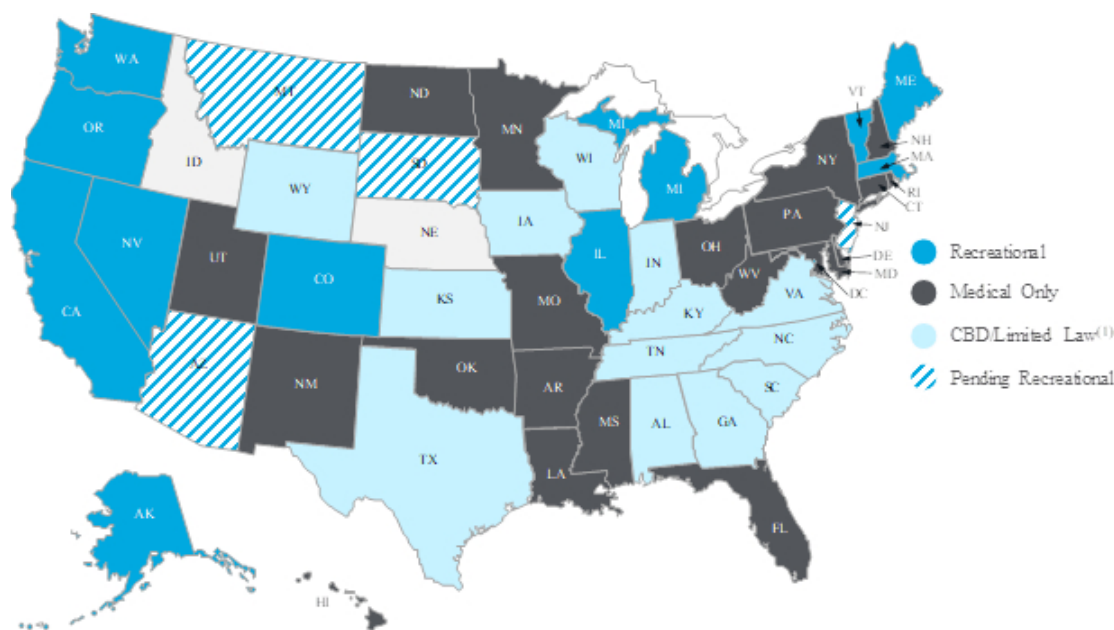
U.S. Cannabis Landscape

As illustrated by the map below, as of the date of this prospectus, a total of 35 states have legalized medical cannabis and 15 states have legalized cannabis for adult-use in some form, although not all of those jurisdictions have fully implemented their legalization programs. Three additional states (Connecticut, Pennsylvania and New York) are actively considering the legalization of cannabis for adult-use. Fourteen additional states have legalized high-cannabidiol (CBD), low tetrahydrocannabinol (THC) oils for a limited class of patients. Notwithstanding the continued trend toward further state legalization, cannabis continues to be categorized as a Schedule I controlled substance under the federal Controlled Substances Act and, accordingly, the cultivation, processing, distribution, sale and possession of cannabis violate federal law in the United States as discussed further in “*Risk Factors — Cannabis remains illegal under U.S. federal law, and enforcement of cannabis laws could change.*”

We believe support for cannabis legalization in the United States is gaining momentum. According to a November 2020 poll by the Gallup organization, approximately 68% of Americans support the legalization of cannabis for medical or adult-use. In the recent November 3, 2020 election, voters in five states had the opportunity to vote on state legalization of cannabis for medical or adult-use. Voters approved the legalization of cannabis for adult-use in Arizona, New Jersey, South Dakota and Montana. Voters in Mississippi and South Dakota approved the legalization of medical cannabis. These ballot initiatives pushed the number of adults in medical cannabis states to approximately 174 million (69% of the country’s adult population) and the number of adults in adult-use states to approximately 85 million (34% of the country’s adult population).

The U.S. cannabis industry has experienced significant growth over the past 12 months fueled in part by increasing consumer acceptance and the legalization of medical and adult-use cannabis across the United States. According to Arcview/BDSA, U.S. adult-use spending is on track to grow 27.9% in 2020 to \$9.4 billion and grow at a 21.7% compound annual growth rate (“CAGR”) to \$23.8 billion by 2025, while the U.S. medical market is on track to grow 36.1% to a total of \$6.9 billion in 2020, and grow at a 7.9% CAGR to \$10.1 billion by 2025.

Regulatory Status of the U.S. Cannabis Market⁽¹⁾



Source: Public disclosure

(1) CBD/Limited Law states permit medical use of cannabis products that have little or no THC.

Our Markets

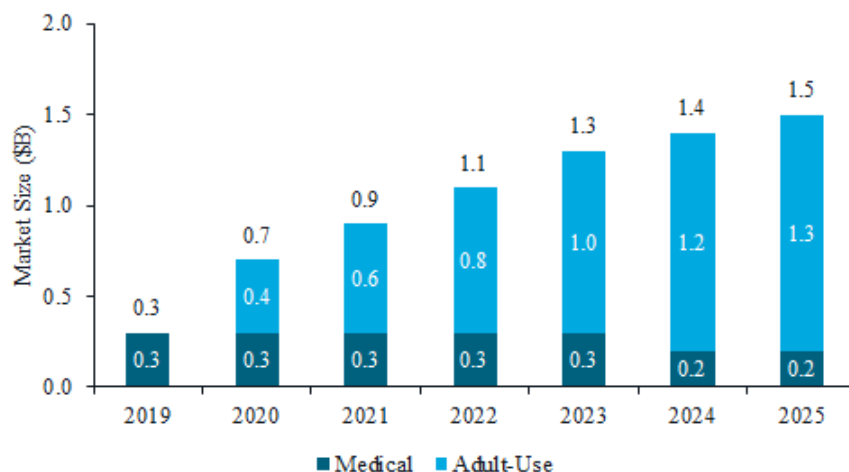
We operate or have contractual relationships in Illinois, Massachusetts, Michigan, New Jersey and Ohio, which cumulatively represent 15% of the United States’ adult population, according to 2019 U.S. Census Bureau data. The regulatory status and market characteristics of each of those states are outlined below. Please refer to the section titled “Business - Operations Summary” for a summary of our operations in each such state.

Illinois

On June 25, 2019, Illinois became the eleventh state to legalize adult-use cannabis and the first to do so by legislative action. Illinois’ adult-use market reported a strong start to legalization, reaching nearly \$110 million in

spending from the sale of 2.6 million cannabis items in the first three months of operation. Adult-use spending is expected to see robust growth through the next five years, and exceed \$1.3 billion in sales by 2025. Medical spending is anticipated to peak in 2021 at \$317 million in sales. Total legal cannabis sales in Illinois are forecasted to grow to more than \$1.5 billion by 2025. Illinois is one of just 13 legal cannabis markets in the U.S. forecasted by Arcview to break the \$1 billion sales barrier.

Illinois Market Forecast (\$ billions)

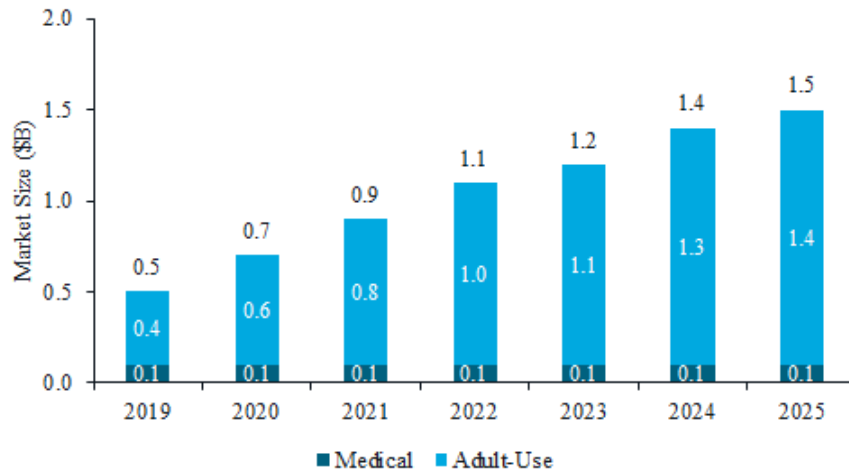


Source: 8th Edition, The State of the Legal Cannabis Markets, Arcview Market Research (Published May 5, 2020)

Massachusetts

On November 20, 2018, Massachusetts legalized cannabis for adult-use and demonstrated strong starting results, with total sales increasing by 170% between 2018 and 2019, growing from \$218 million to \$587 million. Supply chain issues have somewhat tempered market potential, as retail rollouts have been slow due to a combination of slow licensing processes and local obstacles, such as zoning restrictions. As a result, a lack of product availability and variety, as well as high prices have strained market forecast expectations, but leave room for significant growth potential should supply chain issues be resolved over time. Total legal cannabis sales in Massachusetts are forecasted to reach nearly \$1.5 billion in 2025, growing at a CAGR of 16.4% from 2019. Medical spending is expected to experience a steady decline to \$72.4 million in 2025, while adult-use spending will grow at a CAGR of 20.9% to almost \$1.4 billion.

Massachusetts Market Forecast (\$ billions)

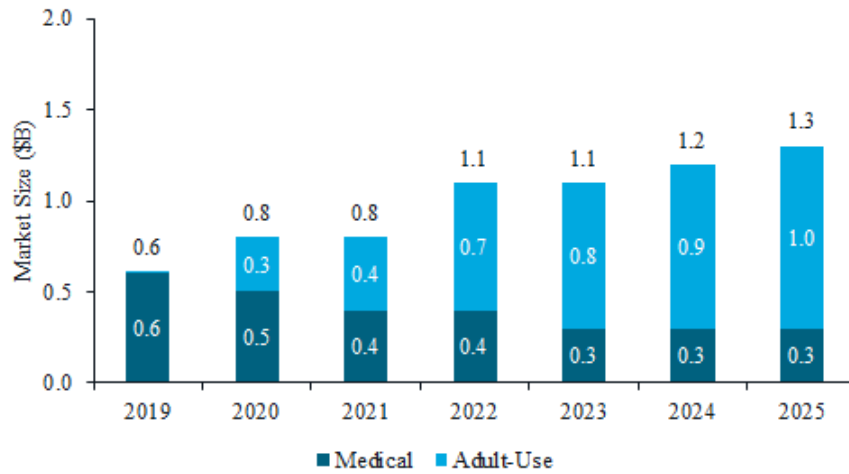


Source: 8th Edition, The State of the Legal Cannabis Markets, Arcview Market Research (Published May 5, 2020)

Michigan

Voters in Michigan legalized adult-use in November 2018 and the formerly medical-only market commenced adult-use sales on December 1, 2019. The state generated an estimated \$46.5 million in adult-use sales during the first quarter of 2020. Growth in 2021 is expected to be tempered by product shortages due to the lack of licensed cultivators and the state regulators estimate it could take up to 18 months before supply can adequately meet demand. Total sales are expected to grow by 29% to reach \$825 million in 2020 and \$1.3 billion in 2025.

Michigan Market Forecast (\$ billions)

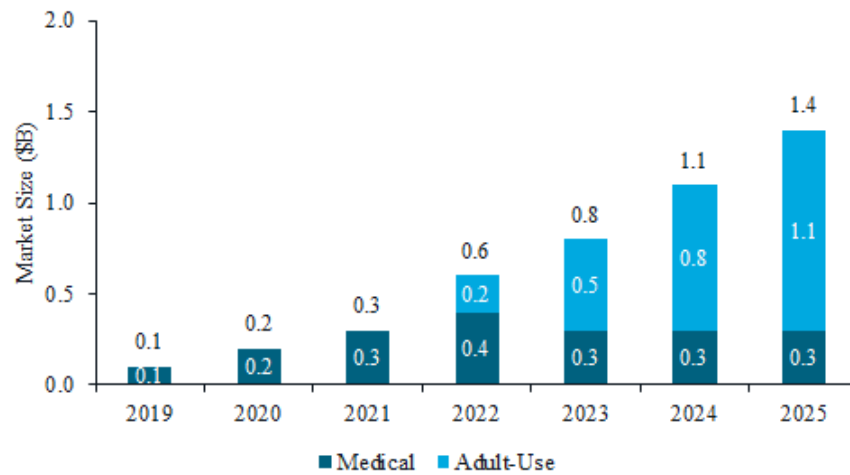


Source: 8th Edition, The State of the Legal Cannabis Markets, Arcview Market Research (Published May 5, 2020)

New Jersey

On November 3, 2020, voters in New Jersey authorized the legalization of adult-use cannabis. Adult-use sales are expected to commence in early 2022 and are forecasted to reach \$206 million in 2022, while medical sales are expected to peak at \$351 million in the same year. By 2025, adult-use sales are anticipated to grow to \$1.1 billion, while medical sales are expected to decline to \$273 million.

New Jersey Market Forecast (\$ billions)



Source: 8th Edition, The State of the Legal Cannabis Markets, Arcview Market Research (Published May 5, 2020)

New York

In July 2014, New York became the 23rd state to legalize the use of cannabis for medical purposes, with sales beginning in 2016. Governor Cuomo included a provision to legalize cannabis for adult-use in his Executive Budget Proposal for 2021-2022 and has publicly committed to passing adult-use cannabis legislation in 2021. Given this commitment, the budget shortfall in New York caused by the COVID-19 pandemic and New Jersey’s passage of adult-use cannabis legislation in February 2021, we believe it is highly likely that New York will become an adult-use market in the next few years. Assuming adult-use cannabis is legalized in New York in the coming years, total spending in New York is anticipated to reach \$1.6 billion in 2025, growing at a 46.9% CAGR from 2019.

Ohio

In May 2016, Ohio became the 26th state to legalize the use of cannabis for medical purposes, with sales beginning in January 2019. A campaign for a 2020 adult-use cannabis ballot initiative failed to gain traction in part because of the COVID-19 pandemic; however, we believe it is highly likely that Ohio will become an adult-use market in the next few years. Assuming adult-use cannabis is legalized in Ohio in the coming years, total spending in Ohio is anticipated to reach \$644 million in 2025, growing at a 49.2% CAGR from 2019.

Our Growth Strategies

Growth From Activation and Optimization of Existing Asset Portfolio

Currently, approximately one third of our portfolio of cultivation and dispensary assets are generating revenue and we expect the remainder of these assets to begin generating revenue over the course of the 2021 calendar year. We believe revenue growth and increased profitability should follow a step function approach throughout the year and we expect our run-rate financial performance at year-end 2021 to be more representative of the full potential of our asset base. We are focused on opening our dispensaries and executing on our canopy expansion plans to achieve both our revenue growth plans and to increase profitability and margins as there are significant carrying costs associated with our non-revenue generating assets, and, historically, our similar assets have achieved profitability in the first month once operational and selling product. Therefore, we do not face long lead times to achieve profitability once we commence operations. We believe that we also have a significant opportunity to optimize the performance of our existing asset base by improving our yields, product mix, and achieving labor efficiencies through automation.

Pursue Accretive Acquisitions of Attractive Operators

Largely due to early license awards, there are a number of independent and single-state operators in the markets in which we operate today. These assets represent attractive acquisition opportunities for us, as we can leverage our local permitting expertise and operational and financial resources to optimize the performance of these assets. We have been successful thus far in navigating local permitting for the secondary dispensary sites of historical acquisitions, such as Paramus and Fort Lee in New Jersey and Fairview Heights in Illinois. We have also been able to improve the financial performance of acquired assets by implementing our standard operating procedures and technology stack such as live inventory, reserve ahead capabilities and loyalty programs as well as leveraging our shared corporate infrastructure. Finally, our ability to raise external capital has enabled us to undertake secondary site build-outs and cultivation expansions that would not have been possible under previous ownership. We believe that our ability to acquire these underperforming assets and optimizing their performance as outlined above has historically created, and will continue to create, significant value for our stockholders.

Execute on Identified Operational Initiatives

We continue to evaluate operational initiatives to improve our profitability by leveraging our purchasing power and strengthening our retail pricing and category management capabilities. We are also working to streamline and refine our marketing process and are investing in more sophisticated information technology systems and data analytics. In addition, we continue to further automate our manufacturing facilities to improve our throughput and optimize our headcount. Although we are still in the early stages of many of these initiatives, we believe that these operational improvements represent a significant cost-saving opportunity and we will continue to benefit from these and other efficiencies.

Building of Brand Portfolio and Introduction of New, Differentiated Products

We anticipate launching a number of new brands and form factors this year and over the course of calendar year 2021. While consumers tend to focus more on stains and potency in early-stage adult-use markets, we believe that long-term brands will be more successful and thus, we are focused on expanding our branded portfolio. Ozone, our branded line of flower, vapes and gummies, launched three new product types in Q4'20: a disposable with a rechargeable battery, a pre-pack 0.3g, repackable glass chillum and a live resin vape, a premium offering which addresses one of the fastest growing product categories in cannabis. Our strategy to date has been to focus on building our Ozone product line and establishing credibility in the market for our primary branded product. We also have an effects-specific brand, Tune, under development that will target the casual consumer and have its own line of flower, vapes and edible products.

We also have a very active edible product development pipeline and expect to offer additional flavors, SKUs and new form factors over the course of calendar year 2021. We launched Drops, a pressed tablet form factor, in

partnership with 1906 in December 2020. We anticipate launching an Ozone branded micro-dose chewable mint and a 5.0mg vegan fruit-chew in multiple flavors in 2021. These launches will build on the success we have achieved to date with our strain-specific Ozone gummies. Edibles comprise approximately 15% of our sales in our markets and are a highly profitable form factor given the lower THC content, typically 10 mg per unit. Our revenue per pound on a dry equivalent basis and margins are more than double the pricing as well as our margins realized on our flower-based or other extracted products.

Selectively Apply in Competitive License Processes

We expect to selectively apply in competitive license processes in additional limited license markets. As these processes are competitive and require us to devote internal and external resources and often require the Company to pay property hold fees, we selectively evaluate processes and pursue opportunities where we view the risk-reward as favorable given the inherent value of these licenses. We have submitted applications for vertical licenses in the central-region of Virginia. We have also submitted applications for a number of dispensaries in Rhode Island. In each case, we have obtained local support for the applications. While these processes are extremely competitive and there is no guarantee that we will be successful in these endeavors, this offers another potential avenue to expand our operational footprint.

Cultivation

Our cultivation practices have been engineered for scalability and repeatability as we expand into additional states. We have continuously refined our cultivation operations to rapidly scale our output without sacrificing quality and consistency. Future expansion is planned to provide the infrastructure to diversify the seed supply and further mechanize and automate harvest operations. We believe we will be able to continue to rapidly scale cultivation by: (i) commencing operations at additional cultivation sites; (ii) expanding our canopy at existing cultivation sites; and (iii) increasing yields by dialing in genetics and environmental conditions and increasing the number of harvests.

We currently operate five cultivation facilities with 74,000 square feet of canopy with a production capacity of 38,000 pounds per year. We are developing both new cultivation sites and expanding existing sites that will increase our canopy by 206,000 square feet for a total of 285,000 square feet and 142,000 pounds of annual production capacity. We believe this large increase in capacity is needed to fulfill the increasing demand from our own retail network as additional dispensaries come online as well as the needs of the third-party dispensaries via wholesale sales. The wholesale opportunity in the states in which we operate remains robust, with demand generally outpacing supply. In New Jersey, where we are undertaking a significant canopy expansion, there are only 12 licensed operators, many of which have sub-scale cultivations, and the medical market is currently significantly undersupplied. With the New Jersey market moving toward the legalization of adult-use cannabis sales in the near-term, we anticipate robust demand for wholesale product. We anticipate that our portfolio will remain relatively balanced between wholesale and retail sales, despite this increase in production capacity.

We are focused on driving biomass cost per gram lower to create a competitive advantage in the limited license states in which we operate. We have used strain rationalization, improved cultivation practices, and investments in technology to drive significantly higher yields per square foot. We are maximizing the canopy of our existing indoor grows through innovative multi-tiered designs. We are using less capital-intensive greenhouses to add capacity in our biggest market, Illinois, and are planning to add outdoor grows where allowed for inexpensive source material for extract products.

Manufacturing

Our manufacturing operations are centered around the quality of our products and the efficiency of their production. Our manufacturing operations are co-located with our cultivation facilities in each of our markets. We strive to produce high quality, consistent products across our manufacturing facilities, and have implemented strict brand and quality assurance standards and standard operating procedures to ensure consistent product and consumer experience across all operating markets. Almost all of the raw material input we use to produce finished cannabis consumer packaged goods, except packaging materials, are cultivated or processed internally for further use in the

manufacturing process. In anticipation of our continued growth, we have planned for additional production manufacturing space and capabilities in all of our markets. These manufacturing operations will be constructed using state of the art processes and equipment to deliver superior products to our customers at the lowest possible cost to produce.

In calendar year 2020, approximately two-thirds of sales out of our Barry, Illinois facility are dedicated to flower-based form factors with the remaining biomass utilized for extracted products including vapes, edibles and concentrates. Our manufacturing in both the Athol, Massachusetts and Franklin, New Jersey facilities is currently limited to flower-based form factors, but we anticipate having ethanol- and butane-based extraction capabilities at Athol in calendar year 2021. We currently manufacture and package 59 SKUs in Illinois, 17 SKUs in Michigan, 7 SKUs in Massachusetts and 4 SKUs in New Jersey.

We are focused on scaling capacity, improving yields and increasing efficiency. This includes adding senior level leadership in operations from industries outside of cannabis with experience driving lean transformational changes. We are standardizing and increasing capacity in our hydrocarbon and ethanol extraction wherever possible to maximize product quality and throughput and improve crude yields. We are making investments in high speed flower packaging, cartridge filling and automated pre-rolling as major drivers of labor efficiency.

Retail

We believe our vision and standard operating procedures differentiate us from competitors, particularly in the Illinois market, where we currently operate six dispensaries with plans to open two additional dispensaries in calendar year 2021.

We focus on five key pillars to define our retail strategy:

Vision - We believe in using the power of the cannabis plant to help people better their lives. As a company we have a strong commitment to the success of the brand and maintaining this vision.

People - We focus on hiring store managers who have prior experience in cannabis and focus on talent development for the rest of our store employees. We have an extensive onboarding and training program focused not only on brand and product knowledge, but also on creating a great customer experience. Training sessions are led by associates that have proven success in their expertise and have expressed a desire to grow within the Company.

Culture - Our employees are motivated by daily sales goals we set at the stores. We reach our goals by ensuring we have the right product and the right talent in place to deliver a best-in-class customer experience. Our stores measure week over week sales growth, peak days for volume, transactions, gross margin and other key performance metrics. We collect and analyze the data available to us to continually improve our processes and sales strategy.

Menu Management - Our menu management team is actively working alongside our wholesale team and third party vendors. Our purchasing manager builds wholesale third party relationships in order to ensure broad inventory selections across dispensaries. We believe this is critical to our customer retention, which is reflected in over 2.0 customer visits a month with average basket size of \$126 in Illinois in the fourth quarter of 2020.

Online Ordering & Reservation - Online ordering has been critical to our operations during the COVID-19 pandemic. Customers order online from our online menu and when completing an order, make a reservation to come in and pick up their order. While online ordering & reservations have grown with the COVID-19 pandemic, we believe they will continue to be a meaningful part of the customer ordering plan after the disruptions caused by the COVID-19 pandemic subside.

Compliance Management - Each dispensary has a support manager dedicated to making sure the team and the dispensary are complying with state regulations. This support manager also pays close attention to any COVID-19 requirements as we navigate through the pandemic.

Wholesale

We expect to drive wholesale growth by maximizing the productivity of our existing facilities, increasing market share through category expansion or new product launches and leveraging our existing licensed cultivation and manufacturing assets through partnerships with established brands who are looking to expand into our states in a capital-light manner. Our key strategies to drive growth in our wholesale segment are below:

Wholesale Category Management and Expansion

Our focus is developing products for everyday cannabis consumers that want convenience, portability, reliability and flexible dose control. Our development is focused on pre-rolls, vapes, edibles and other ready-to-use product forms that we expect to outperform whole flower over time. We are also looking to partner with established cannabis brands that complement our own portfolio and manufacturing capabilities.

We are focused on expanding our vape offering, including live products and ratio products that represent fast growing segments of the vape category. We expect the pre-roll category to grow significantly as the preferred way to consume flower for many customers. We intend to launch multiple additional pre-roll SKUs in smaller sizes, innovative multi-pack options and premium infused pre-rolls. We are expanding our edibles manufacturing capabilities to provide micro-dose product forms along with additional forms desired by the market.

Strategic partnerships will be part of growing our business. We have partnered with the brand Cookies to produce their premium flower products in Illinois, Massachusetts and New Jersey through a licensing deal. We have also partnered with Airo Brands to produce their proprietary vape cartridge in Illinois and Michigan and 1906 to produce their innovative Drops edibles in Illinois. Building incremental brand partnerships is an important part of our strategy as we seek to find additional brands that complement our current portfolio and leverage our asset base of licensed manufacturing sites.

Strategic Sourcing

We are continuing our focus on supply chain optimization and strategic sourcing as we scale, allowing our growing base to provide leverage across the organization. This includes a focus on supplier rationalization, so that best-in-class supply partners are providing full end-to-end service across the enterprise. Building a common base of operating procedures, packaging and supply components, and supply partners across the organization is critical to this strategic direction.

Almost all of the raw material input we use to produce finished cannabis consumer packaged goods, except packaging materials, are cultivated or processed internally for further use in the manufacturing process. In anticipation of continued growth, we have planned for additional production manufacturing space and capabilities in all of our markets. These manufacturing operations will be constructed using state of the art processes and equipment to deliver superior products to our customers and at the lowest possible cost to produce. See “*Business - Cultivation*” and “*Business - Manufacturing*.”

As we build out our strategic sourcing organization, our focus will be on procurement of supplies and materials, along with sourcing of biomass and related byproducts where markets and regulations allow. This will allow our growth to scale even more rapidly than our canopy and will allow us to flex with the short-term dynamics recognized in any market.

Brands, Products and Marketing

Retail Brands

We and our partners currently operate 12 dispensaries across our markets. We are focused on building a national chain of dispensaries that offer the best selection of products, at the best price and with the best shopping experience.

To help us achieve this goal, we recently re-branded our stores in southern Illinois from Illinois Supply and Provisions to Ascend. We are working to build a recognizable multi-state brand of dispensaries, which now includes Ascend IL and Ascend NJ and will soon include Ascend MA. The brand recognition that we build in one state can easily be transferred to our other stores and markets. Having a consistent and repeatable experience in all our stores will enable us to grow the awareness and reputation around Ascend dispensaries, which in turn creates more value for the Ascend brand. A unified name also serves to save costs and amplifies our retail brand messaging. While we are increasingly moving to a unified retail brand strategy, we believe it is still important for each dispensary and state to have local roots and service their individual communities' needs. As we look to expand, we will continue to add Ascend-branded stores to build our national brand and consider re-naming some of our other existing retail stores to the Ascend brand name.

Retail Marketing Strategy

We continuously market through industry publications such as Weedmaps and Leafly, our own websites and social media channels, and more traditional channels such as billboards, flyers and posters. Our retail brands have thousands of reviews across multiple websites, including Google and Weedmaps, and our dispensaries are consistently highly-rated and reviewed within their local geographies. We also partner with a number of different companies to help us expand our marketing reach. Recently in specific markets, we engaged with new online advertising programs that allow us to geo-target competitors' customers and offer deals and incentives to visit an Ascend store. This program has allowed us to expand our customer base and increase sales for our participating stores.

In addition, we utilize our loyalty program to deepen our relationships with our customers. Each dispensary can sign customers up to join our loyalty program, except where prohibited by applicable law. Program participants consent to receive direct marketing via text or email, and are able to earn points and rewards for continuing to shop with Ascend stores. Our loyalty program enables us to undertake targeted, individualized promotions, such as offers for high value customers, reactivation of lapsed customers, birthdays, visit milestones, etc. Our loyalty program is one of our strongest marketing assets, where one single text could help drive six-digit sales.

Our retail stores engage in weekly marketing initiatives, locally and nationally. National campaigns focused on major holidays or events allow us to show the breadth of our various brands and offer similar campaigns to our customers across various states. Local initiatives allow our teams to market directly to their communities and help increase traffic and sales. These initiatives are frequently marketed through our own social media channels and in-house communication through our text loyalty program.

Product Brands

Our branded products portfolio includes SKUs across a range of product categories, including flower, pre-rolls, concentrates, vapes, edibles and other form factors.

We have taken a 'branded house' strategy within the product landscape. Our Ozone brand covers a variety of cannabis products, categories, and price ranges. Ozone has both a 'Core' tier through which we sell our high-quality yet accessible everyday cannabis products, as well as a 'Reserve' tier that houses our more unique and higher-grade products. By focusing on one brand within multiple states, we can leverage our marketing expenditure effectively and build a large national brand. This strategy also allows us to quickly enter a new market with our own fully finished products and marketing.

Our Ozone brand is currently sold in Illinois, Massachusetts and Michigan offering a variety of products from flower to extracted products, like vape pens and edibles. Illinois hosted Ozone's initial product launch, and we believe the brand has become a well-known staple in the Illinois market, as it is carried by 77 of 82 dispensaries in the state as of the date of this registration statement. Ozone launched in Massachusetts in August 2020 and we have since observed third-party dispensary groups seeking to add Ozone to their shelves, as customers ask for more Ozone product offerings. Ozone currently only offers flower products within Massachusetts. Ozone's Michigan

reach is currently limited to our own dispensaries and offers flower and vape products. We are looking to expand offerings with the finalization of our Franklin, Michigan production facility.

We pride ourselves on our products and our expression of brand through packaging and marketing initiatives. Ozone is currently a finalist for best cannabis packaging by Adcann, an industry publication.

Branded Products Marketing Strategy

Our Ozone brand is managed and marketed through a variety of medium including our own Ozone website, partner platforms, social media channels and in-store collateral. We believe in continually improving these assets through new packaging initiatives, photo shoots, customer engagement, and product expansion. We engage in frequent marketing initiatives for the Ozone brand, from online campaigns to consumer engagement opportunities, such as the Illinois Cannabis Cup.

A large portion of product marketing is through partner dispensaries. Brands rely heavily on the word of the budtender, the gatekeepers of their products. In order to help these partners better promote the Ozone brand, and sell-through product, we create educational materials, provide them with updated digital and display marketing assets, and send branded gear for their budtenders to proudly wear. We also launched a new Ozone website in Q4'20, which includes in-depth product descriptions and insights, helping existing consumers better understand their Ozone products.

Product expansion is key to continuing to market the Ozone brand. In November 2020, we launched a disposable vape with a rechargeable battery. In December 2020, we launched a pre-pack 0.3g glass chillum and a live resin vape, a premium offering which addresses one of the fastest growing product categories in the cannabis market.

Supply Chain Process

We operate in limited license states in highly regulated markets. Therefore, controlling our supply chain is a critical factor in successfully operating in each state. We are focused on becoming vertically-integrated in all of our markets to ensure we manage the entire supply chain managed from seed to sale, including cultivation, manufacturing and packaging.

Packaging

Our final step prior to distribution to our retail stores or third-party wholesalers is packaging. We keep strict product quality and assurance controls dependent on each state regulations. We have a variety of packaging across both our flower and extracted products.

Packaging for the Ozone branded portfolio was completed in-house and sourced using third-party demand aggregators, who are able to achieve better pricing with scale buys. We utilize glass jars for our Reserve flower and mylar bags for our Core flower-based products. Edibles utilize a variety of packaging form-factors depending on the SKU being produced including plastic jars, metal tins and pop-top tubes. Vapes utilize both cardboard cartons and mylar bags, but some of our vapes utilize different packaging for each flavor or strain. In addition to managing packaging for a growing SKU portfolio, all product packaging must adhere to varying state regulations, which can vary widely from state to state and can hinder our efforts to unify our packaging design. As we bring more brands and form factors to market, packaging design and sourcing will increasingly be in focus, and we anticipate that we will devote additional internal and external design resources to these efforts.

Significant Customers

Our sales are primarily to our customers through our retail dispensaries, and to third party dispensaries in certain jurisdictions. We are not dependent upon a single customer, or a few customers, and the loss of any one or

more of which would not have a material adverse effect on the business. No customer accounted for 10% or more of our consolidated net revenue during calendar years 2020, 2019 or 2018.

Omnichannel Strategy

We generated approximately 65% of our revenue from retail and 35% from wholesale in calendar year 2020. We estimate that our wholesale to retail mix will be split more evenly by the end of 2022 when our cultivation assets are fully built out. While we currently see supply shortages in our limited license states, we believe it is important to have a significant retail footprint to maintain pricing power within our brands and as more supply becomes available in our markets.

Intellectual Property—Patents and Trademarks

We believe that brand protection is critical to our business strategy. Where possible, we protect our intellectual property rights in connection with our operating names (e.g., Ascend), our products (e.g., Ozone) and certain patentable goods and services. The U.S. trademark statute, The Lanham Act, allows for the protection of trademarks and service marks on products and services used, or intended for use, lawfully. Because cannabis-related products and services remain illegal at the federal level under the Controlled Substances Act, we are not able to fully protect our intellectual property at the federal level; therefore, we currently seek trademark protections at the state level where commercially feasible. Nonetheless, our success depends upon other areas of our business such as product development and design, production and marketing and not exclusively upon trademarks, patents and trade secrets.

Since receiving our cultivation licenses, we have developed proprietary cultivation techniques. We have also developed certain proprietary intellectual property for operating butane extraction, carbon dioxide extraction and ethanol extraction machinery, including production best practices, procedures and methods. This requires specialized skills in cultivation, extraction and refining.

We rely on non-disclosure/confidentiality agreements to protect our intellectual property rights. To the extent we describe or disclose our proprietary cultivation or extraction techniques in applications for cultivation or processing licenses, we redact, or request redaction of, such information prior to public disclosure.

We own several website domains, including www.awholdings.com, numerous social media accounts across all major platforms and various phone and web application platforms.

We are currently in the process of submitting applications to protect our brands and marks. We will continue to rely on common law protection for these brands during the trademark registration process. Moreover, we proactively seek intellectual property protection for brand expansions in current markets as well as any new market expansion. For additional details on the risks associated with the lack of trademark protection, see “*Risk Factors*” with respect to intellectual property.

Working Capital

Effective inventory management is critical to our ongoing success and we use a variety of demand and supply forecasting, planning and replenishment techniques. We strive to maintain sufficient levels of inventory for core product categories, positive vendor and customer relationships and carefully plan to minimize markdowns and inventory write-offs. We typically carry four to six weeks of inventory at our dispensaries and maintain minimum wholesale inventory levels by SKU based on market demand for these SKUs. We will also enter into supply agreements with cultivators as needed to ensure adequate inventory as needed, whether to supplement our owned cultivation operations or in jurisdictions in which we have yet to achieve vertical integration.

For additional details on liquidity and capital resources, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations.*”

Number of Employees

As of February 25, 2021, we have approximately 900 employees nationwide including corporate, retail, manufacturing and part-time employees, including but not limited to: finance and accounting, legal and compliance, supply chain and operations, sales and marketing, commercial and cannabis agriculture, chemists, customer service, construction and project management, real estate and human resources. Approximately 850 of our employees are full-time employees.

Environmental Compliance

Expenditures for compliance with federal, state and local environmental laws and regulations are consistent from year to year and are not material to our financials. We are compliant with all applicable regulations and do not use materials that would pose any known risks under normal conditions.

Competitive Conditions

The markets in which our products are distributed are highly competitive. We compete directly with single state and larger multi-state cannabis producers and retailers. More broadly, we view manufacturers of other consumer products, such as those in the pharmaceuticals, alcohol, tobacco, health and beauty and functional wellness industries, as potential competitors. Product quality, performance, new product innovation and development, packaging, customer experience and consumer price/value are important differentiating factors. While we face intense competition, our industry faces relatively high barriers to entry given the licensed nature of the cannabis industry. See “*Risk Factors*” for additional detail regarding risks with respect to competition.

Overview of Government Regulation

Below is a discussion of the federal and state-level regulatory regimes in those jurisdictions where we are currently directly involved through our subsidiaries. Our subsidiaries and licensed operators with which we have contractual relationships are directly engaged in the manufacture, possession, sale or distribution of cannabis in the adult-use and/or medical cannabis marketplace in the states of Illinois, Massachusetts, Michigan, New Jersey and Ohio.

The U.S. federal government regulates drugs through the CSA, which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I controlled substance. The CSA explicitly prohibits the manufacturing, distribution, selling and possession of cannabis and cannabis-derived products as a consequence of its Schedule I classification. Classification of substances under the CSA is determined jointly by the DEA and the FDA. The DOJ defines Schedule I drugs and substances as drugs with no currently accepted medical use, a high potential for abuse and a lack of accepted safety for use under medical supervision. However, the FDA has approved Epidiolex, which contains a purified form of the drug CBD, a non-psychoactive cannabinoid in the cannabis plant, for the treatment of seizures associated with two epilepsy conditions. The FDA has not approved cannabis or cannabis compounds as a safe and effective drug for any other condition. Moreover, under the 2018 Farm Bill or Agriculture Improvement Act of 2018, CBD remains a Schedule I controlled substance under the Controlled Substances Act, with a narrow exception for CBD derived from hemp with a tetrahydrocannabinol, which is commonly referred to as THC, concentration of less than 0.3%.

Unlike in Canada, where federal legislation uniformly governs the cultivation, distribution, sale and possession of medical and adult-use cannabis under the Cannabis Act, S.C. 2018, c. 16, and the Cannabis for Medical Purposes Regulations, cannabis is largely regulated at the state level in the United States. To date, there are 35 states, plus the District of Columbia (and the territories of Guam, Puerto Rico, the U.S. Virgin Islands and the Northern Mariana Islands), that have laws and/or regulations that recognize, in one form or another, legitimate medical uses for cannabis and consumer use of cannabis in connection with medical treatment. In addition, Alaska, Arizona, California, Colorado, Illinois, Maine, Massachusetts, Michigan, Montana, Nevada, New Jersey, Oregon, South Dakota, Vermont, Washington and the District of Columbia have legalized cannabis for adult-use. Fourteen states have also enacted low-THC/high-CBD only laws for medical cannabis patients.

State laws that permit and regulate the production, distribution and use of cannabis for adult-use or medical purposes are in direct conflict with the CSA, which makes cannabis use, distribution and possession federally illegal. Although certain states and territories of the U.S. authorize medical or adult-use cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under any and all circumstances under the CSA. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and in case of conflict between federal and state law, the federal law shall apply. Although the Company's activities are believed to be compliant with applicable United States state and local law, strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under United States federal law, nor may it provide a defense to any federal proceeding which may be brought against the Company.

The Obama administration attempted to address the inconsistent treatment of cannabis under state and federal law in the Cole Memorandum which outlined certain priorities for the DOJ relating to the prosecution of cannabis offenses. The Cole Memorandum acknowledged that, notwithstanding the designation of cannabis as a Schedule I controlled substance at the federal level, several states had enacted laws authorizing the use of cannabis for medical purposes. The Cole Memorandum noted that jurisdictions that have enacted laws legalizing cannabis in some form have also implemented strong and effective regulatory and enforcement systems to control the cultivation, processing, distribution, sale and possession of cannabis. As such, conduct in compliance with those laws and regulations is less likely to implicate the Cole Memorandum's enforcement priorities. The DOJ did not provide (and has not provided since) specific guidelines for what regulatory and enforcement systems would be deemed sufficient under the Cole Memorandum. In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the DOJ should be focused on addressing only the most significant threats related to cannabis, such as distribution of cannabis from states where cannabis is legal to those where cannabis is illegal, the diversion of cannabis revenues to illicit drug cartels and sales of cannabis to minors.

On January 4, 2018, former U.S. Attorney General Jeff Sessions issued the Sessions Memorandum, which rescinded the Cole Memorandum effective upon its issuance. The Sessions Memorandum stated, in part, that current law reflects "Congress' determination that cannabis is a dangerous drug and cannabis activity is a serious crime," and Mr. Sessions directed all U.S. Attorneys to enforce the laws enacted by Congress by following well-established principles when pursuing prosecutions related to cannabis activities. We are not aware of any prosecutions of investment companies doing routine business with licensed cannabis related businesses in light of the new DOJ position. However, there can be no assurance that the federal government will not enforce federal laws relating to cannabis in the future. As a result of the Sessions Memorandum, federal prosecutors are now free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities, despite the existence of state-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities, and thus it is uncertain how active U.S. federal prosecutors will be in relation to such activities.

While federal prosecutors appear to continue to use the Cole Memorandum's priorities as an enforcement guide, the prosecutorial effects resulting from the rescission of the Cole Memorandum and the implementation of the Sessions Memorandum remain uncertain. The sheer size of the cannabis industry, in addition to participation by state and local governments and investors, suggests that a large-scale federal enforcement operation may create unwanted political backlash for the DOJ. It is also possible that the revocation of the Cole Memorandum could motivate Congress to reconcile federal and state laws. While Congress is considering and has considered legislation that may address these issues, there can be no assurance that such legislation passes. Regardless, at this time, cannabis remains a Schedule I controlled substance at the federal level. The U.S. federal government has always reserved the right to enforce federal law in regard to the sale and disbursement of medical or adult-use cannabis, even if state law authorizes such sale and disbursement. It is unclear whether the risk of enforcement has been altered.

Additionally, under United States federal law, it may potentially be a violation of federal money laundering statutes for financial institutions to take any proceeds from the sale of cannabis or any other Schedule I controlled substance. Canadian banks are likewise hesitant to deal with cannabis companies, due to the uncertain legal and

regulatory framework of the industry. Banks and other financial institutions, particularly those that are federally chartered in the United States, could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses. While Congress is considering legislation that may address these issues, there can be no assurance of the content of any proposed legislation or that such legislation is ever passed.

Despite these laws, FinCEN issued the FinCEN Memorandum outlining the pathways for financial institutions to bank state-sanctioned cannabis businesses in compliance with federal enforcement priorities. The FinCEN Memorandum echoed the enforcement priorities of the Cole Memorandum and 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. Under these guidelines, financial institutions must submit a Suspicious Activity Report (“SAR”) in connection with all cannabis-related banking activities by any client of such financial institution, in accordance with federal money laundering laws. These cannabis-related SARs are divided into three categories - cannabis limited, cannabis priority, and cannabis terminated - based on the financial institution’s belief that the business in question follows state law, is operating outside of compliance with state law, or where the banking relationship has been terminated, respectively. On the same day that the FinCEN Memorandum was published, the DOJ issued a memorandum (the “**2014 Cole Memorandum**”) directing prosecutors to apply the enforcement priorities of the Cole Memorandum in determining whether to charge individuals or institutions with crimes related to financial transactions involving the proceeds of cannabis-related conduct. The 2014 Cole Memorandum has been rescinded as of January 4, 2018, along with the Cole Memorandum, removing guidance that enforcement of applicable financial crimes against state-compliant actors was not a DOJ priority.

However, former Attorney General Sessions’ revocation of the Cole Memorandum and the 2014 Cole Memorandum has not 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. Though it was originally intended for the 2014 Cole Memorandum and the FinCEN Memorandum to work in tandem, the FinCEN Memorandum is a standalone document which explicitly lists the eight enforcement priorities originally cited in the Cole Memorandum. As such, the FinCEN Memorandum remains intact, indicating that the Department of the Treasury and FinCEN intend to continue abiding by its guidance. However, in the United States, it is difficult for cannabis-based businesses to open and maintain a bank account with any bank or other financial institution. On November 7, 2018, U.S. Attorney General Jeff Sessions resigned. On February 14, 2019, William Barr was confirmed as U.S. Attorney General. Mr. Barr resigned as Attorney General on December 23, 2020. On December 24, 2020, Jeffrey Rosen began serving as the Acting Attorney General of the United States. On January 20, 2021, Robert “Monty” Wilkinson replaced Jeffrey Rosen as the Acting Attorney General of the United States.

Acting Attorney General Wilkinson has not provided a clear policy directive for the United States as it pertains to state-legal cannabis-related activities. President Biden has nominated current Chief Judge of the United States Court of Appeals for the District of Columbia Circuit, Merrick Garland, to serve as Attorney General in his administration. It is not yet known whether the Department of Justice under President Biden and Attorney General Garland, if confirmed, will re-adopt the Cole Memorandum or announce a substantive cannabis enforcement policy. If the Department of Justice policy under Acting Attorney General Wilkinson or Attorney General Garland, if confirmed, were to aggressively pursue financiers or owners of cannabis-related businesses, and United States Attorneys followed such Department of Justice policies through pursuing prosecutions, then the Company could face (i) seizure of its cash and other assets used to support or derived from its cannabis operations, (ii) the arrest of its employees, directors, officers, managers and investors, and charges of ancillary criminal violations of the Controlled Substances Act for aiding and abetting and conspiring to violate the Controlled Substances Act by virtue of providing financial support to cannabis companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis, and/or (iii) the barring of its employees, directors, officers, managers and investors who are not United States citizens from entry into the United States for life. Unless and until the United States Congress amends the Controlled Substances Act with respect to cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current U.S. federal law criminalizing cannabis.

One legislative safeguard for the medical cannabis industry, appended to the federal budget bill, remains in place following the rescission of the Cole Memorandum. For fiscal years 2015, 2016, 2017, 2018, 2019 and 2020

Consolidated Appropriations Acts (currently referred to as the “**Rohrabacher/Blumenauer Amendment**”) to prevent the federal government from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis actors operating in compliance with state and local law. The Rohrabacher/Blumenauer Amendment was included in the Consolidated Appropriations Act, 2021 signed into legislation by President Trump in December 2020 to remain in effect until September 30, 2021. At such time, it may or may not be included in the omnibus appropriations package or a continuing budget resolution once the current Consolidated Appropriations Act, 2021 expires.

Despite the rescission of the Cole Memorandum, the DOJ appears to continue to adhere to the enforcement priorities set forth in the Cole Memorandum. The Cole Memorandum and the Rohrabacher/Blumenauer Amendment gave licensed cannabis operators (particularly medical cannabis operators) and investors in states with legal regimes greater certainty regarding the DOJ’s enforcement priorities and the risk of operating cannabis businesses. While the Sessions Memorandum has introduced some uncertainty regarding federal enforcement, the cannabis industry continues to experience growth in legal medical and adult-use markets across the United States. Accordingly, as an industry best practice, we continue to employ the following policies to ensure compliance with the guidance provided by the Cole Memorandum:

- ensure that its operations are compliant with all licensing requirements as established by the applicable state, county, municipality, town, township, borough, and other political/administrative divisions;
- ensure that its cannabis related activities adhere to the scope of the licensing obtained (for example: in the states where cannabis is permitted only for adult-use, the products are only sold to individuals who meet the requisite age requirements);
- implement policies and procedures to ensure that cannabis products are not distributed to minors;
- implement policies and procedures in place to ensure that funds are not distributed to criminal enterprises, gangs or cartels;
- implement an inventory tracking system and necessary procedures to ensure that such compliance system is effective in tracking inventory and preventing diversion of cannabis or cannabis products into those states where cannabis is not permitted by state law, or cross any state lines in general;
- ensure that its state-authorized cannabis business activity is not used as a cover or pretense for trafficking of other illegal drugs, and is not engaged in any other illegal activity, or any activities that are contrary to any applicable anti-money laundering statutes; and
- ensure that its products comply with applicable regulations and contain necessary disclaimers about the contents of the products to prevent adverse public health consequences from cannabis use and prevent impaired driving.

On June 7, 2018, the Strengthening the Tenth Amendment Through Entrusting States Act (the “**STATES Act**”) was introduced in the Senate by Republican Senator Cory Gardner of Colorado and Democratic Senator Elizabeth Warren of Massachusetts. A companion bill was introduced in the House by Democratic representative Jared Polis of Colorado. The bill provides in relevant part that the provisions of the CSA, as applied to cannabis, “shall not apply to any person acting in compliance with state law relating to the manufacture, production, possession, distribution, dispensation, administration, or delivery of marijuana.” Even though cannabis will remain within Schedule I of the CSA under the STATES Act, the bill makes the CSA unenforceable to the extent it conflicts with state law. In essence, the bill extends the limitations afforded by the protection within the federal budget—which prevents the DOJ and the DEA from using funds to enforce federal law against state-legal medical cannabis commercial activity—to both medical and adult-use cannabis activity in all states where it has been legalized. The STATES Act was reintroduced on April 4, 2019 in both the House and the Senate. Since the STATES Act is currently draft legislation, there is no guarantee that the STATES Act will become law in its current form.

On December 4, 2020, the House of Representatives passed the Marijuana Opportunity Reinvestment and Expungement Act of 2019 (the “**MORE Act**”). The MORE Act would provide for the removal of cannabis from the list of controlled substances in the CSA and other federal legislation. It would end the applicability of Section 280E to cannabis businesses but would impose a 5% federal excise tax. The MORE Act was not passed by the Senate prior to the end of the 116th Congress and would need to be reintroduced and passed by the House of Representatives and Senate and signed into law by the president. There is no guarantee the MORE Act will become law in its current form. Overall, there were more than 1500 cannabis-related bills moving through state legislatures and Congress for the 2020 sessions.

Compliance with Applicable State Laws in the United States

We are in compliance with applicable cannabis licensing requirements and the regulatory framework enacted by each state in which we operate. We currently have an administrative proceeding pending against the Company in Illinois for 12 counts of regulatory violations dating from October 2019 to January 2020 including camera outages, doors being propped open during construction and a failed security incursion. All of the alleged violations have been remediated, and we are contesting the complaint.

We have in place a detailed compliance program and an internal legal and compliance department, and we are building out our operational compliance team across all states in which we operate. Our compliance department is overseen by our chief compliance officer and our senior vice president of compliance, and further consists of compliance professionals who oversee and ensure compliance in each of our jurisdictions and facilities. We also have external state and local regulatory/compliance counsel engaged in every jurisdiction in which we operate.

We provide training for all employees, using various methods on the following topics relevant to job tasks: compliance with state laws and rules; patient education materials; education materials for recreational customers; security in our facilities and establishments; handwashing and sanitation practices; packaging procedures; state mandated tracking software; establishment specific tracking; track and trace; inventory and POS software; audit procedures; epidemic responses; emergency situation response; dispensing procedures; patient/client check-in procedure; employee education and consultation materials; packaging and labeling requirements; cannabis waste and destruction; active shooter response; robbery response; fire response; bomb-threat response; sexual harassment; drug free workplace; internet and phone usage; discrimination harassment; workplace violence; hygiene and clothing requirements; hand washing; medical emergency response; biocontamination response; gas leak response; visitor access; discounts for special groups; customer loyalty programs; client intake; storage and recall of products; the science of cannabis; speaking with physicians; edibles education; reconciling transactions; inventory control; receiving inventory; shipping inventory; corrective and preventive action plans; filing corrective and preventive action reports; pesticides; wastewater; irrigation systems; fertilizer; beneficial organisms; climate control; transplanting; inventory tagging; pruning; defoliation; drying, trimming and curing; storage of products; maintaining confidentiality; cash handling; and preventing diversion of products.

We emphasize security and inventory control to ensure strict monitoring of cannabis and inventory, from delivery by a licensed distributor to sale or disposal. Only authorized, properly trained employees are allowed to access our computerized inventory control system.

We monitor all compliance notifications from the regulators and inspectors in each market and timely resolve any issues identified. We keep records of all compliance notifications received from the state regulators or inspectors, as well as how and when an issue was resolved. Moreover, we monitor news sources for information regarding developments at the state and federal level relating to the regulation and criminalization of cannabis.

Further, we have created comprehensive standard operating procedures that include detailed descriptions and instructions for receiving shipments of inventory, inventory tracking, recordkeeping and record retention practices related to inventory. We also have comprehensive standard operating procedures in place for performing inventory reconciliation, and ensuring the accuracy of inventory tracking and recordkeeping. We maintain accurate records of our inventory at all licensed facilities. Adherence to our standard operating procedures is mandatory and ensures that our operations are compliant with the rules set forth by the applicable state and local laws, regulations, ordinances,

licenses and other requirements. We ensure adherence to standard operating procedures by regularly conducting internal inspections and ensures that any issues identified are resolved quickly and thoroughly.

We maintain strict compliance guidelines with respect to online reservations of products. No purchase and sale transactions may be completed online. A patient, patient's primary caregiver or customer may reserve products online, but the patient or customer must be physically present at one of our dispensaries to complete the transaction. This requirement allows our dispensary staff to ensure that our standard operating procedures (including its compliance programs) are applied to all patients, patient's primary caregivers and customers in connection with the purchase and sale of products.

In jurisdictions where medical cannabis is legal, upon arrival of the patient or the patient's primary caregiver at the applicable dispensary, dispensary staff must verify the patient's or the patient's primary caregiver's identity and credentials (such as a state-issued medical cannabis card) and confirm the patient's allotment amount to ensure the user is not exceeding the state's dispensing limits. Once the foregoing is verified, the patient or the patient's primary caregiver may pay for the products to complete the purchase. If the customer does not have valid identification and credentials, the customer will not be able to purchase medical cannabis at the applicable dispensary, irrespective of any reservations made online.

In jurisdictions where recreational cannabis is legal, upon arrival at the dispensary, a customer must present government-issued photo identification to verify they are at least 21 years of age. Once the identification is verified, the customer may pay for the products to complete the transaction. If the customer does not have valid identification, the customer will not be able to purchase recreational cannabis at the applicable Company dispensary, irrespective of any reservations made online.

We will continue to monitor compliance on an ongoing basis in accordance with our compliance program and standard operating procedures. While our operations are in full compliance with all applicable state laws, regulations and licensing requirements, such activities remain illegal under federal law. For the reasons described above and the risks further described in the section entitled "*Risk Factors*," there are significant risks associated with our business. Readers of this prospectus are strongly encouraged to carefully read all of the risk factors contained in "*Risk Factors*."

State Regulation of Cannabis

The risk of federal enforcement and other risks associated with our business are described in the section entitled "*Risk Factors*."

Following the thesis that distributing brands at scale will win, we enter markets where we believe that we can profitably and sustainably operate and command significant market share, and thus maximize consumer and brand awareness. The regulatory frameworks enacted by the states, which are similar to the limited and controlled issuance of gaming or alcohol distributorship licenses, provide macro-level indication of whether certain state markets will be sustainable and profitable.

Below is a summary overview of the regulatory and competitive frameworks in each of our operating markets.

Illinois

Illinois Regulatory Landscape

In January 2014, the Compassionate Use of Medical Cannabis Pilot Program Act, which allows individuals diagnosed with certain debilitating or "qualified" medical conditions to access medical cannabis, became effective. There are over 35 qualifying conditions as part of the medical program, including epilepsy, traumatic brain injury, and post-traumatic stress disorder. In January 2019, the Illinois Department of Health launched the Opioid Alternative Pilot Program, that allows individuals who have/could receive a prescription for opioids to access medical cannabis.

On August 28, 2018, Public Act 100-1114, the Alternative to Opioids Act of 2018, was signed into law, making changes to the Compassionate Use of Medical Cannabis Pilot Program Act. The Public Act created the Opioid Alternative Pilot Program (“**OAPP**”), which allows access to medical cannabis for individuals who have or could receive a prescription for opioids as certified by a physician licensed in Illinois.

On August 12, 2019 Governor J.B. Pritzker signed into law legislation that made the program permanent and added 11 conditions to the existing program.

In June 2019, Illinois legalized adult-use cannabis pursuant to the Cannabis Regulation and Tax Act (the “**IL Act**”). Effective January 1, 2020, Illinois residents 21 years of age and older may possess up to 30 grams of cannabis (non-residents may possess up to 15 grams). The IL Act authorizes the Illinois Department of Financial and Professional Regulation (the “**IDFPR**”) to issue up to 75 Conditional Adult Use Dispensing Organization licenses before May 1, 2020 and an additional 110 conditional licenses during 2021 (no person may hold a financial interest in more than 10 dispensing organizations). Existing medical dispensaries were able to apply for an “Early Approval Adult Use Dispensing Organization License” to serve adult purchasers at an existing medical dispensary or at a secondary site. The IDFPR also held an application period for Conditional Adult Use Cannabis Dispensary Licenses from December 10, 2019 through January 2, 2020. To date, the IDFPR has granted a total of 82 Adult-Use Dispensing Licenses.

The Illinois Department of Agriculture (the “**IL Ag. Department**”) is authorized to make up to 30 cultivation center licenses available for medical and adult-use programs. As with existing medical dispensaries, existing cultivation centers were able to apply for an “Early Approval Adult Use Cultivation Center License.” The IL Ag. Department issued approximately 21 Early Approval Adult Use Cultivation Center licenses to date. No person can hold a financial interest in more than three cultivation centers, and the centers are limited to 210,000 square feet of canopy space. Cultivation centers are also prohibited from discriminating in price when selling to dispensaries, craft growers, or infuser organizations. The IL Ag. Department was also permitted to license up to 40 craft growers and 40 infuser organizations by July 1, 2020 and another 60 of each license type by the end of 2021. License awards will likely be delayed due to the COVID-19 pandemic and legal actions taken by applicants. The IL Ag. Department recently closed an application period for craft growers, infusers and cannabis transporters.

The IL Act imposes several operational requirements on adult-use licensees and requires prospective licensees to demonstrate their plans to comply with such requirements. For example, applicants for dispensary licenses must include an employee training plan, a security plan, recordkeeping and inventory plans, a quality control plan and an operating plan.

Licensees must establish methods for identifying, recording, and reporting diversion, theft, or loss, correcting inventory errors, and complying with product recalls. Licensees also must comply with detailed inventory, storage, and security requirements. Cultivation licenses are subject to similar operational requirements, such as complying with detailed security and storage requirements, and must also establish plans to address energy, water, and waste-management needs. Dispensary licenses will be renewed bi-annually, and cultivation licenses, craft grower licenses, infuser organization licenses, and transporter licenses will be renewed annually.

The IL Ag. Department is authorized to promulgate, and has promulgated, regulations for cultivators, craft growers, infuser organizations, and transporting organizations. The IDFPR is authorized to regulate dispensaries but has not yet issued adult-use regulations. Therefore, currently licensed adult-use retail operations are governed by the IL Act and adult-use retail applications submitted during the application window which closed on January 2, 2020 will be evaluated under and in accordance with the IL Act.

Illinois Licenses

Illinois licenses four types of cannabis businesses within the state: (1) cultivation; (2) processing; (3) transportation; and (4) dispensary. All cultivation, craft growers, infusers, and transporting establishments must register with the Illinois Department of Agriculture. All dispensaries must register with the IDFPR. If applications

contain all required information, establishments are issued a cannabis establishment registration certificate. Registration certificates are valid for a period of one year and are subject to strict annual renewal requirements.

HealthCentral LLC has been issued a total of five dispensary licenses, two medical licenses and three adult use licenses. Revolution Cannabis-Barry LLC has been issued two cultivation licenses, one medical license and one adult use license. MOCA LLC is licensed to operate two dispensaries and has been issued a total of three dispensary licenses, one medical and two adult use licenses. On December 14, 2020, we entered into a definitive agreement to acquire Midway Dispensary. The transaction is conditioned on approval of the IDFPR prior to close.

The below table lists our Illinois licenses:

Entity	License Number	City	Expiration Date / Renewal Date	Description
Revolution Cannabis-Barry, LLC	1503060627	Barry	03/09/2022	Medical Cultivation License
Revolution Cannabis-Barry, LLC	1503060627 – EA	Barry	03/31/2021	Early Adult Use Cultivation License
HealthCentral, LLC	DISP.000022 / 11-0	Collinsville	01/07/2022	Medical License
HealthCentral, LLC	AUDO.000025	Collinsville	03/31/2021	Adult Use License
HealthCentral, LLC	DISP.000029 / 09-00	Adam St. / Springfield	02/03/2022	Medical License
HealthCentral, LLC	AUDO.000026	Adam St. / Springfield	3/31/2021 *	Adult Use License
HealthCentral, LLC	AUDO.000069	Horizon Dr. / Springfield	3/31/2021 *	Adult Use License
Chicago Alternative Health Center, LLC	DISP. 43.002	Archer Ave. / Chicago	4/13/2021 *	Medical License
Chicago Alternative Health Center, LLC	AUDO.000032	Archer Ave. / Chicago	3/31/2021 *	Adult Use License
MOCA LLC	DISP.000028 / 48-00	Fullerton Ave/ Chicago	02/01/2022	Medical License
MOCA LLC	AUDO.000021	Fullerton Ave/ Chicago	3/31/2021 *	Adult Use License
MOCA LLC	AUDO.000052	Ohio St / Chicago	3/31/2021 *	Adult Use License

* Renewal in process.

Illinois Storage and Security

Both our cultivation center and our dispensaries are required to store cannabis in restricted-access areas. Our dispensaries must store inventory on-site in a secured and restricted-access area and enter information into Illinois' tracking system as required by law and IDFPR rules. Any cannabis or cannabis products in an open or defective package, which have expired, or which the company otherwise has reason to believe have been opened or tampered with must be segregated in secure storage until promptly and properly disposed of.

Dispensaries are also required to implement security measures designed to deter and prevent unauthorized entry into the facility (and restricted-access areas) and theft, loss or diversion of cannabis or cannabis products. In this respect, dispensaries must maintain a commercial grade alarm and surveillance system installed by an Illinois licensed private alarm contractor or private alarm contractor agency. Dispensaries must also implement various security measures designed to protect the premises, customers and dispensing organization agents (employees).

Illinois Reporting Requirements

Illinois uses BioTrack THC as its track and trace (“**T&T**”) system. All dispensing organization licensees are required to use a real-time, web-based inventory tracking/point-of-sale system that is accessible to IDFPF at any time, and at a minimum, tracks the date of sale, amount, price, and currency. We use BioTrack THC for inventory management and LeafLogix as a point-of-sale system. Licensees are also required to track each sales transaction at the time of the sale, daily beginning and ending inventory, acquisitions (including information about the supplier and the product) and disposal.

Illinois Transportation Requirements

Currently, licensed cultivation centers may transport cannabis and cannabis products in accordance with certain guidelines. For receiving products, dispensing organizations must receive a copy of the shipping manifest prepared by the cultivation center in advance of transport and is required to check the product delivered against such manifest at the time of delivery. All cannabis and cannabis products must be packaged in properly labeled and sealed containers. Dispensaries may not accept products that are mislabeled, products that have labels missing or when packaging is opened or tampered with.

U.S. Attorney Statements in Illinois

To the knowledge of management, other than as disclosed in this prospectus, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Illinois. See “*Risk Factors - U.S. State regulation of cannabis is uncertain.*”

Massachusetts

Massachusetts Regulatory Landscape

The Massachusetts Medical Use of Marijuana Program (the “**MA Program**”) was formed pursuant to the Act for the Humanitarian Medical Use of Marijuana (the “**MA ACT**”). The MA Program allows registered persons to purchase medical cannabis and applies to any patient, personal caregiver, Medical Marijuana Treatment Center (each, a “**MTC**”), and MTC agent that qualifies and registers under the MA Program. To qualify, patients must suffer from a debilitating condition as defined by the MA Program. Currently there are eight conditions that allow a patient to acquire cannabis in Massachusetts, including AIDS/HIV, ALS, cancer and Crohn’s disease. As of May 31, 2019, approximately 59,000 patients have been registered to purchase medical cannabis products in Massachusetts. The MA Program is administrated by the Cannabis Control Commission of Massachusetts (the “**CCC**”).

In November 2016, Massachusetts voted affirmatively on a ballot petition to legalize and regulate cannabis for adult-use. The Massachusetts legislature amended the law on December 28, 2016, delaying the date adult-use cannabis sales would begin by six months. The delay allowed the legislature to clarify how municipal land-use regulations would treat the cultivation of cannabis and authorized a study of related issues. After further debate, the state House of Representatives and state Senate approved H.3818 which became Chapter 55 of the Acts of 2017, An Act to Ensure Safe Access to Marijuana, and established the CCC. The CCC consists of five commissioners and regulates both the Adult Use and Medical Use of Marijuana programs. Sales of adult-use cannabis in Massachusetts started in July 2018. Adult use cannabis in Massachusetts is regulated under M.G.L. ch. 94G and 935 CMR 500 et seq.

Under the MA Program, MTCs are heavily regulated. Vertically integrated MTCs grow, process, and dispense their own cannabis. As such, each MTC is required to have a retail facility as well as cultivation and processing operations, although retail operations may be separate from grow and cultivation operations. An MTC’s cultivation location may be in a different municipality or county than its retail facility.

The MA Program mandates a comprehensive application process for MTCs. Each Registered Marijuana Dispensary (each, a “RMD”) applicant must submit a Certificate of Good Standing, comprehensive financial statements, a character competency assessment, and employment and education histories of the senior partners and individuals responsible for the day-to-day security and operation of the MTC. Municipalities may individually determine what local permits or licenses are required if an MTC wishes to establish an operation within its boundaries.

Massachusetts Licenses

MassGrow LLC has been issued one cultivation and one provisional manufacturing processing license and Ascend Mass LLC has been issued three provisional retail licenses.

The below table lists our Massachusetts licenses:

Entity	License Number	City	Expiration Date / Renewal Date	Description
MassGrow, LLC	MC281488	Athol	08/12/2021	Adult Use Cultivation License
MassGrow, LLC	MP281460	Athol	07/13/2021	Manufacturing Processing Provisional License
Ascend Mass, LLC	MRN282077	Boston	01/15/2022	Adult Use Provisional License
Ascend Mass, LLC	MRN282837	Newton	06/05/2021	Adult Use Provisional License
Ascend Mass, LLC	MRN283075	New Bedford	08/07/2021	Adult Use Provisional License

Each Massachusetts dispensary, grower and processor license is valid for one year and must be renewed no later than 60 calendar days prior to expiration. As in other states where cannabis is legal, the CCC can deny licenses and renewals for multiple reasons, including (per 935 CMR 500.400) (1) failure to complete the application process within the required time period; (2) submission of deceptive, misleading, or fraudulent information, (3) an indication of an inability to maintain and operate a compliant cannabis establishment, (4) determination of unsuitability pursuant to, for example, certain criminal convictions, (5) failure to comply with cannabis license control limitations, (6) rejection of revocation of another cannabis license in Massachusetts or elsewhere; or (7) any other ground that serves the purposes of the law. Revocations can also be based on (per 935 CMR 500.450) (1) failure to submit or implement a plan of correction; (2) attempting to assign ownership to another entity or making other significant changes without proper permission, (3) lack of responsible operation of a cannabis establishment, (4) maintaining a substandard level of compliance with applicable statutory and regulatory requirements, (5) financial insolvency; (6) failure to cooperate with law enforcement, (7) violation of the safety, health, or welfare of the public; or (8) committing, permitting, aiding, or abetting of any illegal practices in the operation of the cannabis establishment. Additionally, license holders must ensure that no cannabis is sold, delivered, or distributed by a producer from or to a location outside of the state.

Regulation of the Adult-Use Cannabis Market in Massachusetts

Adult-use cannabis has been legal in Massachusetts since December 15, 2016, following a ballot initiative in November of that year. The CCC, a regulatory body created in 2018, licenses adult-use cultivation, processing and dispensary facilities (collectively, “**Marijuana Establishments**” or “**MEs**”) pursuant to 935 CMR 500.000 et seq. The first adult-use cannabis facilities in Massachusetts began operating in November 2018.

Massachusetts Licensing Requirements (Adult-Use)

Applicants must submit proof of being an entity registered to do business in Massachusetts, as well as a list of all people and entities having direct or indirect control of the business, documentation of any such people or entities' other business interests, details of the amounts and sources of capital resources, and documentation of a bond or escrow account. Furthermore, the applicant must provide a specific address for the location of the establishment, proof of a property interest in that address, documentation that the applicant has a "host community agreement" with the municipality, and documentation that the applicant has held at least one community outreach meeting. The applicant must also provide a description of plans to ensure that the cannabis establishment will be compliant with all applicable laws and regulations, and also a specific plan to positively impact areas of disproportionate impact (geographical locations in the state which have had historically high rates of arrest, conviction, and incarceration related to cannabis crimes). The application also requires payment of a fee.

All individuals identified as having direct or indirect control in the license must undergo an extensive background check that includes criminal, civil, and regulatory records; certain criminal convictions, civil actions, or regulatory infractions may trigger a finding of unsuitability

Each license applicant must submit detailed information about its business registration, certificates of good standing, and a plan to obtain liability insurance. The application must include a detailed business plan, a detailed summary of operating policies and procedures addressing issues like security, storage, prevention of diversion, transportation, inventory practices, recordkeeping, and a specific diversity plan demonstrating promotion of equity among people of color, women, veterans, persons with disabilities, and LGBTQ+ individuals. Such plans must have specific goals and measurable outcomes that will be monitored and updated through the entire existence of the cannabis establishment.

Pursuant to 935 CMR 500.050, no person or entity may own or have direct or indirect control over more than three licenses in each Marijuana Establishment category (i.e., cannabis retailer, cannabis cultivator, cannabis product manufacturer). Additionally, there is a 100,000 square foot cultivation canopy restriction for adult-use licenses.

Massachusetts Dispensary Requirements (Adult-Use)

Cannabis retailers may purchase, transport, sell, repackage, or otherwise transfer cannabis and cannabis products to consumers. On-site consumption is prohibited. All permitted cannabis-related activities must take place solely at the licensed address.

All cannabis establishment employees must receive at least eight hours of training annually. A total of four hours of training shall be from Responsible Vendor Training Program courses established under 935 CMR 500.105(2)(b). The remaining four hours may be conducted in-house by the cannabis establishment as on-the-job training.

All cannabis establishments must have written operating procedures addressing security measures, employee security policies, descriptions of operating hours and after-hours contact information, storage and waste disposal, product descriptions, price list, recordkeeping, quality control, staffing, emergency procedures, alcohol/smoke/drug-free workplace policies, confidential information handling, plans for immediate dismissal of employees who divert cannabis, engage in unsafe practices or are convicted of certain crimes, board of directors and members list, cash handling, prevention of diversion, energy efficiency, and workplace safety. Retail establishments must also have plans to check the identification of each customer both upon entering the store and again at the point of sale. No one under 21 is permitted to purchase cannabis or to be on the premises. Retail stores must ensure that customers purchase no more than one ounce of cannabis (or its equivalent in other forms) per day. Retailers also have the right to refuse sales to customers, for example, those that appear to be impaired by the influence of substances.

The retail point of sale system must be approved by both the CCC and the state Department of Revenue. It must be integrated with Metrc, the state's seed-to-sale tracking system. The system must also be audited on a monthly basis to ensure that no additional software has been installed that could alter sales data.

Cannabis retailers must have available extensive consumer education materials, including in languages other than English.

Massachusetts Security and Storage Requirements (Adult-Use)

Each Marijuana Establishment must implement sufficient safety measures to deter and prevent unauthorized entrance into areas containing cannabis and theft of cannabis at the establishment. Security measures taken by the establishments to protect the premises, employees, consumers and general public must include, but not be limited to, the following:

- positively identifying individuals seeking access to the premises of the Cannabis Establishment or to whom or cannabis products are being transported pursuant to 935 CMR 500.105(13) to limit access solely to individuals 21 years of age or older;
- adopting procedures to prevent loitering and ensure that only individuals engaging in activity expressly or by necessary implication permitted by the regulations and its enabling statute are allowed to remain on the premises;
- disposing of cannabis in accordance with 935 CMR 500.105(12) in excess of the quantity required for normal, efficient operation as established within 935 CMR 500.105;
- securing all entrances to the Marijuana Establishment to prevent unauthorized access;
- establishing limited access areas pursuant to 935 CMR 500.110(4), which shall be accessible only to specifically authorized personnel limited to include only the minimum number of employees essential for efficient operation;
- storing all finished cannabis products in a secure, locked safe or vault in such a manner as to prevent diversion, theft and loss;
- keeping all safes, vaults, and any other equipment or areas used for the production, cultivation, harvesting, processing or storage of cannabis products securely locked and protected from entry, except for the actual time required to remove or replace cannabis;
- keeping all locks and security equipment in good working order;
- prohibiting keys, if any, from being left in the locks or stored or placed in a location accessible to persons other than specifically authorized personnel;
- prohibiting accessibility of security measures, such as combination numbers, passwords or electronic or biometric security systems, to persons other than specifically authorized personnel;
- ensuring that the outside perimeter of the Marijuana Establishment is sufficiently lit to facilitate surveillance, where applicable;
- ensuring that all cannabis products are kept out of plain sight and are not visible from a public place without the use of binoculars, optical aids or aircraft;
- developing emergency policies and procedures for securing all product following any instance of diversion, theft or loss of cannabis, and conduct an assessment to determine whether additional safeguards are necessary;
- developing sufficient additional safeguards as required by the CCC for Marijuana Establishments that present special security concerns;

- establishing procedures for safe cash handling and cash transportation to financial institutions to prevent theft, loss and associated risks to the safety of employees, customers and the general public;
- sharing the establishment's floor layout with law enforcement and as required by the municipality to identify the use of any flammable or combustible solvents, chemicals, or other such materials in use; and
- sharing the Marijuana Establishment's security plan and procedures with law enforcement authorities and fire services and periodically updating law enforcement authorities and fire services if the plans or procedures are modified in a material way.

Cannabis must be stored in special limited access areas, and alarm systems must meet certain technical requirements, including a failure notification system, perimeter alarms on all entry and exit points, duress/panic alarms, and video surveillance in all areas where cannabis or cash is kept and at all points of entry and exit. The surveillance system must have the ability to record footage 24 hours a day and to retain such footage for at least 90 days. The systems must be angled so as to allow for the capture of clear identification of any person entering or existing the establishment and must be able to remain operational for a minimum of four hours in the event of a power outage. Regular audits are required every 30 days.

Massachusetts Transportation Requirements (Adult-Use)

Cannabis products may only be transported between licensed MEs by registered Marijuana Establishment agents. A licensed cannabis transporter may contract with a licensed Marijuana Establishment to transport that licensee's cannabis products to other licensed establishments. The originating and receiving licensed establishments shall ensure that all transported cannabis products are linked to METRC, Massachusetts' seed-to-sale tracking program. For the purposes of tracking, seeds and clones will be properly tracked and labeled in a form and manner determined by the CCC. Any cannabis product that is undeliverable or is refused by the destination Marijuana Establishment shall be transported back to the originating establishment. All vehicles transporting cannabis products shall be staffed with a minimum of two Marijuana Establishment agents. At least one agent shall remain with the vehicle at all times that the vehicle contains cannabis or cannabis products. Prior to the products leaving a Marijuana Establishment for the purpose of transporting cannabis products, the originating Marijuana Establishment must weigh, inventory, and account for, on video, all cannabis products to be transported. Within eight hours after arrival at the destination Marijuana Establishment, the destination establishment must re-weigh, re-inventory, and account for, on video, all cannabis products transported. When videotaping the weighing, inventorying, and accounting of cannabis products before transportation or after receipt, the video must show each product being weighed, the weight, and the manifest. Cannabis products must be packaged in sealed, labeled, and tamper or child-resistant packaging prior to and during transportation. In the case of an emergency stop during the transportation of cannabis products, a log must be maintained describing the reason for the stop, the duration, the location, and any activities of personnel exiting the vehicle. A Marijuana Establishment or a cannabis transporter transporting cannabis products is required to ensure that all transportation times and routes are randomized. An establishment or transporter transporting cannabis products shall ensure that all transport routes remain within Massachusetts. All vehicles and transportation equipment used in the transportation of cannabis products or edibles requiring temperature control for safety must be designed, maintained, and equipped as necessary to provide adequate temperature control to prevent the cannabis products or edibles from becoming unsafe during transportation, consistent with applicable requirements pursuant to 21 CFR 1.908(c).

Vehicles used for transport must be owned or leased by the Marijuana Establishment or transporter, and they must be properly registered, inspected, and insured in Massachusetts. All vehicles must be equipped with a video system that includes at least one camera in the storage area and at least one camera in the driver area. All cameras must remain functional throughout the entire transportation process. All vehicles must also be equipped with an alarm system, and functioning heating and air conditioning. Cannabis may not be visible from outside the vehicle, and it must be transported in a secure, locked storage compartment. The vehicle may not have any external markings indicating that it is used to transport cannabis. Each vehicle must have a global positioning system, and any agent transporting cannabis must have access to a secure form of communication with the originating location. Firearms

are forbidden in side the vehicle or on the person of an agent. Each transport must have a manifest filled out in triplicate.

Massachusetts CCC Inspections

The CCC or its agents may inspect a Marijuana Establishment and affiliated vehicles at any time without prior notice in order to determine compliance with all applicable laws and regulations. All areas of a Marijuana Establishment, all Marijuana Establishment agents and activities, and all records are subject to such inspection. Marijuana establishments must immediately upon request make available to the CCC all information that may be relevant to a CCC inspection, or an investigation of any incident or complaint. A Marijuana Establishment must make all reasonable efforts to facilitate the CCC's inspection, or investigation of any incident or complaint, including the taking of samples, photographs, video or other recordings by the CCC or its agents, and to facilitate the CCC's interviews of Marijuana Establishment agents. During an inspection, the CCC may direct a Marijuana Establishment to test cannabis for contaminants as specified by the CCC, including but not limited to mold, mildew, heavy metals, plant-growth regulators, and the presence of pesticides not approved for use on cannabis by the Massachusetts Department of Agricultural Resources.

Moreover, the CCC is authorized to conduct a secret shopper program in retail establishments to ensure compliance with all applicable laws and regulations.

U.S. Attorney Statements in Massachusetts

On July 10, 2018, the U.S. Attorney for the District of Massachusetts, Andrew Lelling, issued a statement regarding the legalization of adult-use cannabis in Massachusetts. Mr. Lelling stated that since he has a constitutional obligation to enforce the laws passed by Congress, he would not immunize the residents of Massachusetts from federal law enforcement. He did state, however, that his office's resources would be primarily focused on combating the opioid epidemic. He stated that considering those factors and the experiences of other states that have legalized adult-use cannabis, his office's enforcement efforts would focus on the areas of (i) overproduction, (ii) targeted sales to minors, and (iii) organized crime and interstate transportation of drug proceeds.

To the knowledge of management, other than as disclosed in this prospectus, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Massachusetts. See "*Risk Factors - U.S. State regulation of cannabis is uncertain.*"

Michigan

Michigan Regulatory Landscape

In 2008, the Michigan Compassionate Care Initiative established a medical cannabis program for serious and terminally ill patients. This program, which was approved by the House but not acted upon and defaulted to a public initiative on the November ballot. Proposal 1 was approved by 63% of voters on November 8, 2008. Proposal 1 was then written into law and approved by Michigan's lawmakers in December 2008. The resulting Act became the Michigan Medical Marihuana Act ("**MMMA**"). The MMMA provides access to state residents to cannabis and cannabis related products under one of 11 debilitating conditions, including epilepsy, cancer, HIV/AIDS, cancer and post-traumatic stress disorder. In July 2018, the Medical Marihuana Facility Licensing Division approved 11 additional conditions to the list of ailments to qualify for medical cannabis. The additional 11 include chronic pain, colitis and spinal cord injury.

In 2016, the Michigan legislature passed two new acts and also amended the original MMMA. The first act, the Medical Marihuana Facilities Licensing Act ("**MMFLA**"), effective December 20, 2016 and amended effective January 1, 2019, establishes a licensing and regulation framework for medical cannabis growers, processors, secure transporters, provisioning centers, and safety compliance facilities. The second act establishes a "seed-to-sale" system to track cannabis that is grown, processed, transferred, stored, or disposed of under the MMFLA

In November of 2018 Michigan voters, through another public ballot initiative approved the Michigan Regulation and Taxation of Marihuana Act ("MRTMA") legalizing and establishing a licensing and regulatory framework for adult-use growers, processors, secure transporters, retailers, microbusinesses, event organizers, designated consumption, and safety compliance establishments. The proposal was approved by nearly 56% of the voters. The state began taking applications for such on November, 1, 2019 and the first sales of adult-use marihuana took place on December 1, 2019.

The Marihuana Regulatory Agency ("MRA") is a separate bureau within the Michigan Department of Licensing and Regulatory Affairs and is responsible for the oversight of cannabis in Michigan. The MRA consists of the Medical and Adult Marihuana Licensing, Compliance, Legal and Enforcement Divisions and the Michigan Medical Marihuana Program Division. The MRA is responsible for issuing cards to medical cannabis patients, and oversight and licensing of medical facilities and adult-use establishments.

The MRA and State of Michigan are attempting to combine the medical and adult-use markets. On June 22, 2020 Final Administrative rules covering both the MMFLA and MRTMA were filed with the Michigan Secretary of State. Draft bills combining the MMFLA and MRTMA drafted by the Legislative Service Bureau Legal Division were circulated during the 2019-2020 legislative session, but did not receive a vote in the both legislative bodies.

Under both the MMFLA and MRTMA Michigan municipalities can choose if they will allow cannabis establishments or facilities, and the type and number of establishments or facilities within their jurisdiction. This includes licensing and zoning ordinances for many municipalities. Because each municipality is able to devise a unique set of rules for cannabis licenses, each facility or establishment in a different Michigan municipality may be subject to a different set of local ordinances.

Michigan Licenses

The below table lists our Michigan licenses:

Entity	License Number	City	Expiration Date / Renewal Date	Description
FPAW Michigan, LLC	AU-RA-000286	Ann Arbor	11/27/2021	Adult Use License
FPAW Michigan, LLC	PC-000391	Battle Creek	07/29/2021	Medical Use License
FPAW Michigan, LLC	AU-RA-000234	Battle Creek	11/27/2021	Adult Use License
FPAW Michigan, LLC	PC-000390	Detroit	11/30/2021	Medical Use License
FPAW Michigan, LLC	PC-000318	Morenci	07/29/2021	Medical Use License
FPAW Michigan, LLC	AU-R-000125	Morenci	11/27/2021	Adult Use License
FPAW Michigan, LLC	AU-P-000185	Lansing	11/27/2021	Adult Use License
FPAW Michigan, LLC	PR-000171	Lansing	07/29/2021	Medical Use License

Michigan Storage and Security Requirements

Michigan establishments must meet the security requirements as set forth in the MRTMA, MMFLA and Administrative Rules. As such, establishments are required to include a security plan in their state license applications. The plan and required security measures include, but are not limited to, ensuring that visitors are escorted by an employee at all times; maintaining commercial locks or electronic access on all doors and windows; having an alarm system at the establishment; having a video surveillance system that records all areas where marihuana products are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved; recording the access point to the surveillance system; recording the exterior and interior of entrances and exits; recording all areas within 20 feet of exits of the establishment; recording in 720p resolution or higher; ensuring sufficient lighting for recording; maintaining recordings for at least 30 days and a log of all those with access to the

surveillance system. General requirements for all cannabis business can be found in Michigan Administrative Rule 420.206.

Michigan Transportation Requirements

Transportation of cannabis to establishments takes place via State licensed secure transporters. Transported products are entered into a manifest and the Michigan T&T system. Products are picked up from cultivators and processors by secure transporters and then delivered to destinations. For adult use products licensed transporters may also transfer products between our retail locations. A transporter must transport all cannabis products in a locked, secured, and sealed container that is not accessible while in transit. The container must be secured by a locked closed lid or door. Cannabis product must be labeled and kept in separate compartments or containers within the main locked, secured, and sealed container. If the transporter transports money associated with the purchase or sale of cannabis product between businesses, the transporter shall lock the money in a sealed container kept separate from the cannabis product and only accessible to the licensee and its employees. A transporter cannot maintain custody of the cannabis product for more than 96 hours without permission from the MRA.

Michigan Reporting Requirements

Michigan establishments must maintain on-site, or have electronic access to, all records of the establishment. Records are defined as books, ledgers, documents, writings, photocopies, correspondence, electronic storage media, electronically stored records, money receptacles, equipment in which records are stored, including data or information in the statewide monitoring system, or any other document that is used for recording information. Additionally, establishments must provide the state with an audited annual financial report every year. This report must be conducted by an independent certified public accountant and includes information including but not limited to: sampling of all transaction done by the organization over the course of the year; employees and employment; bank accounts; management, revenues, METRC transactions, vendors, taxes, ownership and distributions, outsourcing, licensing agreements, and independent contractors. Additionally, licensees must report any change to operations, officers, owners, members, managers, applicants; changes in processing machinery or equipment, violations or local ordinances, changes in named applicant; changes in names; conveyances of interest in a license; modifications to businesses or business plans between inspections or submissions; changes in capacities; changes to ingress or egress; adverse reactions to marihuana products; criminal convictions, charges, civil judgements, lawsuits, legal proceedings, charges, or governmental investigations; employee discipline for misconduct related to product sales or transfers; diversion; theft; and any suspected criminal activity on the premises. The above issues, depending on the type, must be reported either before the change, within 24 hours thereof or within 10 days of notice thereof.

Michigan Site-Visits and Inspections

The MRA or its agents may inspect an establishment at any time without prior notice in order to determine compliance with all applicable laws and regulations. All areas of an establishment, all establishment agents and activities, and all records are subject to such inspection. Establishments must immediately upon request make available to the MRA all information that may be relevant to a MRA inspection, or an investigation of any incident or complaint.

MRA agents conduct initial inspections, an inspection within 30 days of operation, and then bi-annual inspections thereafter. The Michigan Bureau of Fire Services also conducts initial and bi-annual inspections of establishments.

U.S. Attorney Statements in Michigan

On November 8, 2018, United States Attorneys Matthew Schneider and Andrew Birge for the Eastern and Western Districts of Michigan, respectively, issued a joint statement regarding the legalization of adult-use cannabis in Michigan. They stated that since they had taken oaths to protect and defend the Constitution and the laws of the United States, they would not immunize the residents of Michigan from federal law enforcement. They stated that they would continue to the investigation and prosecution of cannabis crimes as they do with any other

crime. They stated they would consider the federal law enforcement priorities set by the DOJ, the seriousness of the crime, the deterrent effect of prosecution, and the cumulative impact of the crime on a community, while also considering their ability to prosecute with limited resources. They stated that combating illegal drugs was just one of many priorities, and that even within the area of drugs, they were focused on combating the opioid epidemic. They stated that they have not focused on prosecution of low-level offenders, which they stated would not change (unless aggravating factors were present). They did state that certain crimes involving cannabis could pose serious risks and harm to a community, including interstate trafficking, involvement of other illegal drugs or activity, persons with criminal records, presence of firearms or violence, criminal enterprises, gangs and cartels, bypassing local laws and regulations, potential for environmental contamination, risks to minors, and cultivation on federal property.

To the knowledge of management, other than as disclosed in this prospectus, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Michigan. See *“Risk Factors - U.S. State regulation of cannabis is uncertain.”*

New Jersey

New Jersey Regulatory Landscape

New Jersey’s medical cannabis program was introduced in January 2010 when then Governor Corzine signed the New Jersey Compassionate Use Medical Marijuana Act into law which legalized medical cannabis for patients with certain enumerated qualifying conditions. Medical cannabis sales began in December 2012 and as of the first quarter of 2021, there were 10 licensed and operational ATCs dispensing medical cannabis to patients. However, the state has accepted applications for satellite dispensaries for those operators, and we expect additional locations to open by the end of calendar year 2021.

In March 2018, under the direction of Governor Phil Murphy, who campaigned on a platform that included cannabis legalization, the New Jersey Department of Health (“NJ DOH”) issued the Executive Order 6 Report, which immediately expanded the medical cannabis program in numerous ways including adding chronic pain and anxiety as qualifying conditions, doubling the monthly product limit, and permitting current licensees to open satellite dispensaries. In August 2018, the NJ DOH began accepting applications for the licensing of six additional ATCs, and those licenses were awarded in December 2018. In August 2019, the NJ DOH accepted applications for the licensing of 24 additional ATCs, divvied among three regions (northern, central, southern) and three forms of endorsements (cultivation, dispensary, vertically integrated).

ATC licenses are awarded by a selection committee that evaluates applicants on the following general criteria: (1) submittal of mandatory organizational information; (2) ability to meet the overall health needs of qualified patients and safety of the public; (3) history of compliance with regulations and policies governing government-regulated cannabis programs; (4) ability and experience of applicant in ensuring an adequate supply of cannabis; (5) community support and participation; (6) ability to provide appropriate research data; (7) experience in cultivating, manufacturing, or dispensing cannabis in compliance with government-regulated cannabis programs; and (8) workforce and job creation plan. Information required to be submitted is wide-ranging, and includes identification information and background checks of principals, employees, directors, and other stakeholders, and evidence of compliance with certain state and local laws and ordinances.

ATCs are subject to a detailed regulatory scheme encompassing security, staffing, point-of-sale systems, manufacturing standards, hours of operation, delivery, advertising and marketing, product labeling, records and reporting, and more. As with all jurisdictions, the full regulations (N.J.A.C. 8:64 et seq.) should be consulted for further information about any particular operational area. For example (and not by limitation), ATCs are subject to a number of regulations regarding their policies, procedures, records, and reporting. For example, ATCs must develop oversight procedures; procedures to ensure safe growing and dispensing operations; security policies; inventory protocols; disaster plans; pricing standards; and crime prevention plans and must maintain careful records, including organizational charts; facility documents; supply-and-demand projections; general business records; detailed sales

records; and detailed personnel and training records. ATCs must provide substantial training for their employees and must maintain an alcohol and drug-free workplace.

Licenses are renewed annually, and applications therefore must be submitted 60-days prior to expiration of the license then in force and effect. Provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations associated with the license, license holders can expect to receive a renewal in the ordinary course of business.

On November 3, 2020, voters in New Jersey approved an amendment to the state’s constitution to legalize cannabis for adult use in New Jersey. The cultivation, processing, sale, use and possession of cannabis for adult use purposes will remain prohibited until the New Jersey legislature and executive branch establish a legal and regulatory framework for adult use cannabis.

New Jersey Licenses

Ascend New Jersey, LLC is permitted to open three dispensaries and one cultivation under its ATC license. Ascend New Jersey, LLC is an indirect subsidiary of the Company.

The below table lists our New Jersey licenses:

Entity	License Number	City	Expiration Date / Renewal Date	Description
Ascend New Jersey, LLC	10152012	Franklin	12/31/2021	Cultivation License
Ascend New Jersey, LLC	10152012	Montclair	12/31/2021	Medical License

New Jersey Storage and Security Requirements

All ATCs are required to provide effective controls and procedures to guard against theft and diversion of cannabis including, when appropriate, systems to protect against electronic records tampering. With respect to security and inventory protocols, ATCs are required to maintain security and alarm systems in good working order; test and inspect such security systems; employ policies to limit unauthorized access to areas containing cannabis; adopt security protocols to protect personnel; minimize exterior access and ensure the exterior of the facility has adequate lighting; and notify the proper authorities of reportable losses, security breaches, alarm activations, and electrical failures.

Further, all ATCs must install, maintain in good working order and operate a safety and security alarm system at its authorized physical address(es) that will provide suitable protection 24 hours a day, seven days a week against theft and diversion and that provides, at a minimum: (i) immediate automatic or electronic notification to alert state or local police agencies to an unauthorized breach of security at the ATC; and (ii) a backup system that activates immediately and automatically upon a loss of electrical support and that immediately issues either automatically or electronic notification to state or local police agencies of the loss of electrical support. ATCs must also implement appropriate security and safety measures to deter and prevent the unauthorized entrance into areas containing cannabis and the theft of cannabis and security measures that protect the premises, registered qualifying patients, registered primary caregivers and principal officers, directors, board members and employees of the ATC. Each ATC must establish a protocol for testing and maintenance of the security alarm system and conduct maintenance inspections and tests of the security alarm system at the ATC’s authorized location at intervals not to exceed 30 days from the previous inspection and test, and it must promptly implement all necessary repairs to ensure the proper operation of the alarm system. In the event of a failure of the security alarm system due to a loss of electrical support or mechanical malfunction that is expected to last longer than eight hours, an ATC must notify NJ DOH and either provide alternative security measures or close the affected facilities until service is restored. Finally, each ATC must equip its interior and exterior premises with electronic monitoring, video cameras, and panic buttons.

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 ATCs to choose their method of electronic verification and a T&T system. In the course of operations, ATCs are required to conduct detailed monthly inventories and an annual comprehensive inventory. ATCs must retain records for at least two years.

New Jersey Site-Visits & Inspections

ATCs are subject to inspection by NJ DOH at any time, with or without notice. ATCs must provide immediate access to all facilities, materials, and information requested by NJ DOH. Failure to cooperate with an onsite assessment and/or to provide access to the premises or information may be grounds to revoke the permit of the ATC and to refer the matter to state law enforcement agencies. If a problem is discovered, the ATC must notify NJ DOH in writing, with a postmark date that is within 20 business days of the date of the notice of violations, of the corrective actions the ATC has taken to correct the violations and the date of implementation of the corrective actions. Additionally, the NJ DOH is continually monitoring the operations of the ATC through our security and surveillance systems. The NJ DOH has the ability to access our surveillance system at any time and therefore may conduct a visual inspection of the premises at any time.

New Jersey Transportation Requirements

An ATC that is authorized by permit to cultivate medical cannabis at one location and to dispense it at a second location shall transport only usable cannabis from the cultivation site to the dispensing site according to a delivery plan submitted to the NJ DOH. Each vehicle must be staffed with at least two registered ATC employees. At least one delivery team member shall remain with the vehicle at all times that the vehicle contains medical cannabis. Each delivery team member shall have access to a secure form of communication with the ATC, such as a cellular telephone, at all times that the vehicle contains medical cannabis. Each delivery team member must possess their ATC employee identification card at all times and shall produce it to NJ DOH staff or law enforcement officials upon demand.

Each transport vehicle needs to be equipped with a secure lockbox or locking cargo area, which shall be used for the sanitary and secure transport of medical cannabis. Each ATC must maintain current commercial automobile liability insurance on each vehicle used for transport of medical cannabis in the amount of \$1 million per incident. Each ATC must ensure that vehicles used to transport medical cannabis bear no markings that would either identify or indicate that the vehicle is used to transport medical cannabis, and each trip must be completed in a timely and efficient manner, without intervening stops or delays. Each ATC shall maintain a record of each transport of medical cannabis in a transport logbook, which must include dates and times of trips, names of employees on the delivery team, relevant facts about the products transported and the signatures of the delivery team.

ATCs must report any vehicle accidents, diversions, losses, or other reportable events that occur during transport to the permitting authority in accordance with New Jersey law.

Home delivery is not permitted under New Jersey law. An ATC may not deliver cannabis to the home or residence of a registered qualifying patient or primary caregiver.

U.S. Attorney Statements in New Jersey

To the knowledge of management, other than as disclosed in this prospectus, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in New Jersey. See “*Risk Factors - U.S. State regulation of cannabis is uncertain.*”

Ohio

Ohio Regulatory Landscape

Effective September 8, 2016, House Bill 523 legalized the use of medical cannabis for 26 debilitating conditions as prescribed by a licensed physician. The Ohio Medical Marijuana Control Program (“**OMMCP**”) allows people with certain medical conditions, including Alzheimer’s disease, HIV/AIDS, ALS, cancer, traumatic brain injury, chronic pain, post-traumatic stress disorder and cachexia, to purchase medical cannabis. Though Ohio was required to implement a fully operational OMMCP by September 8, 2018 with a controlled system for cultivation, laboratory testing, physician/patient registration and dispensing, the timeline was delayed until November 2018. Regulatory oversight is shared between three offices; (a) the Ohio Department of Commerce with respect to overseeing cultivators, processors and testing laboratories; (b) the Ohio Board of Pharmacy with respect to overseeing retail dispensaries and the registration of patients and caregivers, and (c) the State Medical Board of Ohio with respect to certifying physicians to recommend medical cannabis. The OMMCP will permit limited product types including oils, tinctures, plant materials and edibles. Adult-use and the smoking of cannabis flower are prohibited. As of January 31, 2021, there were approximately 169,000 registered patients allowed to purchase cannabis products from a dispensary.

Ohio Licenses

To be considered for approval of a provisional dispensary, cultivation or a processing license, the applicant must complete all mandated requirements. To obtain a certificate of operation for a medical cannabis dispensary, cultivation facility or processing facility, the prospective licensee must be capable of operating in accordance with Chapter 3796 of the Revised Code, the Medical Marijuana Control Program. Dispensary certificates of operation carry two-year terms, while certificates of operation for cultivators and processors must be renewed annually.

A certificate of operation will expire on the date identified on the certificate. A licensee will receive written or electronic notice 90 days before the expiration of its certificate of operation. The licensee must submit the renewal information at least 45 days prior to the date the existing certificate expires. The information required for the license renewal includes, but is not limited to, the following: (a) a roster that includes the dispensary’s employees’ names, (b) the history of compliance with regulations, and (c) the number and severity of any violations. If a licensee’s renewal application is not filed prior to the expiration date of the certificate of operation, the certificate of operation will be suspended for a maximum of 30 days. After 30 days, if the dispensary has not successfully renewed the certificate of operation, including the payment of all applicable fees, the certificate of operations will be deemed expired.

BCCO, LLC holds a license to open one dispensary. Marichron Pharma, LLC holds a processing license. Hemma, LLC holds a license to open a cultivation facility. The closing of the transactions with BCCO, LLC and Hemma, LLC have been submitted to regulators for approval. We have entered into an agreement with Marichron Pharma, LLC and intend to submit the transaction for state approval once we are permitted to under state regulations, which we anticipate will be in the third quarter of 2021.

The below table lists the licenses held by our contractual parties hold in Ohio:

Entity	License Number	City	Expiration Date / Renewal Date	Description
BCCO, LLC	MMD.0700028	Carroll	12/4/2020*	Medical – Dispensary
Hemma, LLC	MMCP0014	Monroe	09/10/2021	Medical Cultivation
Marichron Pharma, LLC	MMCPP00125	Monroe	01/17/2021	Medical Processing

* Ohio Department of Commerce has extended the expiration date to 07/01/2021 due to COVID-19.

Ohio Storage Requirements

Ohio has selected METRC as the T&T system. Individual licensees, whether directly or through third-party APIs, are required to push data to the state to meet all reporting requirements. A holder of a processing or cultivation license must track and submit through the inventory tracking system any information the Ohio Department of Commerce determines necessary for maintaining and tracking medical cannabis extracts and products.

A holder of a cultivation license must conduct a weekly inventory of medical cannabis which includes (a) date of inventory; (b) amount of medical cannabis on hand; (c) total count of plants, whether in the flowering, vegetative, or clone phase of growth and organized by room in which the plants are being grown; (d) amount of medical cannabis sold since previous weekly inventory; (e) date, quantity, and method of disposal of medical cannabis; (f) summary of the inventory findings; and (g) name, signature, and title of the employees who conducted the inventory and oversaw the inventory. On an annual basis and as a condition for renewal of a cultivation license, a holder of a cultivation license must conduct a physical, manual inventory of the medical cannabis on hand at the cultivation facility and compare the findings to an annual inventory report generated using the inventory tracking system.

A holder of a processing license must conduct weekly inventory of medical cannabis which includes (a) the date of the inventory, (b) net weight of plant material and the net weight and volume of medical cannabis extract, (c) net weight and unit count of medical cannabis products prepared or packaged for sale to a dispensary, (d) the amount of medical cannabis and medical cannabis products sold since previous weekly inventory; (e) the date, quantity, and method of disposal of any plant material, medical cannabis extract, and medical cannabis products; (f) a summary of the inventory findings; and (g) name, signature and employees who conducted the inventory and oversaw the inventory. On an annual basis and as a condition for renewal of a processing license, a holder of a processing license shall conduct a physical, manual inventory of plant material, medical cannabis extract, and medical cannabis products on hand at the processor and compare the findings to an annual inventory report generated using the inventory tracking system. A holder of a processing license must store plant material, medical cannabis extract, and medical cannabis product inventory on the premises in a designated, enclosed, locked area and accessible only by authorized individuals.

A holder of a dispensary license must use the METRC T&T system to push data to the Ohio Board of Pharmacy on a real-time basis. The following data must be transmitted (a) each transaction and each day's beginning inventory, acquisitions, sales, disposal and ending inventory, (b) acquisitions of medical cannabis from a licensed processor or cultivator holding a plant-only processor designation, (c) name and license number of the licensed dispensary employee receiving the medical cannabis and, (d) other information deemed appropriate by the Ohio State Board of Pharmacy. A dispensary's designated representative shall conduct the inventory at least once a week. Records of each day's beginning inventory, acquisitions, sales, disposal and ending inventory shall be kept for a period of three years.

The dispensary licensee must restrict access areas and keep stock of medical cannabis in secured area enclosed by a physical barrier with suitable locks and an alarm system capable of detecting entry at a time when licensed dispensary employees are not present. Medical cannabis must be stored at appropriate temperatures and under appropriate conditions to help ensure that its identity, strength, quality and purity are not adversely affected.

Ohio Security Requirements

All licensees must have a security system that remains operational at all times and that uses commercial grade equipment to prevent and detect diversion, theft or loss of medical cannabis, including (a) a perimeter alarm, (b) motion detectors, and (c) duress and panic alarms. All licensees must also employ a holdup alarm, which means a silent alarm signal generated by the manual activation of a device intended to signal a robbery in progress. Processing and cultivation facilities are also required to have secondary alarm systems installed and monitored by a vendor that differs from the primary alarm system.

Video cameras at a dispensary must be positioned at each point of egress and each point of sale. The cameras must capture the sale, the individuals and the computer monitors used for the sale, approved safes, approved vaults

and any area where cannabis is stored, handled or destroyed. Video surveillance recording must operate 24 hours a day, seven days a week. Recording from all video cameras during hours of operation must be made available for immediate viewing by the Ohio State Board of Pharmacy upon request and must be retained for at least six months.

Video cameras at a processing or cultivation facility must be directed at all approved safes, approved vaults, and any other area where plant material, medical cannabis extract, or medical cannabis products are being processed, stored, handled or destroyed. Video surveillance must take place 24 hours a day, seven days a week. Recordings from all video cameras during hours of operation must be readily available for immediate viewing by the Ohio regulatory bodies upon request and must be retained for at least six months. Video recording must be maintained for at least a 45-day period. Video recording must be maintained beyond the 45-day period when the cultivator or processor becomes aware of a pending criminal, civil or administrative investigation or legal proceeding for which a recording may contain relevant information. The cultivator or processor must retain an unaltered copy of the recording until the investigation or proceeding is closed or the entity conducting the investigation or proceeding is closed or the entity conducting the investigation or proceeding notifies the cultivator or processor that it is no longer necessary to retain the recording.

Ohio Reporting Requirements

A holder of a processing license must maintain the following records: (a) samples sent for testing, (b) disposal of products, (c) tracking of inventory, (d) form and types of medical cannabis maintained at the processing facility on a daily basis, (e) production records, including extraction, refining, manufacturing, packaging and labeling, (f) financial records, (g) employee records and (h) purchase invoices, bills of lading, manifests, sales records, copies of bills of sale, and any supporting documents, including the items and/or services purchased, from whom the items were purchased, and the date of purchase. Records must be maintained for five years.

A holder of a cultivation license must maintain the following records: (a) forms and types of medical cannabis maintained at the cultivator on a daily basis; (b) soil amendment, fertilizers, pesticides, or other chemicals applied to the growing medium or plants or used in the process of growing medical cannabis; (c) production records, including planting, harvesting and curing, weighing, and packaging and labeling; (d) financial records; (e) employee records; and (f) purchase invoices, bills of lading, manifests, sales records, copies of bills of sale, and any supporting documents, including the items and/or services purchased, from whom the items were purchased, and the date of purchase. Records will be maintained for 5 years.

A holder of a dispensary license must maintain the following records (a) confidential storage and retrieval of patient information or other medical cannabis records, (b) records of all medical cannabis received, dispensed, sold, destroyed, or used, (c) dispensary operating procedures, (d) a third-party vendor list, (e) monetary transactions, and (f) journals and ledgers. All records relating to the purchase or return, dispensing, distribution, destruction, and sale of medical cannabis must be maintained under appropriate supervision and control to restrict unauthorized access on the licensed premises for a five-year period.

Ohio Transportation Requirements

Medical cannabis entities must maintain a transportation log in METRC containing the names and addresses of the medical cannabis entities sending and receiving the shipment, names and registration numbers of the registered employees transporting the medical cannabis or the products containing medical cannabis, the license plate number and vehicle type that will transport the shipment, the time of departure and estimated time of arrival, the specific delivery route, which includes street names and distances; and the total weight of the shipment and a description of each individual package that is part of the shipment, and the total number of individual packages. Copies of the log described above must be transmitted to the recipient and to the Ohio Department of Commerce through METRC before 11:59 p.m. on the day prior to the trip.

Vehicles transporting medical cannabis or cannabis products must be insured as required by law, store the products in locked compartments, ensure that the products are not visible from outside the vehicle, be staffed

with two employees registered with the department (with one remaining with the vehicle at all times) and have access to the 911 emergency system. Vehicles must not be marked with any marks or logos.

Trips must be direct, other than to refuel the vehicle. Drivers must have their employee identification cards on their person at all times and must ensure that delivery times and routes are randomized. A copy of the transportation log must be carried during the trip.

Ohio Inspections Requirements

The submission of an application that results in the issuance of a provisional license or certificate of operation for a cultivator irrevocably gives the Ohio Department of Commerce consent to conduct all inspections necessary to ensure compliance with the cultivator's application, state and local law and regulators. An inspector conducting an inspection pursuant to this rule shall be accompanied by a "type 1" key employee during the inspection. The inspector may review and make copies of records, enter any area of a facility, inspect vehicles, equipment, premises, and question employees, among other actions. Dispensaries are not permitted to deliver cannabis products to the homes of patients or their designated caregivers.

Dispensaries in Ohio are subject to random and unannounced dispensary inspections and medical cannabis testing by the Ohio Board of Pharmacy. The Ohio Board of Pharmacy and its representatives may enter facilities and vehicles where medical cannabis is held and conduct inspections in a reasonable manner each place and all pertinent equipment, containers and materials and data. The Ohio Board of Pharmacy may also obtain any medical cannabis or related products from such facility.

U.S. Attorney Statements in Ohio

To the knowledge of management, other than as disclosed in this prospectus, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Ohio. See "*Risk Factors - U.S. State regulation of cannabis is uncertain.*"

New York

New York Regulatory Landscape

In July 2014, the New York Legislature and Governor enacted the Compassionate Care Act (the "CCA") to provide a comprehensive, safe and effective medical cannabis program. The CCA provides access to the program to certified patients who suffer from one of 14 qualifying serious conditions including, debilitating or life-threatening conditions including cancer, HIV/AIDS, ALS and chronic pain. Certified patients must also have one of the following associated or complicating conditions: cachexia or wasting syndrome, severe or chronic pain, severe nausea, seizures, or severe or persistent muscle spasms, post-traumatic stress disorder, or opioid use disorder (if enrolled in a treatment program pursuant to Article 32 of the Mental Hygiene Law).

Pursuant to the CCA, only a limited number of product offerings are allowed including metered liquid or oil preparations, solid and semi-solid preparations (e.g. capsules, chewable and effervescent tablets), metered ground plant preparations, and topical forms and transdermal patches. Smoking medical cannabis is not allowed. Medical cannabis may not be incorporated into the food products unless approved by the Commissioner of Health and smoking of cannabis flower is prohibited.

New York Licenses

The New York Department of Health ("NYDOH") approves entities to operate as "registered organizations" under the CCA. There are currently ten registered organizations. Each registered organization is vertically integrated and can operate one cultivation/processing facility and up to four dispensaries.

As described above, on February 25, 2021, we entered into the Investment Agreement with MedMen, under which we will, subject to regulatory approval, complete the Investment of approximately \$73 million in MMNY, a registered organization in New York. MMNY holds a cultivation and four dispensary licenses.

The below table lists the New York licenses held by MMNY:

Entity	License Number	City	Expiration Date / Renewal Date	Description
MedMen NY, Inc.	MM0506D	Williamsville	07/31/2021	Dispensary
MedMen NY, Inc.	MM0502D	Lake Success	07/31/2021	Dispensary
MedMen NY, Inc.	MM0503D	New York	07/31/2021	Dispensary
MedMen NY, Inc.	MM0504D	Syracuse	07/31/2021	Dispensary
MedMen NY, Inc.	MM0501M	Utica	07/31/2021	Manufacturing

Licenses under New York’s medical cannabis program are valid for two years from the date of issuance and registered organizations are required to submit a renewal application not more than six months nor less than four months prior to expiration. Registered organizations must ensure that no medical cannabis product is sold, delivered, transported or distributed by a producer from or to a location outside of New York.

New York Record-Keeping/Reporting

The NYDOH uses the BioTrack THC T&T system to track medical cannabis activity. Each month, each registered organization is required to file reports with the NYDOH which provides information showing all medical cannabis products dispensed during the month. All other data shall be pulled from the T&T system. The data must include (a) documentation, including lot numbers where applicable, of all materials used in the manufacturing of the approved medical cannabis product to allow tracking of the materials including but not limited to soil, soil amendment, nutrients, hydroponic materials, fertilizers, growth promoters, pesticides, fungicides, and herbicides, (b) cultivation, manufacturing, packaging and labeling production records, and (c) laboratory testing results. The records are required to be maintained for a period of five years.

New York Inventory/Storage Requirements

A record of all approved medical cannabis products that have been dispensed must be filed with the NYDOH electronically through BioTrack THC no later than 24 hours after the medical cannabis product was dispensed to the certified patient or designated caregiver. The information filed must include (a) a serial number for each approved medical cannabis product dispensed to the certified patient or designated caregiver, (b) an identification number for the registered organization’s dispensing facility, (c) the patient’s name, date of birth and sex, (d) the patient’s address, including street, city, state and zip code, (e) the patient’s registry identification card number, (f) if applicable, the designated caregiver’s name and registry identification number, (g) the date the approved medical cannabis was filled by the dispensing facility, (h) the medical cannabis product drug code number, (i) the number of days of supply dispensed, (j) the registered practitioner’s Drug Enforcement Administration number, (k) the date the written certification was issued by the registered practitioner, and (l) the payment method.

All cannabis must be stored in a secure area or location within the registered organization accessible only to a minimum number of employees essential for efficient operation and in such a manner as approved by the NYDOH in advance, to prevent diversion, theft or loss and against physical, chemical and microbial contamination and deterioration. Cannabis must be returned to its secure location immediately after completion of manufacture, distribution, transfer or analysis.

New York Security Requirements

All facilities operated by a registered organization, including any manufacturing facility and dispensing facility, must have a security system to prevent and detect diversion, theft or loss of cannabis and/or medical cannabis products, utilizing commercial grade equipment which includes, at a minimum (a) a perimeter alarm, (b) motion detectors, (c) video cameras in all areas that may contain cannabis and at all points of entry and exit, (d) a duress alarm, (e) a panic alarm, (f) a holdup alarm, (g) an automatic voice dialer, (h) a failure notification system, and (i) the ability to remain operational during a power outage.

The manufacturing and dispensing facilities' cameras must have the ability to product a clear color still photo that is a minimum of 9600 dpi from any camera image and must be directed at all approved safes, approved vaults, dispensing areas, cannabis sales areas and any other area where cannabis is manufactured, stored, handled, dispensed or disposed of. The manufacturing and dispensing facilities must angle the cameras to allow for the capture of clear and certain identification of any person entering or exiting the facilities. The surveillance cameras must record 24 hours a day, seven days a week. Recordings from all video cameras must include a date and time stamp embedded on all recordings and must be readily available for immediate viewing by a state authorized representative upon request and must be retained for at least 90 days. A registered organization must test the security and surveillance equipment no less than semi-annually at each manufacturing and dispensing facility that is operated under the registered organization's registration. Records of security tests must be maintained for five years and be made available for inspection by the NYDOH.

New York Transportation Requirements

Prior to transporting any medical cannabis, a registered organization must complete a shipping manifest using a form determined by NYDOH. A copy of the shipping manifest must be transmitted to the destination that will receive the products and to NYDOH at least two business days prior to transport unless otherwise expressly approved NYDOH. The registered organization shall maintain all shipping manifests and make them available to the department for inspection upon request, for a period of 5 years.

Approved medical cannabis products must be transported in a locked storage compartment that is part of the vehicle transporting the cannabis and in a storage compartment that is not visible from outside the vehicle. An employee of a registered organization, when transporting approved medical cannabis products must (a) travel directly to his or her destination(s) and may not make any unnecessary stops in between, (b) ensure that all approved medical cannabis product delivery times are randomized, (c) appoint each transport vehicle with a minimum of two employees where at least one transport team member remains with the vehicle at all times that the vehicle contains cannabis, (d) have access to a secure form of communication with employees at the registered organization's manufacturing facility at all times that the vehicle contains cannabis, (e) possess a copy of the shipping manifest at all times when transporting or delivering approved medical cannabis products, and (f) keep the manifest in a safe compartment for a minimum of five years.

New York Inspections

Medical cannabis facilities in New York must make its books, records and manufacturing and dispensing facilities available to the NYDOH or its authorized representatives for monitoring, on-site inspection, and audit purposes, including but not limited to periodic inspections and/or evaluations of facilities, methods, procedures, materials, staff and equipment to assess compliance with requirements of the CCA and the regulations promulgated thereunder.

U.S. Attorney Statements in New York

To the knowledge of management, other than as disclosed in this prospectus, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in New York. See "*Risk Factors - U.S. State regulation of cannabis is uncertain*".

Certain Recent Developments

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. We are monitoring this closely, and although operations have not been materially affected by the COVID-19 outbreak to date, the ultimate severity of the outbreak and its impact on the economic environment is uncertain. Our operations are currently ongoing as the cultivation, processing and sale of cannabis products is currently considered an essential business by the states in which we operate with respect to all customers (except in Massachusetts, where cannabis was been deemed essential only for medical patients, which led to the state-wide suspension of recreational sales from March 24, 2020 to May 25, 2020). The uncertain nature of the spread of COVID-19 globally may impact our business operations for reasons including the potential quarantine of our employees, customers, and third-party service providers, delay in supply chains and the inability to adequately adjust business operations and staffing per evolving regulations and Center for Disease Control guidelines that inhibit business operations and productivity and thereby potentially impact revenue, revenue growth, profitability. Further, rising unemployment levels nationally may result in less consumer spending on our products. At this time, we are unable to estimate the impact of this event on its operations.

PROPERTIES

We lease office space in New York, NY that houses our corporate headquarters.

We lease cultivation and manufacturing facilities in Barry, IL, Athol, MA, Lansing, MI and Franklin, NJ consisting of a total of approximately 640,000 square feet. These facilities support the operations of our Wholesale segment. We lease approximately 60,000 square feet for our dispensary operations supporting our Retail segment.

We own the 15,000 square foot building that will house our future Boston, MA dispensary.

Our wholesale leases generally have a term of eighteen to twenty years. Most leases for our cultivation and manufacturing operations provide for a base rent, typically with 3 percent annual escalators and generally require us to pay insurance, utilities, real estate taxes and repair and maintenance expenses.

Our retail leases generally have a term of ten years with two five-year renewal options. Most leases for our retail stores provide for a base rent, typically with 2-3 percent annual escalators and generally require us to pay insurance, utilities, real estate taxes and repair and maintenance expenses.

The average size of our stores is approximately 5,000 square feet. The following table summarizes our principal physical properties by state, as of February 25, 2021:

State	Wholesale/Cultivation	Retail	Ancillary
Illinois	1	8	3
Massachusetts	1	3	1
New Jersey	1	3	—
New York ⁽¹⁾	1	4	3
Michigan	1	5	—
Ohio	2	1	—

(1) On February 25, 2021, we entered into a definitive investment agreement with MedMen under which we will, subject to regulatory approval, complete an investment in MedMen NY, Inc.

MANAGEMENT

Our certificate of incorporation will provide that the number of directors will be set forth in our bylaws and that each director shall hold office until the expiration of the term for which they were elected and until their successors have been duly elected and qualified or until their earlier resignation or removal. Our bylaws will provide that the number of directors on our Board shall be determined from time to time by a resolution adopted by the majority of directors of the Board.

The following table provides information regarding the individuals who will serve as our executive officers and directors immediately following the completion of this offering, including their ages as of February 25, 2021.

Name and Place of Residence	Age	Position
Emily Paxhia <i>San Francisco, California</i>	40	Director
Scott Swid <i>Sag Harbor, New York</i>	53	Director
Abner Kurtin <i>Miami Beach, Florida</i>	53	Founder, Chair of the Board and Chief Executive Officer
Frank Perullo <i>Lexington, Massachusetts</i>	44	Founder, Director and Chief Strategy Officer
Dan Neville <i>New York, New York</i>	34	Chief Financial Officer
Christopher Melillo <i>Medford, New Jersey</i>	47	Chief Revenue Officer
Leah Heise <i>Catonsville, Maryland</i>	51	Chief Administrative Officer

Our bylaws will provide that the directors may, from time to time, appoint such officers as the directors determine. The directors may, at any time, terminate any such appointment, subject to the rights, if any, of an officer under any contract of employment. All members of management devote full time to our business and have entered into a non-competition or non-disclosure agreements with us. Each of our directors have entered into non-disclosure agreements with us as part of the onboarding process.

Our bylaws will provide that our board of directors will consist of one or more members, as determined by the board from time to time. Initially, our board of directors will consist of four members. We are actively evaluating candidates to serve on our board who will contribute to the success and growth of our company. We anticipate adding an additional member to our board shortly after the completion of this offering.

Director and Executive Officer Biographies

Executive Officers

Abner Kurtin, Chairman, Founder and Chief Executive Officer. Mr. Kurtin is our Chief Executive Officer and Founder and serves on our Board of Managers, positions he has held since May 2018. He has served as Chief Executive Officer since our founding in 2018. Prior to founding our company, Mr. Kurtin founded K Capital Partners, a multibillion-dollar hedge fund, in 2000 and served with the company through April 2009, and was managing member of Ca2 Group, a high-end real estate development firm in Massachusetts, from January 2010 to January 2018. He started his career at The Baupost Group as a Managing Director. He previously served as a member of the President's Council of Massachusetts General Hospital and Chairman of the Hill House. Mr. Kurtin holds an undergraduate degree from Tufts University and a M.B.A. from Harvard University. Mr. Kurtin is qualified to serve as a Director due to his in-depth knowledge of the cannabis industry and our Company.

Frank Perullo, Director and Chief Strategy Officer. Mr. Perullo is the co-founder of our Company and has served as our Chief Strategy Officer and a member of our Board of Managers since May 2018. In 2015, prior to co-founding our Company, Mr. Perullo founded the Novus Group, a consulting firm that advises government and commercial clients, and he currently serves as principal. Prior to founding the Novus Group, Mr. Perullo founded and served as president of Sage Systems, one of the leading providers of web-based campaign management software, from 2002 to 2015. Mr. Perullo's successful entrepreneurial career and deep knowledge of the cannabis industry and our Company make him qualified to as a director.

Daniel Neville, Chief Financial Officer. Daniel Neville joined as SVP of Finance in March 2019 and became Chief Financial Officer in August 2020. He was previously at SLS Capital, a special situations hedge fund based in New York, where he served as a Managing Director from January 2015 to March 2019 and an Analyst from April 2010 to January 2015. Previously, he worked as an investment banker at Credit Suisse in the Technology Group, where he worked on mergers & acquisitions and IPO transactions. Dan earned his Bachelor of Science in Economics from Duke University.

Christopher Melillo, Chief Revenue Officer. Mr. Melillo has served as our Chief Revenue Officer since September 2020. He was formerly the Senior Vice President, Retail/Wholesale at Curaleaf Holdings, Inc. from September 2018 to September 2020. Prior to that, Christopher was the Senior Director of Stores Nike North America from July 2013 to November 2016, and Vice President of Stores at DTLR/Villa from January 2017 to August 2018. He has held significant leadership roles in Equinox, Pet Smart, Home Depot. He has been instrumental in retail expansions, store design, construction, merchandising and omni-channel commerce in hundreds of stores. In addition to developing and leading retail teams across the country.

Leah Heise, Chief Administrative Officer. Ms. Heise is an experienced regulatory attorney and has served as Chief Administrative Officer of the Company since November 2019. Prior to joining the Company, she served as CEO of Women Grow, the largest female-professional networking organization in the industry at the time from 2016 to 2017, President of Chesapeake Integrated Health Institute, LLC, a company holding a Maryland dispensary license from 2015 to present; Chief Experience Officer and Chief Compliance Officer of 4 Front Ventures, a multi-state, publicly traded cannabis operator from 2017 to 2019. Ms. Heise has a Juris Doctorate from Catholic University of America and a B.A. in English literature from the University of Maryland, College Park.

Non-Employee Directors

Emily Paxhia, Director. Ms. Paxhia is a co-founder and Managing Director of Poseidon Investment Management, which has two private funds dedicated to cannabis and hemp related investments, and has served in such role since 2013. Poseidon has over 30 portfolio companies across several verticals in the industry in the United States and abroad. She is currently a director of Dope Media (from 2016 to present), a brand and publishing company, Tradiv, Inc. (from 2016 to present), a digital B2B wholesale platform, Flowhub, LLC (from 2015 to present), a compliance technology solution, and the Marijuana Policy Project, a cannabis policy reform organization. Ms. Paxhia graduated from New York University with an M.A. in Psychology and earned a B.A. in Psychology from Skidmore College. Ms. Paxhia has served on our Board of Managers since September 2018. Ms. Paxhia is qualified to serve as a Director due to her extensive experience in the cannabis industry, as well as her background in sourcing, negotiating and managing investments.

Scott Swid, Director. Mr. Swid is the General Partner and managing owner of Venturi Grand Prix. He is the general partner and Managing Member of SLS Management ("SLS"). Prior to starting SLS in 1999, Mr. Swid was a senior portfolio manager at Kingdon Capital Management Company and an analyst at Perry Capital. Mr. Swid is also a member of the Council on Foreign Relations and sits on its Finance and Budget Committee and is Chairman of its Term Membership Admissions Committee. Scott is also a member of the Advisory Council for Stanford University's Freeman Spogli Institute for International Studies and Chairman of the Board of Directors at the Henry Street Settlement. Mr. Swid received a MBA from Harvard Business School and a BA in History from Stanford University. Mr. Swid has served on our Board of Managers since September 2018. Mr. Swid is qualified to serve as a director due to his experience in the financial services industry and his knowledge and experience in the cannabis industry.

Familial Relationships

As of February 25, 2021, there are no familial relationships among any of our officers or directors.

Director Independence

For purposes of this prospectus, the independence of our directors is determined under the corporate governance rules of the New York Stock Exchange (the “NYSE”). While we are not listed on the NYSE, we believe NYSE rules represent corporate governance best practices and we believe our Board should follow best practices. The independence rules of the NYSE include a series of objective tests, including that an “independent” person will not be employed by us and will not be engaged in various types of business dealings with us. In addition, the Board is required to make a subjective determination as to each person that no material relationship exists with us either directly or as a partner, stockholder or officer of an organization that has a relationship with us. It has been determined that three of our directors that we expect to be on the Board as of the date of this prospectus are independent persons under the independence rules of the NYSE: Emily Paxhia and Scott Swid.

Board Leadership Structure

Our bylaws, which will become effective in connection with the Conversion, provide our Board with flexibility to combine or separate the positions of Chair of the Board and Chief Executive Officer. Abner Kurtin will serve as both Chair of our Board and as our Chief Executive Officer.

As Chair of the Board, Mr. Kurtin’s key responsibilities will be facilitating communication between our Board and management, assessing management’s performance, managing board members, preparation of the agenda for each board meeting, acting as Chair of board meetings and meetings of our Company’s stockholders and managing relations with stockholders, other stakeholders and the public.

We will take steps to ensure that adequate structures and processes are in place to permit our Board to function independently of management. The directors will be able to request at any time a meeting restricted to independent directors for the purposes of discussing matters independently of management and are encouraged to do so should they feel that such a meeting is required.

Board Committees

Prior to completion of this offering, our Board will establish (i) an audit committee and (ii) a compensation and corporate governance committee. A brief description of each committee is set out below.

Audit Committee

The Audit Committee of the Board will assist our Board in fulfilling its responsibilities for oversight of financial, audit and accounting matters. The Audit Committee will review the financial reports and other financial information that we provide to regulatory authorities and our stockholders, as well as review our system of internal controls regarding finance and accounting, including auditing, accounting and financial reporting processes.

The members of the Audit Committee will be:

Name of Member	Independent⁽¹⁾	Financially Literate⁽²⁾	Audit Committee Financial Expert
	Yes	Yes	
	Yes	Yes	
	Yes	Yes	

(1) A member of the Audit Committee is independent if he or she has no direct or indirect ‘material relationship’ with us. A material relationship is a relationship which could, in the view of our Board, reasonably interfere with the exercise of a

- member's independent judgment. Any of our executive officers, such as the President or Secretary, are deemed to have a material relationship with us.
- (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 our financial statements.

Each member of the Audit Committee has experience relevant to his or her responsibilities as an Audit Committee member. See "*Director and Executive Officer Biographies*" for a description of the education and experience of each Audit Committee member.

Our audit committee will operate under a written charter that satisfies applicable securities rules and regulations and the listing standards of the CSE. The Audit Committee's principal duties and responsibilities will include assisting the Board in discharging the oversight of: (i) our internal audit function; (ii) the integrity of our consolidated financial statements and accounting and financial processes and the audits of our consolidated financial statements; (iii) compliance with legal and regulatory requirements; (iv) external auditors' qualifications and independence; (v) the work and performance of financial management and external auditors; and (vi) system of disclosure controls and procedures and system of internal controls regarding finance, accounting, legal compliance and risk management established by management and the Board. The Audit Committee will have access to all books, records, facilities and personnel and may request any information about us as it may deem appropriate. It will also have the authority to retain and compensate special legal, accounting, financial and other consultants or advisors to advise the Audit Committee.

Compensation and Corporate Governance Committee

Our compensation and corporate governance committee will consist of _____, _____ and _____. _____ will serve as the chair of our compensation and corporate governance committee. Each member of our compensation and corporate governance committee meets the requirements of a "non-employee director" pursuant to Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**").

Our compensation and corporate governance committee will, among other things, be responsible for:

- reviewing and approving the goals and objectives relating to the compensation of our executive officers, including any long-term incentive components of our compensation programs;
- evaluating the performance of our executive officers in light of the goals and objectives of our compensation programs and determining each executive officer's compensation based on such evaluation;
- reviewing and approving, subject, if applicable, to stockholder approval, our compensation programs;
- reviewing the operation and efficacy of our executive compensation programs in light of their goals and objectives;
- reviewing and assessing risks arising from our compensation programs;
- reviewing and recommending to the Board the appropriate structure and amount of compensation for our directors;
- reviewing and approving, subject, if applicable, to stockholder approval, material changes in our employee benefit plans;
- establishing and periodically reviewing policies for the administration of our equity compensation plans;
- identifying, evaluating and recommending qualified nominees to serve on our Board;

- considering and making recommendations to our Board regarding the composition and chairmanship of the committees of our Board;
- developing and making recommendations to our Board regarding corporate governance guidelines and matters and periodically reviewing such guidelines and recommending any changes; and
- overseeing annual evaluations of our Board's performance, including committees of our Board and management.

Compensation Committee Interlocks and Insider Participation

None of the anticipated members of our compensation and corporate governance committee is an officer or employee of our Company, nor have they even been an officer or employee of our Company. None of our executive officers currently serve, or in the past year has served, as a member of the Board or compensation and corporate governance committee of any entity that has one or more executive officers serving on our Board or compensation and corporate governance committee.

Code of Business Conduct and Ethics

Prior to the completion of this offering, our Board will adopt a code of business conduct and ethics that applies to all of our employees, officers and directors, including our Chief Executive Officer, Chief Financial Officer and other executive and senior officers. Following this offering, the full text of our code of business conduct and ethics will be posted on the investor relations page on our website. We intend to disclose any amendments to our code of business conduct and ethics, or waivers of its requirements, on our website or in filings under the Exchange Act.

Trading Restrictions

All of our executives, directors and certain other employees will be subject to our insider trading policy, which will prohibit trading in our securities while in possession of material undisclosed information about us. Under this policy, such individuals will also be prohibited from entering into hedging transactions involving our securities, such as short sales, puts and calls.

EXECUTIVE COMPENSATION

This section discusses the material components of the executive compensation program for our executive officers who are named in the “Summary Compensation Table” below. In 2020, our “named executive officers” and their positions were as follows:

- Abner Kurtin, Founder and Chief Executive Officer;
- Frank Perullo, Founder and Chief Strategy Officer; and
- Daniel Neville, Chief Financial Officer

In preparing to become a public company, we have begun a thorough review of all elements of our executive compensation program, including the function and design of our equity incentive programs. We have begun, and expect to continue in the coming months, to evaluate the need for revisions to our executive compensation program to ensure that our program is competitive with the companies with which we compete for executive talent and is appropriate for a public company. This discussion may contain forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs.

Summary Compensation Table

The following table sets forth all compensation paid to or earned by our named executive officers in the last two fiscal years.

Name and Principal Position	Year	Salary	Bonus	Stock Awards ⁽²⁾	Option Awards	Non-Equity Incentive Plan Compensation	Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
Abner Kurtin, ⁽¹⁾	2020	\$ 384,808	\$ —	\$ 50,143	\$ —	\$ —	\$ —	\$ 1,200	\$ 436,151
<i>Chair and Chief Executive Officer</i>	2019	\$ 276,474	\$ —	\$ 66,309	\$ —	\$ —	\$ —	\$ 500	\$ 343,283
Frank Perullo, ⁽¹⁾	2020	\$ 384,808	\$ 20,000	\$ 50,143	\$ —	\$ —	\$ —	\$ 1,200	\$ 456,151
<i>Chief Strategy Officer</i>	2019	\$ 276,474	\$ —	\$ 66,309	\$ —	\$ —	\$ —	\$ 500	\$ 343,283
Daniel Neville,	2020	\$ 276,923	\$ —	\$ 63,366	\$ —	\$ —	\$ —	\$ 1,200	\$ 341,489
<i>Chief Financial Officer</i>	2019	\$ 140,481	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 800	\$ 141,281

(1) The Company incurred quarterly management fees to AGP Partners, LLC of \$400,000 in 2020 and \$400,000 in 2019 as described below under “Certain Relationships and Related Transactions”. Mr. Kurtin and Mr. Perullo are the principal beneficial owners of AGP.

(2) The amounts reported in the Stock Awards column reflect aggregate grant date fair value computed in accordance with ASC Topic 718, Compensation—Stock Compensation. These amounts reflect our calculation of the value of these awards at the grant date and do not necessarily correspond to the actual value that may ultimately be realized by the named executive officer. Assumptions used in the calculation of these amounts are included in Note 13 to our consolidated financial statements for the fiscal years ended December 31, 2020 and 2019, which are included elsewhere in this registration statement.

Base Salary. We use base salaries to recognize the experience, skills, knowledge and responsibilities required of all our employees, including our named executive officers. None of our named executive officers is currently party to an employment agreement or other agreement or arrangement that provides for automatic or scheduled increases in base salary.

In 2019, we paid Mr. Kurtin and Mr. Perullo an annualized base salary of \$300,000 beginning on February 1, 2019. On June 29, 2020, our Board approved an increase in the annualized base salaries for Mr. Kurtin and Mr. Perullo to \$425,000 per year. In 2019, Mr. Neville earned an annual salary of \$250,000. On May 25, 2020, Mr. Neville’s annual salary increased to \$300,000.

Annual Bonus. Our Board may, in its discretion, award bonuses to our named executive officers from time to time. We have not awarded cash bonuses to our named executive officers or to our employees generally to date. We

believe it is imperative to deploy our capital to build our assets and acquire promising targets. In November 2020, as discussed below, our Board approved additional equity incentive grants to our named executive officers and employees. In the future, we may adopt a formal policy regarding annual cash bonuses.

Equity Incentives. Although we do not have a formal policy with respect to the grant of equity incentive awards to our executive officers, or any formal equity ownership guidelines applicable to them, we believe that equity grants provide our executives with a strong link to our long-term performance, create an ownership culture and help to align the interests of our executives and our stockholders. In addition, we believe that equity grants with a time-based vesting feature promote executive retention. We also believe that having vesting tie to the completion of this offering or a Change of Control encourages our executive officers to continue to operate in the best interests of our equity holders and work toward successful completion of a liquidity event for our members.

In January 2019, our board of managers adopted the Ascend Wellness Holdings, LLC Equity Incentive Plan (the “**Incentive Plan**”). During 2019, our board of managers approved the issuance of incentive units to our named executive officers and employees. We granted 850,000 incentive units to Mr. Kurtin and Mr. Perullo, vesting annually beginning June 29, 2018. Mr. Neville received 750,000 incentive units on March 31, 2020, vesting annually beginning March 18, 2019. The grant agreements for these units provide for accelerated vesting of all unvested units upon an initial public offering or change of control. In November 2020, in connection with our election to be treated as a corporation, as well as the adoption of the 2020 Equity Incentive Plan, our outstanding incentive units that were previously classified as “profits interests” were cancelled and replaced with restricted common units. No changes were made to vesting conditions.

In November 2020, the Company granted Mr. Kurtin and Mr. Perullo 2,500,000 restricted common units each as a 2020 Bonus award. Mr. Neville also received a total of 1,250,000 restricted common units. These awards vest in one-third increments on the first three anniversaries of November 3, 2020. The grant agreements for these units provide for accelerated vesting of 50% of unvested units upon an initial public offering or change of control.

Outstanding Equity Awards Table

The following table sets forth outstanding equity awards for our named executive officers at December 31, 2020.

	Grant Dates	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) ⁽¹⁾	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) ⁽¹⁾
Abner Kurtin <i>Chair and Chief Executive Officer</i>	11/3/2020	—	—	—	—	—	2,783,333	—	—	
Frank Perullo <i>Chief Strategy Officer and Director</i>	11/3/2020	—	—	—	—	—	2,783,333	—	—	
Daniel Neville <i>Chief Financial Officer</i>	11/3/2020	—	—	—	—	—	1,750,000	—	—	

(1) The market value of the unvested incentive share awards is based on the assumed initial public offering price of \$ per share, which is the midpoint of the price range per share set forth on the cover of this prospectus.

The Incentive Plan

The Incentive Plan was initially approved by the board of managers of the Company in January 2019. The Incentive Plan provided for the grant of incentive units and other unit-based awards. The maximum number of incentive units authorized for issuance under the Incentive Plan was 12,950,000 shares.

The 2020 Incentive Plan

In November 2020, our board of managers approved that the Company be taxed as a corporation under U.S. federal income tax rules as of January 1, 2020. As a result, the incentive units previously approved and issued by the board of managers were required to be cancelled. The board of managers approved the Ascend Wellness Holdings, LLC 2020 Equity Incentive Plan (the “**2020 Incentive Plan**”) in November 2020, pursuant to which the Company is permitted to issue common units, common unit options and restricted unit awards. The board of managers has approved the issuance of up to 20,061,147 units under the 2020 Incentive Plan. As of the date of this prospectus, 19,887,158 restricted common units have been issued under the 2020 Incentive Plan.

As part of the Conversion, holders of restricted common units issued under the 2020 Incentive Plan will receive one share of Class A common stock of Ascend Wellness Holdings, Inc. for each restricted common unit held immediately prior to the Conversion. See “*Corporate Conversion and Corporate Structure.*”

Termination and Change of Control Benefits

We do not have any contract, agreement, plan or arrangement that provides for payments to a named executive officer at, following or in connection with a termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control or a change in a named executive officer’s responsibilities. The services of each of Abner Kurtin, Frank Perullo and Daniel Neville are provided on an at-will basis.

Director Compensation

The table below shows the aggregate number of restricted common units (vested and unvested) held as of December 31, 2020 by each non-employee director who was serving as of December 31, 2020.

Name	Outstanding at Fiscal Year End
Chris Leavy	500,000
Emily Paxhia	500,000
Scott Swid	500,000

In January 2019, Chris Leavy and Emily Paxhia were each awarded 250,000 incentive units. These units vest in one-third increments on the first three anniversaries of June 29, 2018. The grant agreements provide for accelerated vesting of all unvested units upon an initial public offering or change of control. These incentive units were exchanged for restricted common units in 2020.

In November 2020, Chris Leavy and Emily Paxhia were each awarded 250,000 restricted common units. Scott Swid was not awarded any incentive units in fiscal year 2019, but was awarded a total of 500,000 restricted common units in 2020. These units vest in one-third increments on the first three anniversaries of November 3, 2020. The grant agreements provide for accelerated vesting of 50% of unvested units upon an initial public offering or change of control.

The following table sets forth all compensation paid to or earned by each of our non-employee directors during fiscal year 2020 other than the two named executive officers who also serve as directors.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽¹⁾	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Chris Leavy	—	\$ 13,887	—	—	—	—	\$ 13,887
Emily Paxhia	—	\$ 13,887	—	—	—	—	\$ 13,887
Scott Swid ⁽³⁾	—	\$ 30,301	—	—	—	—	\$ 30,301

(1) The amounts reported in the Stock Awards column reflect aggregate grant date fair value computed in accordance with ASC Topic 718, Compensation—Stock Compensation. These amounts reflect our calculation of the value of these awards at the grant date and do not necessarily correspond to the actual value that may ultimately be realized by the named executive officer. Assumptions used in the calculation of these amounts are included in Note 13 to our consolidated financial statements for the fiscal years ended December 31, 2020 and 2019, which are included elsewhere in this registration statement.

Non-Employee Director Compensation Policy

In connection with this offering, we intend to adopt a non-employee director compensation policy that, effective upon the closing of this offering, will be applicable to each of our non-employee directors. Pursuant to this non-employee director compensation policy, we expect that each non-employee director will receive an annual retainer of \$100,000. Each director will also receive an annual restricted stock unit award of 25,000 shares of Class A common stock (with prorated awards made to directors who join on a date other than an annual meeting following the first annual meeting after the closing of this offering), which will generally vest in full on the day immediately prior to the date of our annual stockholder meeting immediately following the date of grant, subject to the non-employee director continuing in service through such meeting date. In addition, each director will be reimbursed for out-of-pocket expenses in connection with his or her services.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information with respect to the beneficial ownership of our common stock (1) reflecting the Conversion and (2) as adjusted to give effect to this offering, for:

- each of our named executive officers;
- each of our directors;
- all of our executive officers and directors as a group; and
- each person known to us to own beneficially more than 5% of our common stock.

The number of shares beneficially owned by each stockholder as described in this prospectus is determined under rules issued by the SEC. Under these rules, beneficial ownership includes any shares as to which the individual or entity has sole or shared voting power or investment power. In computing the number of shares beneficially owned by an individual or entity and the percentage ownership of that person, shares of common stock subject to options, or other rights held by such person that are currently exercisable or will become exercisable within 60 days of _____, are considered outstanding, although these shares are not considered outstanding for purposes of computing the percentage ownership of any other person. The percentage ownership of each individual or entity before this offering is based on _____ shares of Class A common stock as of _____, after giving effect to (i) the completion of the offering; (ii) the assumed exercise of warrants to purchase _____ shares of our common stock outstanding as of _____, which will result in the issuance of _____ shares of common stock in connection with this offering; and (iii) the Conversion. The applicable percentage ownership after this offering is based on _____ shares of our Class A common stock outstanding immediately following the completion of this offering, assuming that the underwriters will not exercise their over-allotment option in full and assuming the issuance of up to _____ shares of Class A common stock at the closing of this offering. Unless otherwise indicated, the address for each director and executive officer is c/o Ascend Wellness Holdings, LLC, 1411 Broadway, 16th Floor, New York, NY 10018.

Name, Position and Address of Beneficial Owner	Shares of Class A Common Stock Beneficially Owned Before this Offering		Shares of Class A Common Stock Beneficially Owned After this Offering		Shares of Class B Common Stock Beneficially Owned After this Offering ⁽¹⁾		Aggregate Voting Power After this Offering
	Number	Percent	Number	Percent	Number	Percent	Percent
Abner Kurtin ⁽²⁾ , Founder and Chief Executive Officer							
Emily Paxhia ⁽³⁾ , Director							
Frank Perullo ⁽⁴⁾ , Founder and Chief Strategy Officer							
Scott Swid ⁽⁵⁾ , Director							
Daniel Neville ⁽⁶⁾ , Chief Financial Officer							
Christopher Melillo ⁽⁷⁾ , Chief Revenue Officer							
Leah Heise ⁽⁸⁾ , Chief Administrative Officer							
All Board directors and named executive officers as a group							
One Tower Spire, LLC ⁽⁹⁾							

* Represents beneficial ownership of less than one percent of the outstanding shares of the class.

- (1) There were no shares of Class B common stock outstanding prior to the offering.
- (2) Represents shares of Class A common stock acquired following the Conversion, consisting of (i) common units beneficially held through AGP and (ii) restricted common units awarded under the 2020 Incentive Plan.
- (3) Represents shares of Class A common stock acquired following the Conversion, consisting of (i) common units under Poseidon Management and (ii) restricted common units awarded under the 2020 Incentive Plan.
- (4) Represents shares of Class A common stock acquired following the Conversion, consisting of (i) common units beneficially held through AGP and (ii) restricted common units awarded under the 2020 Incentive Plan.
- (5) Represents shares of Class A common stock acquired following the Conversion, consisting of (i) common units and (ii) restricted common units awarded under the 2020 Incentive Plan.
- (6) Represents shares of Class A common stock acquired following the Conversion, consisting of restricted common units under the 2020 Incentive Plan.
- (7) Represents shares of Class A common stock acquired following the Conversion, consisting of restricted common units under the 2020 Incentive Plan.
- (8) Represents shares of Class A common stock acquired following the Conversion, consisting of restricted common units under the 2020 Incentive Plan.
- (9) Represents shares of Class A common stock acquired following the Conversion, consisting of Series Seed+ Preferred Units. Management of One Tower Spire, LLC is vested in its manager, One Tower GP, LLC. Management of One Tower GP, LLC is vested in its manager, Permit Capital Advisors, LLC. The following principals of Permit Capital Advisors, LLC share voting and investment control over the equity securities held by One Tower Spire, LLC and may be deemed to beneficially own such shares: Adam Landau, Mimi Drake, Kimberly Crowley and Matthew Taylor. Each such person disclaims any beneficial ownership of such securities, other than to the extent of any pecuniary interest they may have therein, directly or indirectly

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Since May 15, 2018, the date of formation of AWH, other than employment and executive compensation matters described under “*Executive Compensation*” and the transactions described below, there have been no transactions or loans between us and:

- enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, us;
- associates, meaning unconsolidated enterprises in which we have a significant influence, or which have significant influence over us;
- individuals owning, directly or indirectly, an interest in the voting power of us that gives them significant influence over our us, and close members of any such individual’s family;
- key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of ours, including directors and senior management of us and close members of such individuals’ families; and
- enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in the third or fourth bullets above or over which such a person is able to exercise significant influence, including enterprises owned by directors or major shareholders of us and enterprises that have a member of key management in common with us.

Related Party Transaction Policy

Our Board will adopt a Related Party Transactions Policy, which requires that employees, officers and directors report to the chief legal officer any activity that would cause or appear to cause a conflict of interest on his or her part.

Under the Related Party Transactions Policy, a related party transaction includes any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which:

- we or any of our subsidiaries are or will be a participant;
- the aggregate amount involved will be or may be expected to exceed \$120,000 in any fiscal year; and
- any related party has or will have a direct or indirect material interest.

Related parties include any person who is or was (since the beginning of the last fiscal year, even if such person does not presently serve in that role) an executive officer, director or nominee for director of the Company, any stockholder owning more than 5% of any class of our voting securities or an immediate family member, as defined in the Related Party Transactions Policy, of any such person.

Pursuant to the Related Party Transactions Policy, any potential related party transaction that requires approval will be reviewed by the Audit Committee, and the Audit Committee will consider such factors as it deems appropriate to determine whether to approve, ratify or disapprove the related party transaction. The Audit Committee may approve the related party transaction only if it determines in good faith that, under all of the circumstances, the transaction is in the best interests of us and our stockholders.

Transactions with Related Parties

Management Agreement

Effective April 1, 2018, AWH entered into a management agreement (the “**Management Agreement**”) with AGP, the managing member of AWH, pursuant to which AWH paid AGP \$100,000 on a quarterly basis in exchange for AGP serving as managing member of AWH. AGP is entitled to receive \$2,000,000 upon the termination of the Management Agreement in the event of an initial public offering or change of control of AWH. The payout is contingent upon the beneficial owners of AGP who serve as officers of the Company (i.e., Abner Kurtin and Frank Perullo) entering into lock-up agreements that extend for 180 days beyond the lock-up agreements to be entered into in connection with the offering. Pursuant to the MSA, each such lock-up agreement shall contain a provision whereby AWH’s Board of Managers may waive, in whole or in part, such extended lock-up thereto if AWH’s Board of Managers determines, in its sole discretion and in accordance with AWH’s governing documents and applicable law, that such waiver will not have an adverse effect on AWH and its equity holders, business, financial condition and prospects. For more information regarding the lock-up agreements, see “*Underwriters.*” Following the completion of this offering and the Conversion, the Management Agreement will terminate and AGP will be paid \$2,000,000. The Management Agreement was approved by the disinterested members and the board of managers of AWH.

JM10 II, LLC Convertible Note

JM10 II, LLC purchased \$1,000,000 of the Company’s convertible notes issued pursuant to that certain Note Purchase Agreement, dated June 12, 2019. Abner Kurtin is the beneficial owner of 50% of JM10 II, LLC.

JM10 II, LLC Loan

On May 11, 2020, the Company made a loan to JM10 II, LLC, in the principal amount of \$500,000, pursuant to a short-term promissory note. The note and all principal and interest obligations thereunder was repaid in full on November 12, 2020. Abner Kurtin is the beneficial owner of 50% of JM10 II, LLC.

Corporate Conversion

We currently operate as a Delaware limited liability company. In connection with this offering, we will convert from a Delaware limited liability company to a Delaware corporation. Existing security holders (including certain related parties) will receive the number of shares of common stock described in this prospectus as a result of the Conversion. See “*Corporate Conversion and Corporate Structure.*”

Indemnification

Our bylaws, as will be in effect prior to the closing of this offering, provide that we will indemnify our directors and officers to the fullest extent permitted by the laws of the State of Delaware in effect from time to time, subject to certain exceptions contained in our bylaws. In addition, our certificate of incorporation, as will be in effect prior to the closing of this offering, provides that our directors will not be personally liable for monetary damages for breaches of fiduciary duty as a director.

Prior to the closing of this offering, we will enter into indemnification agreements with each of our executive officers and directors. The indemnification agreements will provide the executive officers and directors with contractual rights to indemnification, and expense advancement and reimbursement, to the fullest extent permitted under the laws of the State of Delaware in effect from time to time, subject to certain exceptions contained in those agreements.

There is no pending litigation or proceeding naming any of our directors or officers to which indemnification is being sought, and we are not aware of any pending litigation that may result in claims for indemnification by any director or officer.

Promoters

Abner Kurtin and Frank Perullo may each be considered a promoter of the Company within the meaning of applicable securities legislation. Pursuant to the Management Agreement, in connection with this offering Abner Kurtin will receive \$ _____ and Frank Perullo will receive _____. They will not receive any additional consideration of value nor will they dispose of any assets to the Company in connection with the offering or otherwise.

LEGAL PROCEEDINGS

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. Except as disclosed below, we are not currently a party to any material pending legal proceedings the outcome of which, if determined adversely to us, would individually or in the aggregate have a material adverse effect on our business, financial condition, results of operations or prospects.

On December 4, 2020, TVP, LLC, TVP Grand Rapids, LLC and TVP Alma, LLC (collectively, the “**TVP Parties**”) filed a complaint in the Circuit Court of the State of Michigan, County of Oakland, asserting claims against FPAW Michigan, LLC (“**FPAW**”) and AWH. The case number for the action is 2020-184972-CB. The TVP Parties allege that FPAW and AWH have breached multiple contracts with the TVP Parties for the sale of medical cannabis-zoned real estate locations throughout Michigan. The TVP Parties have asked the court to grant specific performance of the contracts with AWH and FPAW, which, if granted, would result in AWH issuing approximately 9.5 million common units and paying approximately \$16.5 million in cash to the TVP Parties in exchange for the properties subject to the agreements. FPAW and AWH intend to vigorously defend this action and assert all potential defenses and claims against the TVP Parties. AWH and FPAW filed an answer to the complaint on January 28, 2021.

On January 21, 2021, the Division of Professional Regulation of the Illinois Department of Financial and Professional Regulation (the “**IDFPR**”) filed an administrative law complaint against Health Central, LLC, d/b/a Ascend, and three former employees of Ascend’s dispensary in Collinsville, Illinois. The complaint contains twelve counts alleging compliance and security violations at the dispensary between November 2019 and January 2020 and one incident in June 2020. The counts allege that particular security cameras were temporarily inoperative, a door was propped open during a construction project, products and certain areas were not sufficiently secure on three instances and two incidents of dispensing beyond the adult-use limit (both of which Ascend caught prior to the customer leaving the point of sale and self-reported to the IDFPR). Notably, the IDFPR does not allege that any incident led to diversion of cannabis from the dispensary. All but the June 2020 incident arose during the limited construction project or the opening weeks of legalization of adult-use recreational cannabis. Ascend believes that it has remediated and addressed each alleged incident. The complaint asks the court to discipline Ascend for each count with revocation or suspension of the dispensary license, a fine of up to \$20,000 or other discipline as the court deems appropriate. While counsel for the defendants has filed appearances in the case, the defendants have not yet responded to the complaint. A preliminary hearing is set for March 8, 2021.

DESCRIPTION OF CAPITAL STOCK

General

The following is a summary of the rights of our common stock and preferred stock and certain provisions of our certificate of incorporation and bylaws assuming the completion of this offering. This summary does not purport to be complete and is qualified in its entirety by the provisions of our certificate of incorporation and bylaws, copies of which are filed as exhibits to the registration statement of which this prospectus is a part. We encourage you to read our certificate of incorporation and our bylaws for additional information.

Immediately following the completion of this offering, our authorized capital stock will consist of _____ shares of capital stock, of which:

- _____ shares are designated as Class A common stock, \$ _____ par value per share;
- _____ shares are designated as Class B common stock, \$ _____ par value per share; and
- _____ shares are designated as preferred stock, \$ _____ par value per share.

As of _____, there were _____ shares of our Class A common stock outstanding (assuming an initial public offering price of \$ _____ per share (the midpoint of the estimated offering price range set forth on the cover page of this prospectus)), held by _____ stockholders of record. As of _____, there were _____ shares of our Class B common stock outstanding and no shares of our preferred stock outstanding, assuming the completion of the Conversion as of _____, and the effectiveness of our certificate of incorporation upon the completion of this offering.

Common Stock

Dividend Rights

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, and any contractual limitations, such as our credit agreements, the holders of our common stock will be entitled to receive dividends out of funds then legally available, if any, if our Board, in its discretion, determines to issue dividends and then only at the times and in the amounts that our Board may determine. If a dividend is paid in the form of Class A common stock or Class B common stock, then holders of Class A common stock shall receive Class A common stock and holders of Class B common stock shall receive Class B common stock.

Voting Rights

We will have two classes of authorized common stock, Class A common stock and Class B common stock. Each share of Class A common stock will be entitled to one vote per share. Each share of Class B common stock will be entitled to two votes per share. Holders of Class A common stock and Class B common stock will vote together as a single class on all matters (including the election of directors) submitted to a vote of stockholders, unless otherwise required by law or our certificate of incorporation.

Delaware law could require holders of Class A common stock or Class B common stock to vote separately as a single class in the following circumstances:

- if we were to seek to amend our certificate of incorporation to increase or decrease the par value of a class of our capital stock, then that class would be required to vote separately to approve the proposed amendment; and

- if we were to seek to amend our certificate of incorporation in a manner that alters or changes the powers, preferences or special rights of a class of our capital stock in a manner that affected its holders adversely, then that class would be required to vote separately to approve the proposed amendment.

Our stockholders will not have the ability to cumulate votes for the election of directors. Except in respect of matters relating to the election of directors, or as otherwise provided in our certificate of incorporation or required by law, all matters to be voted on by our stockholders must be approved by a majority of the shares present in person or by proxy at the meeting and entitled to vote on the subject matter. In the case of the election of directors, director candidates must be approved by a plurality of the shares present in person or by proxy at the meeting and entitled to vote on the election of directors.

After this offering, all of our Class B common stock, representing % of the voting power of our outstanding capital stock, will be held by AGP which is controlled by Mr. Kurtin and Mr. Perullo, as the managing members of AGP. Mr. Kurtin serves as one of our Founders and our Chief Executive Officer and, subsequent to the Conversion, will serve as a Founder, our Chief Executive Officer and Chair of our Board. Mr. Perullo serves as one of our Founders and our Chief Strategy Officer and, subsequent to the Conversion, will serve as a Founder, our Chief Strategy Officer and as a director on our Board. Because of our dual-class structure, we anticipate that, for the foreseeable future, Mr. Kurtin and Mr. Perullo, as managing members of AGP, will continue to be able to control all matters submitted to our stockholders for approval, including the election and removal of directors.

Conversion, Preemptive or Similar Rights

Each share of Class B common stock will automatically convert into one share of Class A common stock on the final conversion date, as defined in our certificate of incorporation. Each share of Class B common stock will also be convertible at any time at the option of the holder into one share of Class A common stock. In addition, each share of Class B common stock will convert automatically into one share of Class A common stock upon any transfer, whether or not for value, except for certain transfers described in our certificate of incorporation, including, without limitation, transfers for tax and estate planning purposes, so long as the transferring holder of Class B common stock continues to hold exclusive voting and dispositive power with respect to the shares transferred.

All shares of Class B common stock will convert automatically into Class A common stock on the date on which Mr. Kurtin or Mr. Perullo cease for any reason to own cumulatively at least 51% of the voting control of AGP.

Once converted into a share of Class A common stock, a converted share of Class B common stock will not be reissued. Following the conversion of all outstanding shares of Class B common stock, no further shares of Class B common stock will be issued.

Except as described above, holders of Class A common stock and Class B common stock will have no preemptive, conversion, subscription or other rights, and there are no redemption or sinking fund provisions applicable to Class A common stock or Class B common stock. The rights, preferences and privileges of the holders of Class A common stock and Class B common stock will be subject to and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that we may designate in the future.

Right to Receive Liquidation Distributions

In the event of our liquidation, dissolution or winding up, holders of our Class A common stock and Class B common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then-outstanding shares of preferred stock.

Identical Treatment of Common Stock in Change of Control Transaction

In the event of any change of control transaction, shares of our Class A common stock and Class B common stock shall be treated equally, ratably and identically, on a per share basis, with respect to any consideration into which such shares are converted or any consideration paid or otherwise distributed to stockholders of the Corporation, unless different treatment of the shares of each such class is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class.

Fully Paid and Non-Assessable

All of the outstanding shares of our common stock are, and the shares of our common stock to be issued pursuant to this offering will be, fully paid and non-assessable.

Preferred Stock

After the completion of this offering, no shares of our preferred stock will be outstanding. Pursuant to our certificate of incorporation, our Board will have the authority, without further action by the stockholders, to issue from time to time shares of preferred stock in one or more series. Our Board may designate the rights, preferences, privileges and restrictions of the preferred stock, including dividend rights, conversion rights, voting rights, redemption rights, liquidation preference, sinking fund terms, and the number of shares constituting any series or the designation of any series. The issuance of preferred stock could have the effect of restricting dividends on our common stock, diluting the voting power of our common stock, impairing the liquidation rights of our common stock, or delaying, deterring or preventing a change in control. Such issuance could have the effect of decreasing the market price of our common stock. Any preferred stock so issued may rank senior to our common stock with respect to the payment of dividends or amounts upon liquidation, dissolution or winding up, or both. We currently have no plans to issue any shares of preferred stock.

Anti-Takeover Provisions in Our Certificate of Incorporation and Bylaws

Certain provisions of our certificate of incorporation and bylaws that will be effective as of the completion of this offering may have the effect of delaying, deferring or discouraging another person from attempting to acquire control of us. These provisions, which are summarized below, may discourage takeovers, coercive or otherwise. These provisions are also geared, in part, towards encouraging persons seeking to acquire control of us to negotiate first with our Board. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us because negotiation of these proposals could result in an improvement of their terms.

Stockholder Action; Special Meeting of Stockholders. Pursuant to Section 228 of the Delaware General Corporation Law (the “**DGCL**”), any action required to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of our stock entitled to vote thereon were present and voted, unless our certificate of incorporation provides otherwise. Our certificate of incorporation will provide that our stockholders may not take action by written consent but may only take action at annual or special meetings of our stockholders. As a result, a holder controlling a majority of our capital stock would not be able to amend our bylaws or remove directors without holding a meeting of our stockholders called in accordance with our bylaws. Our certificate of incorporation will provide that special meetings of the stockholders may be called only upon a resolution approved by a majority of the total number of directors that we would have if there were no vacancies, the Chair of our Board, the Chief Executive Officer or the President. These provisions might delay the ability of our stockholders to force consideration of a proposal or for stockholders controlling a majority of our capital stock to take any action, including the removal of directors.

Advance Notice Requirements for Stockholder Proposals and Director Nominations. Our bylaws will provide advance notice procedures for stockholders seeking to bring business before our annual meeting of stockholders or to nominate candidates for election as directors at our annual meeting of stockholders. Our bylaws will specify certain requirements regarding the form and content of a stockholder's notice. Our bylaws will prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting. Our bylaws will also provide that nominations of persons for election to our Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the notice of meeting (i) by or at the direction of our Board or (ii) provided that our Board has determined that directors shall be elected at such meeting, by any stockholder who (a) is a stockholder of record both at the time the notice is delivered and on the record date for the determination of stockholders entitled to vote at the special meeting, (b) is entitled to vote at the meeting and upon such election and (c) complies with the notice procedures set forth in our bylaws. These provisions might preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders if the proper procedures are not followed. We expect that these provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.

No Cumulative Voting. The DGCL provides that stockholders are not entitled to cumulate votes in the election of directors unless a corporation's certificate of incorporation provides otherwise. Our certificate of incorporation will not provide for cumulative voting.

Additional Authorized Shares of Capital Stock. The additional shares of authorized common stock and preferred stock available for issuance under our certificate of incorporation, could be issued at such times, under such circumstances and with such terms and conditions as to impede a change in control.

Issuance of Undesignated Preferred Stock. Our Board will have the authority, without further action by our stockholders, to designate and issue shares of preferred stock with rights and preferences, including super voting, special approval, dividend or other rights or preferences on a discriminatory basis. The existence of authorized but unissued shares of undesignated preferred stock would enable our Board to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or other means.

Business Combinations with Interested Stockholders. We have elected in our certificate of incorporation to be subject to Section 203 of the DGCL, an anti-takeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination, such as a merger, with an interested stockholder (i.e., a person or group owning 15% or more of the corporation's voting capital stock) for a period of three years following the date the person became an interested stockholder, unless (with certain exceptions) the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Accordingly, we are subject to any anti-takeover effects of Section 203 of the DGCL.

Dual-class Stock Structure. Our certificate of incorporation provides for a dual-class common stock structure. As a result of this structure, our founders will have significant influence over all matters requiring stockholder approval, including the election of directors, amendments to our charter documents and significant corporate transactions, such as a merger or other sale of our company or its assets. This concentrated control could discourage others from initiating any potential merger, takeover or other change of control transaction that other stockholders may view as beneficial.

Choice of Forum

Our bylaws that will become effective upon the completion of this offering will provide that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for state law claims for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a breach of fiduciary duty by one or more of our directors, officers or employees, (iii) any action asserting a claim against us arising pursuant to the DGCL or (iv) any action asserting a claim against us that is governed by the internal affairs doctrine. This provision will not apply to actions arising under the Securities Act or the Exchange Act. Additionally, the forum selection clause in our bylaws may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us. The Court of

Chancery of the State of Delaware may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments may be more or less favorable to us than our stockholders. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and consented to the forum provisions in our bylaws. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation and bylaws has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be inapplicable or unenforceable.

Transfer Agent

The transfer agent for our Class A common stock is expected to be Odyssey Trust Company.

Trading Symbol and Market

We have applied to list our Class A common stock on the CSE and to have our Class A common stock quoted on the OTCQX. The listing and quotation of our Class A common stock will be subject to us fulfilling all of the listing requirements of the CSE and the OTCQX, respectively.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to the completion of this offering, there has been no established public trading market for shares of our common equity. Future sales of shares of our Class A common stock in the public market after this offering, or the perception that these sales may occur, could adversely affect the prevailing market price at such time and our ability to raise equity capital in the future.

Following the completion of this offering, based on the number of shares of our Class A common stock outstanding as of _____, as if the Conversion occurred on _____, a total of _____ shares of our Class A common stock will be outstanding. Of these shares, all _____ shares of our Class A common stock sold in this offering by us will be eligible for sale in the public market without restriction under the Securities Act, except that any shares of our common stock purchased in this offering by our “affiliates,” as that term is defined in Rule 144 under the Securities Act, would only be able to be sold in compliance with the conditions of Rule 144 described below.

The remaining shares of our Class A common stock will be deemed “restricted securities,” as that term is defined in Rule 144 under the Securities Act. These restricted securities will be eligible for sale in the public market only if they are registered or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, which rules are summarized below. Subject to the lock-up agreements described below, the applicable conditions of Rule 144 or Rule 701, and our insider trading policy, these restricted securities will be eligible for sale in the public market from time to time beginning 181 days after the date of this prospectus.

Lock-Up Agreements

We and our executive officers and directors will have entered into lock-up agreements immediately prior to this offering with the underwriters of this offering under which we and they have agreed that, subject to certain exceptions, without the prior written consent of Canaccord Genuity LLC, we and they will not dispose of or hedge any shares or any securities convertible into or exchangeable for shares of our Class A common stock for a period of 180 days after the date of this prospectus. The consent of Canaccord Genuity LLC is required to release any of the securities subject to these lock-up agreements. See the section titled “*Underwriters*.”

Pursuant to Canadian National Policy 46-201 - *Escrow for Initial Public Offerings*, we are an “exempt issuer” as defined therein and are thus not subject to escrow.

Rule 144

In general, under Rule 144, as currently in effect, once we have been subject to the public company reporting requirements of the Exchange Act, for at least 90 days, a person (or persons whose common shares are required to be aggregated) who is not deemed to have been one of our “affiliates” for purposes of Rule 144 at any time during the three months preceding a sale, and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months, including the holding period of any prior owner other than one of our “affiliates,” is entitled to sell those shares in the public market (subject to the lock-up agreement referred to below, if applicable) without complying with the manner of sale, volume limitations or notice provisions of Rule 144, but subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than “affiliates,” then such person is entitled to sell such shares in the public market without complying with any of the requirements of Rule 144 (subject to the lock-up agreement referred to below, if applicable). In general, under Rule 144, as currently in effect, once we have been subject to the public company reporting requirements of the Exchange Act for at least 90 days, our “affiliates,” as defined in Rule 144, who have beneficially owned the shares of Class A common stock proposed to be sold for at least six months are entitled to sell in the public market, upon expiration of any applicable lock-up agreements and within any three-month period, a number of those shares of our Class A common stock that does not exceed the greater of:

- 1% of the aggregate number of shares of our capital stock then outstanding, which will equal _____ shares of Class A common stock immediately after the completion of this offering; or

- the average weekly trading volume of our Class A common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales of our Class A common stock made in reliance upon Rule 144 by a stockholder who is deemed to have been one of our affiliates at any time during the preceding 90 days are also subject to the current public information, manner of sale and notice conditions of Rule 144.

Rule 701

Rule 701 generally provides that, once we have been subject to the public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, (i) a stockholder who purchased shares of our Class A common stock pursuant to a written compensatory benefit plan or contract and who is not deemed to have been one of our affiliates at any time during the preceding 90 days may sell such shares in reliance upon Rule 144 without complying with the current public information or holding period conditions of Rule 144 and (ii) a stockholder who purchased shares of our Class A common stock pursuant to a written compensatory benefit plan or contract and who is deemed to have been one of our affiliates during the preceding 90 days may sell such shares under Rule 144 without complying with the holding period condition of Rule 144.

Equity Incentive Plans

We intend to file one or more registration statements on Form S-8 under the Securities Act to register the offer and sale of all shares of Class A common stock subject to outstanding stock options, and Class A common stock issued or issuable under our 2020 Incentive Plan. We expect to file the registration statement covering shares offered pursuant to our 2020 Incentive Plan after the date of this prospectus, permitting the resale of such shares by non-affiliates in the public market without restriction under the Securities Act and the sale by affiliates in the public market subject to compliance with the resale provisions of Rule 144 and any lock up agreements entered into in connection with this offering.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a discussion of certain material U.S. federal income tax considerations applicable to a Non-U.S. Holder (as defined below) with respect to the ownership and disposition of shares of our Class A common stock. For purposes of this discussion, the term “**Non-U.S. Holder**” means a beneficial owner of shares of our Class A common stock that is treated for U.S. federal income tax purposes as an individual, corporation, estate or trust, other than:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more “United States persons” (within the meaning of Section 7701(a)(30) of the Code) or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

If a partnership (or an entity treated as a partnership for U.S. federal income tax purposes) holds shares of our Class A common stock, the tax treatment of a person treated as a partner of such partnership generally will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Persons that, for U.S. federal income tax purposes, are treated as partners in a partnership holding shares of our Class A common stock should consult their own tax advisors.

This discussion only addresses beneficial owners that are Non-U.S. Holders of shares of our Class A common stock that hold such shares of our Class A common stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all aspects of U.S. federal income taxation that may be important to a Non-U.S. Holder in light of such Non-U.S. Holder’s particular circumstances or that may be applicable to Non-U.S. Holders subject to special treatment under U.S. federal income tax law (including, for example, financial institutions, regulated investment companies, real estate investment trusts, dealers in securities, traders in securities that elect mark-to-market treatment, insurance companies, tax-exempt entities, Non-U.S. Holders who acquire our Class A common stock pursuant to the exercise of employee stock options or otherwise as compensation for their services, Non-U.S. Holders liable for the alternative minimum tax, controlled foreign corporations, passive foreign investment companies, former citizens or former long-term residents of the United States, persons subject to special tax accounting rules, partnerships or other pass-through entities, persons deemed to sell our Class A common stock under the constructive sale provisions of the Code, and Non-U.S. Holders that hold our Class A common stock as part of a hedge, straddle, constructive sale, conversion or other integrated transaction). In addition, this discussion does not address U.S. federal tax laws other than those pertaining to U.S. federal income tax (such as U.S. federal estate or gift tax or the federal net investment income tax), nor does it address any aspects of U.S. state, local or non-U.S. taxes. Non-U.S. Holders are urged to consult with their own tax advisors regarding the possible application of these taxes. Except as discussed below, this summary does not address tax reporting requirements.

The following discussion is based upon current provisions of the Code, U.S. judicial decisions, administrative pronouncements and Treasury regulations, all as in effect and applicable as of the date hereof. All of the preceding authorities are subject to change at any time, possibly with retroactive effect, so as to result in U.S. federal income tax consequences different from those discussed below. We have not requested, and will not request, a ruling from the IRS with respect to any of the U.S. federal income tax consequences described below, and as a result there can be no assurance that the IRS will not disagree with or challenge any of the conclusions we have reached and describe herein.

Prospective purchasers are urged to consult their own tax advisors as to the particular consequences to them under U.S. federal, state and local, and applicable foreign tax laws of the acquisition, ownership and disposition of our Class A common stock.

Distributions

Although we do not anticipate that we will make any distributions on our Class A common stock in the foreseeable future, distributions of cash or property that we pay in respect of our Class A common stock will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits as determined under U.S. federal income tax principles. Subject to the discussions below under “—U.S. Trade or Business Income,” “—Information Reporting and Backup Withholding” and “—FATCA,” you generally will be subject to U.S. federal withholding tax at a 30% rate, or at a reduced rate prescribed by an applicable income tax treaty, on any dividends received in respect of our Class A common stock. If the amount of the distribution exceeds our current and accumulated earnings and profits, such excess first will be treated as a return of capital to the extent of your tax basis in our Class A common stock, and thereafter will be treated as capital gain. However, we (or the paying agent or other intermediary through which you hold your Class A common stock elects) may be required to withhold on the entire distribution, in which case you would be entitled to a refund from the IRS for the withholding tax on the portion of the distribution that exceeded our current and accumulated earnings and profits.

In order to obtain a reduced rate of U.S. federal withholding tax under an applicable income tax treaty, you will be required to provide a properly executed IRS Form W-8BEN or Form W-8BEN-E (or, in each case, a successor form) certifying your entitlement to benefits under the treaty. If you are eligible for a reduced rate of U.S. federal withholding tax under an income tax treaty, you may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for a refund with the IRS. You should consult your own tax advisor regarding your possible entitlement to benefits under an applicable income tax treaty.

Sale, Exchange or Other Taxable Disposition of Class A Common Stock

Subject to the discussions below under “—U.S. Trade or Business Income,” “—Information Reporting and Backup Withholding” and “—FATCA,” you generally will not be subject to U.S. federal income or withholding tax in respect of any gain on a sale, exchange or other taxable disposition of our Class A common stock unless:

- the gain is U.S. trade or business income (as defined below), in which case, such gain will be taxed as described in “U.S. Trade or Business Income” below;
- you are an individual who is present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met, in which case you will be subject to U.S. federal income tax at a rate of 30% (or a reduced rate under an applicable income tax treaty) on the amount by which certain capital gains allocable to U.S. sources exceed certain capital losses allocable to U.S. sources; or
- we are or have been a “United States real property holding corporation” (a “USRPHC”) under Section 897 of the Code at any time during the shorter of the five-year period ending on the date of the disposition and your holding period for the Class A common stock, in which case, subject to the exception set forth in the second sentence of the next paragraph, such gain will be subject to U.S. federal income tax in the same manner as U.S. trade or business income discussed below.

In general, a corporation is a USRPHC if the fair market value of its “United States real property interests” equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. In the event that we are determined to be a USRPHC, gain will not be subject to tax as U.S. trade or business income if your holdings (actually and constructively) at all times during the applicable period described in the third bullet point above constituted 5% or less of our common stock, provided that our Class A common stock was regularly traded on an established securities market during such period under the rules set forth in the Treasury regulations. We believe that we are not currently, and we do not anticipate becoming

in the future, a USRPHC for U.S. federal income tax purposes. We have applied to list our Class A common stock on the CSE. Accordingly, we anticipate that our Class A common stock will be regularly traded on an established securities market following this offering. However, we can provide no assurances that the Class A common stock will be regularly traded on an established securities market at the time at the time a Non-U.S. Holder sells, exchanges or otherwise disposes of shares of Class A common stock. Listing of our Class A common stock will be subject to us fulfilling all of the listing requirements of the CSE.

U.S. Trade or Business Income

For purposes of this discussion, dividend income and gain on the sale, exchange or other taxable disposition of our Class A common stock will be considered to be “U.S. trade or business income” if (i) such income or gain is effectively connected with your conduct of a trade or business within the United States and (ii) if you are eligible for the benefits of an income tax treaty with the United States and, if such treaty requires, such gain is attributable to a permanent establishment (or, if you are an individual, a fixed base) that you maintain in the United States. Generally, U.S. trade or business income is not subject to U.S. federal withholding tax (provided that you comply with applicable certification and disclosure requirements, including providing a properly executed IRS Form W-8ECI (or successor form)); instead, you are subject to U.S. federal income tax on a net basis at regular U.S. federal income tax rates (generally in the same manner as a U.S. person) on your U.S. trade or business income. If you are a corporation, any U.S. trade or business income that you receive may also be subject to a “branch profits tax” at a 30% rate, or at a lower rate prescribed by an applicable income tax treaty.

Information Reporting and Backup Withholding

We must annually report to the IRS and to each Non-U.S. Holder any dividend income that is subject to U.S. federal withholding tax or that is exempt from such withholding pursuant to an income tax treaty. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which a Non-U.S. Holder resides. Under certain circumstances, the Code imposes a backup withholding obligation on certain reportable payments. Dividends paid to you will generally be exempt from backup withholding if you provide a properly executed IRS Form W-8BEN, Form W-8BEN-E or Form W-8ECI (or, in each case, a successor form) or otherwise establish an exemption and we do not have actual knowledge or reason to know that you are a U.S. person or that the conditions of such other exemption are not, in fact, satisfied.

The payment of the proceeds from the disposition of our Class A common stock to or through the U.S. office of any broker (U.S. or non-U.S.) will be subject to information reporting and possible backup withholding unless you certify as to your non-U.S. status under penalties of perjury or otherwise establish an exemption and the broker does not have actual knowledge or reason to know that you are a U.S. person or that the conditions of any other exemption are not, in fact, satisfied. The payment of proceeds from the disposition of our Class A common stock to or through a non-U.S. office of a non-U.S. broker will not be subject to information reporting or backup withholding unless the non-U.S. broker has certain types of relationships with the United States (a “U.S. related financial intermediary”). In the case of the payment of proceeds from the disposition of our Class A common stock to or through a non-U.S. office of a broker that is either a U.S. person or a U.S. related financial intermediary, the Treasury regulations require information reporting (but not backup withholding) on the payment unless the broker has documentary evidence in its files that the owner is not a U.S. person and the broker has no knowledge to the contrary. You are urged to consult your own tax advisor on the application of information reporting and backup withholding in light of your particular circumstances.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to you will be refunded or credited against your U.S. federal income tax liability, if any, provided that the required information is timely furnished to the IRS.

FATCA

Pursuant to Section 1471 through 1474 of the Code, commonly referred to as the Foreign Account Tax Compliance Act (“**FATCA**”), foreign financial institutions (which include most foreign hedge funds, private equity

funds, mutual funds, securitization vehicles and any other investment vehicles) and certain other foreign entities that do not otherwise qualify for an exemption must comply with information reporting rules with respect to their U.S. account holders and investors or be subject to a withholding tax on U.S. source payments made to them (whether received as a beneficial owner or as an intermediary for another party).

More specifically, a foreign financial institution or other foreign entity that does not comply with the FATCA reporting requirements or otherwise qualify for an exemption will generally be subject to a 30% withholding tax with respect to any “withholdable payments.” For this purpose, withholdable payments generally include U.S.-source payments otherwise subject to nonresident withholding tax (e.g., U.S.-source dividends). While withholding under FATCA would have also applied to payments of gross proceeds from the sale or other disposition of shares of our Class A common stock on or after January 1, 2019, recently proposed Treasury regulations eliminate FATCA withholding on payments of gross proceeds. The preamble to these proposed regulations indicates that taxpayers may rely on them pending their finalization. The FATCA withholding tax will apply to all withholdable payments without regard to whether the beneficial owner of the payment would otherwise be entitled to an exemption from imposition of withholding tax pursuant to an applicable income tax treaty with the United States or U.S. domestic law. We will not pay additional amounts to holders of our Class A common stock in respect of amounts withheld. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

FATCA currently applies to dividends made in respect of our Class A common stock. To avoid withholding on dividends, Non-U.S. Holders may be required to provide us (or our withholding agents) with applicable tax forms or other information. Non-U.S. Holders are urged to consult with their own tax advisors regarding the effect, if any, of the FATCA provisions to them based on their particular circumstances.

UNDERWRITERS

We are offering the shares of Class A common stock described in this prospectus through a number of underwriters. Canaccord Genuity LLC is acting as the representative of the underwriters. We have entered into an underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase from us, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus, the number of shares of Class A common stock listed next to its name in the following table:

Name	Number of Shares
Canaccord Genuity LLC	
Total	

The offering is being made in the United States and in each of the Provinces of Canada (other than Quebec). The shares of Class A common stock will be offered in the United States through certain of the underwriters listed above, either directly or indirectly, through their respective U.S. broker-dealer affiliates or agents and in each of the provinces of Canada (other than Quebec) through those underwriters or their affiliates who are registered to offer the Class A common Stock for sale in such provinces and such other registered dealers as may be designated by the underwriters. Sales of shares made outside of the United States and Canada may be made by affiliates of the underwriters.

The underwriters are committed to purchase all the shares of Class A common stock offered by us. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may also be increased or the offering may be terminated.

Before this offering, there has been no public market for our Class A common stock. The initial public offering price will be determined through negotiations between us and the representatives. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price are:

- the valuation multiples of publicly traded companies that the representatives believe to be comparable to us,
- our financial information,
- the history of, and the prospects for, our Company and the industry in which we compete,
- an assessment of our management, its past and present operations, and the prospects for, and timing of, our future revenues,
- the present state of our development, and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for the common shares may not develop. It is also possible that after the offering the common shares will not trade in the public market at or above the initial public offering price.

The underwriters have an option to buy up to _____ additional shares of Class A common stock from us to cover sales of shares by the underwriters which exceed the number of shares specified in the table above. The underwriters have 30 days from the date of this prospectus to exercise this option to purchase additional shares. If any shares are purchased with this option to purchase additional shares, the underwriters will purchase shares in approximately the same proportion as shown in the table above. If any additional shares of Class A common stock are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

The underwriting fee is equal to the public offering price per share of Class A common stock less the amount paid by the underwriters to us per share of Class A common stock. The underwriting fee is \$ _____ per share. The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by us assuming both no exercise and full exercise of the underwriters' option to purchase additional shares. We have agreed to reimburse the underwriters for certain of their expenses in an amount up to \$ _____ as set forth in the underwriting agreement.

	Total		
	Per Share	No Exercise	Full Exercise
Price to public			
Underwriting discounts and commissions paid by us			
Proceeds, before expenses, to us			

We estimate that the total expenses of this offering, including registration, filing fees, printing fees and legal and accounting expenses, but excluding the underwriting discounts and commissions, will be approximately \$ _____ million.

A prospectus in electronic format may be made available on the web sites maintained by one or more underwriters participating in the offering. The underwriters may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make internet distributions on the same basis as other allocations.

We have agreed, subject to certain limited exceptions, not to (1) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise dispose of, directly or indirectly, or file or confidentially submit with the SEC a registration statement under the Securities Act relating to, any shares of our Class A common stock or securities convertible into or exchangeable or exercisable for any shares of our Class A common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, (2) enter into any swap or other arrangement that transfers all or a portion of the economic consequences associated with the ownership of any shares of Class A common stock or any such other securities (regardless of whether any of these transactions are to be settled by the delivery of shares of Class A common stock or such other securities, in cash or otherwise), or (3) make any public announcement of its intention to do any of the foregoing, in each case without the prior written consent of Canaccord Genuity LLC for a period of 180 days after the date of this prospectus.

Our directors, officers and certain of our stockholders have entered into lock-up agreements with the underwriters prior to the commencement of this offering pursuant to which each of these persons or entities, with limited exceptions, for a period ending 180 days after the date of this prospectus, may not, without the prior written consent of Canaccord Genuity LLC (A) directly or indirectly, offer, issue, secure, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer, dispose of or monetize, or engage in any hedging transaction with respect to any shares of the Class A common stock or any securities convertible into or exercisable or exchangeable for Class A common stock (including, without limitation, Class A common stock or such other securities which may be deemed to be beneficially owned by the undersigned in accordance with the rules and regulations of the SEC and the Ontario Securities Commission and securities which may be issued upon exercise of a stock option or warrant), whether now owned or hereafter acquired by the undersigned or with respect to which the

undersigned has or hereafter acquires the power of disposition (collectively, the “**Lock-Up Securities**”), or exercise any right with respect to the registration of any of the Lock-Up Securities, or file, cause to be filed or cause to be confidentially submitted any registration statement in connection therewith with the SEC, or any prospectus in connection therewith with any Canadian regulatory authorities or (B) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the consequence of which is to alter economic exposure to, or announce any intention to do so, in any manner whatsoever, the Lock-Up Securities, whether any such swap or transaction is to be settled by delivery of Class A common stock or other securities, in cash or otherwise. See the section captioned “*Shares Eligible For Future Sale—Lock-up Agreements.*”

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act. We have also agreed to reimburse the underwriters for certain of their expenses.

In connection with this offering, the underwriters may engage in stabilizing transactions, which involves making bids for, purchasing and selling shares of Class A common stock in the open market for the purpose of preventing or retarding a decline in the market price of the Class A common stock while this offering is in progress. These stabilizing transactions may include making short sales of the Class A common stock, which involves the sale by the underwriters of a greater number of shares of Class A common stock than they are required to purchase in this offering, and purchasing shares of Class A common stock on the open market to cover positions created by short sales. Short sales may be “covered” shorts, which are short positions in an amount not greater than the underwriters’ option to purchase additional shares referred to above, or may be “naked” shorts, which are short positions in excess of that amount. The underwriters may close out any covered short position either by exercising their option to purchase additional shares, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which the underwriters may purchase shares through the option to purchase additional shares. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Class A common stock in the open market that could adversely affect investors who purchase in this offering. To the extent that the underwriters create a naked short position, they will purchase shares in the open market to cover the position.

The underwriters have advised us that, pursuant to Regulation M of the Securities Act, they may also engage in other activities that stabilize, maintain or otherwise affect the price of the Class A common stock, including the imposition of penalty bids. This means that if the representatives of the underwriters purchase Class A common stock in the open market in stabilizing transactions or to cover short sales, the representatives can require the underwriters that sold those shares as part of this offering to repay the underwriting discount received by them.

These activities may have the effect of raising or maintaining the market price of the Class A common stock or preventing or retarding a decline in the market price of the Class A common stock, and, as a result, the price of the Class A common stock may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them at any time. The underwriters may carry out these transactions on the _____, in the over-the-counter market or otherwise.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage, and other financial and non-financial activities and services. Certain of the underwriters and their affiliates have provided in the past to us and our affiliates and may provide from time to time in the future certain commercial banking, financial advisory, investment banking and other services for us and such affiliates in the ordinary course of their business, for which they have received and may continue to receive customary fees and commissions. In addition, from time to time, certain of the underwriters and their affiliates may effect transactions for their own account or the account of customers, and hold on behalf of themselves or their customers, long or short positions in our debt or equity securities or loans, and may do so in the future.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade

securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Selling Restrictions

Other than in the U.S. or Canada, no action has been taken by us or the underwriters that would permit a public offering of the shares offered by this prospectus in any jurisdiction where action for that purpose is required. The shares offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such shares be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any shares offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Regulation, or a Relevant Member State, with effect from and including the date on which the Prospectus Regulation is implemented in that Relevant Member State, no offer of shares offered by this prospectus may be made to the public in that Relevant Member State other than:

- to any legal entity which is a qualified investor as defined in Article 2(E) of the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2(E) of the Prospectus Regulation), subject to obtaining the prior consent of the underwriters; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of shares shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation and each person who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with us and each of the underwriters that it is a “qualified investor” within the meaning of the law in that Relevant Member State implementing Article 2(e) of the Prospectus Regulation.

In the case of any shares being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged, and agreed that the shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the representatives has been obtained to each such proposed offer or resale.

For the purposes of this provision, the expression an “offer of shares to the public” in relation to any shares in any Relevant Member State means the communication in any form and by means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase shares, as the same may be varied in that Member State by any measure implementing the Prospectus Regulation in that Member State and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129 (as amended) and includes any relevant implementing measure in the Relevant Member State.

Notice to Prospective Investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are “qualified investors” (as defined in the Prospectus Regulation) (i) who have professional experience in matters relating to investments and are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”), and/or (ii) who are high net worth companies or unincorporated associations (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”) or otherwise in circumstances which have not resulted and will not result in an offer of transferable securities to the public in the United Kingdom within the meaning of section 102B of the Financial Services and Markets Act 2000 (“**FSMA**”).

Any person in the United Kingdom that is not a relevant person should not act or rely on the information included in this document or use it as basis for taking any action. In the United Kingdom, any investment or investment activity that this document relates to may be made or taken exclusively by relevant persons.

All applicable provisions of FSMA must be complied with in respect of anything done by any person in relation to the shares offered by this prospectus in, from or otherwise involving the United Kingdom. It is the responsibility of all persons under whose control or into whose possession this document comes to inform themselves about and to ensure observance of all applicable provisions of FSMA in respect of anything done in relation to the shares offered by this prospectus in, from or otherwise involving, the United Kingdom.

This prospectus does not contain an offer or constitute any part of an offer to the public in the United Kingdom within the meaning of sections 85 and 102B of FSMA or otherwise. This prospectus is not an “approved prospectus” within the meaning of Section 85(7) of FSMA and has not been prepared in accordance with the prospectus regulation rules (the “**Prospectus Regulation Rules**”) contained in the Financial Conduct Authority (“**FCA**”) handbook published and updated from time to time by the FCA (acting in its capacity as the United Kingdom Listing Authority). A copy of this prospectus has not been, and will not be, delivered to the FCA in accordance with the Prospectus Regulation Rules or delivered to any other authority which could be a competent authority for the purpose of the Prospectus Regulation and its contents have not been examined or approved by the FCA or London Stock Exchange plc and it has not been approved by an “authorised person” for the purposes of Section 21 of FSMA.

Notice to Prospective Investors in Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or the SIX, or on any other stock exchange or regulated trading facility in Switzerland. This document does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, us, or the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority, or FINMA, and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes, or the CISA. The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Notice to Prospective Investors in the Dubai International Financial Centre

This document relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority, or DFSA. This document is intended for distribution only to persons of a type specified in the

Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for this document. The securities to which this document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this document you should consult an authorized financial advisor.

In relation to its use in the Dubai International Financial Centre, or DFIC, this document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DFIC.

Notice to Prospective Investors in the United Arab Emirates

The shares have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates (including the DFIC) other than in compliance with the laws of the United Arab Emirates (and the DFIC) governing the issue, offering, and sale of securities. Further, this prospectus does not constitute a public offer of securities in the United Arab Emirates (including the DFIC) and is not intended to be a public offer. This prospectus has not been approved by or filed with the Central Bank of the United Arab Emirates, the Securities and Commodities Authority or the Dubai Financial Services Authority.

Notice to Prospective Investors in Australia

This prospectus:

- does not constitute a product disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth), or the Corporations Act;
- has not been, and will not be, lodged with the Australian Securities and Investments Commission, or ASIC, as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act;
- does not constitute or involve a recommendation to acquire, an offer or invitation for issue or sale, an offer or invitation to arrange the issue or sale, or an issue or sale, of interests to a “retail client” (as defined in section 761G of the Corporations Act and applicable regulations) in Australia; and
- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors, or Exempt Investors, available under section 708 of the Corporations Act.

The shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any shares may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the shares, you represent and warrant to us that you are an Exempt Investor.

As any offer of shares under this document will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the shares you undertake to us that you will not, for a period of 12 months from the date of issue of the shares, offer, transfer, assign or otherwise alienate those securities to investors in

Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Notice to Prospective Investors in Japan

The shares have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act. Accordingly, none of the shares nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any “resident” of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan in effect at the relevant time.

Notice to Prospective Investors in Hong Kong

Warning. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

The shares have not been and will not be reviewed, approved, and/or registered by any regulatory body in Hong Kong. The shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” by way of private placement as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the shares has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore

Solely for the purposes of its obligations pursuant to Section 309B of the SFA, we have determined, and hereby notify all relevant persons (as defined in the CMP Regulations 2018), that the shares are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice of Recommendations of Investment Products).

Notice to Prospective Investors in Bermuda

Shares may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act of 2003 of Bermuda which regulates the sale of securities in Bermuda. Additionally, non-Bermudian persons (including companies) may not carry on or engage in any trade or business in Bermuda unless such persons are permitted to do so under applicable Bermuda legislation.

Notice to Prospective Investors in Saudi Arabia

This document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations as issued by the board of the Saudi Arabian Capital Market Authority, or CMA, pursuant to resolution number 2-11-2004 dated 4 October 2004 as amended by resolution number 1-28-2008, as amended. The CMA does not make any representation as to the accuracy or completeness of this document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorized financial adviser.

Notice to Prospective Investors in the British Virgin Islands

The shares may be offered to persons located in the British Virgin Islands who are “qualified investors” for the purposes of SIBA. Qualified investors include (i) certain entities which are regulated by the Financial Services Commission in the British Virgin Islands, including banks, insurance companies, licensees under SIBA and public, professional and private mutual funds; (ii) a company, any securities of which are listed on a recognized exchange; and (iii) persons defined as “professional investors” under SIBA, which is any person (a) whose ordinary business involves, whether for that person’s own account or the account of others, the acquisition or disposal of property of the same kind as the property, or a substantial part of the property of the Issuer; or (b) who has signed a declaration that he, whether individually or jointly with his spouse, has net worth in excess of \$1,000,000 and that he consents to being treated as a professional investor.

Notice to Prospective Investors in China

This prospectus does not constitute a public offer of shares, whether by sale or subscription, in the People’s Republic of China, or the PRC. The shares are not being offered or sold directly or indirectly in the PRC to or for the benefit of, legal or natural persons of the PRC.

Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the shares or any beneficial interest therein without obtaining all prior PRC's governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this document are required by the issuer and its representatives to observe these restrictions.

Notice to Prospective Investors in Korea

The shares have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder, or the FSCMA, and the shares have been and will be offered in Korea as a private placement under the FSCMA. None of the shares may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder, or the FETL. The shares have not been listed on any of securities exchanges in the world including, without limitation, the Korea Exchange in Korea. Furthermore, the purchaser of the shares shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the shares. By the purchase of the shares, the relevant stockholder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the shares pursuant to the applicable laws and regulations of Korea.

Notice to Prospective Investors in Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the shares has been or will be registered with the Securities Commission of Malaysia, or the Malaysia Commission, for the Malaysia Commission's approval pursuant to the Capital Markets and Services Act 2007. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Malaysia Commission; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the shares, as principal, if the offer is on terms that the shares may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Malaysia Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the shares is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities. The distribution in Malaysia of this prospectus is subject to Malaysian laws. This prospectus does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Malaysia Commission under the Capital Markets and Services Act 2007.

Notice to Prospective Investors in Taiwan

The shares have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No

person or entity in Taiwan has been authorized to offer, sell, give advice regarding, or otherwise, intermediate the offering and sale of the shares in Taiwan.

Notice to Prospective Investors in South Africa

Due to restrictions under the securities laws of South Africa, the shares are not offered, and the offer shall not be transferred, sold, renounced or delivered, in South Africa or to a person with an address in South Africa, unless one or other of the following exemptions applies:

- the offer, transfer, sale, renunciation or delivery is to:
 - persons whose ordinary business is to deal in securities, as principal or agent;
 - the South African Public Investment Corporation;
 - persons or entities regulated by the Reserve Bank of South Africa;
 - authorized financial service providers under South African law;
 - financial institutions recognized as such under South African law;
 - a wholly-owned subsidiary of any person or entity contemplated in (c), (d) or (e), acting as agent in the capacity of an authorized portfolio manager for a pension fund or collective investment scheme (in each case duly registered as such under South African law); or
 - any combination of the person in (a) to (f); or
- the total contemplated acquisition cost of the securities, for any single addressee acting as principal is equal to or greater than 1,000,000 South African rand.

No “offer to the public” (as such term is defined in the South African Companies Act, No. 71 of 2008 (as amended or re-enacted), or the South African Companies Act) in South Africa is being made in connection with the issue of the shares. Accordingly, this document does not, nor is it intended to, constitute a “registered prospectus” (as that term is defined in the South African Companies Act) prepared and registered under the South African Companies Act and has not been approved by, and/or filed with, the South African Companies and Intellectual Property Commission or any other regulatory authority in South Africa. Any issue or offering of the shares in South Africa constitutes an offer of the shares in South Africa for subscription or sale in South Africa only to persons who fall within the exemption from “offers to the public” set out in section 96(1)(a) of the South African Companies Act. Accordingly, this document must not be acted on or relied on by persons in South Africa who do not fall within section 96(1)(a) of the South African Companies Act, such persons being referred to as SA Relevant Persons. Any investment or investment activity to which this document relates is available in South Africa only to SA Relevant Persons and will be engaged in South Africa only with SA Relevant Persons.

LEGAL MATTERS

The validity of the securities being offered by this prospectus and certain legal matters in connection with this offering relating to U.S. law will be passed upon for us by Dorsey & Whitney LLP. Saul Ewing Arnstein & Lehr LLP is representing the underwriters.

EXPERTS

Our consolidated financial statements as of and for the years ended December 31, 2020 and 2019 have been included in this prospectus in reliance upon the report of Marcum LLP, independent registered public accounting firm, included elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

The financial statements of MOCA, LLC as of and for the years ended December 31, 2020 and 2019 are attached as Exhibit 99.1 to the registration statement of which this prospectus forms a part in reliance upon the report of Hill, Barth & King LLC, independent registered public accounting firm, included elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

The financial statements of Chicago Alternative Health Center Holdings, LLC and Affiliate as of and for the years ended December 31, 2020 and 2019 are attached as Exhibit 99.3 to the registration statement of which this prospectus forms a part in reliance upon the report of Hill, Barth & King LLC, independent registered public accounting firm, included elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

The financial statements of MedMen NY, Inc. as of and for the years ended December 31, 2020 and 2019 are attached as Exhibit 99.5 to the registration statement of which this prospectus forms a part in reliance upon the report of MNP LLP, independent registered public accounting firm, included elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

DISCLOSURE OF SEC POSITION ON INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by us of expenses incurred or paid by a director, officer or controlling person in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by us is against public policy as expressed hereby in the Securities Act, and we will be governed by the final adjudication of such issue.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of Class A common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed with the registration statement. For further information about us and the Class A common stock offered hereby, we refer you to the registration statement and the exhibits filed with the registration statement. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement. The SEC maintains an internet website that contains reports, proxy statements and other information about registrants, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

Upon the closing of this offering, we will be required to file periodic reports, proxy statements, and other information with the SEC pursuant to the Exchange Act. These reports, proxy statements, and other information will be available on the website of the SEC referred to above.

We also maintain a website at www.awholdings.com, through which you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on our website is not a part of this prospectus, and the inclusion of our website address in this prospectus is an inactive textual reference only.

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Report of Independent Registered Public Accounting Firm

To the Members and Board of Managers of
Ascend Wellness Holdings, LLC

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Ascend Wellness Holdings, LLC (the “Company”) as of December 31, 2020 and 2019, the related consolidated statements of operations, members’ equity and cash flows for each of the two years in the period ended December 31, 2020, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Marcum LLP

Marcum LLP

We have served as the Company’s auditor since 2020.

New York, NY
February 25, 2021

Ascend Wellness Holdings, LLC

Consolidated Balance Sheets

<i>(in thousands)</i>	December 31,	
	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 56,547	\$ 10,555
Restricted cash	1,550	2,250
Accounts receivable, net	6,227	220
Inventory	28,997	15,388
Notes receivable	8,259	9,200
Other current assets	32,967	19,763
Total current assets	134,547	57,376
Property and equipment, net	120,540	79,477
Operating lease right-of-use assets	84,642	34,400
Intangible assets, net	50,461	19,560
Goodwill	22,798	809
Deferred tax assets	2,395	1,109
Other noncurrent assets	12,365	3,200
TOTAL ASSETS	\$ 427,748	\$ 195,931
Liabilities and Members' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 31,224	\$ 12,591
Current portion of debt, net	59,330	410
Operating lease liabilities, current	2,128	660
Income taxes payable	18,275	1,775
Other current liabilities	4,328	610
Total current liabilities	115,285	16,046
Long-term debt, net	152,277	81,403
Operating lease liabilities, noncurrent	156,400	63,642
Total liabilities	423,962	161,091
Commitments and contingencies (Note 15)		
Members' Equity		
Membership units, no par value, 212,165 and 179,642 issued and outstanding, respectively	—	—
Additional paid-in capital	67,378	71,947
Accumulated deficit	(63,592)	(38,153)
Equity of Ascend Wellness Holdings, LLC	3,786	33,794
Non-controlling interests	—	1,046
Total members' equity	3,786	34,840
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 427,748	\$ 195,931

See accompanying notes to consolidated financial statements.

Ascend Wellness Holdings, LLC
Consolidated Statements of Operations

<i>(in thousands, except per unit amounts)</i>	Year Ended December 31,	
	2020	2019
Revenue, net	\$ 143,732	\$ 12,032
Cost of goods sold	(82,818)	(8,744)
Gross profit	60,914	3,288
Operating expenses		
General and administrative	53,067	29,409
Total operating expenses	53,067	29,409
Operating profit (loss)	7,847	(26,121)
Other income (expense)		
Interest expense	(12,993)	(6,477)
Other, net	7	23
Total other income (expense)	(12,986)	(6,454)
Loss before income taxes	(5,139)	(32,575)
Income tax expense	(18,702)	(667)
Net loss	(23,841)	(33,242)
Less: net income (loss) attributable to non-controlling interests	1,598	(1,347)
Net loss attributable to Ascend Wellness Holdings, LLC	\$ (25,439)	\$ (31,895)
Net loss per unit attributable to Ascend Wellness Holdings, LLC — basic and diluted	\$ (0.13)	\$ (0.18)
Weighted-average units outstanding — basic and diluted	190,330	174,578

See accompanying notes to consolidated financial statements.

Ascend Wellness Holdings, LLC

Consolidated Statements of Changes in Members' Equity

<i>(in thousands)</i>	LLC Membership Units	Attributable to Members of the Parent			Non-Controlling Interests	Total Equity
		Unit Capital	Accumulated Deficit	Members' Equity		
December 31, 2018	136,607	\$ 32,892	\$ (6,258)	\$ 26,634	\$ —	\$ 26,634
Proceeds from private placement	42,410	38,481	—	38,481	—	38,481
Units issued in acquisitions or asset purchases	625	263	—	263	—	263
Non-controlling interests issued in acquisitions	—	—	—	—	2,393	2,393
Equity-based compensation expense	—	311	—	311	—	311
Net loss	—	—	(31,895)	(31,895)	(1,347)	(33,242)
December 31, 2019	179,642	\$ 71,947	\$ (38,153)	\$ 33,794	\$ 1,046	\$ 34,840
Units issued in acquisitions or asset purchases	20,000	2,800	—	2,800	—	2,800
Purchase of non-controlling interests	7,271	(8,329)	—	(8,329)	(2,644)	(10,973)
Vesting of restricted common units	5,252	—	—	—	—	—
Issuance of warrants	—	280	—	280	—	280
Equity-based compensation expense	—	680	—	680	—	680
Net loss	—	—	(25,439)	(25,439)	1,598	(23,841)
December 31, 2020	212,165	\$ 67,378	\$ (63,592)	\$ 3,786	\$ —	\$ 3,786

See accompanying notes to consolidated financial statements.

Ascend Wellness Holdings, LLC
Consolidated Statements of Cash Flows

<i>(in thousands)</i>	Year Ended December 31,	
	2020	2019
Cash flows from operating activities		
Net loss	\$ (23,841)	\$ (33,242)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	12,561	4,101
Amortization of operating lease assets	872	194
Non-cash interest expense	5,319	1,522
Share-based compensation expense	680	311
Deferred income taxes	(1,286)	(1,109)
Loss on sale of assets	286	—
Changes in operating assets and liabilities, net of effects of acquisitions		
Accounts receivable	(6,007)	(220)
Inventory	(11,744)	(15,789)
Other current assets	(3,152)	(3,664)
Other noncurrent assets	(4,710)	(1,739)
Accounts payable and accrued liabilities	1,937	5,863
Other current liabilities	3,719	609
Lease liabilities	2,862	459
Income taxes payable	16,500	1,775
Net cash used in operating activities	(6,004)	(40,929)
Cash flows from investing activities		
Additions to capital assets	(26,419)	(41,670)
Investments in notes receivable	(5,559)	(9,200)
Collection of notes receivable	527	—
Proceeds from sale of assets	26,750	13,750
Purchase of businesses, net of cash acquired	(26,044)	(8,731)
Purchases of intangible assets	(127)	(19,700)
Net cash used in investing activities	(30,872)	(65,551)
Cash flows from financing activities		
Proceeds from issuance of debt	101,886	64,742
Repayments of debt	(19,591)	(6,018)
Proceeds from private placement	—	38,481
Proceeds from finance leases	3,750	14,000
Repayments under finance leases	(478)	(143)
Debt issuance costs	(3,399)	—
Net cash provided by financing activities	82,168	111,062
Net increase in cash, cash equivalents, and restricted cash	45,292	4,582
Cash, cash equivalents, and restricted cash at beginning of period	12,805	8,223
Cash, cash equivalents, and restricted cash at end of period	\$ 58,097	\$ 12,805

See accompanying notes to consolidated financial statements.

Ascend Wellness Holdings, LLC

Consolidated Statements of Cash Flows

(continued)

<i>(in thousands)</i>	Year Ended December 31,	
	2020	2019
Supplemental Cash Flow Information		
Interest paid	\$ 6,204	\$ 3,229
Income taxes paid	2,417	—
Non-cash investing and financing activities		
Capital expenditures incurred but not yet paid	11,572	3,435
Issuance of common units in business acquisitions	2,319	—
Issuance of common units for intangible assets	481	263
Issuance of common units in purchase of non-controlling interests	1,018	—
Issuance of non-controlling interests in acquisitions	—	2,393
Warrants issued with notes payable	280	—

See accompanying notes to consolidated financial statements.

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

1. THE COMPANY AND NATURE OF OPERATIONS

Ascend Wellness Holdings, LLC, which operates through its subsidiaries (collectively referred to as “Ascend Wellness,” “AWH,” “we,” “us,” “our,” or the “Company”), is a multi-state operator in the United States cannabis industry. AWH owns, manages, and operates cannabis cultivation facilities and dispensaries in several states across the United States, most significantly in Illinois, Michigan, and Massachusetts. AWH is a Delaware limited liability company that was formed on May 15, 2018 and is headquartered in New York, New York.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The consolidated financial statements and accompanying notes (the “Financial Statements”) have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”). The Financial Statements include the accounts of Ascend Wellness Holdings, LLC and its subsidiaries, including: AGP Investments, LLC; Ascend Group Partners, LLC; Ascend Illinois Holdings, LLC; Ascend Illinois, LLC; Revolution Cannabis-Barry, LLC; HealthCentral, LLC; Massgrow, LLC; Ascend Mass, LLC; Ascend Friend Street RE LLC; Ascend New Jersey, LLC; FPAW Michigan 2, Inc.; and Ascend Ohio, LLC. Refer to Note 8, “Variable Interest Entities,” for additional information regarding certain entities that are not wholly-owned by the Company. We include the results of acquired businesses in the consolidated statements of operations from their respective acquisition dates. All intercompany accounts and transactions have been eliminated in consolidation.

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts. We base our estimates on historical experience, known or expected trends, independent valuations, and various other measurements that we believe to be reasonable under the circumstances. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates.

We round amounts in the Financial Statements to thousands, except unit and per unit amounts or as otherwise stated. In June 2019, the Company authorized a 10-for-1 unit split, which is retroactively reflected in these Financial Statements for all periods presented. We calculate all percentages and per-unit data from the underlying whole-dollar amounts. Thus, certain amounts may not foot, crossfoot, or recalculate based on reported numbers due to rounding. Unless otherwise indicated, all references to years are to our fiscal year, which ends on December 31.

Liquidity

As reflected in the Financial Statements, the Company had an accumulated deficit as of December 31, 2020 and 2019, as well as a net loss and negative cash flows from operating activities for the years then-ended. Management believes that substantial doubt of our ability to continue as a going concern for at least one year from the issuance of these financial statements has been alleviated due to: (i) capital raised subsequent to December 31, 2020 (see Note 18, “Subsequent Events”) and (ii) continued sales growth from our consolidated operations. Management plans to continue to access capital markets for additional funding through debt and/or equity financings to supplement future cash needs, as may be required. However, management cannot provide any assurances that the Company will be successful in accomplishing its business plans. If the Company is unable to raise additional capital whenever necessary, it may be forced to decelerate or curtail certain of its operations until such time as additional capital becomes available.

Reclassifications

Certain prior year amounts have been reclassified to conform with our fiscal 2020 presentation. These changes had no impact on our previously reported net loss.

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

Revision of Financial Statements

During 2020, the Company identified and corrected an error related to the calculation of the incremental borrowing rate that is used to determine the present value of future lease payments of the Company's operating leases.

In order to assess materiality with respect to the adjustment, the Company considered Staff Accounting Bulletin ("SAB") 99, *Materiality*, and SAB 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*, and determined that the impact of the adjustments on prior period consolidated financial statements was immaterial.

This adjustment had no material impact on the Consolidated Statement of Operations for the year ended December 31, 2019.

The impact of this adjustment on the Consolidated Balance Sheet as of December 31, 2019 is as follows:

<i>(in thousands)</i>	Previously Reported	As Revised
Operating lease right-of-use assets	\$ 53,939	\$ 34,400
Total assets	215,470	195,931
Operating lease liabilities, current	631	660
Operating lease liabilities, noncurrent	83,210	63,642
Total liabilities	180,630	161,091
Total liabilities and members' equity	215,470	195,931

The impact of this adjustment on the Consolidated Statement of Cash Flows for the year ended December 31, 2019 is as follows:

<i>(in thousands)</i>	Previously Reported	As Revised
Amortization of operating lease assets	\$ 476	\$ 194
Lease liabilities	177	459

Additionally, the non-cash supplemental disclosure related to lease assets obtained in exchange for new operating lease liabilities was previously reported as \$64,930 and is revised to \$45,108. The weighted average discount rate on our lease liabilities as of December 31, 2019 was previously reported as 9.0% and is revised to 13.0%. The deferred tax assets attributable to operating lease liabilities as of December 31, 2019 was previously reported as \$17,976 and is revised to \$12,410. The deferred tax liabilities attributable to operating lease right-of-use assets was previously reported as \$11,298 and is revised to \$5,732. There was no impact to the net deferred tax assets previously reported as of December 31, 2019.

Variable Interest Entities

In determining whether we are the primary beneficiary of a variable interest entity ("VIE"), we assess whether we have the power to direct matters that most significantly impact the activities of the VIE and the obligation to absorb losses or the right to receive the benefits from the VIE that could potentially be significant to the VIE.

A VIE is a legal entity that does not have sufficient equity at risk to finance its activities without additional subordinated financial support or is structured that such equity investors lack the ability to make significant decisions relating to the entity's operations through voting rights or do not substantively participate in the gains or losses of the entity. The primary beneficiary has both the power to direct the activities of the VIE that most significantly impact the entity's economic performance and the obligation to absorb losses or the right to receive

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

benefits from the VIE that could potentially be significant to the VIE. We assess all variable interests in the entity and use our judgment when determining if we are the primary beneficiary. Other qualitative factors that are considered include decision-making responsibilities, the VIE capital structure, risk and rewards sharing, contractual agreements with the VIE, voting rights, and level of involvement of other parties. We assess the primary beneficiary determination for a VIE on an ongoing basis if there are any changes in the facts and circumstances related to a VIE.

Where we determine we are the primary beneficiary of a VIE, we consolidate the accounts of that VIE. The equity owned by other shareholders is shown as non-controlling interests in the accompanying Consolidated Balance Sheets, Statements of Operations, and Statements of Changes in Members' Equity. The assets of the VIE can only be used to settle obligations of that entity, and any creditors of that entity generally have no recourse to the assets of other entities or the Company unless the Company separately agrees to be subject to such claims.

Non-Controlling Interests

Non-controlling interests ("NCI") represent equity interests in certain of our subsidiaries that are owned by outside parties. NCI may be initially measured at fair value or at the NCI's proportionate share of the recognized amounts of the acquiree's identifiable net assets, made on a transaction by transaction basis. We have elected to measure each NCI at its proportional share of the recognized amounts of the acquiree's identifiable net assets. The share of net assets attributable to NCI are presented as a component of equity. Their share of net income or loss is recognized directly in equity. Total comprehensive income or loss of subsidiaries is attributed to the members of the Company and to the NCI, even if this results in the NCI having a deficit balance. At December 31, 2019, the only NCI is related to Ascend Illinois, which the Company purchased during 2020. There are no NCI as of December 31, 2020. See Note 8, "Variable Interest Entities" for additional information.

Cash and Cash Equivalents and Restricted Cash

We consider all highly liquid securities with an original maturity of three months or less that are held for the purpose of meeting short-term cash commitments and are readily convertible into known amounts of cash to be cash and cash equivalents. As of December 31, 2020 and 2019, we did not hold significant cash equivalents. We maintain cash with various U.S. banks and credit unions with balances in excess of the Federal Deposit Insurance Corporation and National Credit Union Share Insurance Fund limits. The failure of a bank or credit union where we have significant deposits could result in a loss of a portion of such cash balances in excess of the insured limits, which could materially and adversely affect our business, financial condition, and results of operations.

Restricted cash consists of deposits that the Company is contractually obligated to maintain in accordance with the terms of a construction loan. See Note 11, "Debt," for additional information.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash to amounts shown in the Consolidated Statements of Cash Flows:

<i>(in thousands)</i>	As of December 31,	
	2020	2019
Cash and cash equivalents	\$ 56,547	\$ 10,555
Restricted cash	1,550	2,250
Total cash, cash equivalents, and restricted cash	\$ 58,097	\$ 12,805

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoiced amount, which may bear interest and do not require collateral. Past due balances are determined based on the contractual terms of the arrangements. The Company estimates its allowance for doubtful accounts based on specific identification of probable credit losses and historical write-off experience. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. As of December 31, 2020 and 2019, the Company determined that no allowance for doubtful accounts was required.

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

Inventory

Inventory includes the direct costs of seeds and growing materials, indirect costs (such as utilities, labor, depreciation, and overhead costs), and subsequent costs to prepare the products for ultimate sale, which include direct costs such as materials and indirect costs such as utilities and labor. All direct and indirect costs related to inventory are capitalized when they are incurred and they are subsequently classified to “Cost of goods sold” in the Consolidated Statements of Operations. Inventory is valued at the lower of cost and net realizable value, with cost determined using the weighted average cost method for cultivation inventory and specific identification for retail inventory. The Company reviews inventory for obsolete and slow-moving goods, and any such inventories are written down to net realizable value.

Notes Receivable

The Company provides financing to various related and non-related businesses within the cannabis industry. These notes are classified as held for investment and are accounted for as financial instruments in accordance with Accounting Standards Codification (“ASC”) Topic 310, *Receivables*. The Company recognizes impairment on notes receivable when, based on all available information, it is probable that a loss has been incurred based on past events and conditions existing at the date of the Financial Statements. No impairment losses were recognized in 2020 or 2019.

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation, amortization and impairment losses, if any. Land and construction in process are not depreciated. Depreciation and amortization is calculated on a straight-line basis over the estimated useful lives of the assets which are as follows:

<u>Category</u>	<u>Estimated Lives</u>
Machinery and other equipment	5 years
Leasehold improvements	Shorter of 10 years or lease term
Buildings	39 years

Estimates of useful life and the method of depreciation are reviewed only when events or changes in circumstances indicate that the current estimates or depreciation method are no longer appropriate. Any changes are accounted for on a prospective basis as a change in estimate. Construction in progress is measured at cost and is reclassified upon completion as building or leasehold improvements, depending on the nature of the assets, and depreciated over the estimated useful life of the asset. Repairs and maintenance costs are expensed as incurred. Property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is included in the Consolidated Statements of Operations.

Leases

The Company early adopted Accounting Standards Update (“ASU”) 2016-01, *Leases*, at formation as of May 15, 2018 and accounts for leases in accordance with ASC Topic 842. We record right-of-use (“ROU”) assets on the balance sheet (representing the right to use an underlying asset for the lease term) and the corresponding lease liabilities (the obligation to make lease payments arising from the lease). We do not record ROU assets or lease liabilities for leases with an initial term of 12 months or less and we recognize payments for such leases in our Consolidated Statements of Operations on a straight-line basis over the lease term. We do not separate lease components from non-lease components for all asset classes. Sale-leasebacks are assessed to determine whether a sale has occurred under ASC Topic 606, *Revenue from Contracts with Customers*. If a sale is determined not to have occurred, the underlying “sold” assets are not derecognized and a financing liability is established in the amount of cash received. At such time the lease expires, the assets are then derecognized along with the financing liability, with a gain recognized on disposal for the difference between the two amounts, if any. A lease of property and equipment

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

is classified as an operating lease whenever the terms of the lease do not transfer substantially all the risks and rewards of ownership to the Company. 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. See Note 10, "Leases," for additional information on our lease arrangements.

Intangible Assets

Finite-lived intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. These assets are amortized on a straight-line basis over their estimated useful lives as follows:

	Years
Tradenames	6 months
Licenses and permits	10 years
In-place leases	Lease term

The estimated useful life and amortization method are reviewed at the end of each reporting year, and the effect of any changes in estimate is accounted for on a prospective basis. No impairment indicators were noted during 2020 or 2019 and, as such, we did not record any impairment charges during either period.

Goodwill and Indefinite Life Intangible Assets

Goodwill represents the excess of purchase price of acquired businesses over the fair value of the assets acquired and liabilities assumed. Goodwill is allocated to the reporting unit in which the business that created the goodwill resides. We have elected to make the first day of our fourth quarter the annual impairment assessment date for goodwill. However, we could be required to evaluate the recoverability of goodwill more often if impairment indicators exist.

In 2018, we early adopted ASU 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which eliminates the two-step goodwill impairment process and allows us to test goodwill for impairment by comparing the fair value of a reporting unit to its carrying amount. If the fair value of a reporting unit is less than its carrying value, an impairment charge will be recorded for the difference between the fair value and carrying value, but is limited to the carrying value of the reporting unit's goodwill. During the fourth quarter of 2020, we performed our annual assessment of goodwill, noting no indicators of impairment and, as such, we did not record any impairment charges. No impairment was recorded during 2020 or 2019.

Indefinite life intangible assets are carried at cost less accumulated impairment losses. The Company reviews the classification each reporting period to determine whether the assessment made about the useful life as indefinite or finite is still appropriate. Any change is accounted for on a prospective basis as a change in estimate.

Impairment of Long-Lived Assets

The Company evaluates the recoverability of long-lived assets, including property and equipment, finite life intangible assets, and lease-related ROU assets whenever events or changes in circumstances indicate a potential impairment exists. We group assets at the lowest level for which cash flows are separately identifiable, referred to as an asset group. When indicators of potential impairment exist, we prepare a projected undiscounted cash flow analysis for the respective asset or asset group. If the sum of the undiscounted cash flow is less than the carrying value of the asset or asset group, an impairment loss is recognized equal to the excess of the carrying value over the fair value, if any.

Fair Value of Financial Instruments

Fair value is the price we would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for the identical assets or

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date.

Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. Preference is given to observable inputs. These two types of inputs create the following fair value hierarchy:

Level 1 – Quoted prices for identical instruments in active markets;

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable; and

Level 3 – Significant inputs to the valuation model are unobservable.

We evaluate assets and liabilities subject to fair value measurements on a recurring and non-recurring basis to determine the appropriate level at which to classify them for each reporting period. The Company records cash, accounts receivable, notes receivable, and notes payable at cost. The carrying value of these instruments approximates their fair value due to their short-term maturities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. During 2020 and 2019, we had no transfers of assets or liabilities between any of the hierarchy levels.

In addition to assets and liabilities that are measured at fair value on a recurring basis, we are also required to measure certain assets at fair value on a non-recurring basis that are subject to fair value adjustments in specific circumstances. These assets can include: goodwill; intangible assets; property and equipment; and lease related ROU assets. We estimate the fair value of these assets using primarily unobservable Level 3 inputs.

Convertible Instruments

The Company accounts for hybrid contracts that feature conversion options in accordance with ASC Topic 815, *Derivatives and Hedging Activities* ("ASC 815"). ASC 815 requires companies to bifurcate conversion options and account for them as freestanding financial instruments according to certain criteria. If the embedded features do not meet the criteria for bifurcation, the convertible instrument is accounted for as a single hybrid instrument in accordance with ASC Topic 470-20, *Debt with Conversion and Other Options* ("ASC 470-20").

From time to time, the Company may issue, in connection with its debt, warrants to purchase common units. The warrants are recorded at fair value using the Black-Scholes option pricing model or a binomial model, based on the classification of the instrument. The classification of warrants as liabilities or equity is evaluated at issuance.

Acquisitions

We account for business combinations using the acquisition method of accounting. On the date of the acquisition, we allocate the purchase price to the assets acquired and liabilities assumed at their estimated fair values. Goodwill on the acquisition date is measured as the excess of the purchase price over the fair values of assets acquired and liabilities assumed. While we use our best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, our estimates are subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, we record adjustments to the assets acquired and liabilities assumed with corresponding adjustments to goodwill. We recognize subsequent changes in the estimate of the amount to be paid under contingent consideration arrangements in the accompanying Consolidated Statements of Operations. We expense acquisition-related costs as incurred.

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For acquisitions that are not deemed to be businesses, the assets acquired are recognized based on their cost to the Company as the acquirer and no gain or loss is recognized. The cost of assets acquired in a group is allocated to the individual assets within the group based on their relative fair values and does not give rise to goodwill. Transaction costs related to acquisitions of assets are included in the cost basis of the assets acquired.

Contingencies and Litigation

The Company may be subject to lawsuits, investigations, and other claims related to employment, commercial, and other matters that arise out of operations in the normal course of business. We accrue for loss contingencies when losses become probable and are reasonably estimable. If the reasonable estimate of the loss is a range and no amount within the range is a better estimate, the minimum amount of the range is recorded as a liability. We recognize legal costs as an expense in the period incurred.

Income Taxes

We account for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amount of existing assets and liabilities and their respective tax basis. We measure deferred tax assets and liabilities using enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered. Deferred tax assets are reviewed for recoverability on an annual basis. A valuation allowance is recorded to reduce the carrying amount of a deferred tax asset to its realizable value unless it is more likely than not that such asset will be realized. We recognize interest and penalties associated with tax matters as part of the income tax provision, if any, and include accrued interest and penalties with the related tax liability in the Consolidated Balance Sheet, if applicable.

As discussed further in Note 14, "Income Taxes," we are subject to the provisions of Internal Revenue Code ("IRC") Section 280E.

Revenue Recognition

Revenue is recognized in accordance with ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and the related subsequent pronouncements (collectively "Topic 606"), which the Company early adopted at formation as of May 15, 2018. Under Topic 606, revenue recognition depicts the transfer of promised goods or services to a customer in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. Revenue recognition is aligned with the delivery of goods and services and is recognized at a point in time or over time, the assessment of which requires judgment.

In accordance with Topic 606, revenue is recognized when a customer obtains control of promised goods or services. The amount of revenue reflects the consideration to which the Company expects to be entitled to receive in exchange for these goods or services. The Company applies the following five-step analysis to determine whether, how much, and when revenue is recognized: (1) identify the contract with the customer; (2) identify the performance obligation in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligation in the contract; and (5) recognize revenue when or as the Company satisfies a performance obligation.

Under Topic 606, revenue from the sale of medicinal and adult-use cannabis and derivative products has a single performance obligation and revenue is recognized at the point in time when control of the product transfers and the Company's obligations have been fulfilled. This generally occurs upon delivery and acceptance by the customer. Amounts disclosed as revenue are net of allowances, discounts, and rebates. Sales discounts were not material during 2020. Sales taxes collected from customers are excluded from revenue.

For certain locations, we offer a loyalty program to dispensary customers. A portion of the revenue generated in a sale is allocated to the loyalty points earned and the amount allocated to the points earned is deferred until the loyalty points are redeemed or expire. The loyalty liability was not material at December 31, 2020 or 2019.

Equity-Based Payments

The Company issues equity-based awards to employees and non-employee directors for services. These awards are measured based on their fair value at the grant date and recognized as compensation expense over the requisite service period. Forfeitures are accounted for as they occur. The Company issues new units to satisfy the issuance of equity-based payments.

Loss per Unit

Net loss per unit represents the net loss attributable to members divided by the weighted average number of units outstanding during the period on an as-converted to common unit basis. Diluted earnings per unit reflects the potential dilution that could occur if securities or other contracts to issue common units were exercised or converted into common units of the Company during the reporting periods. Potential dilutive common unit equivalents consist of the incremental common units issuable upon the exercise of warrants and the incremental shares issuable upon conversion of convertible notes. In reporting periods in which the Company has a net loss, the effect of these are considered anti-dilutive and are excluded from the diluted earnings per unit calculation. The number of units excluded from the calculation was 59,452 and 24,292 as of December 31, 2020 and 2019, respectively, because their inclusion would have been anti-dilutive.

Recently Adopted Accounting Standards

Distinguishing Liabilities from Equity and Derivatives and Hedging

In July 2017, the FASB issued ASU 2017-11, *Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480), Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferred for Mandatorily Redeemable Financial of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interest with a Scope Exception*, (“ASU 2017-11”). Part I addresses complexities of accounting for certain financial instruments with down round features and Part II addresses the difficulty of navigating Topic 480 for certain financial instruments with characteristics of liability and equity. ASU 2017-11 became effective for us on January 1, 2020 and did not significantly impact our Consolidated Financial Statements.

Fair Value Measurements

In August 2018, the FASB issued ASU 2018-13, *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820)*, (“ASU 2018-13”). ASU 2018-13 adds, modifies, and removes certain fair value measurement disclosure requirements. ASU 2018-13 became effective for us on January 1, 2020 and did not significantly impact our Consolidated Financial Statements.

Recently Issued Accounting Pronouncements

The following standards have been recently issued by the Financial Accounting Standards Board (“FASB”). Pronouncements that are not applicable to the Company or where it has been determined do not have a significant impact on us have been excluded herein.

Financial Instruments

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, (“ASU 2016-13”). ASU 2016-13 replaces the existing guidance surrounding measurement and recognition of credit losses on financial assets measured at amortized cost, including trade receivables and investments in certain debt securities, by requiring recognition of an allowance for credit losses expected to be incurred over an asset’s life based on relevant information about past events, current conditions, and supportable forecasts impacting its ultimate collectability. This current expected credit losses (“CECL”) model will result in earlier recognition of credit losses than the current “as incurred” model, under which losses are recognized only upon the occurrence of an event that gives rise to the incurrence of a probable loss.

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ASU 2019-05, *Financial Instruments – Credit Losses (Topic 326): Targeted Transition Relief*, was issued in May 2019 to provide target transition relief allowing entities to make an irrevocable one-time election upon adoption of the new credit losses standard to measure financial assets previously measured at amortized cost (except held-to-maturity securities) using the fair value option.

ASU 2019-11, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses*, was issued in November 2019 to clarify, improve, and amend certain aspects of ASU 2016-13, such as disclosures related to accrued interest receivables and the estimation of credit losses associated with financial assets secured by collateral.

ASU 2020-03, *Codification Improvements to Financial Instruments*, was issued in March 2020 to improve and clarify various financial instruments topics, including the CECL standard issued in 2016. The ASU includes seven different issues that describe the areas of improvement and the related amendments to U.S. GAAP, intended to make the standards easier to understand and apply by eliminating inconsistencies and providing clarifications. Certain amendments contained within this update were effective upon issuance and had no material impact on our Consolidated Financial Statements. The amendments related to ASU 2019-04 and ASU 2016-13 will be adopted in conjunction with ASU 2016-13. ASU 2016-13 and its related ASUs are effective for us beginning January 1, 2023. We are currently evaluating the impact of this ASU on our Consolidated Financial Statements.

Income Taxes

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740) – Simplifying the Accounting for Income Taxes*, (“ASU 2019-12”) which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. ASU 2019-12 is effective for us beginning January 1, 2021. We are currently evaluating the impact of this ASU on our Consolidated Financial Statements.

Investments

In January 2020, the FASB issued ASU 2020-01, *Investments – Equity Securities (Topic 321), Investments – Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): Clarifying the Interactions between Topic 321, Topic 323, and Topic 815*. This ASU provides clarification of the interaction of rules for equity securities, the equity method of accounting, and forward contracts and purchase options on certain types of securities and is effective for the Company beginning on January 1, 2021, with early adoption permitted. This new guidance is not expected to have a material impact on our Consolidated Financial Statements.

Reference Rate Reform

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. This new guidance can be adopted prospectively no later than December 1, 2022, with early adoption permitted, and is not expected to have a material impact on the Company’s Consolidated Financial Statements.

In January 2021, the FASB issued ASU 2021-01, *Reference Rate Reform (Topic 848): Scope*, (“ASU 2021-01”), which clarifies certain optional expedients and exceptions in Topic 848 when accounting for derivative contracts and certain hedging relationships affected by changes in interest rates. ASU 2021-01 is effective upon issuance and the amendments within are applied either prospectively or retrospectively. ASU 2021-01 is not expected to have a significant impact on the Company’s financial statements.

Debt

In August 2020, the FASB issued ASU 2020-06, *Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for*

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Convertible Instruments and Contracts in an Entity's Own Equity, which simplifies the accounting for convertible instruments by reducing the number of accounting models available for convertible debt instruments. This guidance also eliminates the treasury stock method to calculate diluted earnings per share for convertible instruments and requires the use of the if-converted method. This guidance will be effective for us January 1, 2022 on a full modified or modified retrospective basis, with early adoption permitted. We are currently evaluating the impact of this updated on our Consolidated Financial Statements.

3. REPORTABLE SEGMENTS AND REVENUE

The Company operates under one operating segment, which is its only reportable segment: the production and sale of cannabis products. The Company prepares its segment reporting on the same basis that its Chief Operating Decision Maker manages the business and makes operating decisions. The Company's measure of segment performance is net income and derives its revenue primarily from the sale of cannabis products. All of the Company's operations are located in the United States.

Disaggregation of Revenue

The Company disaggregates its revenue from the direct sale of cannabis to customers as retail revenue and wholesale revenue. We have determined that disaggregating revenue into these categories best depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

<i>(in thousands)</i>	Year Ended December 31,	
	2020	2019
Retail revenue	\$ 103,859	\$ 11,204
Wholesale revenue	57,452	1,970
	161,311	13,174
Elimination of inter-company revenue	(17,579)	(1,142)
Total revenue, net	\$ 143,732	\$ 12,032

4. ACQUISITIONS

The Company has determined that the acquisitions discussed below are considered business combinations under ASC Topic 805, *Business Combinations*, ("ASC Topic 805") and are accounted for by applying the acquisition method, whereby the assets acquired and the liabilities assumed are recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. Operating results have been included in these Consolidated Financial Statements from the date of the acquisition.

2020 Acquisitions

Effective August 1, 2020, the Company acquired MOCA LLC ("MOCA"), a dispensary operator in the Chicago, Illinois area for total consideration of \$22,312, consisting of \$21,174 in cash, including working capital adjustments, and 8,125 common units of AWH with a fair value of \$1,138. We incurred \$263 of acquisition-related costs during 2020, which are included in "General and administrative" in the accompanying Consolidated Statement of Operations. The transaction was treated as a business combination under ASC Topic 805, and MOCA was consolidated as a VIE from the signing date until the final closing date in December 2020.

Effective September 29, 2020, the Company's subsidiary, Ascend New Jersey, LLC, acquired the assets and liabilities of Greenleaf Compassion Center ("GCC"), a vertically integrated operator in New Jersey with licenses for three retail locations and one cultivation and manufacturing facility. Total consideration for this acquisition was \$16,307, which consisted of \$13,626 of cash, 8,438 common units of AWH with a fair value of \$1,181, and settlement of a \$1,500 note receivable (see Note 6, "Notes Receivable"). We incurred \$114 of acquisition-related costs during 2020, which are included in "General and administrative" in the accompanying Consolidated Statement of Operations.

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Additionally, effective December 15, 2020, the Company acquired Chicago Alternative Health Center, LLC and Chicago Alternative Health Center Holdings, LLC (collectively, “Midway”) for total cash consideration of \$28,000, subject to certain adjustments including a customary working capital adjustment. The transaction was treated as a business combination under ASC Topic 805, and Midway is consolidated as a VIE from the signing date through the final closing date, which is pending the state’s approval of the license transfer. We incurred \$149 of acquisition-related costs during 2020, which are included in “General and administrative expenses” in the accompanying Consolidated Statement of Operations.

Preliminary Purchase Price Allocation

The Company allocated the purchase price of each of its acquisitions during 2020 as summarized in the table below. The purchase price allocation for these acquisitions reflects various preliminary fair value estimates and analyses, including certain tangible assets acquired and liabilities assumed, the valuation of intangible assets acquired, and goodwill, which are subject to change within the measurement period as preliminary valuations are finalized (generally one year from the acquisition date). Measurement period adjustments are recorded in the reporting period in which the estimates are finalized and adjustment amounts are determined.

<i>(in thousands)</i>	MOCA	GCC	Midway	Total
Assets acquired (liabilities assumed):				
Cash	\$ 261	\$ 39	\$ 82	\$ 382
Inventory	1,308	660	499	2,467
Prepays and other current assets	1,367	—	14	1,381
Property and equipment ⁽¹⁾	790	—	2,016	2,806
Intangible assets ⁽²⁾	10,661	11,845	15,108	37,614
Goodwill ⁽³⁾	7,980	3,733	10,276	21,989
Trade names ⁽²⁾	170	30	10	210
Other assets	83	—	50	133
Accounts payable and accrued liabilities	(308)	—	(55)	(363)
Net assets acquired	\$ 22,312	\$ 16,307	\$ 28,000	\$ 66,619
Consideration transferred:				
Cash ⁽⁴⁾	\$ 21,174	\$ 13,626	\$ 28,000	\$ 62,800
Fair value of AWH common units	1,138	1,181	—	2,319
Settlement of note	—	1,500	—	1,500
Total consideration	\$ 22,312	\$ 16,307	\$ 28,000	\$ 66,619

⁽¹⁾ Consists of real property with a fair value of \$876, furniture, fixtures and equipment of \$1,399, and leasehold improvements of \$531.

⁽²⁾ The amortization period for the acquired intangible assets is 10 years and trade names is 6 months.

⁽³⁾ Goodwill is largely attributable to the value we expect to obtain from long-term business growth and buyer-specific synergies. The goodwill is not deductible for tax purposes due to the limitations imposed on marijuana dispensaries under IRC Section 280E. See Note 14, “Income Taxes,” for additional information.

⁽⁴⁾ Includes working capital adjustments, as applicable. MOCA includes a seller’s note of \$11,174 that is included in “Current portion of debt, net” on the Consolidated Balance Sheet at December 31, 2020 and was paid in January 2021. Midway includes a total seller’s note of \$25,200, of which \$17,200 is included in “Current portion of debt, net” and \$8,000 is included in “Long-term debt, net” on the Consolidated Balance Sheet at December 31, 2020. See Note 11, “Debt,” for additional information.

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Pro Forma and Financial Information

The following table summarizes the revenue and net income related to MOCA, GCC, and Midway included in our consolidated results from the respective transaction dates (August 1, 2020, September 29, 2020, and December 15, 2020, respectively) through December 31, 2020:

<i>(in thousands)</i>	MOCA	GCC	Midway
Revenue, net	\$ 13,011	\$ 1,687	\$ 747
Net income	304	657	61

The tables below summarize the unaudited pro forma combined revenue and net income (loss) of AWH, MOCA, GCC, and Midway for the years ended December 31, 2020 and 2019 as if the respective acquisitions had occurred on January 1, 2019. These results do not reflect the cost of integration activities or benefits from expected revenue enhancements and synergies. Accordingly, the unaudited pro forma information is not necessarily indicative of the results that would have been achieved if the acquisitions had been effective on January 1, 2019.

Year Ended December 31, 2020						
<i>(in thousands)</i>	AWH (as reported)	MOCA	GCC	Midway	Pro Forma Adjustments ⁽¹⁾	Pro Forma Combined
Revenue, net	\$ 143,732	\$ 8,615	\$ 3,046	\$ 10,416	\$ —	\$ 165,809
Net income (loss)	(23,841)	786	926	2,680	(10,897)	(30,346)

⁽¹⁾ These adjustments include estimated additional incremental amortization expense of \$2,879 on intangible assets acquired as part of the acquisitions as follows: \$537 related to MOCA, \$887 related to GCC, and \$1,455 related to Midway. These adjustments also include estimated additional incremental interest expense of \$8,544 on loans entered into during 2020, which borrowings were used to help fund these acquisitions. These results are also adjusted to exclude \$526 of acquisition-related costs incurred during 2020, which are included in “General and administrative” on the accompanying Consolidated Statement of Operations. These adjustments are not tax-effected, as the related expenses are not deductible for tax purposes due to the limitations imposed on marijuana dispensaries under IRC Section 280E.

Year Ended December 31, 2019						
<i>(in thousands)</i>	AWH (as reported)	MOCA	GCC	Midway	Pro Forma Adjustments ⁽¹⁾	Pro Forma Combined
Revenue, net	\$ 12,032	\$ 7,864	\$ 2,984	\$ 4,062	\$ —	\$ 26,942
Net income (loss)	(33,242)	1,231	(312)	577	(15,337)	(47,083)

⁽¹⁾ These adjustments include estimated additional amortization expense of \$3,971 on intangible assets acquired as part of the acquisitions as follows: \$1,236 related to MOCA, \$1,214 related to GCC, and \$1,521 related to Midway, each representing twelve months of amortization expense, respectively. These adjustments also include additional estimated interest expense of \$11,366 as if the respective loans were outstanding for twelve months. These adjustments are not tax-effected, as the related expenses are not deductible for tax purposes due to the limitations imposed on marijuana dispensaries under IRC Section 280E.

2019 Acquisitions

Acquisition of HCI

On January 1, 2019, the Company acquired the membership interests of HealthCentral, LLC, (“HCI, LLC”), HealthCentral Illinois Holdings, LLC (“HCI Holdings”), and Springfield Partners II, LLC (“Springfield Partners II”) (collectively, “HCI”). HCI, LLC is an Illinois based company that owned and operated two cannabis dispensaries pursuant to licenses issued by the Illinois Department of Financial and Professional Regulation, Division of Professional Regulation. Springfield Partners II owned one property that was utilized by HCI, LLC’s operations. Total consideration of \$11,143 consisted of i) \$8,750 cash and ii) \$2,393 fair value of non-controlling interest.

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Purchase Price Allocation

(in thousands)

Cash	\$	19
Property and equipment, net ⁽¹⁾		11,186
Intangible assets – cannabis licenses ⁽²⁾		1,529
Goodwill ⁽³⁾		809
Accounts payable		(8)
Other liabilities ⁽⁴⁾		(2,393)
Net assets acquired	\$	11,143

⁽¹⁾ Consists of three properties with fair values totaling \$11,074 and furniture and fixtures totaling \$112.

⁽²⁾ The amortization period for the acquired intangible assets is 10 years.

⁽³⁾ Goodwill is largely attributable to the value we expect to obtain from long-term business growth and buyer-specific synergies. The goodwill is not deductible for tax purposes due to the limitations imposed on marijuana dispensaries under IRC Section 280E. See Note 14, “Income Taxes,” for additional information.

⁽⁴⁾ Mortgages on acquired properties that were paid during 2019.

Other Financial Information

During 2019, we recorded revenue related to HCI of \$10,496 and operating profit of \$1,184. As the date of acquisition was January 1, 2019, our consolidated results for 2019 reflect a full year of HCI’s operations. We incurred \$59 of acquisition-related costs, substantially all of which were incurred prior to 2019.

5. INVENTORY

The components of inventory are as follows:

<i>(in thousands)</i>	As of December 31,	
	2020	2019
Materials and supplies	\$ 7,756	\$ 6,877
Work in process	13,615	4,395
Finished goods	7,626	4,116
Total	\$ 28,997	\$ 15,388

Total compensation expense capitalized to inventory was \$15,588 and \$1,918 during 2020 and 2019, respectively. At December 31, 2020 and 2019, \$5,909 and \$1,186, respectively, of compensation expense remained capitalized as part of inventory.

6. NOTES RECEIVABLE

In April 2019, the Company issued a \$1,750 non-interest bearing promissory note to BCCO, LLC (“BCCO”) an unrelated third party, with an initial maturity date of September 1, 2020, that remains outstanding at December 31, 2020. The Company also entered into a working capital line of credit with BCCO, allowing for maximum borrowings of \$2,000, of which \$1,794 and \$1,251 was outstanding at December 31, 2020 and 2019, respectively. These balances are included in “Notes receivable” on the Consolidated Balance Sheets. The promissory note and working capital line of credit were issued in conjunction with a unit purchase option agreement that the parties entered into during 2019, the closing of which is pending state approval (see Note 15, “Commitments and Contingencies”). The promissory note and working capital line of credit were issued to provide BCCO with additional funding for operations while awaiting state approval of the transaction. The Company has not identified any collectability concerns for the amounts due as of December 31, 2020. The Company may settle the outstanding balances as part of the purchase price at closing following state approval of the transaction.

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In April 2019, the Company issued a \$1,500 promissory note to Marichron Pharma LLC (“Marichron”), an unrelated third party, with a stated interest rate of 12% per year and an initial maturity date of June 2020, that remains outstanding at December 31, 2020. The Company also entered into a working capital line of credit with Marichron, allowing for maximum borrowings of \$1,000, of which \$45 was outstanding at December 31, 2020 and 2019. These balances are included in “Notes receivable” on the Consolidated Balance Sheets. The promissory note and working capital line of credit were issued in conjunction with a unit purchase option agreement that the parties entered into during 2019. The promissory note and working capital line of credit were issued to provide Marichron with additional funding for operations. The Company has not identified any collectability concerns for the amounts due as of December 31, 2020. The Company expects to submit a license transfer application to the state during 2021 and may settle the outstanding balances as part of the purchase price at closing following state approval.

In May 2019, the Company issued a \$2,500 non-interest bearing promissory note to Hemma, LLC (“Hemma”), an unrelated third party, with an initial maturity date of December 31, 2020. The Company also entered into a working capital line of credit with Hemma, allowing for maximum borrowings of \$4,000, of which \$670 and \$654 was outstanding at December 31, 2020 and 2019, respectively. These balances are included in “Notes receivable” on the Consolidated Balance Sheets. The promissory note and working capital line of credit were issued in conjunction with a membership interest purchase agreement that the parties entered into during 2019, the closing of which is pending state approval (see Note 15, “Commitments and Contingencies”). The promissory note and working capital line of credit were issued to provide Hemma with additional funding for operations while awaiting state approval of the transaction. The Company has not identified any collectability concerns for the amounts due as of December 31, 2020. The Company may settle the outstanding balances as part of the purchase price at closing following state approval of the transaction.

In June 2019, the Company entered into a loan agreement with GCC under which it issued a \$1,500 promissory note. This note has an initial maturity date of June 17, 2022 and an interest rate of 18% per annum. The Company acquired GCC during 2020 and settled the outstanding balance of the note as part of the purchase price at closing. The Company did not recognize interest income on this note. Refer to Note 4, “Acquisitions,” for additional information related to this acquisition.

In May 2020, the Company issued a \$500 promissory note to a related party entity that is managed by one of the founders of the Company. The short-term promissory note had a principal amount of \$500, a stated annual interest rate of 2%, and an initial maturity date of December 31, 2020. All obligations thereunder were repaid in full in November 2020.

In October 2020, the Company issued a \$4,500 promissory note to the owner of a property the Company is renting. This note bears interest at 4% per annum due monthly, in arrears, in along with monthly principal payments. The note matures on November 1, 2030 and is secured by the owner’s interest in the property. The total outstanding balance of this note at December 31, 2020 was \$4,473, of which \$151 and \$4,322 is included in “Other current assets” and “Other noncurrent assets,” respectively, on the Consolidated Balance Sheet. The Company funded this note through a \$4,500 term loan; refer to Note 11, “Debt,” for additional information.

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7. PROPERTY AND EQUIPMENT

Property and equipment and related depreciation consist of the following:

<i>(in thousands)</i>	As of December 31,	
	2020	2019
Buildings	\$ 38,561	\$ 25,322
Leasehold improvements	33,931	13,906
Furniture, fixtures, and equipment	28,554	12,427
Construction in progress	25,139	28,901
Land	894	430
Property and equipment, gross	127,079	80,986
Less: accumulated depreciation	6,539	1,509
Property and equipment, net	\$ 120,540	\$ 79,477

Total depreciation expense was \$5,030 and \$1,509 during 2020 and 2019, respectively. Total depreciation expense capitalized to inventory was \$4,297 and \$589 during 2020 and 2019, respectively. At December 31, 2020 and 2019, \$602 and \$516, respectively, of depreciation expense remained capitalized as part of inventory.

8. VARIABLE INTEREST ENTITIES

The following table represents the summarized financial information about the Company's consolidated VIEs which are included in the Consolidated Balance Sheets and Statements of Operations as of and for the years ended December 31, 2020 and 2019. These entities were determined to be VIEs since the Company possesses the power to direct the significant activities of the VIEs and has the obligation to absorb losses or the right to receive benefits from the VIE.

<i>(in thousands)</i>	December 31, 2020		December 31, 2019	
	Ascend Illinois	Ascend Michigan	Ascend Illinois	Ascend Michigan
Current assets	\$ 54,787	\$ 11,355	\$ 14,735	\$ 20,105
Non-current assets	151,449	58,516	71,041	44,456
Current liabilities	62,508	5,553	6,876	3,949
Non-current liabilities	134,792	37,809	62,551	37,906
Deficit attributable to non-controlling interests	—	—	(1,347)	—
Equity (deficit) attributable to AWH	9,322	(23,822)	(2,797)	(7,137)
Revenue	120,004	11,719	11,323	708
Net income (loss) attributable to non-controlling interests	1,598	—	(1,347)	—
Net income (loss) attributable to AWH	14,363	(16,684)	(4,459)	(6,397)
Net income (loss)	\$ 15,961	\$ (16,684)	\$ (5,806)	\$ (6,397)

In December 2020, the sole member of FPAW Michigan 2, Inc. ("Ascend Michigan") assigned his interests to AWH, thereby making AWH the majority member, retaining 99.9% of the membership interests in Ascend Michigan. The previous member is a founder of the Company and has a significant equity interest in the Company. Ascend Michigan was previously accounted for as a VIE because the Company possessed the power to direct the significant activities of the VIE and had the obligation to absorb losses or the right to receive benefits from the VIE. Subsequent to the assignment of the member interests, Ascend Michigan is considered a wholly owned subsidiary. The assignment had no significant impact on the Company's results, as Ascend Michigan was previously consolidated as a VIE and will continue to be consolidated as a subsidiary. No impairment of assets or impact on results of operations occurred with the transfer of member interests. Based on the timing of the transfer in December

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2020, the financial information as of and for the year ended December 31, 2020 related to Ascend Michigan is reflected in the table above.

The net change in the non-controlling interests during 2020 and 2019 follows in the table below. There were no non-controlling interests other than within Ascend Illinois.

<i>(in thousands)</i>	Ascend Illinois	
Balance, December 31, 2018	\$	—
Changes in ownership ⁽¹⁾		2,393
Net loss		(1,347)
Balance, December 31, 2019	\$	1,046
Changes in ownership ⁽²⁾		(2,644)
Net income		1,598
Balance, December 31, 2020	\$	—

- ⁽¹⁾ Fair value of non-controlling interest consideration related to the HCI Acquisition in 2019. Refer to Note 4, “Acquisitions,” for additional information related to this acquisition.
- ⁽²⁾ Effective July 30, 2020, the Company purchased the non-controlling interests of Ascend Illinois for \$11,000 of cash, to be paid quarterly through December 2023, and 7,271 of common units with a fair value of \$1,018. See Note 11, “Debt,” for additional information regarding the cash payment.

9. INTANGIBLE ASSETS AND GOODWILL

Intangible Assets

<i>(in thousands)</i>	As of December 31,	
	2020	2019
Finite-lived intangible assets		
Licenses and permits	\$ 39,888	\$ 1,666
In-place leases	19,963	19,963
Trade names	210	—
	<u>60,061</u>	<u>21,629</u>
Accumulated amortization:		
Licenses and permits	(1,080)	(153)
In-place leases	(8,362)	(1,916)
Trade names	(158)	—
	<u>(9,600)</u>	<u>(2,069)</u>
Total intangible assets, net⁽¹⁾	<u>\$ 50,461</u>	<u>\$ 19,560</u>

- ⁽¹⁾ These intangible assets are being amortized over the expected period of benefit, with a weighted average remaining life of approximately 9 years as of December 31, 2020.

Purchases of Intangible Assets

2020 Activity

In August 2020, the Company purchased the Massachusetts recreational license held by Southcoast Apothecary, LLC (“Southcoast”) for total consideration of approximately \$608, which was satisfied by the issuance of 3,437

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common units with a fair value of \$481 and a cash payment of \$127. The Company also purchased a property that was being rented by Southcoast for \$749 of cash consideration.

2019 Activity

In April 2019, the Company acquired a lease for a property to be used as a medical cannabis provisioning center in Detroit, Michigan for \$4,200, which was allocated to an in-place lease intangible asset.

In July 2019, the Company acquired a lease for a property to be used as a medical cannabis provisioning center in Battle Creek, Michigan for \$2,900, which was allocated to an in-place lease intangible asset.

In September 2019, the Company acquired a lease for property to be used as a medical cannabis provisioning center in Ann Arbor, Michigan (the “Ann Arbor Lease”). Total consideration of \$7,763 consisted of a \$2,250 cash payment, a \$5,250 promissory note (see Note 11, “Debt”), and 625 common units with a total fair value of \$263, and was allocated to an in-place lease intangible asset.

In September 2019, the Company entered into a purchase agreement to obtain certain locations in Michigan. The Company paid \$5,100 to obtain one-year leases at these locations until the transaction closed, which was allocated to an in-place lease intangible asset. In December 2020, the counterparties of the purchase agreement filed a claim against the Company. Refer to Note 15, “Commitments and Contingencies,” for additional information.

Estimated Annual Amortization Expense for Each of the Next Five Years

<i>(in thousands)</i>	2021	2022	2023	2024	2025
Estimated amortization expense ⁽¹⁾	\$ 6,318	\$ 6,185	\$ 6,185	\$ 5,313	\$ 4,765

⁽¹⁾ These amounts could vary as acquisitions of additional intangible assets occur in the future.

Goodwill

<i>(in thousands)</i>	
Balance, December 31, 2018	\$ —
Acquisitions	809
Balance, December 31, 2019	\$ 809
Acquisitions	21,989
Balance, December 31, 2020	<u>\$ 22,798</u>

10. LEASES

The Company leases land, buildings, equipment, and other capital assets which it plans to use for corporate purposes and the production and sale of cannabis products. We determine if an arrangement is a lease at inception and begin recording lease activity at the commencement date, which is generally the date in which we take possession of or control the physical use of the asset. ROU assets and lease liabilities are recognized based on the present value of lease payments over the lease term with lease expense recognized on a straight-line basis. We use our incremental borrowing rate to determine the present value of future lease payments unless the implicit rate is readily determinable. Our incremental borrowing rate is the rate of interest we would have to pay to borrow on a collateralized basis over a similar term at an amount equal to the lease payments in a similar economic environment. This incremental borrowing rate is applied to the minimum lease payments within each lease agreement to determine the amounts of our ROU assets and lease liabilities.

Our lease terms range from 1 to 20 years. Some leases include one or more options to renew, with renewal terms that can extend the lease terms. We typically exclude options to extend the lease in a lease term unless it is

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reasonably certain that we will exercise the option and when doing so is at our sole discretion. The depreciable lives of assets and leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise. Typically, if we decide to cancel or terminate a lease before the end of its term, we would owe the lessor the remaining lease payments under the term of such lease. Our lease agreements generally do not contain any material residual value guarantees or material restrictive covenants. We may rent or sublease to third parties certain real property assets that we no longer use.

Lease agreements may contain rent escalation clauses, rent holidays, or certain landlord incentives, including tenant improvement allowances. ROU assets include amounts for scheduled rent increases and are reduced by lease incentive amounts. Certain of our lease agreements include variable rent payments, consisting primarily of rental payments adjusted periodically for inflation and amounts paid to the lessor based on cost or consumption, such as maintenance and utilities. Variable rent lease components are not included in the lease liability.

The components of lease assets and lease liabilities and their classification on our Consolidated Balance Sheets were as follows:

<i>(in thousands)</i>	Classification	As of December 31,	
		2020	2019
Lease assets			
Operating leases	Operating lease right-of-use assets	\$ 84,642	\$ 34,400
Lease liabilities			
Current liabilities			
Operating leases	Operating lease liabilities, current	\$ 2,128	\$ 660
Noncurrent liabilities			
Operating leases	Operating lease liabilities, noncurrent	156,400	63,642
Total lease liabilities		\$ 158,528	\$ 64,302

The components of lease costs and classification within the Consolidated Statements of Operations were as follows:

<i>(in thousands)</i>	Year Ended December 31,	
	2020	2019
Operating lease costs		
Capitalized to inventory	\$ 11,958	\$ 969
General and administrative expenses	4,645	4,859
Total operating lease costs	\$ 16,603	\$ 5,828

At December 31, 2020 and 2019, \$4,913 and \$969, respectively, of lease costs remained capitalized in inventory.

The following table presents information on short-term and variable lease costs:

<i>(in thousands)</i>	Year Ended December 31,	
	2020	2019
Total short-term and variable lease costs	\$ 2,615	\$ 735

Sublease income generated during 2020 and 2019 was immaterial.

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The following table includes supplemental cash and non-cash information related to our leases:

<i>(in thousands)</i>	Year Ended December 31,	
	2020	2019
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 12,895	\$ 5,172
Lease assets obtained in exchange for new operating lease liabilities	\$ 91,367	\$ 45,108

The weighted average remaining lease term for our operating leases is 17.3 years and 17.7 years at December 31, 2020 and 2019, respectively, and the weighted average discount rate is 13.1% and 13.0% at December 31, 2020 and 2019, respectively.

The amounts of future undiscounted cash flows related to the lease payments over the lease terms and the reconciliation to the present value of the lease liabilities as recorded on our Consolidated Balance Sheet as of December 31, 2020 are as follows:

<i>(in thousands)</i>	Operating Lease Liabilities
2021	\$ 20,345
2022	20,999
2023	21,600
2024	22,218
2025	22,866
Thereafter	319,943
Total lease payments	427,971
Less: imputed interest	269,443
Present value of lease liabilities	\$ 158,528

Sale Leaseback Transactions

2020 Activity

In March 2020, the Company sold and subsequently leased back one of its capital assets for total proceeds of \$3,750, excluding transaction costs. This transaction did not meet the criteria to qualify for sale-leaseback treatment. The “sold” assets remain within land, buildings, and leasehold improvements, as appropriate, for the duration of the lease and a financing liability equal to the amount of proceeds received is recorded within “Current portion of debt, net” and “Long-term debt, net” on the accompanying Consolidated Balance Sheets. Upon expiration or termination of the underlying lease, the sale will be recognized by removing the carrying value of the capital assets and financing liability, with any difference recorded as a gain.

In April 2020, the Company sold and subsequently leased back one of its capital assets for total proceeds of \$26,750, excluding transaction costs and recorded a loss on sale of \$286. The transaction met the criteria for sale-leaseback treatment. As such, the lease was recorded as an operating lease and resulted in a lease liability of \$55,287 and an ROU asset of \$33,037, which was recorded net of a \$22,250 tenant improvement allowance that is recorded in “Other current assets” on the accompanying Consolidated Balance Sheet at December 31, 2020.

2019 Activity

During 2019, the Company closed on a sale and leaseback transaction to sell one of its Michigan properties for \$4,750. The Company is expected to make certain improvements to the property for which the landlord has agreed to provide reimbursement up to \$15,000 (the “Tenant Improvement Allowance”), which is recorded in “Other

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current assets” on the accompanying Consolidated Balance Sheet at December 31, 2020 and 2019. The lease was recorded as an operating lease and resulted in a lease liability of \$22,435 and an ROU asset of \$7,435, which was recorded net of the Tenant Improvement Allowance.

Additionally, during 2019, the Company sold and subsequently leased back two of its capital assets for total proceeds of \$14,000, excluding transaction costs. These transactions did not meet the criteria to qualify for sale-leaseback treatment. The “sold” assets remain within land, buildings, and leasehold improvements, as appropriate, for the duration of the lease and a financing liability equal to the amount of proceeds received is recorded within “Current portion of debt, net” and “Long-term debt, net” on the accompanying Consolidated Balance Sheets. Upon expiration or termination of the underlying leases, the sales will be recognized by removing the carrying values of the capital assets and financing liabilities, with any differences recorded as a gain.

11. DEBT

<i>(in thousands)</i>	As of December 31,	
	2020	2019
2018 Secured Term Notes ⁽¹⁾	\$ —	\$ 18,020
Capital Construction Loan ⁽²⁾	11,624	6,500
AWH Convertible Promissory Notes ⁽³⁾	75,484	28,222
July 2019 Notes ⁽⁴⁾	10,000	10,000
Ann Arbor Note ⁽⁵⁾	5,250	5,250
October 2020 Credit Facility ⁽⁶⁾	25,260	—
NJ Term Loan ⁽⁷⁾	20,000	—
NJ Real Estate Loan ⁽⁸⁾	4,500	—
Sellers’ Notes ⁽⁹⁾	45,782	—
Finance liabilities ⁽¹⁰⁾	17,129	13,857
Total debt	\$ 215,029	\$ 81,849
Current portion of debt	\$ 60,357	\$ 410
Less: unamortized deferred financing costs	(1,027)	—
Current portion of debt, net	\$ 59,330	\$ 410
Long-term debt	\$ 154,672	\$ 81,439
Less: unamortized deferred financing costs	(2,395)	(36)
Long-term debt, net	\$ 152,277	\$ 81,403

⁽¹⁾ In December 2018, the Company entered into a secured note purchase agreement to issue up to \$25,000 of notes within one month of the initial closing (the “2018 Secured Term Notes”). The initial proceeds were used primarily for the purchase and development of a property in Athol, Massachusetts (the “Athol Property”). These notes had an interest rate of 20% per annum, due quarterly, a maturity date of January 31, 2025, and were secured by interests in the Athol Property. In April 2020, in conjunction with a sale-leaseback of the Athol Property (see Note 10, “Leases”), the Company repaid \$15,317 of the outstanding principal, plus accrued interest and a 5% pre-payment penalty. The remaining principal balance of \$2,703 was replaced and reissued under a new one year secured note purchase agreement with an interest rate of 25% (the “April 2020 Term Notes”). The Company pre-paid the April 2020 Term Notes, plus accrued interest, in August 2020, without prepayment penalty. Approximately \$33 of unamortized debt issuance costs related to these notes were expensed to interest expense when the debt was repaid.

⁽²⁾ In May 2019, the Company entered into a loan and security agreement that provides for up to a maximum loan amount of \$12,500 for the purchase of a building and related renovation (the “2019 Capital Construction Loan”). This loan matures on May 29, 2024 and is secured by the related property. Interest accrues at 14% per annum, compounded monthly. For the first year, interest accrues and is deferred as part of the principal balance payable at maturity and thereafter is due monthly, in arrears. Prepayment is permitted, subject to certain terms and fees. In conjunction with this loan, we are required to maintain

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certain funds in a construction reserve account that will be applied for future renovation costs. These funds are reflected as “Restricted cash” on the Consolidated Balance Sheet.

- (3) In June 2019, the Company entered into a convertible note purchase agreement whereby the Company can issue up to \$35,000 of convertible notes, which amount can be increased at the Company’s sole discretion (the “AWH Convertible Promissory Notes,” each an “AWH Note”). The AWH Convertible Promissory Notes are convertible into common units of the Company on occurrence of certain events, such as a change of control or an initial public offering (“IPO”) (which events had not occurred through December 31, 2020). Upon the occurrence of an IPO, each AWH Note, including interest thereon less applicable withholding taxes, will automatically convert into equity securities issued in connection with the IPO, with the number of securities issued on the basis of a price equal to the lesser of: (a)(i) a 20% discount to the issue price if an IPO occurs on or before 12 months from each note issuance; (ii) a 25% discount to the issue price if an IPO occurs after 12 months of each note issuance, but before maturity; and (b) the conversion price then in effect based on a defined pre-money valuation of the Company. Any conversion will be treated as a share-settled redemption and the related principal plus accrued interest will be reclassified to equity with no gain or loss recorded.

Each AWH Note matures two years from its issue date and can either be paid in full at maturity or converted into common units. Each AWH Note bears interest at 8% for the first twelve months, 10% for months thirteen through fifteen, and 13% thereafter through maturity. Interest is paid-in-kind and added to the outstanding balance of the note, to be paid at maturity or upon conversion. \$1,000 of these notes were issued to related party entities that are managed by one of the founders of the Company. In conjunction with these notes, during 2019 the Company issued warrants to purchase 1,524 common units at \$2.00 per unit that can be exercised for three years from issuance. The total fair value of these warrants at issuance was *de minimis*. In conjunction with the AWH Convertible Notes issued during 2020, the Company issued warrants to purchase 2,413 common units at \$2.00 per unit that can be exercised for three years from issuance. The total fair value of \$61 was recorded as a discount on the related notes and is being amortized to interest expense over the term of the related notes. Refer to Note 12, “Members’ Equity,” for additional details.

- (4) In July 2019, the Company entered into a note purchase agreement, under which it issued two notes (the “July 2019 Notes”) totaling \$10,000 that mature on July 1, 2024 and are secured by the assets of Ascend Ohio, LLC. These notes bear interest at 15% per annum, to be paid quarterly until maturity. In conjunction with these notes, the Company issued warrants to purchase 2,188 common units at \$1.60 per unit. The fair value of the warrants at issuance was *de minimis*. Refer to Note 12, “Members’ Equity,” for additional details.
- (5) In connection with the Ann Arbor Lease (see Note 9, “Intangible Assets and Goodwill”) in September 2019, the Company issued a secured promissory note due September 10, 2022 (the “Ann Arbor Note”). This note has an interest rate of 10% per annum to be paid monthly. Principal is due in full at maturity and prepayments are permitted without penalty.
- (6) In October 2020, the Company entered into a \$38,000 senior secured credit facility (the “October 2020 Credit Facility”), consisting of a \$25,000 initial term loan and \$13,000 aggregate principal of delayed draw term loans. The initial term loan was funded in October 2020 and the delayed draw term loans remain available for future funding. The October 2020 Credit Facility has an initial term of three years, but may be extended for up to two additional years upon satisfaction of certain conditions. Borrowings bear interest at 14.25% during the first three years, due quarterly in arrears and payable in arrears upon any prepayment and at maturity. Borrowings under the October 2020 Credit Facility are secured by a first priority senior secured lien on the assets of the Company and its subsidiaries with operations or assets located in Illinois and Massachusetts, other than certain defined excluded property. The October 2020 Credit Facility contains certain covenants, including a minimum cash balance requirement of \$5,000 at the end of each fiscal month and a minimum cash to consolidated fixed charge ratio of 2.00 to 1.00. The Company was in compliance with these covenants at December 31, 2020. The October 2020 Credit Facility also contains certain customary events of default. The Company issued warrants for an aggregate of 2,500 common units with an exercise price of \$2.00 per unit that can be exercised for five years from issuance. The fair value of \$75 at issuance was recorded as a discount to the loan and is being amortized to interest expense over the term of the loan. Additional warrants may be issued for any draws under the delayed draw term loans. We incurred \$1,810 of financing costs related to the loan that are being amortized to interest expense over the term of the loan. The lender is due an additional interest payment of \$3,750 at maturity, subject to adjustment if the loans are extended. This payment may be settled in cash or equity at the lender’s option and is being accreted as additional debt over the term of the loan.
- (7) In October 2020, the Company entered into a financing agreement under which it can borrow up to \$20,000 in the aggregate through term loans (the “NJ Term Loan”). In November 2020, the Company borrowed the full \$20,000. Borrowings under the NJ Term Loan bears interest at a rate of 17.0% per annum and interest is due quarterly, in arrears. Borrowings under the NJ Term Loan are secured by (i) a first priority senior secured lien on substantially all of the assets and property of Ascend New Jersey, LLC and its subsidiaries, subject to certain customary exclusions, and (ii) a guarantee of AWH NJ Holdings, LLC. A prepayment of the outstanding balance under the NJ Term Loan is due in 2023 based on defined excess cash flow at that time and the remainder of the then-outstanding principal balance is due and payable at maturity on October 29, 2025.

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The NJ Term Loan contains certain covenants, including a maximum debt to assets ratio of 70% as defined in the agreement. The Company was in compliance with these covenants at December 31, 2020. The NJ Term Loan also includes customary events of default. We incurred \$1,454 of financing costs that are being amortized to interest expense over the term of the loan.

⁽⁸⁾ In December 2020, the Company entered into a loan and security agreement for a \$4,500 term loan due December 29, 2023 (the “NJ Real Estate Loan”). The NJ Real Estate Loan bears interest at 12.0% per annum and is due monthly, in arrears. Principal is due at maturity; prepayments are permitted with notice and subject to a prepayment fee. We incurred \$135 of financing costs that are being amortized to interest expense over the term of the loan. Proceeds under the NJ Real Estate Loan were used to fund a loan receivable to the owners of a property leased by the Company (see Note 6, “Notes Receivable”). The NJ Real Estate Loan is secured by the loan receivable on the property.

⁽⁹⁾ Sellers’ Notes consist of amounts owed for acquisitions or other purchases. At December 31, 2020, \$11,174 is due under the purchase agreement to the former owners of MOCA. This amount is included in “Current portion of debt, net” on the Consolidated Balance Sheet at December 31, 2020 and was paid in January 2021.

A total of \$25,200 is due to the former owners of Midway. Of this balance, \$17,200 is due at final closing in 2021 and is included in “Current portion of debt, net” on the Consolidated Balance Sheet at December 31, 2020. Interest of 13% per annum is due monthly on this payment. An additional \$8,000 holdback payment is due one year from final closing as is included in “Long-term debt, net” on the Consolidated Balance Sheet at December 31, 2020. This holdback accrues interest at 13% per year from the final closing date until payment.

Additionally, as part of the purchase of the non-controlling interest (see Note 8, Variable Interest Entities), the Company will pay \$11,000 to the former owners, payable in quarterly installments through December 2023. These payments do not bear interest and there therefore recorded at a discounted present value of \$10,973, which discount will be accreted as interest expense as payments are made. The Company made payments of \$1,571 during 2020. At December 31, 2020, \$3,140 and \$6,268 is included in “Current portion of debt, net” and “Long-term debt, net” respectively on the Consolidated Balance Sheet.

⁽¹⁰⁾ Finance liability related to failed sale leaseback transactions. See Note 10, “Leases,” for additional details.

Debt Maturities

During 2020 and 2019, we repaid \$19,591 and \$6,018 of principal under our notes. At December 31, 2020, the following cash payments are required under our debt arrangements:

<i>(in thousands)</i>	2021	2022	2023	2024	2025	Thereafter	Total
Term note maturities	\$ 28,222	\$ 52,512	\$ 33,250	\$ 21,624	\$ 20,000	\$ —	\$ 155,608
Sellers’ notes ⁽¹⁾	31,517	11,143	3,143	—	—	—	45,803
Cash payments due under financing liabilities ⁽¹⁾	2,022	2,082	2,143	2,206	2,271	9,149	19,873

⁽¹⁾ Certain cash payments include an interest accretion component.

Interest Expense

Interest expense related to the Company’s debt during 2020 and 2019 consisted of the following:

<i>(in thousands)</i>	Year Ended December 31,	
	2020	2019
Cash interest on notes	\$ 6,204	\$ 3,229
Accretion	5,398	2,832
Interest on financing liability ⁽¹⁾	1,391	416
Total	\$ 12,993	\$ 6,477

⁽¹⁾ Interest on financing liability related to failed sale leasebacks.

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12. MEMBERS' EQUITY

Share Capital

Pursuant to its operating agreement, the Company is authorized to issue Common Units, Preferred Units, and Restricted Common Units (see Note 13, "Equity-Based Compensation Expense"), all with no par value. Preferred Units collectively includes Series Seed Preferred Units, Series Seed+ Preferred Units, and Real Estate Preferred Units, unless otherwise specified. All unit issuances must be approved by the Board of Managers of the Company. All share classes are included within "Share capital" in the Consolidated Statements of Changes in Members' Equity on an as-converted to common units basis. In June 2019, the Company authorized a 10-for-1 unit split, which is reflected throughout the Financial Statements.

Subject to certain terms and conditions, the Company first, and each member holding Preferred Units and/or Common Units second, shall have a right of first refusal if any other member receives a bona fide offer that the Offering Member desires to accept to transfer all or any portion of the applicable units it owns.

Each holder of Preferred Units or Common Units has pre-emptive rights to purchase its applicable pro rata portion of any new securities the Company may propose to issue or sell to any party. Each Preferred Unit is convertible, at the option of the holder, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into fully paid and non-assessable Common Units on a one-for-one basis subject to adjustment for unit splits or combinations, certain dividends, and distributions if/as applicable.

Any distributions determined by the Board are first made to the members holding Preferred Units in proportion to and up to the amounts necessary for each member to have received cumulative distributions equal to such members' capital contribution attributable to such Preferred Units, second to the Members holding Real Estate Preferred Units covering such member's unpaid yield (equal to the excess of 50% of the initial cost of such unit), and third to Common Units, Real Estate Preferred Units, and Incentive Units pro rata in proportion to their aggregate holdings of Common Units and Incentive Units treated as one class of Units on an as-converted basis.

The Preferred Units are convertible at the option of the Holder into common units on a one-for-one basis. In addition, if a go-public transaction were to occur then each common unit, Series Seed Preferred Unit, and Series Seed+ Preferred Unit would convert on a one-for-one basis. Each Real Estate Preferred unit would convert at a rate of one plus 1.5x, divided by the price at which the securities are sold to the public. This conversion feature for the Real Estate Preferred Units is considered a contingent beneficial conversion feature that would only be recognized if the event occurs. Such conversion event has not occurred through of December 31, 2020.

The following table summarizes the member units outstanding:

<i>(in thousands)</i>	As of December 31,	
	2020	2019
Common Units	96,094	63,571
Real Estate Preferred Units	45,602	45,602
Series Seed Preferred Units	28,505	28,505
Series Seed+ Preferred Units	41,964	41,964
Total	212,165	179,642

2020 Financing Activity

During 2020, the Company issued a total of 16,563 of common units in business acquisitions (refer to Note 4, "Acquisitions") and 3,437 of common units in an asset purchase (refer to Note 9, "Intangible Assets and Goodwill"). Additionally, the Company issued a total of 7,271 of common units in the purchase of the non-controlling interests of Ascend Illinois (see Note 8, "Variable Interest Entities").

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2019 Financing Activity

During 2019, the Company issued 41,964 of Series Seed+ Preferred Units for gross proceeds of \$37,768. Issuance costs were immaterial. Additionally, in August 2019, the Company issued 446 common units for total proceeds of \$713. As discussed in Note 9, "Intangible Assets and Goodwill," we issued 625 common units in conjunction with the acquisition of the Ann Arbor Lease.

Warrants

During 2019, upon the execution of the AWH Convertible Promissory Notes, certain note holders received warrants to purchase 1,524 of common units at an exercise price of \$2.00 that can be exercised for three years from issuance. In July 2019, in conjunction with the July 2019 Notes, we issued warrants to purchase 2,188 of common units at an exercise price of \$1.60 that can be exercised for two years or upon the closing of a public offering. Additionally, during 2019 we issued other warrants to purchase 625 common units at an exercise price of \$2.00 that can be exercised for three years from issuance. The fair value of the warrants issued during 2019 was *de minimis*.

In conjunction with the AWH Convertible Notes issued during 2020, the Company issued warrants to purchase 2,413 common units at \$2.00 per unit with an estimated total fair value of \$61. These warrants can be exercised for three years from issuance. Additionally, in conjunction with the October 2020 Credit Facility, the Company issued warrants for an aggregate of 2,500 common units with an exercise price of \$2.00 per unit and an estimated total fair value of \$75. These warrants can be exercised for five years from issuance.

The warrants issued are equity-classified instruments, are subject to customary anti-dilution adjustments, are stand-alone instruments, and are not part of the terms of the notes to which they were issued. The fair value of such warrants is recorded as discount on the related notes and is amortized to interest expense over the term of the related notes. The fair value of the warrants is calculated using a Black-Scholes model. The fair values per warrant at issuance ranged from \$0.01 to \$0.05 and significant assumptions used in the calculation included volatility ranging from 69.2% to 108.4% and risk-free rates ranging from 0.17% to 2.17%. The weighted-average remaining contractual life of the warrants outstanding as of December 31, 2020 is 2.4 years and such warrants have no intrinsic value.

13. EQUITY-BASED COMPENSATION EXPENSE

In 2019, the Company's Board of Managers approved an Equity Incentive Plan (the "Incentive Plan") pursuant to which the Company can issue equity incentives. Company directors, officers, employees, and certain independent contractors (each, a "Grantee") are eligible to receive awards of Incentive Units under the Incentive Plan. The number of Incentive Units the Company may issue under the Incentive Plan is limited to 10% of the aggregate total of Preferred Units and Common Units outstanding on a fully diluted basis as of the date of the grant. Any Incentive Units that are forfeited or repurchased by the Company are eligible for re-distribution under the Incentive Plan. The Incentive Units are granted as "profits interests" that provide for the Grantees to share in the proceeds of a liquidity event above a valuation hurdle specified in each award agreement. Such distributions would be made on a pro-rata basis after priority is given to the members holding Preferred Units and Common Units.

The Incentive Plan is administered by a committee designated by the Board of Members of the Company that establishes exercise prices, expiry dates, and vesting requirements. Vesting may be based on the continued service of the Grantee or on the achievement of performance goals set out in the Award Agreement. Incentive Units may also be fully vested on the date of grant. The Committee may, at any time, waive or accelerate the vesting requirements. The Incentive Units generally vest over two or three years. The estimated fair value of the Incentive Units at issuance is recognized as compensation expense over the related vesting period. In the event of a change of control or an Initial Public Offering, all unvested Incentive Units outstanding at such time shall fully vest on the date of the event.

The Company adopted a new incentive plan in November 2020 (the "2020 Plan") which, among other changes, authorizes the issuance of incentive common unit options and restricted units (collectively, "Awards").

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Approximately 19,887 restricted common units were issued under the plan during 2020. The maximum number of Awards to be issued under the 2020 Plan is 20,061 and any Awards that expire or are forfeited may be re-issued. Unless otherwise specified, the Awards may not be exercised for six months following a Go-Public transaction. The Awards generally vest over two or three years. The estimated fair value of the Awards at issuance is recognized as compensation expense over the related vesting period. Upon adoption of the 2020 Plan, the Incentive Units previously issued were cancelled and converted into restricted common units that are considered fully issued and outstanding.

The following table summarizes the Incentive Units activity through conversion:

	Number of Units
Unvested, December 31, 2019	4,300
Granted	1,706
Vested	(2,769)
Cancelled	(3,237)
Unvested, December 31, 2020	—

The Company recognized \$367 and \$311 as compensation expense in connection with the Incentive Units during 2020 and 2019, respectively, which is included in “General and administrative” on the Consolidated Statements of Operations.

The following table summarizes the restricted common units activity:

	Number of Units
Unvested, December 31, 2019	—
Granted	19,887
Vested	(5,252)
Forfeited	(76)
Unvested, December 31, 2020	14,559

The Company recognized \$313 as compensation expense in connection with the restricted common units during 2020, which is included in “General and administrative” on the Consolidated Statements of Operations. As of December 31, 2020, total unrecognized compensation cost related to restricted common units was \$1,802, which is expected to be recognized over the weighted-average remaining vesting period of 1.4 years.

14. INCOME TAXES

Since the Company operates in the cannabis industry, it is subject to the limitations of IRC Section 280E, which prohibits businesses engaged in the trafficking of Schedule I or Schedule II controlled substances from deducting ordinary and necessary business expenses from gross profit. Cannabis businesses operating in states that align their tax codes with IRC Section 280E are also unable to deduct ordinary and necessary business expenses for state tax purposes. Ordinary and necessary business expenses deemed non-deductible under IRC Section 280E are treated as permanent book-to-tax differences. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss.

Effective January 1, 2020, AWH elected to be treated as a C-Corporation for Federal income tax purposes. AWH did not recognize any deferred taxes as a result of this change, as AWH did not have any temporary book-to-tax differences prior to this election, largely due to the limitations of IRC Section 280E.

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

Components of Income Tax Expense

<i>(in thousands)</i>	Year Ended December 31,	
	2020	2019
Current taxes:		
Federal	\$ 13,879	\$ 1,230
State	6,109	551
Deferred taxes:		
Federal	(922)	(502)
State	(364)	(612)
Total income tax expense	\$ 18,702	\$ 667

Reconciliation of the U.S. Statutory Tax Rate to Annual Effective Tax Rate

<i>(\$ in thousands)</i>	Year Ended December 31,	
	2020	2019
Loss before income taxes	\$ (5,139)	\$ (32,575)
U.S. Statutory Rate	21 %	21 %
Recovery based on Statutory Rate	\$ (1,079)	\$ (6,841)
Expense (recovery) resulting from:		
State and local income taxes	5,745	(62)
Nondeductible permanent items	13,990	4,771
Pass-through entities & non-controlling interests	46	2,799
Income tax expense	\$ 18,702	\$ 667

Components of Deferred Tax Assets and Liabilities

<i>(in thousands)</i>	As of December 31,	
	2020	2019
Deferred tax assets attributable to:		
State net operating loss carryforwards	\$ 370	\$ 593
Federal net operating loss carryforwards	—	460
Operating lease liabilities	40,543	12,410
Property and equipment	193	37
Other	—	14
Gross deferred tax assets	41,106	13,514
Valuation allowance	—	—
Total deferred tax assets	\$ 41,106	\$ 13,514
Deferred tax liabilities attributable to:		
Operating lease right-of-use assets	\$ (19,129)	\$ (5,732)
Tenant improvement allowance	(7,197)	(6,673)
Property and equipment	(12,385)	—
Total deferred tax liabilities	\$ (38,711)	\$ (12,405)
Net deferred tax assets	\$ 2,395	\$ 1,109

Net Operating Loss Carryforwards

State net operating loss carryforwards totaling \$6,416 at December 31, 2020 are being carried forward where we are permitted to use net operating losses from prior periods to reduce future taxable income and begin to expire in 2029. As of December 31, 2020, all Federal net operating losses have been fully utilized. The statute of limitations with respect to our federal and state tax returns remain open for tax years 2018 and forward.

No valuation allowance has been provided on our net deferred tax assets, as we believe the remaining net deferred tax assets are more likely than not to be realizable in the applicable jurisdictions based on estimates of future taxable income. The Company has not recognized any uncertain tax positions.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) was enacted in response to the COVID-19 pandemic. Among other provisions, the CARES Act allows net operating loss carryforwards incurred in 2018, 2019, and 2020 to be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. The Company is currently evaluating the impact of the CARES Act, but at present does not expect it to have a material impact on its provision due to the limitations of IRC Section 280E.

Unrecognized Tax Benefits

As of December 31, 2020 and 2019, the Company had no unrecognized tax benefits. The Company does not anticipate the total amount of unrecognized tax benefits to significantly change within the next twelve months. The Company recognized no interest expense or penalties on income tax assessments during 2020 or 2019, and there was no interest related to income tax assessments accrued as of December 31, 2020 or 2019.

15. COMMITMENTS AND CONTINGENCIES

Commitments

The Company does not have significant future annual commitments, other than related to leases and debt, which are disclosed in Notes 10 and 11, respectively.

Indemnifications

We are party to a variety of agreements under which we may be obligated to indemnify the other party for certain matters. These agreements are primarily standard indemnification arrangements entered into in our ordinary course of business. Pursuant to these arrangements, we may agree to indemnify, hold harmless, and reimburse the indemnified parties for losses suffered or incurred by the indemnified party. In addition, the Company has entered into indemnification agreements with members of its board of directors and senior management team that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is, in many cases, unlimited. To date, the Company has not incurred any material costs as a result of such indemnifications, and such costs would only be recognized as incurred.

Legal and Other Matters

The Company’s operations are subject to a variety of local and state regulations. 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 believes that the Company is in compliance with applicable local and state regulations as of December 31, 2020, cannabis regulations continue to evolve and are subject to differing interpretations, and accordingly, the Company may be subject to regulatory fines, penalties or restrictions in the future.

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

State laws that permit and regulate the production, distribution, and use of cannabis for adult use or medical purposes are in direct conflict with the Controlled Substances Act (21 U.S.C. § 811) (the “CSA”), which makes cannabis use and possession federally illegal. Although certain states and territories of the U.S. authorize medical and/or adult use cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under federal law under the CSA. Although the Company’s activities are believed to be compliant with applicable state and local laws, strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under U.S. federal law, nor may it provide a defense to any federal proceeding which may be brought against the Company.

The Company may be, from time to time, subject to various administrative, regulatory, and other legal proceedings arising in the ordinary course of business. Contingent liabilities associated with legal proceedings are recorded when a liability is probable and the contingent liability can be estimated. We do not accrue for contingent losses that, in our judgment, are considered to be reasonably possible but not probable. At December 31, 2020 and 2019, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on our consolidated results of operations, other than the matter discussed below.

In December 2020, the counterparties of the purchase agreement for the Company’s potential acquisition of certain locations in Michigan, for consideration consisting of 9,539 common units and \$16,532 of cash, filed a claim alleging breach of contract. The counterparties have asked the court to grant specific performance of the contracts between the Company and the counterparties. The Company intends to vigorously defend this action and assert all potential defenses and claims against the counterparties.

In December 2020, the Company submitted a state application to acquire BCCO, LLC, a medical dispensary license holder in Ohio for total cash consideration of approximately \$3,500, subject to certain adjustments at closing. As discussed in Note 6, “Notes Receivable,” the Company may settle the outstanding balances due under a note receivable and a working capital loan as part of the purchase price at closing. The Company has entered into a unit purchase option agreement with BCCO, LLC and expects to enter into a definitive purchase agreement following the state approval of the license transfer.

In December 2020, the Company submitted a state application to acquire Hemma LLC, the owner of a medical cultivation site in Ohio, for cash consideration of approximately \$9,570, subject to certain adjustments at closing. As discussed in Note 6, “Notes Receivable,” the Company may settle the outstanding balances due under a note receivable and a working capital loan as part of the purchase price at closing. The Company has entered into an amended merger agreement with Hemma Operations, LLC and expects to enter into a definitive purchase agreement following the state approval of the license transfer.

16. RELATED PARTY TRANSACTIONS

AWH has a management services agreement (“MSA”) with AGP Partners, LLC (“AGP”) under which AGP provides management services to AWH in connection with the monitoring and oversight of AWH’s financial and business functions. The founder of AGP is the Chief Executive Officer and one of the founders of AWH. Pursuant to the MSA, AWH pays AGP a quarterly fee of \$100. As of December 31, 2020 and 2019, \$100 and \$200, respectively, of these fees are included in “Accounts payable and other accrued expenses” on the Consolidated Balance Sheets. We recognized expenses of \$400 during each of 2020 and 2019, respectively, that are included in “General and administrative” on the Consolidated Statements of Operations. AGP is entitled to receive \$2,000 upon the termination of the MSA in the event of an initial public offering or a change of control. This payout is contingent upon the beneficial owners of AGP who serve as officers of the Company entering into lock-up agreements that extend for 180 days following such event. Pursuant to the MSA, each such lock-up agreement shall contain a provision whereby AWH’s Board of Managers may waive, in whole or in part, such extended lock-up thereto if AWH’s Board of Managers determines, in its sole discretion and in accordance with AWH’s governing documents and applicable law, that such waiver will not have an adverse effect on AWH and its equity holders, business, financial condition, and prospects.

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

As discussed in Note 11, “Debt,” certain of the AWH Convertible Notes are with related party entities that are managed by one of the founders of the Company.

As discussed in Note 8, “Variable Interest Entities,” in December 2020 one of the founders of AWH assigned his interest in Ascend Michigan to AWH, after which AWH is the majority member, retaining 99.9% of the membership interests in Ascend Michigan.

17. SUPPLEMENTAL INFORMATION

The following table presents supplemental information regarding our other current assets:

<i>(in thousands)</i>	As of December 31,	
	2020	2019
Tenant improvement allowance	\$ 24,349	\$ 15,816
Deposits and other receivables	4,021	361
Prepaid expenses	2,294	1,628
Construction deposits	712	1,515
Other	1,591	443
Total	\$ 32,967	\$ 19,763

The following table presents supplemental information regarding our accounts payable and accrued liabilities:

<i>(in thousands)</i>	As of December 31,	
	2020	2019
Accounts payable	\$ 17,763	\$ 9,149
Accrued interest	7,723	2,840
Accrued payroll and related expenses	2,762	602
Other	2,976	—
Total	\$ 31,224	\$ 12,591

The following table presents supplemental information regarding our general and administrative expenses:

<i>(in thousands)</i>	Year Ended December 31,	
	2020	2019
Compensation	\$ 15,986	\$ 8,831
Rent and utilities	14,631	6,758
Professional services	9,325	6,692
Depreciation and amortization	7,914	3,578
Marketing	1,758	1,213
Insurance	1,467	758
Loss on sale of asset	286	—
Other	1,700	1,579
Total	\$ 53,067	\$ 29,409

18. SUBSEQUENT EVENTS

Management has evaluated subsequent events to determine if events or transactions occurring through February 25, 2021, the date on which the financial statements were available to be issued, require adjustment to or disclosure in the Company's consolidated financial statements. There were no events that require adjustment to or disclosure in the consolidated financial statements, except as disclosed.

Investments

On February 25, 2021, we entered into a definitive investment agreement (the "Investment Agreement") with MedMen Enterprises Inc. ("MedMen"), under which we will, subject to regulatory approval, complete an investment (the "Investment") of approximately \$73,000 in MedMen NY, Inc. ("MMNY"), a licensed medical cannabis operator in New York. In connection with the investment, and subject to regulatory approval, MMNY will engage our services pursuant to a management agreement (the "Management Agreement") under which we will advise on MMNY's operations pending regulatory approval of the Investment transaction.

Under the terms of the Investment, at closing, MMNY will assume approximately \$73,000 of MedMen's existing secured debt, AWH will invest \$35,000 in cash in MMNY, and AWH New York, LLC will issue a senior secured promissory note in favor of MMNY's senior secured lender in the principal amount of \$28,000, guaranteed by AWH, which cash investment and note will be used to reduce the amounts owed to MMNY's senior secured lender. Following its investment, AWH will hold a controlling interest in MMNY equal to approximately 86.7% of the equity in MMNY, and be provided with an option to acquire MedMen's remaining interest in MMNY in the future. AWH must also make an additional investment of \$10,000 in exchange for additional equity in MMNY, which investment will also be used to repay MMNY's senior secured lender if adult-use cannabis sales commence in MMNY's dispensaries. The transactions contemplated by the Investment Agreement are subject to customary closing conditions, including approval from the New York State Department of Health and other applicable regulatory bodies.

Leases

Through the date on which the financial statements were available to be issued, new operating leases with ROU assets and related lease liabilities of approximately \$7,400 have commenced.

Notes Payable

In January 2021, the Company entered into a convertible note purchase agreement (the "2021 AWH Convertible Promissory Notes"). The Company issued \$49,500 of 2021 AWH Convertible Promissory Notes through the date these Financial Statements were available to be issued. Each note matures two years from its issue date and can either be paid in full at maturity or converted into common units. Each note bears interest at 8% for the first twelve months, 10% for months thirteen through fifteen, and 13% thereafter through maturity. Interest is paid-in-kind and added to the outstanding balance of the note, to be paid at maturity or upon conversion.

These notes are convertible into common units of the Company on occurrence of certain events, such as a change of control or an IPO (which events had not occurred as of the date of these Financial Statements). Upon the occurrence of an IPO, each note, including interest thereon less applicable withholding taxes, will automatically convert into equity securities issued in connection with the IPO, with the number of securities issued on the basis of a price equal to the lesser of: (a)(i) a 20% discount to the issue price if an IPO occurs on or before 12 months from each note issuance; (ii) a 25% discount to the issue price if an IPO occurs after 12 months of each note issuance, but before maturity; and (b) the conversion price then in effect based on a defined pre-money valuation of the Company. If not previously converted, at maturity the holder may elect the outstanding principal amount and accrued and unpaid interest to be paid in full in cash or convert into common units at a price of \$3.00 per unit, subject to adjustments for splits, dividends, or other similar recapitalization events.



ASCEND WELLNESS HOLDINGS, LLC

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PROSPECTUS

Canaccord Genuity

, 2020

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth the costs and expenses payable by us in connection with the registration of the securities being registered hereby. All such expenses are estimated except for the SEC registration fee.

SEC registration fee		
Legal fees and expenses*	\$	650,000
Accounting fees and expenses*	\$	30,000
Printing expenses*	\$	200,000
Total*		

* Estimated

Item 14. Indemnification of Directors and Officers

Section 102 of the General Corporation Law of the State of Delaware permits a corporation to eliminate the personal liability of directors of a corporation to the corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director, except where the director breached his or her duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. We expect to adopt a certificate of incorporation, which will become effective upon the consummation of this offering, and which will provide that none of our directors shall be personally liable to us or to our stockholders for monetary damages for any breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability, except to the extent that the General Corporation Law of the State of Delaware prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty.

Section 145 of the General Corporation Law of the State of Delaware provides that a corporation has the power to indemnify a director, officer, employee or agent of the corporation, or a person serving at the request of the corporation for another corporation, partnership, joint venture, trust or other enterprise in related capacities, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with an action, suit or proceeding to which he or she was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of such position, if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful, except that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or other adjudicating court determines that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Upon consummation of this offering, our certificate of incorporation and bylaws will provide indemnification for our directors and officers to the fullest extent permitted by the General Corporation Law of the State of Delaware, subject to certain limited exceptions. We will indemnify each person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of us) by reason of the fact that he or she is or was, or has agreed to become, a director or officer, or is or was serving, or has agreed to serve, at our request as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (all such persons being referred to as an "Indemnitee"), or by reason of any action alleged to have been taken or omitted in such capacity,

against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding and any appeal therefrom, if such Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests, and, with respect to any criminal action or proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful. Our certificate of incorporation and bylaws will provide that we will indemnify any Indemnitee who was or is a party to an action or suit by or in the right of us to procure a judgment in our favor by reason of the fact that the Indemnitee is or was, or has agreed to become, a director or officer, or is or was serving, or has agreed to serve, at our request as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees) and, to the extent permitted by law, amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding, and any appeal therefrom, if the Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests, except that no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to us, unless a court determines that, despite such adjudication but in view of all of the circumstances, he or she is entitled to indemnification of such expenses. Notwithstanding the foregoing, to the extent that any Indemnitee has been successful, on the merits or otherwise, he or she will be indemnified by us against all expenses (including attorneys' fees) actually and reasonably incurred in connection therewith. Expenses must be advanced to an Indemnitee under certain circumstances.

Prior to the closing of this offering, we will enter into indemnification agreements with each of our executive officers and directors. The indemnification agreements will provide the executive officers and directors with contractual rights to indemnification, and expense advancement and reimbursement, to the fullest extent permitted under the laws of the State of Delaware in effect from time to time, subject to certain exceptions contained in those agreements.

We maintain a general liability insurance policy that covers certain liabilities of directors and officers of our corporation arising out of claims based on acts or omissions in their capacities as directors or officers.

In any underwriting agreement we enter into in connection with the sale of common stock being registered hereby, the underwriters will agree to indemnify, under certain conditions, us, our directors, our officers and persons who control us within the meaning of the Securities Act against certain liabilities.

Item 15. Recent Sales of Unregistered Securities.

The following information represents securities sold by the Company within the past three years through _____, 2020 which were not registered under the Securities Act. Included are new issues, securities issued in exchange for property, services or other securities, securities issued upon conversion from other share classes and new securities resulting from the modification of outstanding securities. We sold all of the securities listed below pursuant to the exemption from registration provided by Section 4(a)(2) of the Securities Act, or Regulation D or Regulation S promulgated thereunder.

Preferred Units

In August 2018, the Company initiated a private placement of Series Seed Preferred Units. The Company issued 28,504,750 units for gross proceeds of \$14.7 million.

In October 2018, following the initiation of the Series Seed Preferred Units placement, the Company's then-outstanding convertible notes (the "2018 Convertible Notes") automatically converted into Real Estate Preferred Units pursuant to the conversion provisions of the note agreement. The 2018 Convertible Notes were issued between June 2018 and August 2018 and had an aggregate principal amount of \$17.8 million. Prior to conversion, the notes had an interest rate of 8% per annum and a maturity date of July 1, 2021. Upon conversion, the then-outstanding principal and accrued interest on each note automatically converted into 45,601,890 Real Estate Preferred Units with an aggregate value of \$18.2 million.

During 2019, the Company issued 41,964,430 of Series Seed+ Preferred Units for gross proceeds of \$37.8 million.

Common Units

In connection with the formation of AWH in May 2018, AGP was issued 62,500,000 common units.

In August 2019, the Company issued 445,625 common units for total proceeds of \$0.7 million.

In February 2020, the Company acquired Southcoast Apothecary, LLC, an entity which held the license application for a third adult-use dispensary located in New Bedford, MA, for 3,437,500 common units. This dispensary was provisionally licensed in August 2020.

In July 2020, the Company issued 7,270,833 common units in connection with the buyout of the minority owners of Ascend Illinois LLC. These minority owners acquired their ownership of Ascend Illinois LLC with AWH's acquisition of HealthCentral LLC and its related entities in April 2019.

On September 29, 2020, the Company issued 8,437,500 common units in connection with the closing of the acquisition of the assets and liabilities of Greenleaf Compassion Center by Ascend New Jersey, LLC.

In November 2020, the Company cancelled 8,322,420 incentive units previously issued between January 2019 and October 2020 to managers, officers and employees in connection with our election to be taxed as a C-Corporation and issued 19,887,158 restricted common units to managers, officers and employees pursuant to the 2020 Incentive Plan.

On December 23, 2020, the Company issued 8,125,000 common units in connection with the closing of the acquisition of the equity interests of MOCA, LLC by Ascend Illinois Holdings, LLC.

Convertible Notes

Beginning in June 2019 through August 2020, the Company issued convertible notes (the "**2019 Convertible Notes**") with an aggregate principal amount of \$75.5 million. The 2019 Convertible Notes are unsecured and have a two-year term with staggered maturity dates according to the date of subscription. These notes accrue "pay-in-kind" interest at a rate of 8.0% per annum for the first twelve months, 10% for months thirteen through fifteen, and 13% per annum following the fifteen month anniversary of the subscription and thereafter. The 2019 Convertible Notes will convert into shares of Class A common stock of the Ascend Wellness Holdings, Inc. upon completion of the offering.

In January 2021, the Company issued convertible notes (the "**2021 Convertible Notes**") with an aggregate principal amount of \$49.5 million. The 2021 Convertible Notes are unsecured and have a two-year term with staggered maturity dates according to the date of subscription. These notes accrue "pay-in-kind" interest at a rate of 8.0% per annum for the first twelve months, 10% for months thirteen through fifteen, and 13% per annum following the fifteen month anniversary of the subscription and thereafter. The 2021 Convertible Notes will convert into shares of Class A common stock of the Ascend Wellness Holdings, Inc. upon completion of the offering.

Warrants

On July 1, 2019, the Company issued warrants (the "**2019 Warrants**") to purchase up to an aggregate of 2,187,500 common units with an exercise price of \$1.60 per common unit. The 2019 Warrants expire upon the earlier of (i) July 1, 2021 and (ii) the closing of a public offering. The 2019 Warrants will be cancelled in connection with the offering.

Beginning in May 2019 through October 2020, the Company issued warrants (the "**Warrants**") to purchase up to an aggregate of 7,062,285 common units with an exercise price of \$2.00 per common unit. Each Warrant expires

on the third anniversary of its respective issuance. In connection with offering, each holder of the Warrants will receive warrants to acquire an equal number of shares of Class A common stock.

Item 16. Exhibits and Financial Statement Schedules

(a) Exhibits

See the Exhibit Index attached to this registration statement, which is incorporated by reference herein.

(b) Financial Statement Schedules

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

Item 17. Undertakings

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

- (1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
- (2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
1.1*	Form of Underwriting Agreement
2.1+#	Plan of Merger among Ascend Wellness Holdings, LLC, Ascend Illinois, LLC, HealthCentral, LLC, HealthCentral Illinois Holdings, LLC and Springfield Partners II, LLC, dated November 6, 2018
3.1	Certificate of Formation of Ascend Wellness Holdings, LLC
3.2	Certificate of Amendment of Ascend Wellness Holdings, LLC
3.3+#	Fourth Amended and Restated Limited Liability Company Agreement of Ascend Wellness Holdings, LLC
3.4*	Form of Certificate of Incorporation, to be effective upon completion of this offering
3.5*	Form of Bylaws, to be effective upon completion of this offering
4.1*	Specimen Stock Certificate evidencing the shares of common stock.
5.1*	Opinion of Dorsey & Whitney LLP regarding legality of shares issued.
10.1	Ascend Wellness Holdings, LLC Equity Incentive Plan
10.2	Ascend Wellness Holdings, LLC 2020 Equity Incentive Plan
10.3*	Management Agreement with AGP Partners, LLC
10.4*	Form of Indemnification Agreement
10.5+	Purchase and Sale Agreement and Joint Escrow Instructions between Ascend Athol RE LLC and IIP Operating Partnership, dated January 13, 2020
10.6	First Amendment to Purchase and Sale Agreement and Joint Escrow Instructions between Ascend Athol RE LLC and IIP Operating Partnership, dated February 7, 2020
10.7	Second Amendment to Purchase and Sale Agreement and Joint Escrow Instructions between Ascend Athol RE LLC and IIP Operating Partnership, dated February 28, 2020
10.8	Third Amendment to Purchase and Sale Agreement and Joint Escrow Instructions between Ascend Athol RE LLC and IIP Operating Partnership, dated March 6, 2020
10.9	Fourth Amendment to Purchase and Sale Agreement and Joint Escrow Instructions between Ascend Athol RE LLC and IIP Operating Partnership, dated March 13, 2020
10.10#	Fifth Amendment to Purchase and Sale Agreement and Joint Escrow Instructions between Ascend Athol RE LLC and IIP-MA 4 LLC, dated March 20, 2020
10.11+	Lease between IIP-IL 1, LLC and Ascend Illinois, LLC, dated December 21, 2018
10.12+	First Amendment to Lease Agreement between IIP-IL 1 LLC and Revolution Cannabis - Barry, LLC, dated September 5, 2019
10.13+	Second Amendment to Lease Agreement between IIP-IL 1 LLC and Revolution Cannabis - Barry, LLC, dated August 18, 2020
10.14+	Lease between IIP-MI 3, LLC and FPAW Michigan, LLC, dated July 2, 2019
10.15+	Lease between IIP-MA 4 LLC and MassGrow, LLC, dated April 2, 2020
10.16+	Commercial Lease between LCR 1014 Eastport Plaza, LLC and HealthCentral Illinois Holdings, LLC, dated July 5, 2019
10.17+	Commercial Lease between LCR 628 East Adams, LLC and HealthCentral, LLC, dated July 3, 2019
10.18+	Indenture of Lease between 1089 Washington Street Limited Partnership and Ascend Mass, LLC, dated May 13, 2020
10.19+	Lease Agreement between 174 Rochelle LLC and Greenleaf Compassion Center, dated December 19, 2020
10.20+	Industrious Membership Agreement between Industrious NYC 1411 Broadway LLC and Ascend Wellness Holdings, LLC, dated February 9, 2020
10.21+	Industrious Membership Agreement Amendment between Industrious NYC 1411 Broadway LLC and Ascend Wellness Holdings, LLC, dated July 23, 2020

21.1*	List of Subsidiaries of Ascend Wellness Holdings, LLC
23.1*	Consent of Marcum LLP
23.2*	Consent of Dorsey & Whitney LLP (included in Exhibit 5.1)
23.3*	Consent of Hill, Barth & King LLC
23.4*	Consent of MNP LLP
24.1	Power of Attorney (included on signature page)
99.1	Audited Financial Statements of MOCA, LLC for the years ended December 31, 2020 and December 31, 2019
99.2	Management's Discussion and Analysis of Financial Condition and Results of Operations of MOCA, LLC for the years ended December 31, 2020 and December 31, 2019
99.3	Audited Combined Financial Statements of Chicago Alternative Health Center Holdings, LLC and Affiliate for the years ended December 31, 2020 and December 31, 2019
99.4	Management's Discussion and Analysis of Financial Condition and Results of Operations Chicago Alternative Health Center Holdings, LLC and Affiliate for the years ended December 31, 2020 and December 31, 2019
99.5	Audited Financial Statements of MedMen NY, Inc. for the years ended December 31, 2020 and December 31, 2019
99.6	Management's Discussion and Analysis of Financial Condition and Results of Operations of MedMen NY, Inc. for the years ended December 31, 2020 and December 31, 2019
99.7	Unaudited Pro Forma Consolidated Statement of Operations of Ascend Wellness Holdings, LLC giving effect to the acquisition of MOCA, LLC, the acquisition of Chicago Alternative Health Center Holdings, LLC and Affiliate and the investment in MedMen NY, Inc.

* To be filed by amendment.

+ Portions of this exhibit have been redacted in compliance with Regulation S-K Item 601(b)(10). The omitted information is not material and would likely cause competitive harm to the Company if publicly disclosed. The Company agrees to furnish an unredacted copy to the SEC upon its request.

Portions of this exhibit have been redacted in compliance with Regulation S-K Item 601(a)(5). The Company agrees to furnish a copy of any omitted schedule or exhibit to the SEC upon its request.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York on _____.

ASCEND WELLNESS HOLDINGS, LLC

By _____
 Abner Kurtin
 Chair of the Board and Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints each of Abner Kurtin and Daniel Neville, acting alone or together with another attorney-in-fact, as his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for such person and in his or her name, place and stead, in any and all capacities, to sign any or all further amendments (including post-effective amendments) to this registration statement (and any additional registration statement related hereto permitted by Rule 462(b) promulgated under the Securities Act of 1933 (and all further amendments, including post-effective amendments, thereto)), and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement on Form S-1 has been signed by the following persons in the capacities and on the dates indicated:

Name and Signature	Title	Date
_____ Abner Kurtin	Chief Executive Officer <i>(Principal Executive Officer)</i>	_____
_____ Daniel Neville	Chief Financial Officer <i>(Principal Financial Officer)</i>	_____
_____ Roman Nemchenko	Senior Vice President, Chief Accounting Officer <i>(Principal Accounting Officer)</i>	_____
_____	Director	_____
_____	Director	_____
_____	Director	_____
_____	Director	_____

CONFIDENTIAL TREATMENT REQUESTED - REDACTED COPY

PLAN OF MERGER

THIS PLAN OF MERGER (the “**Agreement**”), executed and effective as of November 6, 2018 (the “**Effective Date**”), by and among Ascend Wellness Holdings, LLC, a Delaware limited liability company (“**AWH**” and “**Purchaser**”), Ascend Illinois, LLC, an Illinois limited liability company (“**AI**”), HealthCentral, LLC, d/b/a HCI Alternatives, an Illinois limited liability company (“**HC**” and/or “**Seller**”), HealthCentral Illinois Holdings, LLC, an Illinois limited liability company (“**HCI Holdings**”), and Springfield Partners II, LLC, an Illinois limited liability company (“**Springfield Partners II**”). Springfield Partners II and HCI Holdings are collectively referred to herein as “**Holding Companies**”. AWH, HC, and Holding Companies are hereinafter collectively referred to as the “**Parties**.”

RECITALS

WHEREAS, HC owns and operates two (2) marijuana dispensaries pursuant to licenses issued by the Illinois Department of Financial and Professional Regulation, Division of Professional Regulation (the “IDFPR”), as well as all applicable and accompanying licenses and Zoning Certifications issued for the aforementioned by the City of Collinsville, City of Springfield, Madison County, and Sangamon County (collectively the “HC Licenses”). The HC Licenses, all of which are current and in good standing, are listed below:

License Number	Location	Licensing Authority	Type
DISP000022	1014 Eastport Plaza Dr. Collinsville, IL 62234 (the “ Collinsville Property ”)	IDFPR	Medical Marijuana Dispensary
DISP000029	628 E. Adams St. Springfield, IL 62701 (the “ Springfield Property ”)	IDFPR	Medical Marijuana Dispensary

WHEREAS, Christopher Stone (“Stone”) is the Manager of HC.

WHEREAS, as of the date of this Agreement and prior to giving effect to the merger contemplated hereby, ownership of the Membership Interests in HC is reflected in Schedule A [Omitted pursuant to Item 601(a)(5) of Regulation S-K] attached hereto.

WHEREAS, Springfield Partners II owns the real property commonly known as 620 East Adams Street, Springfield, Illinois (“620 East Adams Property”).

WHEREAS, HCI Holdings owns the Springfield Property and the Collinsville Property, which it has leased to HC via an oral lease.

WHEREAS, the Parties desire to complete the following transactions contemplated in this Agreement: (a) the transfer of all of the Membership Interests in HC into AWH; (b) the subsequent transfer, consolidation, or merger of all of the Membership Interests in HC to AI (the “**Surviving Entity**”) (the events contemplated in (a) and (b) being collectively referred to as the

“**Transfers**” and each a “**Transfer**”); and (c) the completion of subsequent real estate transactions involving the Springfield Property, the Collinsville Property, and the 620 East Adams Property, the nature of which is to be determined, before Closing, by the Parties (“Real Estate Transactions”).

WHEREAS, the Transfers are subject to the approval of third parties, including the IDFPR, and other parties, to be determined, that will be involved in the completion of the Real Estate Transactions.

WHEREAS, after giving effect to the Assignments (as defined in Section 2.1), and other terms set forth in this Agreement, one-hundred percent (100%) of the Membership Interests in HC (the “**HC Interests**”) will be owned by AWH.

WHEREAS, AWH shall, no later than 60 days after the Closing and only after obtaining prior approval from the Illinois Department of Agriculture and any other regulatory agency, transfer, consolidate, or merge the HC Interests to AI.

WHEREAS, following the consummation of the Transfers, HC’s members shall collectively receive twenty percent (20.0%) Membership Interest in AI, the terms of which shall be reflected in the operating agreement of AI.

AGREEMENT

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. MERGER OF MEMBERSHIP INTEREST. Subject to the terms and conditions contained in this Agreement, at the Closing, HC shall assign, transfer and convey to Purchaser all right, title and legal and equitable interest in 100% of the Membership Interests in HC by way of merger.

2. THE CLOSING. The transfer of the HC Membership Interests as contemplated by this Agreement shall close on December 15, 2018 or such other time as the parties may otherwise agree in writing; *provided, however*, in no event shall the Closing Date be later than January 15, 2019. The parties shall use commercially reasonable efforts to cause the Closing Date to be December 15, 2018.

2.1 Closing Deliveries of HC. The obligations of Purchaser and HC to consummate the transactions contemplated by this Agreement shall be subject to the delivery, prior to or at Closing, of each of the following by HC (the delivery of any or all of which may be waived by Purchaser in its sole discretion):

- a. Agreement for the Assignment and Transfer of Membership Interests, dated as of the Closing Date, executed by HC, assigning the Membership Interests in HC to Purchaser (the “**Assignments**”);

- b. Resolutions duly executed by HC authorizing the Assignments and other transactions contemplated herein, or consents executed by members of HC holding at least seventy percent (70%) of the Membership Interests of HC;
- c. Amended Articles of Organization of HC to remove Stone as Manager and add AWH as Manager; and
- d. Documentation needed to facilitate the completion of the Real Estate Transactions.

2.2 Closing Deliveries of Purchaser. The obligation of Purchaser and HC to consummate the transactions contemplated by this Agreement shall be subject to the delivery, prior to or at Closing, of each of the following by Purchaser (the delivery of any or all of which may be waived by HC in its sole discretion):

- a. The first payment of the Purchase Price as described in Section 6 of this Agreement; and
- b. Documentation evidencing closing on the Barry Cultivation.

2.3 Closing Deliveries of AI. The obligation of Purchaser and HC to consummate the transactions contemplated by this Agreement shall be subject to the delivery, prior to or at Closing, of each of the following by AI (the delivery of any or all of which may be waived by HC in its sole discretion):

- a. Assignment of Membership Interests for 20.0% of AI;
- b. An Operating Agreement of AI that is to be mutually agreed upon by the parties and executed by the managers of the parties pursuant to the terms of this Agreement;
- c. The Executive Employment Agreement of Chris Stone that is to be mutually agreed upon by all parties to the Executive Employment Agreement;
- d. Documentation needed to facilitate the completion of the Real Estate Transactions; and
- e. If necessary, documentation evidencing approval from the Department of Agriculture authorizing merger of the HC Membership Interests into AI.

3. REPRESENTATIONS AND WARRANTIES.

3.1. Representations and Warranties of HC. HC represents and warrants to AWH as of the Closing Date as follows:

- a. **Authority.** HC is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Illinois and has all requisite

entity power and authority, by and through Stone as its Manager, to execute and deliver this Agreement and each ancillary agreement to which it is or will be a party (each, an “Ancillary Agreement”), to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby.

- b. **Validity and Enforceability.** This Agreement is, and each of the other Ancillary Agreements to which HC is a party that shall be executed and delivered by HC, constitutes a valid and binding obligation of HC enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar law affecting the rights of creditors’ generally and to general principles of equity, whether considered in a proceeding at law or in equity.
- c. **No Conflict.** The execution, delivery and performance by HC of this Agreement and the documents to be delivered hereunder and the consummation of the transactions contemplated hereby, do not and will not:
 - (i) violate, conflict with or constitute a default under the Articles of Organization, operating agreement, or other organizational documents of HC;
 - (ii) violate or conflict with any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to HC;
 - (iii) Other than as may be contained in any loan documents with the Bank of Springfield, conflict with, or result in (with or without notice or lapse of time or both) any violation of, or default under, or give rise to a right of termination, acceleration or modification of any obligation or loss of any benefit under any contract or other instrument to which HC is a party; or
 - (iv) result in the creation or imposition of any encumbrance on HC.
- d. **Consents.** Other than the Cannabis Consents (defined in Section 8.3), no consents, licenses, actions, notifications, waivers, approvals, orders, exemptions or authorizations of, or other actions by, or declarations, registrations or filings with, any governmental entity (“**Governmental Consents**”) are required to be obtained by HC in connection with (i) the execution, delivery and performance of this Agreement or the Ancillary Agreements, or (ii) the consummation of the transactions contemplated hereby or thereby.
- e. **Litigation.**
 - (i) Other than as disclosed on Schedule 3.1 [Omitted pursuant to Item 601(a)(5) of Regulation S-K] attached hereto and made part of, HC has not received notice of any action, arbitration, suit, proceeding or investigation against HC or the Holding Companies; and

- (ii) Other than as disclosed on Schedule 3.1 [Omitted pursuant to Item 601(a)(5) of Regulation S-K] attached hereto and made part of, to the knowledge of HC, no action, arbitration, suit, proceeding or investigation is pending or threatened against HC or the Holding Companies in relation to the assets, business or affairs of the HC or its ability to operate the business, or that would materially interfere with HC's ability to consummate the transactions contemplated by this Agreement.
- f. **Outstanding liabilities.** There are no outstanding liabilities of HC other than as shown in the financial statements of HC.
- g. **Tax returns.** Other than as disclosed on Schedule 3.1 [Omitted pursuant to Item 601(a)(5) of Regulation S-K] attached hereto and made part of, all tax returns, except for the current year (2018), have been filed and all taxes owed paid.
- h. **Bankruptcy; Solvency.** There are no bankruptcy, insolvency, reorganization or receivership proceedings pending or, to the knowledge of HC, threatened against HC.
- i. **Disclosure.** No representation, warranty or certification by HC in this Agreement and each Ancillary Agreement to which it is or will be a party contains an untrue statement of a material fact or omits a material fact required to be stated herein or therein to make the representations, warranties and or certifications contained herein or therein not misleading.
- j. All representations and warranties contained herein shall be correct, accurate and effective as of the Closing Date.

3.2. Representations and Warranties of Springfield Partners II. Springfield Partners II represents and warrants to AWH as of the Closing Date as follows:

- a. **Authority.** Springfield Partners II is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Illinois and has all requisite entity power and authority, by and through Stone as its Manager, to execute and deliver this Agreement and each Ancillary Agreement to which it is or will be a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby.
- b. **Validity and Enforceability.** This Agreement is, and each of the other Ancillary Agreements to which Springfield Partners II is a party that shall be executed and delivered by Springfield Partners II, constitutes a valid and binding obligation of Springfield Partners II enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar law affecting the rights of creditors' generally and to general principles of equity, whether considered in a proceeding at law or in equity.

- c. **No Conflict.** The execution, delivery and performance by Springfield Partners II of this Agreement and the documents to be delivered hereunder and the consummation of the transactions contemplated hereby, do not and will not:
- (i) violate, conflict with or constitute a default under the Articles of Organization, operating agreement, or other organizational documents of Springfield Partners II;
 - (ii) violate or conflict with any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Springfield Partners II;
 - (iii) other than as may be contained in any loan documents with the Bank of Springfield, conflict with, or result in (with or without notice or lapse of time or both) any violation of, or default under, or give rise to a right of termination, acceleration or modification of any obligation or loss of any benefit under any contract or other instrument to which Springfield Partners II is a party; or
 - (iv) result in the creation or imposition of any encumbrance on Springfield Partners II.
- d. **Consents.** Other than the Cannabis Consents, no consents, licenses, actions, notifications, waivers, approvals, orders, exemptions or authorizations of, or other actions by, or declarations, registrations or filings with, any governmental entity (“**Governmental Consents**”) are required to be obtained by Springfield Partners II in connection with (i) the execution, delivery and performance of this Agreement or the Ancillary Agreements, or (ii) the consummation of the transactions contemplated hereby or thereby.
- e. **Litigation.**
- (i) Springfield Partners II has not received notice of any action, arbitration, suit, proceeding or investigation against Springfield Partners II; and
 - (ii) to the knowledge of Springfield Partners II, no action, arbitration, suit, proceeding or investigation is pending or threatened against Springfield Partners II in relation to the assets, business or affairs of Springfield Partners II or its ability to operate the business, or that would materially interfere with Springfield Partners II’s ability to consummate the transactions contemplated by this Agreement.
- f. **Outstanding liabilities.** There are no outstanding liabilities of Springfield Partners II other than as shown in the financial statements of Springfield Partners II.

- g. **Tax returns.** All tax returns, except for the current year (2018), have been filed and all taxes owed paid.
- h. **Bankruptcy; Solvency.** There are no bankruptcy, insolvency, reorganization or receivership proceedings pending or, to the knowledge of Springfield Partners II, threatened against Springfield Partners II.
- i. **Disclosure.** No representation, warranty or certification by Springfield Partners II in this Agreement and each Ancillary Agreement to which it is or will be a party contains an untrue statement of a material fact or omits a material fact required to be stated herein or therein to make the representations, warranties and or certifications contained herein or therein not misleading.
- j. All representations and warranties contained herein shall be correct, accurate and effective as of the Closing Date.

3.3. Representations and Warranties of HCI Holdings. HCI Holdings represents and warrants to AWH as of the Closing Date as follows:

- a. **Authority.** HCI Holdings is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Illinois and has all requisite entity power and authority, by and through Stone as its Manager, to execute and deliver this Agreement and each Ancillary Agreement to which it is or will be a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby.
- b. **Validity and Enforceability.** This Agreement is, and each of the other Ancillary Agreements to which HCI Holdings is a party that shall be executed and delivered by HCI Holdings, constitutes a valid and binding obligation of HCI Holdings enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar law affecting the rights of creditors' generally and to general principles of equity, whether considered in a proceeding at law or in equity.
- c. **No Conflict.** The execution, delivery and performance by HCI Holdings of this Agreement and the documents to be delivered hereunder and the consummation of the transactions contemplated hereby, do not and will not:
 - (i) violate, conflict with or constitute a default under the Articles of Organization, operating agreement, or other organizational documents of HCI Holdings;
 - (ii) violate or conflict with any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to HCI Holdings;

- (iii) other than as may be contained in any loan documents with the Bank of Springfield, conflict with, or result in (with or without notice or lapse of time or both) any violation of, or default under, or give rise to a right of termination, acceleration or modification of any obligation or loss of any benefit under any contract or other instrument to which HCI Holdings is a party; or
 - (iv) result in the creation or imposition of any encumbrance on HCI Holdings.
- d. **Consents.** Other than the Cannabis Consents, no consents, licenses, actions, notifications, waivers, approvals, orders, exemptions or authorizations of, or other actions by, or declarations, registrations or filings with, any governmental entity (“**Governmental Consents**”) are required to be obtained by HCI Holdings in connection with (i) the execution, delivery and performance of this Agreement or the Ancillary Agreements, or (ii) the consummation of the transactions contemplated hereby or thereby.
- e. **Litigation.**
 - (i) HCI Holdings has not received notice of any action, arbitration, suit, proceeding or investigation against HCI Holdings; and
 - (ii) to the knowledge of HCI Holdings, no action, arbitration, suit, proceeding or investigation is pending or threatened against HCI Holdings in relation to the assets, business or affairs of HCI Holdings or its ability to operate the business, or that would materially interfere with HCI Holdings’ ability to consummate the transactions contemplated by this Agreement.
- f. **Outstanding liabilities.** There are no outstanding liabilities of HCI Holdings other than as shown in the financial statements of HCI Holdings.
- g. **Tax returns.** All tax returns, except for the current year (2018), have been filed and all taxes owed paid.
- h. **Bankruptcy; Solvency.** There are no bankruptcy, insolvency, reorganization or receivership proceedings pending or, to the knowledge of HCI Holdings, threatened against HCI Holdings.
- i. **Disclosure.** No representation, warranty or certification by HCI Holdings in this Agreement and each Ancillary Agreement to which it is or will be a party contains an untrue statement of a material fact or omits a material fact required to be stated herein or therein to make the representations, warranties and or certifications contained herein or therein not misleading.
- j. All representations and warranties contained herein shall be correct, accurate and effective as of the Closing Date.

3.4. Additional Representations and Warranties of HC. HC represents and warrants to Purchaser as of the Closing Date as follows:

- a. Stone has the full power and authority on behalf HC's members to execute this Agreement and validly assign, transfer, and convey all Membership Interests in HC to AWH.
- b. Each member of HC holds, or as of Closing will hold, good, clean, clear, and marketable title in the Membership Interests being transferred, and such interests are free and clear of all liens and encumbrances.
- c. No member of HC has entered into any agreement to sell, hypothecate or otherwise dispose of any Membership Interests in HC to any person.
- d. Execution and delivery of this Agreement do not and will not result in a breach of, or constitute a default under, any contract, instrument, commitment or arrangement to which HC or any member of HC is a party, by which HC or any such member of HC is bound or to which any of HC's or any such member of HC's assets are subject.
- e. Other than the Cannabis Consents, HC's members are not aware of any other approval or consent which is required to be obtained as a condition to the effectiveness of this Agreement.

3.5. Representations and Warranties of Purchaser. Purchaser represents and warrants to Seller as of the Closing Date as follows:

- a. Purchaser is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite entity power and authority to execute and deliver this Agreement and each Ancillary Agreement to which it is or will be a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby;
- b. **Validity and Enforceability.** This Agreement is, and each of the other Ancillary Agreements to which Purchaser is a party that shall be executed and delivered by Purchaser, constitutes a valid and binding obligation of Purchaser enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar law affecting the rights of creditors generally and to general principles of equity, whether considered in a proceeding at law or in equity.

- c. **No Conflict.** The execution, delivery and performance by Purchaser of this Agreement and the documents to be delivered hereunder and the consummation of the transactions contemplated hereby, do not and will not:
- (i) violate, conflict with or constitute a default under the Articles of Organization, operating agreement, or other organizational documents of Purchaser;
 - (ii) violate or conflict with any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Purchaser;
 - (iii) conflict with, or result in (with or without notice or lapse of time or both) any violation of, or default under, or give rise to a right of termination, acceleration or modification of any obligation or loss of any benefit under any contract or other instrument to which Purchaser is a party; or
 - (iv) result in the creation or imposition of any encumbrance on Purchaser.
- d. **Consents.** Other than, if necessary, obtaining prior approval from the Department of Agriculture authorizing merger of the HC Interests into AI, no consents, licenses, actions, notifications, waivers, approvals, orders, exemptions or authorizations of, or other actions by, or declarations, registrations or filings with, any governmental entity (“**Governmental Consents**”) are required to be obtained by Purchaser in connection with (i) the execution, delivery and performance of this Agreement or the Ancillary Agreements, or (ii) the consummation of the transactions contemplated hereby or thereby.
- e. **Litigation.**
- (i) Purchaser has not received notice of any action, arbitration, suit, proceeding or investigation against Purchaser; and
 - (ii) to the knowledge of Purchaser, no action, arbitration, suit, proceeding or investigation is pending or threatened against Purchaser in relation to the assets, business or affairs of Purchaser or its ability to operate the business, or that would materially interfere with Purchaser’s ability to consummate the transactions contemplated by this Agreement.
- f. **Outstanding liabilities.** There are no outstanding liabilities of Purchaser other than as shown in the financial statements of Purchaser.
- g. **Tax returns.** All tax returns, except for the current year (2018), have been filed and all taxes owed paid.
- h. **Bankruptcy; Solvency.** There are no bankruptcy, insolvency, reorganization or receivership proceedings pending or, to the knowledge of Purchaser, threatened against Purchaser.

- i. **Disclosure.** No representation, warranty or certification by Purchaser in this Agreement and each Ancillary Agreement to which it is or will be a party contains an untrue statement of a material fact or omits a material fact required to be stated herein or therein to make the representations, warranties and or certifications contained herein or therein not misleading.
 - j. All representations and warranties contained herein shall be correct, accurate and effective as of the Closing Date.
- 3.6. Representations and Warranties of AI.** AI represents and warrants to Seller as of the Closing Date as follows:
- a. AI is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Illinois and has all requisite entity power and authority to execute and deliver this Agreement and each Ancillary Agreement to which it is or will be a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby;
 - b. **Validity and Enforceability.** This Agreement is, and each of the other Ancillary Agreements to which AI is a party that shall be executed and delivered by AI, constitutes a valid and binding obligation of AI enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar law affecting the rights of creditors' generally and to general principles of equity, whether considered in a proceeding at law or in equity.
 - c. **No Conflict.** The execution, delivery and performance by AI of this Agreement and the documents to be delivered hereunder and the consummation of the transactions contemplated hereby, do not and will not:
 - (i) violate, conflict with or constitute a default under the Articles of Organization, operating agreement, or other organizational documents of AI;
 - (ii) violate or conflict with any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to AI;
 - (iii) conflict with, or result in (with or without notice or lapse of time or both) any violation of, or default under, or give rise to a right of termination, acceleration or modification of any obligation or loss of any benefit under any contract or other instrument to which AI is a party; or
 - (iv) result in the creation or imposition of any encumbrance on AI.

- d. **Consents.** Other than, if necessary, obtaining prior approval from the Department of Agriculture authorizing merger of the HC Membership Interests into AI, no consents, licenses, actions, notifications, waivers, approvals, orders, exemptions or authorizations of, or other actions by, or declarations, registrations or filings with, any governmental entity (“**Governmental Consents**”) are required to be obtained by AI in connection with (i) the execution, delivery and performance of this Agreement or the Ancillary Agreements, or (ii) the consummation of the transactions contemplated hereby or thereby.
- e. **Litigation.**
 - (i) AI has not received notice of any action, arbitration, suit, proceeding or investigation against AI; and
 - (ii) to the knowledge of AI, no action, arbitration, suit, proceeding or investigation is pending or threatened against AI in relation to the assets, business or affairs of AI or its ability to operate the business, or that would materially interfere with AI’s ability to consummate the transactions contemplated by this Agreement.
- f. **Outstanding liabilities.** There are no outstanding liabilities of AI other than as shown in the financial statements of AI.
- g. **Tax returns.** All tax returns, except for the current year (2018), have been filed and all taxes owed paid.
- h. **Bankruptcy; Solvency.** There are no bankruptcy, insolvency, reorganization or receivership proceedings pending or, to the knowledge of AI, threatened against AI.
- i. **Disclosure.** No representation, warranty or certification by AI in this Agreement and each Ancillary Agreement to which it is or will be a party contains an untrue statement of a material fact or omits a material fact required to be stated herein or therein to make the representations, warranties and or certifications contained herein or therein not misleading.
- j. All representations and warranties contained herein shall be correct, accurate and effective as of the Closing Date.

4. CONSIDERATION FOR TRANSFER AND ASSIGNMENT OF MEMBERSHIP INTERESTS. In consideration for the purchase, sale, transfer and assignment of the Membership Interests in HC, the Parties hereby agree to the following:

4.1. Purchase Price. The total purchase price for the HC Membership Interest shall be EIGHT MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS AND 00/100

(\$8,750,000.00) (the "Purchase Price"), payable by Purchaser to Seller via wire transfer of immediately available funds in the following installments:

- a. Fifty percent (50%) of the Purchase Price on January 1, 2019 following the Closing Date and consummation of the definitive agreements, totaling FOUR MILLION THREE HUNDRED SEVENTY FIVE THOUSAND DOLLARS AND 00/100 (\$4,375,000.00); and
- b. Fifty percent (50%) of the Purchase Price payable on or before August 15, 2019, totaling FOUR MILLION THREE HUNDRED SEVENTY FIVE THOUSAND DOLLARS AND 00/100 (\$4,375,000.00).

4.2. Membership Interest in AI. HC's members shall collectively receive twenty percent (20.0%) Membership Interest in AI (the "AI Interest").

4.3. Intentionally Left Blank.

4.4. Executive Employment of Chris Stone. AI shall name Stone the CEO of AI and he shall be compensated with a salary of [***] DOLLARS (\$[***) per annum as well as additional compensation in the form of a bonus, equity and incentive plan to be more fully enumerated in an executive employment agreement (the "Executive Employment Agreement") that shall be executed contemporaneous with the Closing.

4.5. Executive Management Team. In his role as CEO of AI, Stone will select from the HC's existing personnel, three executives to join the AI executive management team. Individuals earning a salary of \$[***) or greater as of October 11, 2018 shall be entitled to receive as much as a [***) percent ([***)% increase in annual pay. Individuals earning a salary of less than \$[***) as of October 11, 2018 shall be entitled to receive as much as a [***) percent ([***)% increase in annual pay.

5. DEBTS AND LIABILITIES. At Closing, Purchaser or AI shall assume all indebtedness related to the Real Estate Transactions contemplated by the Parties. At the close of such Real Estate Transactions, the Parties thereto shall then transfer such real property involved to Purchaser or AI.

6. COVENANTS OF HC.

6.1. Conduct of Business. Except as otherwise contemplated herein, between the date hereof and the Closing Date, or the time when this Agreement terminates as provided herein, HC, by and through its Manager, agree not to:

- a. Make any changes in its authorized equity ownership interests except for those contemplated herein;
- b. Issue any Membership Interests or other equity interests, securities convertible into its Membership Interests or other equity interests, or any debt securities;

- c. Issue or grant any options, warrants, or other rights to purchase Membership Interests or other equity interests;
- d. Declare or pay any dividends or other distributions on any Membership Interests;
- e. Purchase or otherwise acquire or agree to acquire for a consideration any Membership Interests;
- f. Take any action materially and adversely affecting this Agreement or the transactions contemplated hereby or the Company's financial condition (present or prospective), businesses, properties, or operations;
- g. Acquire, consolidate or merge with any other company, corporation, or association, or acquire, other than in the ordinary course of business, any assets of any other company, corporation, or association;
- h. Mortgage, pledge, or subject to a lien or any other encumbrance, any of its assets, dispose of any of its assets, or incur or cancel any debts or claims except as provided herein;
- i. Amend its organizational documents or operating agreement; or
- j. Take any action to solicit, initiate, encourage, or authorize any person, including members and other employees, to solicit from any third party any inquiries or proposals relating to the disposition of its business or assets, or the acquisition of its Membership Interests, or the merger of it with or sale of any of its Membership Interests to, any person other than the Purchaser, and they shall promptly notify Purchaser in writing of all relevant details relating to all inquiries and proposals which they may receive relating to any of such matters.

7. SURVIVAL OF REPRESENTATIONS AND WARRANTIES. The representations and warranties given by Purchaser and Seller shall survive the Closing for a period of [***], after which they shall cease and a breach thereof shall not be actionable.

8. REGULATORY REQUIREMENTS.

8.1. Notice to Administrative Agencies. The respective Parties referenced below agree to notify the applicable administrative agencies regarding the changes of ownership and principal officers contemplated herein as follows:

- a. HC and its members shall comply with the requirements of dispensing organizations pursuant to Title 68, Part 1290.130 of the Illinois Administrative Code, including but not limited to providing written notice of the addition of AWH as an entity listed as principal officer to the IDFPR no less than ten (10) business days prior to Closing, and providing written notice to the IDFPR of the change in ownership of HC to AWH (and subsequently AI) and supplying all ownership documents and change of ownership documents requested by the

IDFPR. If applicable, the Parties shall work in good faith to attempt to reform this Agreement as necessary through appropriate amendment in order to secure the approval of the IDFPR for the transfer of HC to Purchaser and AI, as contemplated herein.

- b. To the extent necessary and as a condition of receipt of the AI Interest, HC, its members, and AI shall comply with any Illinois Department of Agriculture notice requirements for cultivation centers pursuant to Title 8, Part 1000.120(c) and (d) regarding the transfer of interest or ownership and proposed changes of persons or principal officers and shall provide any documentation requested by the Department of Agriculture to obtain the necessary approval for any financial interest in a cultivation center owned or contemplated for ownership by AI.

8.2. Purchaser Compliance. If so required, Purchaser agrees to complete and submit all forms and documents required by Title 68, Part 1290 to become a Principal Officer of HC and in furtherance of the transaction contemplated herein.

8.3. Seller Compliance. If so required, Seller agrees to obtain or submit any and all consents, notices, acknowledgments, filings, or other requirements of any governmental entity or under any license held by Seller (the “Cannabis Consents”) in connection with the Seller’s business including, without limitation, the HC licenses.

9. SECURITIES LAW ACKNOWLEDGMENTS. The Parties acknowledge that:

- a. HC has not and will not be registered under the United States Securities Act of 1933, as amended, or under any securities or “blue sky” laws of any state of the United States, and, unless so registered, may not be offered or sold in the United States or, directly or indirectly, to any U.S. Person (as defined in Rule 902(k) of Regulation S, promulgated by the Securities and Exchange Commission under the 1933 Act, except in accordance with the provisions of Regulation S, pursuant to an effective registration statement under the 1933 Act, or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act, and in each case only in accordance with applicable state, provincial and foreign securities laws;
- b. The Parties have not undertaken, and will have no obligation, to register HC under the 1933 Act or any other applicable securities laws;
- c. There are risks associated with the merger and assignment of HC into AWH; and
- d. The Parties have had a reasonable opportunity to ask questions of, and receive answers from one another in connection with the distribution of HC hereunder, and to obtain additional information, to the extent possessed or obtainable without unreasonable effort or expense, necessary to verify the accuracy of the information about HC.

10. INDEMNIFICATION.

10.1. Indemnification by Seller. Seller shall defend, indemnify and hold harmless Purchaser, its affiliates (including the Companies from and after the Closing Date) and their respective members, directors, officers and employees from and against all claims, judgments, damages, liabilities, settlements, losses, costs and expenses, including attorneys' fees and disbursements (each a "Loss"), arising from or relating to:

- a. any inaccuracy in or breach of any of the representations or warranties of Seller, contained in this Agreement or any document to be delivered hereunder; or
- b. any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Seller, pursuant to this Agreement or any document to be delivered hereunder.

10.2. Indemnification by Purchaser. Purchaser shall defend, indemnify and hold harmless Seller, its affiliates (including the Companies from and after the Closing Date) and their respective members, directors, officers and employees from and against all claims, judgments, damages, liabilities, settlements, losses, costs and expenses, including attorneys' fees and disbursements (each a "Loss"), arising from or relating to:

- a. any inaccuracy in or breach of any of the representations or warranties of Seller, contained in this Agreement or any document to be delivered hereunder; or
- b. any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Purchaser pursuant to this Agreement or any document to be delivered hereunder.

11. REPRESENTATION BY COUNSEL. The Parties acknowledge that they have been represented by competent and informed counsel in connection with regard to the subject matter of this Agreement or have had the opportunity to consult with such legal counsel but have so declined. Because all Parties participated in the negotiation and drafting of this Agreement, no party shall be deemed the primary drafter hereof for purposes of its construction or interpretation.

12. MISCELLANEOUS.

12.1. Recitals. The recitals set forth above are incorporated herein by this reference as an integral part of this Agreement.

12.2. Severability. The provisions of this Agreement are severable and separate; if one or more provisions is held to be invalid, unenforceable or void by law, the remaining provisions shall be severed therefrom and shall remain in full force and effect as though the invalid or unenforceable provision(s) had not been included in this Agreement.

12.3. Governing Law. This Agreement shall be construed in accordance with the laws of the State of Illinois as a contract made and to be wholly performed therein.

12.4. Attorneys' Fees. In the event of a dispute between the Parties arising from this Agreement, the substantially prevailing party shall be entitled to recover as part of the award, reasonable attorneys' fees and costs of suit.

12.5. Notices. All notices, requests, consents, demands, waivers and other communications under this Agreement shall be in writing and shall be deemed to have been given:

- a. when delivered by hand (with written confirmation of receipt);
- b. when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); or
- c. on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient.

Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section):

- a. If to **Seller**:

Christopher Stone
CEO
HealthCentral
[Redacted]
[Redacted]

- b. If to **Purchaser**:

Abner Kurtin
Managing Partner
Ascend Wellness Holdings, LLC
[Redacted]
[Redacted]

12.6. Entire Agreement. This Agreement and the documents to be delivered hereunder constitute the sole and entire agreement of the Parties to this Agreement with respect to the subject matter contained herein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and those in documents to be delivered hereunder, the statements in the body of this Agreement will control.

12.7. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other

party, which consent shall not be unreasonably withheld or delayed. No assignment shall relieve the assigning party or any of its obligations hereunder.

12.8. Amendment and Modification. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto.

12.9. Confidentiality. The existence, nature, terms and conditions of this Agreement are strictly confidential and shall not be disclosed by Seller in any manner or form, directly or indirectly, to any person under any circumstances except as required to comply with regulatory requirements.

12.10. Time is of the Essence. Time is of the essence in each and every element of performance hereunder.

12.11. Counterparts. This Agreement may be executed electronically and in counterparts, all of which shall constitute but one original document.

THIS AGREEMENT is executed effective as of the Effective Date.

HealthCentral, LLC, d/b/a HCI Alternatives, an Illinois limited liability company:

/s/ Christopher Stone

By: Christopher Stone

Title: CEO

Date: 11/5/18

Springfield Partners II, LLC, an Illinois limited liability company:

/s/ Christopher Stone

By: Christopher Stone

Title: Manager and Sole Member

Date: 11/5/18

HealthCentral Illinois Holdings, LLC, an Illinois limited liability company:

/s/ Christopher Stone

By: Christopher Stone

Title: Manager and Sole Member

Date: 11/5/18

[Signatures continued on the following page]

Ascend Illinois, LLC, an Illinois limited liability company:

/s/Abner Kurtin

By: Abner Kurtin

Title: Managing Partner

Date: 11/6/18

Ascend Wellness Holdings, LLC, a Delaware limited liability company:

/s/Abner Kurtin

By: Abner Kurtin

Title: Managing Partner

Date: 11/6/18

CERTIFICATE OF FORMATION
OF
ASCEND GROUP PARTNERS, LLC

1. The name of the limited liability company is Ascend Group Partners, LLC.

2. The address of its registered office in the State of Delaware is: Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.

IN WITNESS WHEREOF, the undersigned have executed this Certificate of Formation of Ascend Group Partners, LLC this 15th day of May, 2018.

/s/ Daniel A. DiPietro

Daniel A. DiPietro, authorized officer

**STATE OF DELAWARE
CERTIFICATE OF AMENDMENT**

1. Name of Limited Liability Company: Ascend Group Partners, LLC

2. The Certificate of Formation of the limited liability company is hereby amended as follows:

The Certificate of Formation, filed on May 15, 2018, is hereby amended to change the name from Ascend Group Partners, LLC to the following:

Ascend Wellness Holdings, LLC.

IN WITNESS WHEREOF, the undersigned have executed this Certificate on
the 10th day of September, A.D. 2018.

By: /s/ Abner Kurtin
Authorized Person(s)

Name: Abner Kurtin
Print or Type

CONFIDENTIAL TREATMENT REQUESTED - REDACTED COPY

FOURTH AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT

between

ASCEND WELLNESS HOLDINGS, LLC

and

THE MEMBERS NAMED HEREIN

Dated as of:

November 3, 2020

*Certain identified information has been omitted from this exhibit because it is not material and would likely cause competitive harm to the registrant if publicly disclosed. [***] indicates that information has been omitted.*

FOURTH AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT

This Fourth Amended and Restated Limited Liability Company Agreement of Ascend Wellness Holdings, LLC, a Delaware limited liability company (the “**Company**”), is entered into as of November 3, 2020 and amends and restates that certain Third Amended and Restated Limited Liability Company Agreement dated as of January 29, 2019 (the “**Prior Agreement**”), and is entered into by and among the Company, those Persons listed as Members on Schedule A attached hereto, and each Person who after the date hereof becomes a Member of the Company and becomes a party to this Agreement by executing a Joinder Agreement. This Agreement supersedes any prior agreements relating to the subject matter hereof, including the Prior Agreement.

RECITALS

WHEREAS, the Company was formed under the laws of the State of Delaware by the filing of the Certificate of Formation with the Secretary of State of the State of Delaware on May 15, 2018 (the “**Certificate of Formation**”);

WHEREAS, the Company desires to amend and restate the Prior Agreement in its entirety as set forth herein for the purposes of, and on the terms and conditions set forth in this Agreement;

WHEREAS, it is intended that the Company be treated as an association taxable as a corporation for federal and state income tax purposes, as of the effective date set forth in this Agreement;

WHEREAS, pursuant to the Prior Agreement, the Prior Agreement may be amended pursuant to a writing executed by the Company, pursuant to a vote of the Requisite Managers, and Members holding a majority of the outstanding Common Units and Preferred Units (calculated on an as-converted into Common Units basis) voting together as a single class; and

WHEREAS, the Requisite Managers have voted to authorize the Company to enter into this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I DEFINITIONS

Section 1.01 Definitions Capitalized terms used herein and not otherwise defined shall have the meanings set forth in this Section 1.01:

“**Acceptance Notice**” has the meaning set forth in Section 9.01(d).

“**Act**” means the Delaware Limited Liability Company Act (6 Del. C. §18-101 et seq.) and any successor statute, as amended from time to time.

“**Adjusted Capital Account**” means the balance in the Capital Account maintained for each Member as of the end of each Fiscal Year (a) increased by any amount that such Member is obligated to restore under this Agreement, is treated as obligated to restore under Treasury Regulations Section 1.704-1(b)(2)(ii)(c), or is deemed obligated to restore under the penultimate sentences of Treasury Regulations Section 1.704-2(g)(1) and (i)(5), and (b) reduced by the items described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6). This definition of Adjusted Capital Account is intended to comply with the provisions of Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted and applied consistently therewith.

“**Additional Common Units**” shall mean all Common Units issued (or deemed to be issued) by the Company after the date hereof, other than (1) Common Units or Convertible Securities issued to Managers, Officers or other Service Providers pursuant to any Incentive Plan, (2) the following Common Units and (3) Common Units deemed issued pursuant to the following Convertible Securities:

- (A) Common Units or Convertible Securities issued as a dividend or distribution on Preferred Units;
- (B) Common Units or Convertible Securities issued by reason of a Unit dividend, Unit split, split-up or other distribution on Common Units; or
- (C) Common Units or Convertible Securities actually issued upon conversion or exchange of Convertible Securities, in each case provided such issuance is pursuant to the terms of such Convertible Security.

“**Adjusted Taxable Income**” of a Member for a Fiscal Year (or portion thereof) with respect to Units held by such Member means the federal taxable income allocated by the Company to the Member with respect to such Units (as adjusted by any final determination in connection with any tax audit or other proceeding) for such Fiscal Year (or portion thereof); provided, that such taxable income shall be computed (a) minus any excess taxable loss or excess taxable credits of the Company for any prior period allocable to such Member with respect to such Units that were not previously taken into account for purposes of determining such Member’s Adjusted Taxable Income in a prior Fiscal Year to the extent such loss or credit would be available under the Code to offset income of the Member (or, as appropriate, the direct or indirect members of the Member) determined as if the income, loss, and credits from the Company were the only income, loss, and credits of the Member (or, as appropriate, the direct or indirect members of the Member) in such Fiscal Year and all prior Fiscal Years, and (b) taking into account any special basis adjustment with respect to such Member resulting from an election by the Company under Code Section 754.

“**Affected Member**” has the meaning set forth in Section 4.16.

“**Affiliate**” means, with respect to any Person, any other Person who, directly or indirectly (including through one or more intermediaries), controls, is controlled by, or is under common control with, such Person. For purposes of this definition, “control,” when used with respect to any specified Person, shall mean the power, direct or indirect, to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities or partnership or other ownership interests, by contract or otherwise; and the terms “controlling” and “controlled” shall have correlative meanings.

“**Agreement**” means this Third Amended and Restated Limited Liability Company Agreement, as executed and as it may be amended, modified, supplemented or restated from time to time, as provided herein.

“**Applicable Law**” means all applicable provisions of (a) constitutions, treaties, statutes, laws (including the common law), rules, regulations, decrees, ordinances, codes, proclamations, declarations or orders of any Governmental Authority; (b) any consents or approvals of any Governmental Authority; and (c) any orders, decisions, advisory or interpretative opinions, injunctions, judgments, awards, decrees of, or agreements with, any Governmental Authority.

“**Applicable Offered Common Units**” has the meaning set forth in Section 10.03(a)(ii).

“**Applicable Offered Preferred Units**” has the meaning set forth in Section 10.03(a)(ii).

“**Applicable Offered Units**” has the meaning set forth in Section 10.03(a)(ii).

“**Applicable Pro Rata Portion**” means:

(a) for purposes of Section 9.01, a Member’s Preferred Pro Rata Portion of any New Preferred Securities proposed to be issued or sold by the Company and a Member’s Common Pro Rata Portion of any New Common Securities proposed to be issued or sold by the Company; and

(b) for purposes of Section 10.03, a Member’s Preferred Pro Rata Portion of any Offered Preferred Units proposed to be Transferred by an Offering Member and a Member’s Common Pro Rata Portion of any Offered Common Units proposed to be Transferred by an Offering Member.

“**Applicable ROFR Rightsholders**” has the meaning set forth in Section 10.03(a)(ii).

“**Award Agreement**” means each agreement memorializing a grant of Common Units or Convertible Securities to an Officer, Manager or any other Service Provider under any Incentive Plan.

“**Bankruptcy**” means, with respect to a Member, the occurrence of any of the following: (a) the filing of an application by such Member for, or a consent to, the appointment of a trustee of such Member’s assets; (b) the filing by such Member of a voluntary petition in bankruptcy or the filing of a pleading in any court of record admitting in writing such Member’s inability to pay its debts as they come due; (c) the making by such Member of a general assignment for the

benefit of such Member's creditors; (d) the filing by such Member of an answer admitting the material allegations of, or such Member's consenting to, or defaulting in answering a bankruptcy petition filed against such Member in any bankruptcy proceeding; or (e) the expiration of thirty (30) days following the entry of an order, judgment or decree by any court of competent jurisdiction adjudicating such Member a bankrupt or appointing a trustee of such Member's assets.

"Board" has the meaning set forth in Section 8.01.

"Book Depreciation" means, with respect to any Company asset for each Fiscal Year, the Company's depreciation, amortization, or other cost recovery deductions determined for federal income tax purposes, except that if the Book Value of an asset differs from its adjusted tax basis at the beginning of such Fiscal Year, Book Depreciation shall be an amount which bears the same ratio to such beginning Book Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Year bears to such beginning adjusted tax basis; provided, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Fiscal Year is zero and the Book Value of the asset is positive, Book Depreciation shall be determined with reference to such beginning Book Value using any permitted method selected by the Board in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(g)(3).

"Book Value" means, with respect to any Company asset, the adjusted basis of such asset for federal income tax purposes, except as follows:

(a) the initial Book Value of any Company asset contributed by a Member to the Company shall be the gross Fair Market Value of each such Company asset as of the date of such contribution;

(b) immediately prior to the Distribution by the Company of any Company asset to a Member, the Book Value of such asset shall be adjusted to its gross Fair Market Value as of the date of such Distribution;

(c) the Book Value of all Company assets may be adjusted to equal their respective gross Fair Market Values, as determined by the Board, as of the following times:

(i) the acquisition of an additional Membership Interest in the Company by a new or existing Member in consideration of a Capital Contribution of more than a de minimis amount;

(ii) the acquisition of a Membership Interest in the Company by a new or existing Member in consideration of services to or on behalf of the Company;

(iii) the Distribution by the Company to a Member of more than a de minimis amount of property (other than cash) as consideration for all or a part of such Member's Membership Interest in the Company;

- (iv) the liquidation of the Company within the meaning of Treasury Regulation Section 1.704-1(b)(2)(ii)(g);

provided, that adjustments pursuant to clauses (i), (ii) and (iii) above need not be made if the Board reasonably determines that such adjustment is not necessary or appropriate to reflect the relative economic interests of the Members and that the absence of such adjustment does not adversely and disproportionately affect any Member;

(d) the Book Value of each Company asset shall be increased or decreased, as the case may be, to reflect any adjustments to the adjusted tax basis of such Company asset pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Account balances pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m); provided, that Book Values shall not be adjusted pursuant to this paragraph (d) to the extent that an adjustment pursuant to paragraph (c) above is made in conjunction with a transaction that would otherwise result in an adjustment pursuant to this paragraph (d); and

(e) if the Book Value of a Company asset has been determined pursuant to paragraph (a) or adjusted pursuant to paragraphs (c) or (d) above, such Book Value shall thereafter be adjusted to reflect the Book Depreciation taken into account with respect to such Company asset for purposes of computing Net Income and Net Losses.

“**Business Day**” means a day other than a Saturday, Sunday or other day on which commercial banks in the City of New York are authorized or required to close.

“**Cannabis Code**” means any laws or regulations promulgated or enacted by state or local jurisdiction in which the Company or its subsidiaries have operations pertaining to cannabis cultivation, dispensing, sale, storage, manufacturing, distribution, transporting, testing or other commercial cannabis activities within its respective jurisdiction.

“**Cannabis Regulatory Body**” means all applicable State and local licensing authorities with authority under a Cannabis Code, as the case may be.

“**Capital Account**” has the meaning set forth in Section 5.03.

“**Capital Contribution**” means, for any Member, the total amount of cash and cash equivalents and the Book Value of any property contributed to the Company by such Member as reflected on the Members Schedule, as the same may be amended from time to time.

“**Cause**” with respect to any particular Service Provider, has the meaning set forth in any effective Award Agreement, employment agreement or other written contract of engagement entered into between the Company and such Service Provider, or if none, then “Cause” means any of the following:

- (a) such Service Provider’s repeated failure to perform substantially his duties as an employee or other associate of the Company or any of the Company Subsidiaries

(other than any such failure resulting from his Disability) which failure, whether committed willfully or negligently, has continued unremedied for more than thirty (30) days after the Company has provided written notice thereof; provided, that a failure to meet financial performance expectations shall not, by itself, constitute a failure by the Service Provider to substantially perform his duties;

(b) such Service Provider's fraud or embezzlement;

(c) such Service Provider's material dishonesty or breach of fiduciary duty against the Company or any of the Company Subsidiaries;

(d) such Service Provider's willful misconduct or gross negligence which is injurious to the Company or any of the Company Subsidiaries;

(e) any conviction of, or the entering of a plea of guilty or nolo contendere to, a crime that constitutes a felony (or any state-law equivalent) or that involves moral turpitude, or any willful or material violation by such Service Provider of any federal, state or foreign securities laws;

(f) any conviction of any other criminal act or act of material dishonesty, disloyalty or misconduct by such Service Provider that has a material adverse effect on the property, operations, business or reputation of the Company or any of the Company Subsidiaries;

(g) the unlawful use (including being under the influence) or possession of illegal drugs by such Service Provider on the premises of the Company or any of the Company Subsidiaries while performing any duties or responsibilities with the Company or any of the Company Subsidiaries;

(h) the material violation by such Service Provider of any rule or policy of the Company or any of the Company Subsidiaries; or

(i) the material breach by such Service Provider of any covenant undertaken in Article XI herein, any effective Award Agreement, employment agreement or any written non-disclosure, non-competition, or non-solicitation covenant or agreement with the Company or any of the Company Subsidiaries.

"Certificate of Formation" has the meaning set forth in the Recitals.

"Change of Control" means: (a) the sale (or series of related sales) of all or substantially all of the consolidated assets of the Company and the Company Subsidiaries to a Third Party Purchaser; (b) a sale (or series of related sales) resulting in no less than a majority of the Common Units on a Fully Diluted Basis being held by a Third Party Purchaser; or (c) a merger, consolidation, recapitalization or reorganization of the Company with or into a Third Party Purchaser that results in the inability of those Members holding Membership Interests in the Company immediately prior to the merger, consolidation, recapitalization or reorganization of

the Company to designate or elect a majority of the Managers (or the board of directors (or its equivalent) of the resulting entity or its parent company).

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Common Manager**” has the meaning set forth in Section 8.02(a)(i).

“**Common Pro Rata Portion**” means:

(a) for purposes of Section 9.01, with respect to any Pre-emptive Member holding Common Units or Preferred Units, on any issuance date for New Common Securities, a fraction determined by dividing (a) the number of Common Units and Preferred Units on a Fully Diluted Basis owned by such Pre-emptive Member immediately prior to such issuance by (b) the total number of Common Units and Preferred Units on a Fully Diluted Basis held by the Members on such date immediately prior to such issuance; and

(b) for purposes of Section 10.03, with respect to an Applicable ROFR Rightsholder holding Common Units, on any date of a proposed Transfer by an Offering Member, a fraction determined by dividing (a) the number of Common Units on a Fully Diluted Basis owned by such Applicable ROFR Rightsholder immediately prior to such Transfer by (b) the total number of Common Units on a Fully Diluted Basis held by the Members on such date immediately prior to such Transfer.

“**Common Units**” means the Units having the privileges, preference, duties, liabilities, obligations and rights specified with respect to “Common Units” in this Agreement.

“**Company**” has the meaning set forth in the Preamble.

“**Company Interest Rate**” means a rate equal to the prime rate published in the Wall Street Journal on the applicable date plus two percent (2%).

“**Company Minimum Gain**” means “partnership minimum gain” as defined in Section 1.704-2(b)(2) of the Treasury Regulations, substituting the term “Company” for the term “partnership” as the context requires.

“**Company Option Period**” has the meaning set forth in Section 10.03(d)(iii).

“**Company ROFR Exercise Notice**” has the meaning set forth in Section 10.03(d)(iii).

“**Company Subsidiary**” means a Subsidiary of the Company.

“**Confidential Information**” has the meaning set forth in Section 11.01.

“**Contingency Event**” has the meaning set forth in Section 3.04(c)(i).

“**Conversion Rate**” has the meaning set forth in Section 3.04(a).

“**Conversion Rights**” has the meaning set forth in Section 3.04.

“**Conversion Time**” has the meaning set forth in Section 3.04(c).

“**Convertible Securities**” means any evidence of indebtedness, Units or other securities directly or indirectly convertible into, exercisable for or exchangeable for Common Units.

“**Corporate Election Effective Date**” means the date on which the Company’s election under Treasury Regulation Section 301.7701-3(c) to be classified for federal income tax purposes as an association taxable as a corporation is effective.

“**Covered Person**” has the meaning set forth in Section 14.01(a).

“**Delay Condition**” means any of the following conditions: (a) the Company is prohibited from purchasing any Common Units by any Financing Document or by Applicable Law; (b) a default has occurred under any Financing Document and is continuing; (c) the purchase of any Common Units would, or in the good-faith opinion of the Board could, result in the occurrence of an event of default under any Financing Document or create a condition that would or could, with notice or lapse of time or both, result in such an event of default; or (d) the purchase of any Common Units would, in the good-faith opinion of the Board, be imprudent in view of the financial condition of the Company, the anticipated impact of the purchase of such Common Units on the Company’s ability to meet its obligations under any Financing Document or otherwise in connection with its business and operations.

“**Diluted Units**” has the meanings set forth in Section 3.05(b).

“**Disability**” with respect to any Service Provider, has the meaning set forth in any effective Award Agreement, employment agreement or other written contract of engagement entered into between the Company and such Service Provider, or if none, then “**Disability**” means such Service Provider’s incapacity due to physical or mental illness that: (a) shall have prevented such Service Provider from performing his duties for the Company or any of the Company Subsidiaries on a full-time basis for more than ninety (90) or more consecutive days or an aggregate of one hundred eighty (180) days in any 365-day period; or (b)(i) the Board determines, in compliance with Applicable Law, is likely to prevent such Service Provider from performing such duties for such period of time and (ii) thirty (30) days have elapsed since delivery to such Service Provider of the determination of the Board and such Service Provider has not resumed such performance (in which case the date of termination in the case of a termination for **Disability** pursuant to this clause (ii) shall be deemed to be the last day of such 30-day period).

“**Distribution**” means a distribution made by the Company to a Member, whether in cash, property or securities of the Company and whether by liquidating distribution or otherwise; provided, that none of the following shall be a Distribution: (a) any redemption or repurchase by the Company or any Member of any Units or Unit Equivalents; (b) any recapitalization or exchange of securities of the Company; (c) any subdivision (by a split of Units or otherwise) or any combination (by a reverse split of Units or otherwise) of any outstanding Units; or (d) any

fees or remuneration paid to any Member in such Member's capacity as a Service Provider for the Company or a Company Subsidiary. **"Distribute"** when used as a verb shall have a correlative meaning.

"Drag-along Member" has the meaning set forth in Section 10.04(a).

"Drag-along Notice" has the meaning set forth in Section 10.04(c).

"Drag-along Sale" has the meaning set forth in Section 10.04(a).

"Dragging Member" has the meaning set forth in Section 10.04.

"Electronic Transmission" means any form of communication not directly involving the physical transmission of paper that creates a record that may be retained, retrieved and reviewed by a recipient thereof and that may be directly reproduced in paper form by such a recipient through an automated process.

"Estimated Tax Amount" of a Member for a Fiscal Year means the Member's Tax Amount for such Fiscal Year as estimated in good faith from time to time by the Board. In making such estimate, the Board shall take into account amounts shown on Internal Revenue Service Form 1065 filed by the Company and similar state or local forms filed by the Company for the preceding taxable year and such other adjustments as in the reasonable business judgment of the Board are necessary or appropriate to reflect the estimated operations of the Company for the Fiscal Year.

"Excess Amount" has the meaning set forth in Section 7.03(c).

"Exempted Securities" means those securities that are not Additional Common Units pursuant to the definition thereof.

"Exercise Period" has the meaning set forth in Section 9.01(d).

"Exercising Member" has the meaning set forth in Section 9.01(e).

"Fair Market Value" of any asset as of any date means the purchase price that a willing buyer having all relevant knowledge would pay a willing seller for such asset in an arm's length transaction, as determined in good faith by the Board based on such factors as the Board, in the exercise of its reasonable business judgment, considers relevant.

"Family Members" has the meaning set forth in Section 10.02(b).

"Financing Document" means any credit agreement, guarantee, financing or security agreement or other agreements or instruments governing indebtedness of the Company or any of the Company Subsidiaries.

“**Fiscal Year**” means the calendar year, unless the Company is required to have a taxable year other than the calendar year, in which case Fiscal Year shall be the period that conforms to its taxable year.

“**Forfeiture Allocations**” has the meaning set forth in Section 6.02(f).

“**Fully Diluted Basis**” means, as of any date of determination, (a) with respect to all the Units, all issued and outstanding Units of the Company and all Units issuable upon the exercise of any outstanding Unit Equivalents as of such date, whether or not such Unit Equivalent is at the time exercisable, or (b) with respect to any specified type, class or series of Units, all issued and outstanding Units designated as such type, class or series and all such designated Units issuable upon the exercise of any outstanding Unit Equivalents as of such date, whether or not such Unit Equivalent is at the time exercisable.

“**Fully Participating Tag-along Member**” has the meaning set forth in Section 10.05(e)(i).

“**GAAP**” means United States generally accepted accounting principles in effect from time to time.

“**Good Reason**” with respect to any Service Provider, has the meaning set forth in any effective Award Agreement, employment agreement or other written contract of engagement entered into between the Company and such Service Provider, or if none, then “Good Reason” means any of the following actions taken without the Service Provider’s written consent:

(a) a material reduction in the Service Provider’s base salary or the Service Provider’s ability to participate in Company incentive or bonus plans (other than a general reduction in base salary or bonuses that affects all salaried Service Providers equally);

(b) the failure by the Company to pay to the Service Provider any material portion of the salary, bonus or other benefits owed to such Service Provider;

(c) a substantial adverse change in the Service Provider’s duties and responsibilities or a material diminution in the Service Provider’s title, responsibility, or authority; or

(d) a transfer of the Service Provider’s primary workplace by more than fifty (50) miles from the current workplace; provided, that Good Reason shall not be deemed to exist unless (a) the Company fails to cure the event giving rise to Good Reason within thirty (30) days after written notice thereof given by the Service Provider to the Board, which notice shall (i) be delivered to the Board no later than twenty (20) days following the Service Provider’s initial detection of the condition, and (ii) specifically set forth the nature of such event and the corrective action reasonably sought by the Service Provider; and (b) the Service Provider terminates his employment within thirty (30) days following the last day of the foregoing cure period.

“Governmental Authority” means any federal, state, 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 authority (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.

“Initial Cost” means, with respect to any Unit, the purchase price paid to the Company with respect to such Unit by the Member to whom such Unit was originally issued.

“Initial Public Offering” has the meaning set forth in Section 15.19.

“IPO Entity” has the meaning set forth in Section 15.19.

“Issuance Notice” has the meaning set forth in Section 9.01(c).

“Joinder Agreement” means the joinder agreement in form attached hereto as Exhibit A.

“Key Individual” means any Manager, Officer, or employee of the Company that has substantial operational control over the operations of the Company.

“Liquidator” has the meaning set forth in Section 13.03(a).

“Losses” has the meaning set forth in Section 14.03(a).

“Manager” has the meaning set forth in Section 8.01(b).

“Member” means (a) each Person identified on the Members Schedule as of the date hereof as a Member and who has executed this Agreement, the Prior Agreement or a joinder thereto; and (b) and each Person who is hereafter admitted as a Member in accordance with the terms of this Agreement in each case so long as such Person is shown on the Company’s books and records as the owner of one or more Units. The Members shall constitute the “members” of the Company.

“Member Group” means Members under common control. As of the date hereof, for the purposes of this definition the following entities shall be considered a Member Group: [***].

“Member Nonrecourse Debt” means “partner nonrecourse debt” as defined in Treasury Regulation Section 1.704-2(b)(4), substituting the term “Company” for the term “partnership” and the term “Member” for the term “partner” as the context requires.

“Member Nonrecourse Debt Minimum Gain” means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if the Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Treasury Regulation Section 1.704-2(i)(3).

“Member Nonrecourse Deduction” means “partner nonrecourse deduction” as defined in Treasury Regulation Section 1.704-2(i), substituting the term “Member” for the term “partner” as the context requires.

“Member ROFR Exercise Notice” has the meaning set forth in Section 10.03(d)(iv).

“Members Schedule” has the meaning set forth in Section 3.01.

“Membership Interest” means an interest of the Company owned by a Member, including such Member’s right (based on the type and class of Unit or Units held by such Member), as applicable to any and all benefits to which such Member may be entitled as provided in this Agreement.

“Net Income” means the excess (if any) of the Company’s items of income and gain over its items of loss and deduction.

“Net Loss” means the excess (if any) of the Company’s items of loss and deduction over its items of income and gain, in all cases computed in accordance with the method of accounting for determining Capital Accounts under Section 704(b) of the Code, and excluding any items specially allocated under Article VI of this Agreement.

“New Common Securities” has the meaning set forth in Section 9.01(b)(ii).

“New Interests” has the meaning set forth in Section 3.07.

“New Preferred Securities” has the meaning set forth in Section 9.01(b)(i).

“New Securities” has the meaning set forth in Section 9.01(b)(iii).

“Non-Exercising Member” has the meaning set forth in Section 9.01(e).

“Observer” has the meaning set forth in Section 8.12(a).

“Offered Common Units” has the meaning set forth in Section 10.03(a)(i).

“Offered Preferred Units” has the meaning set forth in Section 10.03(a)(i).

“Offered Units” has the meaning set forth in Section 10.03(a)(ii).

“Offering Member” has the meaning set forth in Section 10.03(a)(i).

“Offering Member Notice” has the meaning set forth in Section 10.03(c).

“Officers” has the meaning set forth in Section 8.10.

“Over-allotment Exercise Period” has the meaning set forth in Section 9.01(e).

“Over-allotment Notice” has the meaning set forth in Section 9.01(e).

“Permitted Transfer” means a Transfer of Preferred Units or Common Units carried out pursuant to Section 10.02.
“Permitted Transferee” means a recipient of a Permitted Transfer.

“Person” means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

“Pre-emptive Member” has the meaning set forth in Section 9.01(a).

“Preferred Managers” has the meaning set forth in Section 8.02(a)(ii).

“Preferred Original Issue Date” has the meaning set forth in Section 3.04(c)(iv).

“Preferred Pro Rata Portion” means:

(a) for purposes of Section 9.01, with respect to any Pre-emptive Member holding Preferred Units or Common Units, on any issuance date for New Preferred Securities, a fraction determined by dividing (i) the number of Preferred Units and Common Units on a Fully Diluted Basis owned by such Pre-emptive Member immediately prior to such issuance by (ii) the total number of Preferred Units and Common Units on a Fully Diluted Basis held by the Members on such date immediately prior to such issuance; and

(b) for purposes of Section 10.03, with respect to an Applicable ROFR Rightsholder holding Preferred Units, on any date of a proposed Transfer by an Offering Member, a fraction determined by dividing (i) the number of Preferred Units on a Fully Diluted Basis owned by such Applicable ROFR Rightsholder immediately prior to such Transfer by (ii) the total number of Preferred Units on a Fully Diluted Basis held by the Members on such date immediately prior to such Transfer.

“Preferred Units” means the Units having the privileges, preference, duties, liabilities, obligations and rights specified with respect to “Preferred Units” in this Agreement.

“Prior Agreement” has the meaning set forth in the Recitals.

“Proposed Transferee” has the meaning set forth in Section 10.05(a).

“Prospective Purchaser” has the meaning set forth in Section 9.01(c).

“Public Offering” means any underwritten public offering pursuant to a registration statement filed in accordance with the Securities Act.

“Purchasing Rightsholders” has the meaning set forth in Section 10.03(e)(ii).

“Qualified Member” has the meaning set forth in Section 12.01.

“Quarterly Estimated Tax Amount” of a Member for any calendar quarter of a Fiscal Year means the excess, if any of (i) the product of (a) a quarter ($\frac{1}{4}$) in the case of the first calendar quarter of the Fiscal Year, half ($\frac{1}{2}$) in the case of the second calendar quarter of the Fiscal Year, three-quarters ($\frac{3}{4}$) in the case of the third calendar quarter of the Fiscal Year, and one (1) in the case of the fourth calendar quarter of the Fiscal Year and (b) the Member’s Estimated Tax Amount for such Fiscal Year over (ii) all Distributions previously made during such Fiscal Year to such Member.

“Real Estate Preferred Units” means the Units having the privileges, preference, duties, liabilities, obligations and rights specified with respect to “Real Estate Preferred Units” in this Agreement.

“Remaining Portion” has the meaning set forth in Section 10.05(e)(i).

“Remaining Portion Notice” has the meaning set forth in Section 10.05(e)(i).

“Remaining Tag-along Notice” has the meaning set forth in Section 10.05(e)(ii).

“Representative” means, with respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

“Requisite Managers” means at least three (3) Managers including at least one (1) Preferred Manager.

“Restricted Period” has the meaning set forth in Section 11.02(d).

“ROFR Rightsholder Option Period” has the meaning set forth in Section 10.03(d)(iv).

“Sale Notice” has the meaning set forth in Section 10.05(c).

“Securities Act” means the Securities Act of 1933, as amended, or any successor federal statute, and the rules and regulations thereunder, which shall be in effect at the time.

“Selling Member” has the meaning set forth in Section 10.05(a).

“Series Seed Preferred Units” means the Units having the privileges, preference, duties, liabilities, obligations and rights specified with respect to “Series Seed Preferred Units” in this Agreement.

“Series Seed+ Preferred Units” means the Units having the privileges, preference, duties, liabilities, obligations and rights specified with respect to “Series Seed+ Preferred Units” in this Agreement.

“Service Provider” means Managers, Officers, employees, consultants or other service providers of the Company or any Company Subsidiary.

“Significant Interest” means, with respect to an interest in an entity, an interest of at least thirty-seven and one-half percent (37.5%) of the equity of such entity held by an individual or such individual’s Family Member(s), individually or as a beneficial interest.

“Subsidiary” means, with respect to any Person, any other Person of which a majority of the outstanding shares or other equity interests having the power to vote for directors or comparable managers are owned, directly or indirectly, by the first Person.

“Tag-along Member” has the meaning set forth in Section 10.05(a).

“Tag-along Notice” has the meaning set forth in Section 10.05(d)(ii).

“Tag-along Period” has the meaning set forth in Section 10.05(d)(ii).

“Tag-along Portion” has the meaning set forth in Section 10.05(d)(i).

“Tag-along Sale” has the meaning set forth in Section 10.05(a).

“Target Capital Account” means the balance in the Capital Account maintained for each Member as of the end of each Fiscal Year, increased by any amount that such Member is obligated to restore under this Agreement, is treated as obligated to restore under Treasury Regulations Section 1.704-1(b)(2)(ii)(c), or is deemed obligated to restore under the penultimate sentences of Treasury Regulations Section 1.704-2(g)(1) and (i)(5).

“Tax Amount” of a Member for a Fiscal Year means the product of (a) the Tax Rate for such Fiscal Year and (b) the Adjusted Taxable Income of the Member for such Fiscal Year with respect to its Units.

“Tax Rate” of a Member, for any period, means the highest marginal blended federal, state and local tax rate applicable to ordinary income, qualified dividend income or capital gains, as appropriate, for such period for an individual residing in New York, New York, taking into account for federal income tax purposes, the deductibility of state and local taxes and any applicable limitations on such deductions.

“Tax Representative” has the meaning set forth in Section 12.04(a).

“Taxing Authority” has the meaning set forth in Section 7.04(c).

“Third Party Purchaser” means any Person who, immediately prior to the contemplated transaction, (a) does not directly or indirectly own or have the right to acquire any outstanding Preferred Units or Common Units (or applicable Unit Equivalents) or (b) is not a Permitted Transferee of any Person who directly or indirectly owns or has the right to acquire any Preferred Units or Common Units (or applicable Unit Equivalents).

“Transfer” means to, directly or indirectly, sell, transfer, assign, pledge, encumber, hypothecate or similarly dispose of, either voluntarily or involuntarily, by operation of law or otherwise, or to enter into any contract, option or other arrangement or understanding with

respect to the sale, transfer, assignment, pledge, encumbrance, hypothecation or similar disposition of, any Units owned by a Person or any interest (including a beneficial interest) in any Units or Unit Equivalents owned by a Person. “**Transfer**” when used as a noun shall have a correlative meaning. “**Transferor**” and “**Transferee**” mean a Person who makes or receives a Transfer, respectively.

“**Unit**” means a unit representing a fractional part of the Membership Interests of the Members and shall include all types and classes of Units, including the Preferred Units and the Common Units; provided, that any type or class of Unit shall have the privileges, preference, duties, liabilities, obligations and rights set forth in this Agreement and the Membership Interests represented by such type or class or series of Unit shall be determined in accordance with such privileges, preference, duties, liabilities, obligations and rights.

“**Unit Equivalents**” means any security or obligation that is by its terms, directly or indirectly, convertible into, exchangeable or exercisable for Units, and any option, warrant or other right to subscribe for, purchase or acquire Units.

“**Unpaid Yield**” means, with respect to any Real Estate Preferred Unit at any time, the amount equal to the excess, if any, of fifty percent (50%) of the Initial Cost of such Real Estate Preferred Unit minus the aggregate amount of all Distributions made by the Company in respect of such Real Estate Preferred Unit pursuant to Section 7.02(b) as of such time.

“**Voting Unitholders**” means all holders of the Voting Units.

“**Voting Units**” means the Preferred Units and the Common Units. Except as otherwise provided in this Agreement, with respect to any reference in this Agreement to any number or percentage of Voting Units, such number or percentage shall be calculated on an as-converted into Common Unit basis such that, with respect to any matter on which the Voting Unitholders are entitled to vote hereunder or pursuant to the Act, as of any date of determination, each holder of Preferred Units shall be entitled to one vote for each Common Unit into which its Preferred Units are then convertible as of such date of determination.

“**Waiving Member**” means all Members who are not Managers or the Managing Member.

“**Withholding Advances**” has the meaning set forth in Section 7.04(c).

Section 1.02 Interpretation. For purposes of this Agreement, (a) the words “include,” “includes” and “including” shall be deemed to be followed by the words “without limitation”; (b) the word “or” is not exclusive; and (c) the words “herein,” “hereof,” “hereby,” “hereto” and “hereunder” refer to this Agreement as a whole. The definitions given for any defined terms in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. Unless the context otherwise requires, references herein: (i) to Articles, Sections, and Exhibits mean the Articles and Sections of, and Exhibits attached to, this Agreement; (ii) to an agreement, instrument or other document means such agreement,

instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (iii) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

ARTICLE II ORGANIZATION

Section 2.01 Formation

(a) The Company was formed on May 15, 2018 upon the filing of the Certificate of Formation with the Secretary of State of the State of Delaware. The Prior Agreement was entered into by Company on January 29, 2019. This Agreement amends, restates and supersedes the Prior Agreement in its entirety.

(b) This Agreement shall constitute the “limited liability company agreement” of the Company. The rights, powers, duties, obligations and liabilities of the Members shall be determined pursuant to this Agreement.

Section 2.02 Name The name of the Company is “Ascend Wellness Holdings, LLC” or such other name or names as the Board may from time to time designate; provided, that the name shall always contain the words “Limited Liability Company” or the abbreviation “L.L.C.” or the designation “LLC”.

Section 2.03 Principal Office The principal office of the Company is located at 16 Brook Street, Natick, Massachusetts 01760, or such other place as may from time to time be determined by the Board. The Board shall give prompt notice of any such change to each of the Members.

Section 2.04 Registered Office; Registered Agent

(a) The registered office of the Company shall be the office of the initial registered agent named in the Certificate of Formation or such other office (which need not be a place of business of the Company) as the Board may designate from time to time in the manner provided by Applicable Law.

(b) The registered agent for service of process on the Company in the State of Delaware shall be the initial registered agent named in the Certificate of Formation or such other Person or Persons as the Board may designate from time to time in the manner provided by Applicable Law.

Section 2.05 Purpose; Powers

(a) The purpose of the Company is to engage in any lawful act or activity for which limited liability companies may be formed and to engage in any and all activities necessary or incidental thereto.

(b) The Company shall have all the powers necessary or convenient to carry out the purposes for which it is formed.

Section 2.06 Term The term of the Company commenced on the date the Certificate of Formation was filed with the Secretary of State of the State of Delaware and shall continue in existence perpetually until the Company is dissolved in accordance with the provisions of this Agreement.

Section 2.07 No State-Law Partnership The Members intend that for federal and, if applicable, state and local income tax purposes, and, to the extent permissible, the Company (i) shall have been treated as a partnership for such purposes at all times prior to the Corporate Election Effective Date and (ii) shall elect to be treated as an association taxable as a C-corporation for such purposes at all times on and after the Corporate Election Effective Date. The Company and each Member shall file all tax returns and shall otherwise take all tax and financial reporting positions in a manner consistent with such treatment and no Member shall take any action inconsistent with such treatment. Notwithstanding the foregoing, any Subsidiary whose operations consist of trafficking in controlled substances pursuant to Section 280E of the Code shall be wholly owned by a Subsidiary of the Company that is taxed as a C-corporation. The Members intend that the Company shall not be a partnership (including, without limitation, a limited partnership) or joint venture, and that no Member, Manager or Officer of the Company shall be a partner or joint venture of any other Member, Manager, or Officer of the Company, for any purposes other than as set forth in the first sentence of this Section 2.07.

ARTICLE III UNITS

Section 3.01 Units Generally. The Membership Interests of the Members shall be represented by issued and outstanding Units, which may be divided into one or more types, classes or series. Each type, class or series of Units shall have the privileges, preference, duties, liabilities, obligations and rights, including voting rights, if any, set forth in this Agreement with respect to such type, class or series. The Board shall maintain a schedule of all Members, their respective mailing addresses and the amount and series of Units held by them (the “**Members Schedule**”) and shall update the Members Schedule upon the issuance or Transfer of any Units to any new or existing Member. A copy of the Members Schedule as of the execution of this Agreement is attached hereto as Schedule A.

Section 3.02 Authorization and Issuance of Preferred Units Subject to compliance with Section 9.01 and Section 10.01(b), the Company is hereby authorized to issue three classes of Preferred Units designated as Real Estate Preferred Units, Series Seed Preferred Units and Series Seed+ Preferred Units, respectively. As of the date hereof, the number of Real Estate

Preferred Units, Series Seed Preferred Units and Series Seed+ Preferred Units issued and outstanding to the Members are set forth opposite each Member's name on the Members Schedule. References to Preferred Units in this Agreement shall be deemed to refer to Real Estate Preferred Units, Series Seed Preferred Units and Series Seed+ Preferred Units together as one class.

Section 3.03 Authorization and Issuance of Common Units Subject to compliance with Section 9.01 and Section 10.01(b), the Company is hereby authorized to issue a class of Units designated as Common Units. As of the date hereof, the number of Common Units issued and outstanding to the Members are set forth opposite each Member's name on the Members Schedule. As of the date hereof, no other Common Units are issued and outstanding.

Section 3.04 Optional Conversion The holders of the Preferred Units shall have conversion rights (the "**Conversion Rights**") as follows:

(a) **Right to Convert.** Each Preferred Unit shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into fully paid and non-assessable Common Units. Initially, each one (1) Preferred Unit shall be convertible for one (1) Common Unit (the "**Conversion Rate**"). The Conversion Rate applicable to each Preferred Unit (i.e. the number of such Preferred Units necessary to convert into one (1) Common Unit) shall be subject to adjustment as provided in this Section 3.04 and in Section 3.05 below. Any such applicable adjustment to the Conversion Rate shall be determined on a Unit-by-Unit basis, and therefore different Conversion Rates may apply to Preferred Units of different series, or of the same series if such Preferred Units of the same series had a different Initial Cost.

(b) **Termination of Conversion.** Rights. Subject to Section 3.05(c)(i) in the case of a Contingency Event (defined below) herein, in the event of a liquidation, dissolution, or winding up of the Company or a Change of Control, the Conversion Rights will terminate at the close of business on the last full day preceding the date fixed for the first payment of any funds and assets distributable on such event to the holders of Preferred Units, provided, however, that the Conversion Rights will not terminate upon a Change of Control if so determined by the Requisite Managers.

(c) **Mechanics of Conversion.**

(i) **Notice of Conversion.** In order for a holder of Preferred Units to voluntarily convert Preferred Units into Common Units, such holder shall (a) provide written notice to the Company that such holder elects to convert all or any number of such holder's Preferred Units and, if applicable, any event on which such conversion is contingent (a "**Contingency Event**") and (b), if such holder's Preferred Units are certificated, surrender the certificate or certificates for such Preferred Units (or, if such holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Company to indemnify the Company against any claim that may be made

against the Company on account of the alleged loss, theft or destruction of such certificate), at the principal office of the Company. Such notice shall state such holder's name or the names of the Permitted Transferees in which such holder wishes the Common Units to be issued. If required by the Company, any certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Company, duly executed by the holder or his, her or its attorney duly authorized in writing. The close of business on the date of receipt by the Company of such notice and, if applicable, certificates (or lost certificate affidavit and agreement) shall be the time of conversion (the "**Conversion Time**"), and the Common Units issuable upon conversion of the specified Units shall be deemed to be outstanding of record as of such date.

(ii) **Effect of Conversion.** All Preferred Units which shall have been surrendered for conversion as herein provided shall no longer be deemed outstanding and all rights with respect to such Preferred Units shall immediately cease and terminate at the Conversion Time, except only for the right of the holders thereof to receive Common Units in exchange thereof.

(iii) **Taxes.** The Company shall pay any and all issue and other similar taxes that may be payable in respect of any issuance or delivery of Common Units upon conversion of Preferred Units pursuant to this Section 3.04. The Company shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of Common Units in a name other than that in which the Preferred Units so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Company the amount of any such tax or has established, to the satisfaction of the Company, that such tax has been paid.

(iv) **Adjustment for Unit Splits or Combinations.** If the Company shall at any time or from time to time after any applicable original issue date for any series of Preferred Units (each such date, a "**Preferred Original Issue Date**") effect a subdivision or combination of the outstanding Common Units, the Conversion Rate for such series of Preferred Units in effect immediately before that subdivision shall be proportionately adjusted so that the number of Common Units issuable on conversion of each Preferred Unit of such series shall be increased or decreased in proportion to such increase or decrease in the aggregate number of Common Units outstanding. Any adjustment under this subsection shall become effective at the close of business on the date the subdivision or combination becomes effective.

(v) **Adjustment for Certain Dividends and Distributions.** In the event the Company at any time or from time to time after any applicable Preferred Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Units entitled to receive, a dividend or other distribution

payable on the Common Units in additional Common Units, then and in each such event the Conversion Rate for such series of Preferred Units in effect immediately before such event shall be proportionately adjusted so that the number of Common Units issuable on conversion of each Preferred Unit of such series shall be increased in proportion to such increase in the aggregate number of Common Units outstanding, as of the close of business of such record date. Notwithstanding the foregoing (a) if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Conversion Rate then in effect for the applicable series of Preferred Units shall be recomputed accordingly as of the close of business on such record date and thereafter such Conversion Rate shall be adjusted pursuant to this subsection as of the time of actual payment of such dividends or distributions; and (b) no such adjustment shall be made if the holders of Preferred Units simultaneously receive a dividend or other distribution of Common Units in a number equal to the number of Common Units as they would have received if all outstanding Preferred Units had been converted into Common Units on the date of such event.

Section 3.05 Adjustment to Conversion Rate for Diluting Issues

(a) No adjustment in the Conversion Rate for Preferred Units shall be made as a result of the issuance or deemed issuance of Additional Common Units if the Company receives written notice from the Members holding at least 66.66% of the Preferred Units agreeing that no such adjustment shall be made as a result of the issuance or deemed issuance of such Additional Common Units.

(b) In the event the Company shall at any time after any Preferred Original Issue Date issue Additional Common Units (including Additional Common Units deemed to be issued pursuant to Section 3.06), without consideration or for a consideration per Additional Common Unit less than the Initial Cost of any Preferred Unit held by a Member (each as applicable, “**Diluted Units**”), then the Conversion Rate applicable to such Diluted Units (and only to such Diluted Units) shall be adjusted, concurrently with such issue, to a ratio determined in accordance with the following formula:

$$CP2 = CP1 * ((A + B) \div (A + C))$$

For purposes of the foregoing formula, the following definitions shall apply:

(i) “CP2” shall mean the number of Diluted Units necessary to convert into one (1) Common Unit immediately after such issue of Additional Common Units, which ratio shall be the Conversion Rate applicable to the Diluted Units subsequent to the issuance of the Additional Common Units;

(ii) “CP1” shall mean the number of Diluted Units necessary to convert into one (1) Common Unit pursuant to the Conversion Rate in effect immediately prior to such issue of Additional Common Units;

(iii) “A” shall mean the number of Common Units outstanding immediately prior to such issue of Additional Common Units (treating for this purpose as outstanding all Common Units issuable upon conversion or exchange of Convertible Securities (including the Preferred Units) outstanding immediately prior to such issue);

(iv) “B” shall mean the number of Common Units that would have been issued if such Additional Common Units had been issued at a price per share equal to the Initial Cost of the applicable Diluted Units (determined by dividing the aggregate consideration received by the Company in respect of such issue by the Initial Cost of the applicable Diluted Units); and

(v) “C” shall mean the number of such Additional Common Units issued in such transaction.

(c) **Determination of Consideration.** For the purposes of this Section 3.05, the consideration received by the Company for the issue of any Additional Common Units shall be computed as follows:

(i) **Cash and Property.** Such consideration shall:

(1) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Company, excluding amounts paid or payable for accrued interest;

(2) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board; and

(3) in the event Additional Common Units are issued together with other securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (1) and (2) above, as determined in good faith by the Board.

(ii) **Convertible Securities.** The consideration per Unit received by the Company for Additional Common Units deemed to have been issued pursuant to Section 3.06, relating to Convertible Securities, shall be determined by dividing: (i) The total amount, if any, received or receivable by the Company as consideration for the issue of such Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the conversion or exchange of such Convertible Securities, by (ii) the maximum number of Common Units (as set forth in the instruments relating thereto, without

regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the conversion or exchange of such Convertible Securities.

(d) **Multiple Closing Dates.** In the event the Company shall issue on more than one date Additional Common Units that are a part of one transaction or a series of related transactions and that would result in an adjustment to the Conversion Rate applicable to any Preferred Units pursuant to the terms of Section 3.06(b), and such issuance dates occur within a period of no more than ninety (90) days from the first such issuance to the final such issuance, then, upon the final such issuance, such Conversion Rate shall be readjusted to give effect to all such issuances as if they occurred on the date of the first such issuance (and without giving effect to any additional adjustments as a result of any such subsequent issuances within such period).

Section 3.06 Deemed Issue of Additional Common Units

(a) If the Company at any time, or from time to time, after the Preferred Original Issue Date shall issue Convertible Securities (excluding Convertible Securities which are themselves Exempted Securities) or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Convertible Securities, then the maximum number of Common Units (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability, but without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Convertible Securities, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Common Units issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

(b) If the terms of any Convertible Security, the issuance of which resulted in an adjustment to the Conversion Rate applicable to any Preferred Units pursuant to the terms of Section 3.05(b), are revised as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Convertible Security) to provide for either (1) any increase or decrease in the number of Common Units issuable upon the exercise, conversion and/or exchange of any such Convertible Security or (2) any increase or decrease in the consideration payable to the Company upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, such Conversion Rate computed upon the original issue of Convertible Security (or upon the occurrence of a record date with respect thereto) shall be readjusted to such Conversion Rate as would have obtained had such revised terms been in effect upon the original date of issuance of such Convertible Security. Notwithstanding the foregoing, no readjustment pursuant to this clause (b) shall have the effect of increasing the Conversion Rate applicable to any Preferred Units to an amount which exceeds the lower of (i) the Conversion Rate applicable to such Preferred Units in effect immediately prior to the original adjustment made as a result of the issuance of such Convertible Security, or (ii) the Conversion Rate that would have

resulted from any issuances of Additional Common Units (other than deemed issuances of Additional Common Units as a result of the issuance of such Convertible Security) between the original adjustment date and such readjustment date.

(c) If the terms of any Convertible Security (excluding Convertible Securities which are themselves Exempted Securities), the issuance of which did not result in an adjustment to any applicable Conversion Rate pursuant to the terms of Section 3.05(b) (either because the consideration per share (determined pursuant to Section 3.05(c)), of the Additional Common Units subject thereto was equal to or greater than the Conversion Rate applicable to any Preferred Units then in effect, or because such Convertible Security was issued before the Preferred Original Issue Date), are revised after the Preferred Original Issue Date as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Convertible Security) to provide for either (1) any increase in the number of Common Units issuable upon the exercise, conversion or exchange of any such Convertible Security or (2) any decrease in the consideration payable to the Company upon such exercise, conversion or exchange, then such Convertible Security, as so amended or adjusted, and the Additional Common Units subject thereto (determined in the manner provided in Section 3.06) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

(d) Upon the expiration or termination of any unconverted or unexchanged Convertible Security (or portion thereof) which resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to any applicable Conversion Rate pursuant to the terms of Section 3.05(b), such Conversion Rate shall be readjusted to such Conversion Rate as would have obtained had such Convertible Security (or portion thereof) never been issued.

(e) If the number of Common Units issuable upon the exercise, conversion and/or exchange of any Convertible Security, or the consideration payable to the Company upon such exercise, conversion and/or exchange, is calculable at the time such Convertible Security is issued or amended but is subject to adjustment based upon subsequent events, any adjustment to any applicable Conversion Rate provided for in this Section 3.06 shall be effected at the time of such issuance or amendment based on such number of Units or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in this Section 3.06). If the number of Common Units issuable upon the exercise, conversion and/or exchange of any Convertible Security, or the consideration payable to the Company upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Convertible Security is issued or amended, any adjustment to any applicable Conversion Rate that would result under the terms of this Section 3.06 at the time of such issuance or amendment shall instead be effected at the time such number of Units and/or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to the Conversion

Rate that such issuance or amendment took place at the time such calculation can first be made.

Section 3.07 Other Issuances In addition to the Preferred Units and Common Units, the Company is hereby authorized, subject to compliance with Section 8.02(c), Section 9.01 and Section 10.01(b), to authorize and issue or sell to any Person any of the following (collectively, “**New Interests**”): (i) any new type, class or series of Units not otherwise described in this Agreement, which Units may be designated as classes or series of the Preferred Units or Common Units but having different rights; and (ii) Unit Equivalents. The Board is hereby authorized, subject to Section 15.09, to amend this Agreement to reflect such issuance and to fix the relative privileges, preference, duties, liabilities, obligations and rights of any such New Interests, including the number of such New Interests to be issued, the preference (with respect to Distributions, in liquidation or otherwise) over any other Units and any contributions required in connection therewith.

Section 3.08 Certification of Units

(a) The Board in its sole discretion may, but shall not be required to, issue certificates to the Members representing the Units held by such Member.

(b) In the event that the Board shall issue certificates representing Units in accordance with Section 3.08(a), then in addition to any other legend required by Applicable Law, all certificates representing issued and outstanding Units shall bear a legend substantially in the following form:

THE UNITS REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A FOURTH AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT AMONG THE COMPANY AND ITS MEMBERS, A COPY OF WHICH IS ON FILE AT THE PRINCIPAL EXECUTIVE OFFICE OF THE COMPANY, AND MAY BE AMENDED OR RESTATED FROM TIME TO TIME. NO TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION OF THE UNITS REPRESENTED BY THIS CERTIFICATE MAY BE MADE EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF SUCH FOURTH AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT, AS AMENDED.

THE UNITS REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS AND MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED EXCEPT (A) PURSUANT TO A REGISTRATION STATEMENT EFFECTIVE UNDER SUCH ACT AND LAWS, OR (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION.

**ARTICLE IV
MEMBERS**

Section 4.01 Admission of New Members

(a) New Members may be admitted from time to time (i) in connection with an issuance of Units by the Company, subject to compliance with the provisions of Section 8.02(c), Section 9.01 and Section 10.01(b), as applicable, and (ii) in connection with a Transfer of Units, subject to compliance with the provisions of Article X and in either case, following compliance with the provisions of Section 4.01.

(b) In order for any Person not already a Member of the Company to be admitted as a Member, whether pursuant to an issuance or Transfer of Units, such Person shall have executed and delivered to the Company a written undertaking substantially in the form of the Joinder Agreement. Upon the amendment of the Members Schedule by the Board and the satisfaction of any other applicable conditions, including, if a condition, the receipt by the Company of payment for the issuance of the applicable Units, such Person shall be admitted as a Member and deemed listed as such on the books and records of the Company and thereupon shall be issued his, her or its Units.

Section 4.02 Representations and Warranties of Members By execution and delivery of this Agreement or a Joinder Agreement, as applicable, each of the Members, whether admitted as of the date hereof or pursuant to Section 4.01, represents and warrants to the Company and acknowledges that:

(a) The Units have not been registered under the Securities Act or the securities laws of any other jurisdiction, are issued in reliance upon federal and state exemptions for transactions not involving a Public Offering and cannot be disposed of unless (i) they are subsequently registered or exempted from registration under the Securities Act and (ii) the provisions of this Agreement have been complied with;

(b) Such Member is an “accredited investor” within the meaning of Rule 501 promulgated under the Securities Act, as amended by Section 413(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and agrees that it will not take any action that could have an adverse effect on the availability of the exemption from registration provided by Rule 501 promulgated under the Securities Act with respect to the offer and sale of the Units;

(c) Such Member’s Units are being acquired for its own account solely for investment and not with a view to resale or distribution thereof;

(d) Such Member has conducted its own independent review and analysis of the business, operations, assets, liabilities, results of operations, financial condition and prospects of the Company and the Company Subsidiaries and such Member acknowledges that it has been provided adequate access to the personnel, properties, premises and records of the Company and the Company Subsidiaries for such purpose;

(e) The determination of such Member to acquire Units has been made by such Member independent of any other Member and independent of any statements or opinions as to the advisability of such purchase or as to the business, operations, assets, liabilities, results of operations, financial condition and prospects of the Company and the Company Subsidiaries that may have been made or given by any other Member or by any agent or employee of any other Member;

(f) Such Member has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of an investment in the Company and making an informed decision with respect thereto;

(g) Such Member is able to bear the economic and financial risk of an investment in the Company for an indefinite period of time;

(h) The execution, delivery and performance of this Agreement have been duly authorized by such Member and do not require such Member to obtain any consent or approval that has not been obtained and do not contravene or result in a default in any material respect under any provision of any law or regulation applicable to such Member or other governing documents or any agreement or instrument to which such Member is a party or by which such Member is bound;

(i) This Agreement is valid, binding and enforceable against such Member in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws of general applicability relating to or affecting creditors' rights or general equity principles (regardless of whether considered at law or in equity); and

(j) Neither the issuance of any Units to any Member nor any provision contained herein will entitle the Member to remain in the employment of the Company or any Company Subsidiary or affect the right of the Company or any Company Subsidiary to terminate the Member's employment at any time for any reason, other than as otherwise provided in such Member's employment agreement or other similar agreement with the Company or Company Subsidiary, if applicable.

(k) None of the foregoing shall replace, diminish or otherwise adversely affect any Member's representations and warranties made by it in any Unit Purchase Agreement or Award Agreement, as applicable.

Section 4.03 No Personal Liability By Applicable Law or expressly in this Agreement, no Member will be obligated personally for any debt, obligation or liability of the Company or of any Company Subsidiaries or other Members, whether arising in contract, tort or otherwise, solely by reason of being a Member.

Section 4.04 No Withdrawal A Member shall not cease to be a Member as a result of the Bankruptcy of such Member. So long as a Member continues to hold any Units, such Member shall not have the ability to withdraw or resign as a Member prior to the dissolution and

winding up of the Company and any such withdrawal or resignation or attempted withdrawal or resignation by a Member prior to the dissolution or winding up of the Company shall be null and void. As soon as any Person who is a Member ceases to hold any Units, such Person shall no longer be a Member; provided, however, that this Agreement shall continue to apply with respect to any Units that have been called in accordance with any Award Agreement until full payment is made therefor in accordance with the terms of such Award Agreement.

Section 4.05 Death The death of any Member shall not cause the dissolution of the Company. In such event the Company and its business shall be continued by the remaining Member or Members and the Units owned by the deceased Member shall automatically be Transferred in accordance with such Member's will, revocable or irrevocable trust, instructions of the Probate court, or under the laws of intestacy, whichever of the forgoing is applicable; provided, that within a reasonable time after such Transfer, the applicable persons receiving such deceased Member's Units shall sign a written undertaking substantially in the form of the Joinder Agreement.

Section 4.06 No Management by Members; Actions by Members No Member, solely in his or its capacity as a Member, shall take part in the day-to-day management, operation or control of the business and affairs of the Company, or have any right, power or authority to act for or on behalf of or to bind the Company or transact any business in the name of the Company. No Member, solely in his or its capacity as a Member, shall have any rights other than those specifically provided herein or granted by law where consistent with a valid provision of this Agreement. This Section 4.06 shall not be interpreted to imply voting rights of a particular class of Units and voting rights shall only arise based upon the express provisions therefor applicable to a class of Units under this Agreement. Reference to Members and the procedures set forth hereunder for meetings and action of Members shall apply only to the particular class having an express right to vote as a Member on the matter in question.

Section 4.07 Voting

(a) Except as otherwise provided by this Agreement (including Section 15.09) or as otherwise required by Applicable Law, the Voting Unitholders shall be entitled to one vote per Common Unit held by each such Voting Unitholder (calculated on an as-converted into Common Unit basis) for all matters pursuant to which such Voting Unitholder shall have voting rights as provided by this Agreement or required by the Act. For the avoidance of doubt, as of any date of determination, each Voting Unitholder holding Preferred Units shall, pursuant to the foregoing sentence, be entitled to one vote for each Common Unit into which its Preferred Units are then convertible as of such date of determination. Except as specifically provided in this Agreement, any other Company Membership Interests other than the Voting Units shall not entitle their holders to vote for any Company purposes, except to the extent required by the Act.

Section 4.08 Meetings

(a) **Meetings.** Meetings of the Members, for any purpose or purposes, may be called by the Chief Executive Officer or, in his absence, the President, or by any Member or Members owning at least 20% of the total of all Voting Units.

(b) **Place of Meetings.** The Members may designate any place, either within or outside the State of Delaware, as the place of meeting for any meeting of the Members. If no designation is made, or if a special meeting is otherwise called, the place of meeting shall be the principal offices of the Company in the Commonwealth of Massachusetts.

(c) **Notice.** Written notice stating the place, date and time of the meeting and, in the case of a meeting of the Members not regularly scheduled, describing the purposes for which the meeting is called, shall be delivered not fewer than ten (10) days and not more than thirty (30) days before the date of the meeting (in accordance with the notice provisions hereof), by or at the direction of the Chief Executive Officer, President, Board or Member or Members owning at least 20% of the total of all Voting Units calling the meeting, to each Member entitled to vote at such meeting. When any notice is required to be given to any Member, a waiver thereof in writing signed by the Person entitled to such notice, whether before, at or after the time stated therein, shall be equivalent to the giving of such notice. Notwithstanding the foregoing provisions of this Section 4.08(c) if all the Members shall meet at any time and place, either within or outside the State of Delaware, and consent to the holding of a meeting at such time and place, such meeting shall be valid without call or notice, and at such meeting lawful action may be taken.

Section 4.09 Quorum Members owning at least fifty percent (50%) of the Voting Units entitled to vote or consent on the matter, represented in person or by proxy, shall constitute a quorum at any meeting of the Members (collectively or by class, as the case may be). In the absence of a quorum at any such meeting, a majority of the Membership Interest so represented may adjourn the meeting from time to time for a period not to exceed thirty (30) days, or if after the adjournment of a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record entitled to vote at the meeting. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal during such meeting of that number of Units of Members whose absence would cause less than a quorum.

Section 4.10 Manner of Acting If a quorum is present at a meeting, the affirmative vote of the Members who, in the aggregate, own more than fifty percent (50%) of the particular class or classes of Voting Units entitled to vote on or consent to the matter in accordance with this Section 4.10 (collectively or by class, as the case may be) shall be the act of the Members on the matter, unless the vote of a greater or lesser proportion or number is otherwise expressly required by the Certificate of Formation, this Agreement or Applicable Law. Unless otherwise expressly provided herein or required under any Applicable Law, only Members having a Voting Unit may vote or consent upon any matter which comes before the Members and in any event only if and

to the extent such Member holds Voting Units of the class entitled to vote on the matter, and their vote or consent, as the case may be, shall be counted in the determination of whether the matter was approved by the Members entitled to vote on or consent to the matter. Unless otherwise expressly provided in this Agreement or required under any Applicable Law, all holders of Voting Units shall vote together as a single class (on an as-converted to Common Unit basis).

Section 4.11 Proxies At all meetings of Members, a Member may vote in person or by proxy executed in writing by the Member or by a duly authorized attorney-in-fact. Such proxy shall be filed with the Secretary of the Company before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Person executing it, or by his personal representatives or assigns, except in those cases where an irrevocable proxy is permitted by statute.

Section 4.12 Action Without Meeting Action required or permitted to be taken at a meeting of Members (collectively or by class, as the case may be) may be taken without a meeting without prior notice and without a vote, if a consent in writing setting forth the action so taken, shall be signed by not less than the holders of a minimum number of votes necessary to approve such action at a meeting of the Members.

Section 4.13 Attendance by Telephone Members may participate in any meeting of Members through the use of a conference telephone, video conference or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in the meeting shall constitute presence in person at such meeting.

Section 4.14 Power of Members The Members shall have the power to exercise any and all rights or powers granted to Members pursuant to the express terms of this Agreement. Except as otherwise specifically provided by this Agreement, no Member, in its capacity as a Member, shall have the power to act for or on behalf of, or to bind, the Company.

Section 4.15 No Interest in Company Property No real or personal property of the Company shall be deemed to be owned by any Member individually, but shall be owned by, and title shall be vested solely in, the Company. Without limiting the foregoing, each Member hereby irrevocably waives during the term of the Company any right that such Member may have to maintain any action for partition with respect to the property of the Company.

Section 4.16 Automatic Divestiture If, during anytime while the Company or any Subsidiary holds a local or state license pursuant to a Cannabis Code, any of the following occur to a Member or to a member or shareholder of an entity that is a Member of Company, subject to below all interests of that Member in the Company (the “**Affected Member**”) will automatically and immediately terminate, and the Affected Member will cease to be a Member:

- (a) The Affected Member is charged with or convicted of any criminal offense, if a conviction of the offense in question would, pursuant to a Cannabis Code,

disqualify the Affected Member from owning a marijuana business. However, where an Affected Member is only charged with a criminal offense and not convicted, and where the Cannabis Regulatory Body and local licensing authorities are subject to a stay order, then the Affected Member's Units shall not be subject to divestiture under this Section 4.16;

(b) The Affected Member or any entity that it owns or controls incurs a revocation of any marijuana business license, and it is determined by the Board that such revocation has a material adverse effect upon the issuance or continued good standing of the Company's marijuana business license;

(c) A Cannabis Regulatory Body or local licensing authority issues a formal recommendation stating that the Affected Member is unfit to have an ownership or economic interest in a marijuana business;

(d) A Cannabis Regulatory Body or local licensing authority issues a formal recommendation against the issuance to the Company of a marijuana business license or revokes a marijuana business license, which recommendation cites the participation of the Affected Member as a material factor in the decision, or a Cannabis Regulatory Body or local licensing authority conditions the issuance of a marijuana business license on the Company removing the Affected Member in the Company.

(e) A Cannabis Regulatory Body or local licensing authority advises the Company or any Subsidiary in writing, or it is otherwise determined by court order, that a decision on the Company's or any Subsidiary's marijuana business license is being delayed beyond one (1) year following the filing of the Company's or any Subsidiary's application for a marijuana business license, and the Company or any Subsidiary is advised before or after said date that the sole reason for such delay is the participation of or concerns about the Affected Member.

(f) The Affected Member demonstrates a repeated failure to attend meetings with a Cannabis Regulatory Body or any local licensing authority as may be required for the Company or any Subsidiary business to be conducted. As used herein, repeated failure to attend shall be demonstrated by failure to attend any meeting without good cause, or any two (2) meeting with any licensing authority.

(g) The Affected Member fails to provide information to the Cannabis Regulatory Body which is requested by or required by a Cannabis Regulatory Body.

(h) If the Affected Member is a partnership or other business entity and not a natural person, a member of the Affected Member is disqualified from obtaining an ownership interest in a licensed marijuana business by final written determination of a Cannabis Regulatory Body, unless such member is divested from the Affected Member in a timely manner.

Section 4.17 Right to Transfer In addition to the rights provided to an Affected Member in below and subject to the provisions of Section 10.01, prior to the automatic divestiture described above for a period of twenty-one (21) days after a Member becomes an Affected Member such Affected Member shall have the right to Transfer its Units to an individual or entity that would not, upon such Transfer, be an Affected Member. Any such proposed Transfer that is not to a Permitted Transferee of the Affected Member shall be subject to the provisions of Section 10.03.

Section 4.18 Settling of Accounts Following Automatic Divestiture

(a) The Company shall continue in existence notwithstanding the automatic termination of any Member pursuant to Section 4.16 above. Notwithstanding any provision of this Agreement to the contrary, if the Affected Member is a corporate entity and the occurrence of any of the events enumerated in Section 4.16 above is due to a member, shareholder or manager of the Affected Member, the Affected Member shall have an option to redeem its Units within 90 days of such divestiture and shall be restored to its ownership position before the divestiture events occur if the Board, a court of law, or a Cannabis Regulatory Body provides a written assurance or order that Affected Member has removed the member, shareholder or manager that caused any of the events enumerated in Section 4.16 above, pursuant to the terms of the Affected Member's governing documents.

(b) Provided that there is no Transfer of the Affected Members Units pursuant to Section 4.17 above and the Affected Member's Units are cancelled pursuant to Section 4.16 above, the Company shall be liable for the terminated ownership interest of the Affected Member as follows: the Company shall deliver a note (the "**Payoff Note**") to the Affected Member for 100% of the Fair Market Value determined by the Board based on the implied value of the Company pursuant to the most recent financing round, unless it is reasonably determined by the Board, that there has been (x) a material negative impact on the valuation of the Company since the most recent financing round or (y) the most recent financing round was completed more than 12 months prior to the date the Board has notice of the event resulting in a member becoming an Affected Member, in which case the fair market value of the terminated ownership interest shall be determined as follows: (i) The Company and the Affected Member shall determine the fair market value of the Affected Member's Units by a mutually-agreed upon third party appraisal; (ii) If the Affected Member and the Company cannot agree on a third party appraisal, they shall both individually choose and pay for their own appraisal and provided that the two valuations of the Affected Member's Units are within ten (10%) percent of each other, the differences shall be averaged and used for calculating the Payoff Note, and (iii) if the differences of the two valuations are greater than ten (10%) percent of each other, a third party appraisal to determine the fair market value of the terminated ownership interest shall be done by an appraiser appointed by the American Arbitration Association ("**AAA**") sitting in Boston Massachusetts upon application therefor by the Company. The determination of any third party appraisal conducted in accordance with the preceding sentence shall be final and binding on the Company and the Affected Member,

and the costs of such third party appraisal, except as set forth in sub-clause (ii) in the immediately preceding sentence, shall be shared equally by the Company and the Affected Member. The Payoff Note shall be payable over a three (3) year period and shall bear interest at the Company Interest Rate or shall be discounted (using the same rate) to present value if an earlier payoff is required under the Cannabis Code. The terms of the Payoff Note shall include equal monthly payments and shall be reasonable and customary for a transaction of this type. The Company may sell the Affected Member's Units, in accordance with the terms of this Agreement, to finance the Payoff Note or for any other lawful reason.

ARTICLE V CAPITAL CONTRIBUTIONS; CAPITAL ACCOUNTS

Section 5.01 Initial Capital Contributions Each Member owning Preferred Units or Common Units has made Capital Contributions and is deemed to own the number, type, series and class of Units, in each case, in the amounts set forth opposite such Member's name on the Members Schedule as in effect on the date hereof.

Section 5.02v Additional Capital Contributions

(a) No Member shall be required to make any additional Capital Contributions to the Company. Any future Capital Contributions made by any Member shall only be made with the consent of the Board and in connection with an issuance of Units made in compliance with Section 9.01.

(b) No Member shall be required to lend any funds to the Company and no Member shall have any personal liability for the payment or repayment of any Capital Contribution by or to any other Member.

Section 5.03 Maintenance of Capital Accounts The Company shall establish and maintain for each Member a separate capital account (a "**Capital Account**") on its books and records in accordance with this Section 5.03. Each Capital Account shall be established and maintained in accordance with the following provisions:

- (a) Each Member's Capital Account shall be increased by the amount of:
 - (i) such Member's Capital Contributions, including such Member's initial Capital Contribution;
 - (ii) any Net Income or other item of income or gain allocated to such Member pursuant to Article VI and
 - (iii) any liabilities of the Company that are assumed by such Member or secured by any property Distributed to such Member.

(b) Each Member's Capital Account shall be decreased by:

(i) the cash amount or Book Value of any property Distributed to such Member pursuant to Article VII and Section 13.03(c);

(ii) the amount of any Net Loss or other item of loss or deduction allocated to such Member pursuant to Article VI and

(iii) the amount of any liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

Section 5.04 Succession Upon Transfer In the event that any Units are Transferred in accordance with the terms of this Agreement, the Transferee shall succeed to the Capital Account of the Transferor to the extent it relates to the Transferred Units and, subject to Section 6.04, shall receive allocations and Distributions pursuant to Article VI, Article VII and Article VIII in respect of such Units.

Section 5.05 Negative Capital Accounts In the event that any Member shall have a deficit balance in his, her or its Capital Account, such Member shall have no obligation, during the term of the Company or upon dissolution or liquidation thereof, to restore such negative balance or make any Capital Contributions to the Company by reason thereof, except as may be required by Applicable Law or in respect of any negative balance resulting from a withdrawal of capital or dissolution in contravention of this Agreement.

Section 5.06 No Withdrawal No Member shall be entitled to withdraw any part of his, her or its Capital Account or to receive any Distribution from the Company, except as provided in this Agreement. No Member shall receive any interest, salary or drawing with respect to its Capital Contributions or its Capital Account, except as otherwise provided in this Agreement. The Capital Accounts are maintained for the sole purpose of allocating items of income, gain, loss and deduction among the Members and shall have no effect on the amount of any Distributions to any Members, in liquidation or otherwise.

Section 5.07 Treatment of Loans from Members Loans by any Member to the Company shall not be considered Capital Contributions and shall not affect the maintenance of such Member's Capital Account, other than to the extent provided in Section 5.03(a)(iii), if applicable.

Section 5.08 Modifications The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Section 1.704-1(b) of the Treasury Regulations and shall be interpreted and applied in a manner consistent with such Treasury Regulations. If the Board determines that it is prudent to modify the manner in which the Capital Accounts, or any increases or decreases to the Capital Accounts, are computed in order to comply with such Treasury Regulations, the Board may authorize such modifications.

ARTICLE VI ALLOCATIONS

Section 6.01 Allocation of Net Income and Net Loss. For each Fiscal Year (or portion thereof) ending prior to the Corporate Election Effective Date, except as otherwise provided in this Agreement, Net Income and Net Loss (and, to the extent necessary, individual items of income, gain, loss or deduction) of the Company shall be allocated among the Members in a manner such that, after giving effect to the special allocations set forth in Section 6.02, the Target Capital Account balance of each Member, immediately after making such allocations, is, as nearly as possible, equal to (a) the Distributions that would be made to such Member pursuant to Section 13.03(c) if the Company were dissolved, its affairs wound up and its assets sold for cash equal to their Book Value, all Company liabilities were satisfied (limited with respect to each Nonrecourse Liability to the Book Value of the assets securing such liability), and the net assets of the Company were Distributed, in accordance with Section 13.03(c).

Sections 6.02 Regulatory and Special Allocations Notwithstanding the provisions of Article VII, and for each Fiscal Year (or portion thereof) ending prior to the Corporate Election Effective Date:

(a) If there is a net decrease in Company Minimum Gain (determined according to Treasury Regulations Section 1.704-2(d)(1)) during any Fiscal Year, each Member shall be specially allocated Net Income for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulations Section 1.704-2(g). The items to be so allocated shall be determined in accordance with Treasury Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 6.02(a) is intended to comply with the "minimum gain chargeback" requirement in Treasury Regulation Section 1.704-2(f) and shall be interpreted consistently therewith.

(b) Member Nonrecourse Deductions shall be allocated in the manner required by Treasury Regulations Section 1.704-2(i). Except as otherwise provided in Treasury Regulations Section 1.704-2(i)(4), if there is a net decrease in Member Nonrecourse Debt Minimum Gain during any Fiscal Year, each Member that has a share of such Member Minimum Gain shall be specially allocated Net Income for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to that Member's share of the net decrease in Member Nonrecourse Debt Minimum Gain. Items to be allocated pursuant to this paragraph shall be determined in accordance with Treasury Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2). This Section 6.02(b) is intended to comply with the "minimum gain chargeback" requirements in Treasury Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(c) In the event any Member unexpectedly receives any adjustments, allocations or Distributions described in Treasury Regulations Section 1.704- 1(b)(2)(ii)(d)(4), (5) or (6), Net Income shall be specially allocated to such Member in an amount and manner sufficient to eliminate the Adjusted Capital Account deficit created by such adjustments, allocations or Distributions as quickly as possible. This Section

6.02(c) is intended to comply with the qualified income offset requirement in Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(d) In the event an allocation of Net Loss would cause or increase an Adjusted Capital Account deficit of a Member in a manner that cannot have “substantial economic effect” for federal income tax purposes, as determined in the reasonable judgment of the Board, such Net Loss will, unless otherwise determined by the Board, be allocated among all Members in proportion to their Unit holdings.

(e) The allocations set forth in paragraphs (a), (b), and (c) above (the “**Regulatory Allocations**”) are intended to comply with certain requirements of the Treasury Regulations under Code Section 704. Notwithstanding any other provisions of this Article VI (other than the Regulatory Allocations), the Regulatory Allocations shall be taken into account in allocating Net Income and Net Losses among Members so that, to the extent possible, the net amount of such allocations of Net Income and Net Losses and other items and the Regulatory Allocations to each Member shall be equal to the net amount that would have been allocated to such Member if the Regulatory Allocations had not occurred.

(f) The Company and the Members acknowledge that allocations like those described in Proposed Treasury Regulation Section 1.704-1(b)(4)(xii)(c) (“**Forfeiture Allocations**”) result from the allocations of Net Income and Net Loss provided for in this Agreement. For the avoidance of doubt, the Company is entitled to make Forfeiture Allocations and, once required by applicable final or temporary guidance, allocations of Net Income and Net Loss will be made in accordance with Proposed Treasury Regulation Section 1.704-1(b)(4)(xii)(c) or any successor provision or guidance.

Section 6.03 Tax Allocations For each Fiscal Year (or portion thereof) ending prior to the Corporate Election Effective Date:

(a) Subject to Section 6.03(b) through Section 6.03(e), all income, gains, losses and deductions of the Company shall be allocated, for federal, state and local income tax purposes, among the Members in accordance with the allocation of such income, gains, losses and deductions among the Members for computing their Capital Accounts, except that if any such allocation for tax purposes is not permitted by the Code or other Applicable Law, the Company’s subsequent income, gains, losses and deductions shall be allocated among the Members for tax purposes, to the extent permitted by the Code and other Applicable Law, so as to reflect as nearly as possible the allocation set forth herein in computing their Capital Accounts.

(b) Items of Company taxable income, gain, loss and deduction with respect to any property contributed to the capital of the Company shall be allocated among the Members in accordance with Code Section 704(c) and the traditional method of Treasury Regulations Section 1.704-3(b), so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its Book Value.

(c) If the Book Value of any Company asset is adjusted pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(f) as provided in clause (c) of the definition of Book Value, subsequent allocations of items of taxable income, gain, loss and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Book Value in the same manner as under Code Section 704(c).

(d) Allocations of tax credit, tax credit recapture and any items related thereto shall be allocated to the Members according to their interests in such items as determined by the Board taking into account the principles of Treasury Regulations Section 1.704-1(b)(4)(ii).

(e) The Company shall make allocations pursuant to this Section 6.03 in accordance with the traditional method in accordance with Treasury Regulations Section 1.704-3(b).

(f) Allocations pursuant to this Section 6.03 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Net Income, Net Losses, Distributions or other items pursuant to any provisions of this Agreement.

Section 6.04 Allocations in Respect of Transferred Units In the event of a Transfer of Units during any Fiscal Year ending prior to the Corporate Election Effective Date made in compliance with the provisions of Article X Net Income, Net Losses and other items of income, gain, loss and deduction of the Company attributable to such Units for such Fiscal Year shall be determined using the interim closing of the books method.

Section 6.05 Curative Allocations In the event that the Tax Representative determines, after consultation with counsel experienced in income tax matters, that the allocation of any item of Company income, gain, loss or deduction for any Fiscal Year (or portion thereof) ending prior to the Corporate Election Effective Date is not specified in this Article VI (an "**Unallocated Item**"), or that the allocation of any item of Company income, gain, loss or deduction hereunder is clearly inconsistent with the Members' economic interests in the Company (determined by reference to the general principles of Treasury Regulations Section 1.704-1(b) and the factors set forth in Treasury Regulations Section 1.704-1(b)(3)(ii)) (a "**Misallocated Item**"), then the Board may allocate such Unallocated Items, or reallocate such Misallocated Items, to reflect such economic interests; provided, that no such allocation will be made without the prior consent of each Member that would be adversely and disproportionately affected thereby; and provided, further, that no such allocation shall have any material effect on the amounts distributable to any Member, including the amounts to be distributed upon the complete liquidation of the Company.

ARTICLE VII DISTRIBUTIONS

Section 7.01 General

(a) Subject to Section 7.01(b), Section 7.02 and Section 7.04, the Board shall have sole discretion regarding the amounts and timing of Distributions to Members, including to decide to forego payment of Distributions in order to provide for the retention and establishment of reserves of, or payment to third parties of, such funds as it deems necessary with respect to the reasonable business needs of the Company (which needs may include the payment or the making of provision for the payment when due of the Company's obligations, including, but not limited to, present and anticipated debts and obligations, capital needs and expenses, the payment of any management or administrative fees and expenses, and reasonable reserves for contingencies).

(b) Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make any Distribution to Members if such Distribution would violate Applicable Law.

Section 7.02 Priority of Distributions After making all Distributions required for a given Fiscal Year under Section 7.04 and subject to the priority of Distributions pursuant to Section 13.03(c) if applicable, all Distributions determined to be made by the Board pursuant to Section 7.01 shall be made as follows:

(a) First, to the Members holding Preferred Units in proportion to and up to the amounts necessary for each Member to have received cumulative Distributions under this Section 7.02(a) equal to each of such Members' Capital Contribution attributable to such Preferred Units;

(b) Second, to the Members holding Real Estate Preferred Units in proportion to and up to such Member's Unpaid Yield in respect of such Real Estate Preferred Units; and

(c) Third, any remaining amounts to the Members holding Common Units and Real Estate Preferred Units (calculated on an as-converted to Common Units basis) pro rata in proportion to their aggregate holdings of Common Units, with the holders of Real Estate Preferred Units being treated for the purposes of this Section 7.02(c) as if such Members had converted their Real Estate Preferred Units to Common Units pursuant to Section 3.04(a).

Provided, that, notwithstanding the foregoing, in the case of a Distribution described in Section 7.02(c) (including a liquidating distribution pursuant to Section 13.03) with respect to Common Units which were acquired upon conversion of Series Seed Preferred Units or Series Seed+ Preferred Units, such distribution shall be reduced, dollar-for-dollar, by the Distributions described in Section 7.02(a), if any, received with respect to such Series Seed Preferred Units or Series Seed+ Preferred Units, as applicable, and

provided, further, Distributions shall be made with respect to Series Seed Preferred Units and Series Seed+ Preferred Units pursuant to Section 7.02(c), without the need for formal conversion, equal to the greater of: (x) distributions with respect to such Series Seed Preferred Units or Series Seed+ Preferred Units under Section 7.02(a) or (y) distributions that would have been made with respect to such Series Seed Preferred Units or Series Seed+ Preferred Units had all such Units been converted to Common Units immediately prior to such liquidation or capital transaction, which, for the avoidance of doubt, shall include the application of the preceding proviso.

Section 7.03 Tax Advances For taxable periods ending prior to the Corporate Election Effective Date:

(a) Subject to any restrictions in any of the Company's and/or any Company Subsidiary's then applicable debt-financing arrangements, and subject to the Board's sole discretion to retain any other amounts necessary to satisfy the Company's and/or the Company Subsidiaries' obligations, at least five (5) days before each date prescribed by the Code for an individual to pay quarterly installments of estimated tax, the Company shall use commercially reasonable efforts to Distribute cash to each Member in proportion to and to the extent of such Member's Quarterly Estimated Tax Amount for the applicable calendar quarter (each such Distribution, a "**Tax Advance**").

(b) If, at any time after the final Quarterly Estimated Tax Amount has been Distributed pursuant to Section 7.03(a) with respect to any Fiscal Year, the aggregate Tax Advances to any Member with respect to such Fiscal Year are less than such Member's Tax Amount for such Fiscal Year (a "**Shortfall Amount**"), the Company shall use commercially reasonable efforts to Distribute cash in proportion to and to the extent of each Member's Shortfall Amount. The Company shall use commercially reasonable efforts to Distribute Shortfall Amounts with respect to a Fiscal Year before the 75th day of the next succeeding Fiscal Year; provided, that if the Company has made Distributions other than pursuant to this Section 7.03, the Board may apply such Distributions to reduce any Shortfall Amount.

(c) If the aggregate Tax Advances made to any Member pursuant to this Section 7.03 for any Fiscal Year exceed such Member's Tax Amount (an "**Excess Amount**"), such Excess Amount shall reduce subsequent Tax Advances that would be made to such Member pursuant to this Section 7.03, except to the extent taken into account as an advance pursuant to Section 7.03(d) to reduce subsequent Distributions.

(d) Any Distributions made pursuant to this Section 7.03 shall be treated for purposes of this Agreement as advances on Distributions pursuant to and shall reduce, dollar-for-dollar, the amount otherwise Distributable to such Member pursuant to Section 7.02.

Section 7.04 Tax Withholding; Withholding Advances

(a) Tax Withholding. If requested by the Board, each Member shall, if able to do so, deliver to the Board:

(i) an affidavit in form satisfactory to the Board that the applicable Member (or its members, as the case may be) is not subject to withholding under the provisions of any federal, state, local, foreign or other Applicable Law;

(ii) any certificate that the Board may reasonably request with respect to any such laws; and/or

(iii) any other form or instrument reasonably requested by the Board relating to any Member's status under such law.

(b) If a Member fails or is unable to deliver to the Board the affidavit described in Section 7.04(a)(i), the Board may withhold amounts from such Member in accordance with Section 7.04(c).

(c) Withholding Advances. The Company is hereby authorized at all times to make payments (“**Withholding Advances**”) with respect to each Member in amounts required to discharge any obligation of the Company (as determined by the Tax Representative based on the advice of legal or tax counsel to the Company) to withhold or make payments to any federal, state, local or foreign taxing authority (a “**Taxing Authority**”) with respect to any Distribution or (prior to the Corporate Election Effective Date) allocation by the Company of income or gain to such Member and to withhold the same from Distributions to such Member. Any funds withheld from a Distribution by reason of this Section 7.04(c) shall nonetheless be deemed Distributed to the Member in question for all purposes under this Agreement.

(d) Repayment of Withholding Advances. Any Withholding Advance made by the Company to a Taxing Authority on behalf of a Member and not simultaneously withheld from a Distribution to that Member shall, with interest thereon accruing from the date of payment at the Company Interest Rate:

(i) be promptly repaid to the Company by the Member on whose behalf the Withholding Advance was made; or

(ii) with the consent of the Board, be repaid by reducing the amount of the next succeeding Distribution or Distributions to be made to such Member.

Interest shall cease to accrue from the time the Member on whose behalf the Withholding Advance was made repays such Withholding Advance (and all accrued interest) by either method of repayment described above.

(e) Indemnification. Each Member hereby agrees to indemnify and hold harmless the Company and the other Members from and against any liability with respect

to taxes, interest or penalties which may be asserted by reason of the Company's failure to deduct and withhold tax on amounts Distributable or (prior to the Corporate Election Effective Date) allocable to such Member. The provisions of this Section 7.04(e) and the obligations of a Member pursuant to Section 7.04(c) shall survive the termination, dissolution, liquidation and winding up of the Company and the withdrawal of such Member from the Company or Transfer of its Units. The Company may pursue and enforce all rights and remedies it may have against each Member under this Section 7.04, including bringing a lawsuit to collect repayment with interest of any Withholding Advances.

(f) Overwithholding. Neither the Company nor the Board shall be liable for any excess taxes withheld in respect of any Distribution or (prior to the Corporate Election Effective Date) allocation of income or gain to a Member. In the event of an overwithholding, a Member's sole recourse shall be to apply for a refund from the appropriate Taxing Authority.

Section 7.05 Distributions in Kind

(a) The Board is hereby authorized, in its sole discretion, to make Distributions to the Members in the form of securities or other property held by the Company. In any non-cash Distribution, the securities or property so Distributed will be Distributed among the Members in the same proportion and priority as cash equal to the Fair Market Value of such securities or property would be Distributed among the Members pursuant to Section 7.02.

(b) Any Distribution of securities shall be subject to such conditions and restrictions as the Board determines are required or advisable to ensure compliance with Applicable Law. In furtherance of the foregoing, the Board may require that the Members execute and deliver such documents as the Board may deem necessary or appropriate to ensure compliance with all federal and state securities laws that apply to such Distribution and any further Transfer of the Distributed securities and may appropriately legend the certificates that represent such securities to reflect any restriction on Transfer with respect to such laws.

ARTICLE VIII MANAGEMENT

Section 8.01 Management and Control of Company Business

(a) For so long as Abner Kurtin remains in control (having the same meaning as used in the definition of Affiliate herein) of AGP Partners, LLC and holds a Significant Interest in AGP Partners, AGP Partners, LLC shall be and is hereby appointed the Managing Member (the "**Managing Member**") of the Company and shall have, subject to the limitations herein full, exclusive and complete discretion, power and authority to manage and control the business and affairs of the Company, to make all decisions affecting the business and affairs of the Company, and to take such actions as it

deems necessary or appropriate to accomplish the purposes of the Company. The Managing Member shall use reasonable efforts to carry out the purposes of the Company and shall devote to the management of the business and affairs of the Company such time as the Managing Member, in its good faith judgment, shall deem to be reasonably required for the operation thereof. The foregoing notwithstanding, the Managing Member shall not make any Materials Decisions (as defined in Section 8.02(c)) without the approval of the Requisite Managers. At such time that Abner Kurtin no longer controls AGP Partners, LLC or no longer has a Significant Interest in AGP Partners, LLC, the duties, powers, and authority of the Managing Member shall be assumed by the Board.

(b) A board of managers of the Company (the “**Board**”) is hereby established and shall be comprised of natural Persons (each such Person, a “**Manager**”) who shall be appointed in accordance with the provisions of this Agreement. Each Manager of the Company shall be subject to the provisions of this Agreement whether or not such Manager has executed a counterpart hereof or been joined hereto.

(c) Except as otherwise expressly set forth in this Agreement, the Members, in their capacity as Members, shall not have any authority, right or power to bind the Company, or to manage or control, or to participate in the management or control of, the business and affairs of the Company in any manner whatsoever. Such management shall in every respect be the full and complete responsibility of the Managers alone as provided in this Agreement.

(d) Any approval, decision, action, consent, agreement, determination, or authorization that is required or permitted to be made by the Managers hereunder shall require the approval by an affirmative vote of a majority of the Managers then in office.

The foregoing notwithstanding, all Material Decisions shall require the approval of the Requisite Managers.

Section 8.02 Board of Managers

(a) The Company and the Members shall take such actions as may be required to ensure that the number of managers constituting the Board is at all times five (5). A Manager (and/or any successor or replacement) may, but shall not be required to, be a Member of the Company. The Managers will be appointed or elected in the following manner:

(i) AGP Partners, LLC shall have the right to appoint three (3) Managers (the “**Common Managers**”) and to remove and replace such Common Managers from time to time, who shall initially be Abner Kurtin, Scott Swid and Frank Perullo. Each Common Manager then in office shall be entitled to cast one (1) vote, provided, however, that Abner Kurtin, for so long as he is a Manager, or, in the event that Abner Kurtin is no longer a Manager, AGP Partners, LLC’s designee shall be entitled to cast a tie-breaking Board vote in the event of a deadlock.

(ii) The holders of a majority of the Preferred Units, shall have the right to appoint two (2) Managers (the “**Preferred Managers**”), and to remove and replace such Preferred Managers from time to time, by the affirmative vote or consent of a majority of the Preferred Units, which Preferred Managers shall initially be Chris Leavy and Emily Paxhia. Each Preferred Manager then in office shall be entitled to cast one (1) vote.

Notwithstanding the foregoing, at such time that AGP Partners, LLC is no longer the Managing Member, all of the Managers shall be appointed by the Members voting as a single class, and such Members shall have the right to remove and replace such Managers from time to time.

(b) The Board shall maintain a schedule of all Managers with their respective mailing addresses, and shall update the schedule upon the removal or replacement of any Manager in accordance with this Section 8.02 or Section 8.03.

(c) The following is a list of material decisions (“**Material Decisions**”) that shall require an affirmative vote of the Requisite Managers:

(i) a merger, consolidation, conversion or other similar transaction involving the Company or any of the Company Subsidiaries;

(ii) the sale, lease or conveyance of all or substantially all of the assets of the Company and the Company Subsidiaries on a consolidated basis;

(iii) any material acquisition by the Company or any Company Subsidiary, or any agreement to engage in such material acquisition or the acquisition by the Company or any Company Subsidiary of an ownership interest in any Person;

(iv) the creation of Subsidiaries, or entering into a joint venture, partnership or limited liability company agreement by the Company or any of its Subsidiaries;

(v) any agreement or series of related agreements of the Company or any of its Subsidiaries for compensation and/or benefits of any Manager, Managing Member, Officer, or other executive of the Company or any other agreement for compensation and/or benefits with a total annual cost to the Company of at least \$100,000;

(vi) any action that results in a liquidation or dissolution of the Company or any wholly-owned Company Subsidiary;

(vii) any transaction between the Company or a Subsidiary and any Affiliate of the Company or its Subsidiary, excluding transactions between the Company and wholly-owned Company Subsidiaries, provided, however, that in

the event of such transaction whereby a conflict of interest exists with respect to any Requisite Managers of the Company, then such transaction shall require the consent of a majority of the outstanding Common Units, Real Estate Preferred Units, Series Seed Preferred Units and Series Seed+ Preferred Units of the Company voting as separate classes;

(viii) issuance of additional Units or the creation of new classes of Units by the Company or a Subsidiary;

(ix) increasing the size of the Board;

(x) confessing any judgment against the Company or a Subsidiary or consenting to a receiver of the assets of the Company or a Subsidiary; or

(xi) incur any indebtedness, pledge, or grant liens on any assets, or guarantee, assume, endorse, or otherwise become responsible for the obligations of any other Person in excess of \$100,000 in a single transaction or series of related transactions, or in excess of \$200,000 in the aggregate at any time outstanding by the Company or a Subsidiary.

Section 8.03 Removal; Resignation; Vacancies.

(a) At a meeting called expressly for that purpose, any Manager may be removed at any time, with or without cause, in accordance with Section 8.02(a) hereof.

(b) A Manager of the Company may resign at any time by giving written notice to the Members of the Company. The resignation of any Manager shall take effect thirty (30) days after receipt of notice thereof or at such later date specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Subject to any forfeiture requirements contained in any agreement between the Manager and the Company, the resignation of a Manager who is also a Member shall not affect the Manager's rights as a Member and shall not constitute its withdrawal as a Member.

(c) Any vacancy occurring for any reason in the office of the Managers of the Company shall be filled by action of the class, classes or series of Members that were entitled to appoint such Manager pursuant to the provisions of Section 8.02(a) herein. If such vacancy remains unfilled after thirty (30) days from the day such vacancy occurred, such vacancy may be filled by action of the Managers then in office, but the right and power of Members to appoint, remove and replace Managers pursuant to the provision of Section 8.02(a) shall not be affected thereby. Any Manager's position to be filled by reason of an increase in the number of Managers above five (5) Managers shall be filled by the election at a meeting of Members called for that purpose or by action pursuant to a written consent of Members, in each case in accordance with the vote or consent prescribed by Section 8.02(a) hereof for the appointment of a Preferred Manager. A Manager elected to fill a vacancy shall hold office until his or her successor shall be

elected and qualified or until his or her earlier death, resignation or removal. A Manager elected to fill a position resulting from an increase in the number of Managers above five (5) Managers shall hold office until his or her successor shall be elected and qualified, or until his or her earlier death, resignation or removal.

Section 8.04 Meetings

(a) Generally. The Board shall meet at such time and at such place as the Board may designate. Meetings of the Board may be held either in person or by means of telephone or video conference or other communications device that permits all Managers participating in the meeting to hear each other, at the offices of the Company or such other place (either within or outside the State of Delaware) as may be determined from time to time by the Board. Written notice of each meeting of the Board shall be given to each Manager at least twenty-four (24) hours prior to each such meeting.

(b) Special Meetings. Special meetings of the Board shall be held on the call of any three Managers upon at least five days' written notice (if the meeting is to be held in person) or one day's written notice (if the meeting is to be held by telephone communications or video conference) to the Managers, or upon such shorter notice as may be approved by all the Managers. Any Manager may waive such notice as to himself.

(c) Attendance and Waiver of Notice. Attendance of a Manager at any meeting shall constitute a waiver of notice of such meeting, except where a Manager attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting.

Section 8.05 Quorum; Manner of Acting

(a) Quorum. A majority of the Managers serving on the Board shall constitute a quorum for the transaction of business of the Board. At all times when the Board is conducting business at a meeting of the Board, a quorum of the Board must be present at such meeting, provided, however, that if a Manager fails to attend two consecutive meetings of the Board, such Manager shall be disregarded for the purposes of establishing a quorum at the next meeting after the second failure to attend. If a quorum shall not be present at any meeting of the Board, then the Managers present at the meeting may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

(b) Participation. Any Manager may participate in a meeting of the Board by means of telephone or video conference or other communications device that permits all Managers participating in the meeting to hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting. A Manager may vote or be present at a meeting either in person or by proxy, and such proxy may be granted in

writing, by means of Electronic Transmission or as otherwise permitted by Applicable Law.

(c) **Binding Act.** Each Manager shall have one vote on all matters submitted to the Board or any committee thereof, except as otherwise provided for in Section 8.02(a)(i). With respect to any matter before the Board except for Material Decisions, the act of a majority of the Managers constituting a quorum shall be the act of the Board.

Section 8.06 Action by Written Consent Notwithstanding anything herein to the contrary, any action of the Board (or any committee of the Board) may be taken without a meeting if either (a) (i) for any action of a committee, a written consent of the Managers on the committee required to approve such action at a meeting shall approve such action except for a Material Decision which shall require the consent of the Requisite Managers, or (ii) for any action of the Board, the written consent of the Requisite Managers shall approve such action; provided, that prior written notice of such action is provided to all Managers at least one day before such action is taken, or (b) a written consent constituting all of the Managers on the Board (or committee) shall approve such action. Such consent shall have the same force and effect as a vote at a meeting where a quorum was present and may be stated as such in any document or instrument filed with the Secretary of State of Delaware.

Section 8.07 Compensation; No Employment

(a) Each Manager shall be reimbursed for his reasonable out-of-pocket expenses incurred in the performance of his duties as a Manager, pursuant to such policies as from time to time established by the Board. Nothing contained in this Section 8.07 shall be construed to preclude any Manager from serving the Company in any other capacity and receiving reasonable compensation for such services.

(b) This Agreement does not, and is not intended to, confer upon any Manager any rights with respect to continued employment by the Company, and nothing herein should be construed to have created any employment agreement with any Manager.

Section 8.08 Committees The Board may, by resolution, designate from among the Managers one or more committees, each of which shall be comprised of one or more Managers; provided, that in no event may the Board designate any committee with all of the authority of the Board nor designate the committee to make a Material Decision unless the committee is comprised of the Requisite Managers. Subject to the immediately preceding proviso, any such committee, to the extent provided in the resolution forming such committee, shall have and may exercise the authority of the Board, pursuant to such authorization, purposes and authorized acts of such committee as explicitly designated by the Board. The Board may dissolve any committee or remove any member of a committee at any time.

Section 8.09 Business with Affiliates The Company and Company Subsidiaries may transact business with any Member or any Person related to a Member or a Manager with respect to the assets or business of the Company, provided (i) that for Members holding Preferred Units, a written agreement relating to such transaction has already been executed by the Company or

Company Subsidiary, as applicable, and such applicable Member, or their respective Affiliates, prior to the adoption of this Agreement as of the date hereof or (ii) that (a) any such transaction shall be effected only on terms competitive with those that may be obtained in the marketplace from unaffiliated Persons and the terms governing such relationship are terms which would be entered into an arms-length transaction and (b) any such transaction is approved unanimously by the Preferred Managers.

Section 8.10 Officers The Board may appoint individuals as officers of the Company (the “**Officers**”) as it deems necessary or desirable to carry on the business of the Company and the Board may delegate to such Officers such power and authority as the Board deems advisable. Any individual may hold two or more offices of the Company. Each Officer shall hold office until his successor is designated by the Board or until his earlier death, resignation or removal. Any Officer may resign at any time upon written notice to the Board. Any Officer may be removed by the Board (acting by majority vote of all Managers other than the Officer being considered for removal, if applicable) with or without cause at any time. A vacancy in any office occurring because of death, resignation, removal or otherwise, may, but need not, be filled by the Board.

Section 8.11 No Personal Liability By Applicable Law or expressly in this Agreement, no Manager will be obligated personally for any debt, obligation or liability of the Company or of any Company Subsidiaries, whether arising in contract, tort or otherwise, solely by reason of being a Manager.

Section 8.12 Observation Rights

(a) Each Member or Member Group holding at least five percent (5%) of the outstanding equity interest in the Company shall have the right to appoint a representative (the “**Observer**”) to attend all meetings (including telephonic or videoconference meetings) of the Board and any committees in a non-voting, observer capacity. The Observer may participate fully in discussions of all matters brought to the Board or committee, as the case may be, for consideration, but in no event shall the Observer (i) be deemed to be a member of the Board or any committee, (ii) have or be deemed to have, or otherwise be subject to, any duties (fiduciary or otherwise) to the Company or the Members or (iii) have the right to propose or offer any motions or resolutions to the Board or committees. Notwithstanding the foregoing, the Observer shall be subject to the obligations of Section 11.01 as if such Observer were a Member. Upon request, the Company shall allow the Observer to attend Board or committee meetings by telephone or electronic communication. The presence of the Observer shall not be required for purposes of establishing a quorum.

(b) The Company shall provide to the Observer copies of all notices, minutes, consents and other materials that it provides to Board members, including any draft versions, proposed written consents, and exhibits and annexes to any such materials, at the same time and in the same manner as such information is delivered to the Board members.

**ARTICLE IX
PRE-EMPTIVE RIGHTS**

Section 9.01 Pre-emptive Right

(a) Issuance of New Securities. The Company hereby grants to each holder of Preferred Units or Common Units (each, a “**Pre-emptive Member**”) the right to purchase its Applicable Pro Rata Portion of any New Securities that the Company may from time to time propose to issue or sell to any party.

(b) Definition of New Securities. As used herein:

(i) the term “**New Preferred Securities**” shall mean any authorized but unissued Preferred Units and any Unit Equivalents convertible into Preferred Units, exchangeable or exercisable for Preferred Units, or providing a right to subscribe for, purchase or acquire Preferred Units;

(ii) the term “**New Common Securities**” shall mean any authorized but unissued Common Units and any Unit Equivalents convertible into Common Units, exchangeable or exercisable for Common Units, or providing a right to subscribe for, purchase or acquire Common Units; and

(iii) the term “**New Securities**” shall mean the New Preferred Securities and the New Common Securities, as applicable;

provided, that neither the term “**New Preferred Securities**” nor the term “**New Common Securities**” shall include Units or Unit Equivalents issued or sold by the Company in connection with: (i) a grant to any existing or prospective Managers, Officers or other Service Providers pursuant to any incentive plan or similar equity- based plans or other compensation agreement (an “**Incentive Plan**”); (ii) the conversion or exchange of any securities of the Company into Units, or the exercise of any warrants or other rights to acquire Units; (iii) any acquisition by the Company or any Company Subsidiary of any equity interests, assets, properties or business of any Person; (iv) any merger, consolidation or other business combination involving the Company or any Company Subsidiary; (v) the commencement of any Public Offering or any transaction or series of related transactions involving a Change of Control; (vi) any subdivision of Units (by a split of Units or otherwise), payment of Distributions or any similar recapitalization; (vii) any private placement of warrants to purchase Membership Interests to lenders or other institutional investors (excluding the Members) in any arm’s length transaction in which such lenders or investors provide debt financing to the Company or any Company Subsidiary; (viii) a joint venture, strategic alliance or other commercial relationship with any Person (including Persons that are customers, suppliers and strategic partners of the Company or any Company Subsidiary) relating to the operation of the Company’s or any Company Subsidiary’s business and not for the primary purpose of raising equity capital; or

(ix) any office lease or equipment lease or similar equipment financing transaction in which the Company or any Company Subsidiary obtains from a lessor or vendor the use of such office space or equipment for its business.

(c) Additional Issuance Notices. The Company shall give written notice (an “**Issuance Notice**”) of any proposed issuance or sale described in Section 9.01(a) to the Pre-emptive Members within five (5) Business Days following any meeting of the Board at which any such issuance or sale is approved. The Issuance Notice shall, if applicable, be accompanied by a written offer from any prospective purchaser seeking to purchase New Securities (a “**Prospective Purchaser**”) and shall set forth the material terms and conditions of the proposed issuance or sale, including:

(i) the number and description of the New Securities proposed to be issued and the percentage of the Company’s Units then outstanding on a Fully Diluted Basis (both in the aggregate and with respect to each class or series of Units proposed to be issued) that such issuance would represent;

(ii) the proposed issuance date, which shall be at least twenty (20) Business Days from the date of the Issuance Notice;

(iii) the proposed purchase price per Unit of the New Securities; and

(iv) if the consideration to be paid by the Prospective Purchaser includes non-cash consideration, the Board’s good-faith determination of the Fair Market Value thereof.

The Issuance Notice shall also be accompanied by a current copy of the Members Schedule indicating the Pre-emptive Members’ holdings of Preferred Units and Common Units in a manner that enables each Pre-emptive Member to calculate its Preferred Pro Rata Portion of any New Preferred Securities and its Common Pro Rata Portion of any New Common Securities.

(d) Exercise of Pre-emptive Rights. Each Pre-emptive Member shall for a period of fourteen (14) Business Days following the receipt of an Issuance Notice (the “**Exercise Period**”) have the right to elect irrevocably to purchase all or any portion of its Preferred Pro Rata Portion of any New Preferred Securities and all or any portion of its Common Pro Rata Portion of any New Common Securities, as applicable, at the respective purchase prices set forth in the Issuance Notice by delivering a written notice to the Company (an “**Acceptance Notice**”) specifying the number of New Preferred Securities and/or New Common Securities it desires to purchase. The delivery of an Acceptance Notice by a Pre-emptive Member shall be a binding and irrevocable offer by such Member to purchase the New Securities described therein. The failure of a Pre-emptive Member to deliver an Acceptance Notice by the end of the Exercise Period shall constitute a waiver of its rights under this Section 9.01 with respect to the purchase of such New Securities but shall not affect its rights with respect to any future issuances or sales of New Securities.

(e) **Over-allotment.** No later than five (5) Business Days following the expiration of the Exercise Period, the Company shall notify each Pre-emptive Member in writing of the number of New Securities that each Pre-emptive Member has agreed to purchase (including, for the avoidance of doubt, where such number is zero) (the “**Over-allotment Notice**”). Each Pre-emptive Member exercising its rights to purchase its Applicable Pro Rata Portion of the New Securities in full (an “**Exercising Member**”) shall have a right of over-allotment such that if any other Pre-emptive Member has failed to exercise its right under this Section 9.01 to purchase its full Applicable Pro Rata Portion of the New Securities (each, a “**Non-Exercising Member**”), such Exercising Member may purchase its Applicable Pro Rata Portion of such Non-Exercising Member’s allotment by giving written notice to the Company within five (5) Business Days of receipt of the Over-allotment Notice (the “**Over-allotment Exercise Period**”).

(f) **Sales to the Prospective Purchaser.** Following the expiration of the Exercise Period and, if applicable, the Over-allotment Exercise Period, the Company shall be free to complete the proposed issuance or sale of New Securities described in the Issuance Notice with respect to which Pre-emptive Members declined to exercise the pre-emptive right set forth in this Section 9.01 on terms no less favorable to the Company than those set forth in the Issuance Notice (except that the amount of New Securities to be issued or sold by the Company may be reduced); provided, that: (i) such issuance or sale is closed within twenty (20) Business Days after the expiration of the Exercise Period and, if applicable, the Over-allotment Exercise Period (subject to the extension of such twenty (20) Business Day period for a reasonable time not to exceed forty (40) Business Days to the extent reasonably necessary to obtain any third-party approvals); and (ii) for the avoidance of doubt, the price at which the New Securities are sold to the Prospective Purchaser is at least equal to or higher than the purchase price described in the Issuance Notice. In the event the Company has not sold such New Securities within such time period, the Company shall not thereafter issue or sell any New Securities without first again offering such securities to the Members in accordance with the procedures set forth in this Section 9.01.

(g) **Closing of the Issuance.** The closing of any purchase by any Pre-emptive Member shall be consummated concurrently with the consummation of the issuance or sale described in the Issuance Notice. Upon the issuance or sale of any New Securities in accordance with this Section 9.01, the Company shall deliver the New Securities free and clear of any liens (other than those arising hereunder and those attributable to the actions of the purchasers thereof), and the Company shall so represent and warrant to the purchasers thereof, and further represent and warrant to such purchasers that such New Securities shall be, upon issuance thereof to the Exercising Members and after payment therefor, duly authorized, validly issued, fully paid and non-assessable. The Company, in the discretion of the Board pursuant to Section 3.08(a), may deliver to each Exercising Member certificates evidencing the New Securities. Each Exercising Member shall deliver to the Company the purchase price for the New Securities purchased by it by certified or bank check or wire transfer of immediately available funds. Each party to the purchase and sale of New Securities shall take all such other actions as may be

reasonably necessary to consummate the purchase and sale including, without limitation, entering into such additional agreements as may be necessary or appropriate.

ARTICLE X TRANSFER

Section 10.01 General Restrictions on Transfer

(a) Each Member acknowledges and agrees that such Member (or any Permitted Transferee of such Member) shall not Transfer any Units or Unit Equivalents except as permitted pursuant to Section 10.02 or in accordance with the procedures described in Section 10.03 through Section 10.05, as applicable. Notwithstanding the foregoing or anything in this Agreement to the contrary,

- (i) Transfers of Common Units granted pursuant to any Incentive Plan shall not be permitted except:
 - (1) pursuant to Section 10.02;
 - (2) when required of a Drag-along Member pursuant to Section 10.04; or
 - (3) as set forth in any Incentive Plan or applicable Award Agreement.

(b) No Transfer of Units or Unit Equivalents to a Person not already a Member of the Company shall be deemed completed until the prospective Transferee is admitted as a Member of the Company in accordance with Section 4.01(b) hereof.

(c) Notwithstanding any other provision of this Agreement (including Section 10.02) each Member agrees that it will not, directly or indirectly, Transfer any of its Units or Unit Equivalents, and the Company agrees that it shall not issue any Units or Unit Equivalents:

- (i) except as permitted under the Securities Act and other applicable federal or state securities or blue sky laws, and then, with respect to a Transfer of Units or Unit Equivalents, if requested by the Company, only upon delivery to the Company of an opinion of counsel in form and substance satisfactory to the Company to the effect that such Transfer may be effected without registration under the Securities Act;

- (ii) if such Transfer or issuance occurs prior to the Corporate Election Effective Date and would cause the Company to be considered a “publicly traded partnership” under Section 7704(b) of the Code within the meaning of Treasury Regulation Section 1.7704-1(h)(1)(ii), including the look-through rule in Treasury Regulation Section 1.7704-1(h)(3);

(iii) if such Transfer or issuance would affect the Company's existence or qualification as a limited liability company;

(iv) if such Transfer or issuance occurs prior to the Corporate Election Effective Date and would cause the Company to lose its status as a partnership for federal income tax purposes;

(v) if such Transfer or issuance occurs prior to the Corporate Election Effective Date and would cause a termination of the Company for federal income tax purposes;

(vi) if such Transfer or issuance would cause the Company or any of the Company Subsidiaries to be required to register as an investment company under the Investment Company Act of 1940, as amended; or

(vii) if such Transfer or issuance would cause the assets of the Company or any of the Company Subsidiaries to be deemed "Plan Assets" as defined under the Employee Retirement Income Security Act of 1974 or its accompanying regulations or result in any "prohibited transaction" thereunder involving the Company or any Company Subsidiary.

In any event, the Board may refuse the Transfer to any Person if such Transfer would have a material adverse effect on the Company as a result of any regulatory or other restrictions imposed by any Governmental Authority.

(d) Any Transfer or attempted Transfer of any Units or Unit Equivalents in violation of this Agreement shall be null and void, no such Transfer shall be recorded on the Company's books and the purported Transferee in any such Transfer shall not be treated (and the purported Transferor shall continue be treated) as the owner of such Units or Unit Equivalents for all purposes of this Agreement.

(e) For the avoidance of doubt, any Transfer of Units or Unit Equivalents permitted by Section 10.02 or made in accordance with the procedures described in Section 10.03 through Section 10.05, as applicable, and purporting to be a sale, transfer, assignment or other disposal of the entire Membership Interest represented by such Units or Unit Equivalents, inclusive of all the rights and benefits applicable to such Membership Interest, shall be deemed a sale, transfer, assignment or other disposal of such Membership Interest in its entirety as intended by the parties to such Transfer, and shall not be deemed a sale, transfer, assignment or other disposal of any less than all of the rights and benefits of the Membership Interest unless explicitly agreed to by the parties to such Transfer.

Section 10.02 Permitted Transfers The provisions of , Section 10.03, Section 10.04 (with respect to the Dragging Member only) and Section 10.05 shall not apply to any of the following Transfers by any Member of any of its Units or Unit Equivalents:

(a) With respect to any company which is the holder of Preferred Units, to (i) any Affiliate of the holder of such Preferred Units or their officers, directors or shareholders holding a controlling interest thereof, and (ii) in the event of a winding up of such company, any of its equity holders in accordance with its constitutive documents;

(b) With respect to any Member that is a natural person, to (i) such Member's spouse, parent, siblings, descendants (including adoptive relationships and stepchildren) and the spouses of each such natural persons (collectively, "**Family Members**"), (ii) a trust under which the distribution of Units may be made only to such Member and/or any Family Member of such Member, (iii) a charitable remainder trust, the income from which will be paid to such Member during his life, (iv) a corporation, partnership or limited liability company, the stockholders, partners or members of which are only such Member and/or Family Members of such Member, or (v) by will or by the laws of intestate succession, to such Member's executors, administrators, testamentary trustees, legatees or beneficiaries; provided, that any Member who Transfers Units shall remain bound by the provisions of Section 11.01;

(c) Pursuant to a Public Offering; or

(d) Pursuant to a sale to another Member, if such Member is already a holder of the class of Unit being sold.

Section 10.03 Right of First Refusal.

(a) Offered Units.

(i) Subject to the terms and conditions specified in Section 10.01, Section 10.02 and this Section 10.03, the Company, first, and each Member holding Preferred Units and/or Common Units (as applicable), second, shall have a right of first refusal if any other Member (the "**Offering Member**") receives a bona fide offer that the Offering Member desires to accept to Transfer all or any portion of the Preferred Units (or applicable Unit Equivalents) (the "**Offered Preferred Units**") and/or Common Units (or applicable Unit Equivalents) (the "**Offered Common Units**") it owns (the Offered Preferred Units and the Offered Common Units, collectively, the "**Offered Units**").

(ii) As used herein, the term "**Applicable Offered Units**" shall mean (a) the Offered Preferred Units with respect to those Members holding Preferred Units (or applicable Unit Equivalents) (the "**Applicable Offered Preferred Units**") and (b) the Offered Common Units with respect to those Members holding Common Units (or applicable Unit Equivalents) (the "**Applicable Offered Common Units**"). As used herein, the term "**Applicable ROFR**"

Rightsholders” shall mean, in the case of a proposed Transfer of Preferred Units (or applicable Unit Equivalents), all Members holding Preferred Units other than the Offering Member (or applicable Unit Equivalents), and in the case of a proposed Transfer of Common Units (or applicable Unit Equivalents), all Members holding Common Units other than the Offering Member (or applicable Unit Equivalents).

(b) Offering; Exceptions. Each time the Offering Member receives an offer for a Transfer of any of its Preferred Units and/or Common Units (or applicable Unit Equivalents) (other than Transfers that (i) are permitted by Section 10.02, (ii) are proposed to be made by a Dragging Member or required to be made by a Drag-along Member pursuant to Section 10.04, or (iii) are made by a Tag-along Member upon the exercise of its tag-along right pursuant to Section 10.05 after the Company and Applicable ROFR Rightsholders have declined to exercise their rights in full under this Section 10.03(b)), the Offering Member shall first make an offering of the Offered Units to the Company, first, and the Applicable ROFR Rightsholders, second, all in accordance with the following provisions of this Section 10.03, prior to Transferring such Offered Units to the proposed purchaser.

(c) Offer Notice.

(i) The Offering Member shall, within five (5) Business Days of receipt of the Transfer offer, give written notice (the “**Offering Member Notice**”) to the Company and the Applicable ROFR Rightsholders stating that it has received a bona fide offer for a Transfer of its Preferred Units and/or Common Units (or applicable Unit Equivalents) and specifying:

(1) the number of Offered Preferred Units and/or Offered Common Units to be Transferred by the Offering Member;

(2) the proposed date, time and location of the closing of the Transfer, which shall not be less than 60 (sixty) Business Days from the date of the Offering Member Notice;

(3) the purchase price per Applicable Offered Unit (which shall be payable solely in cash) and the other material terms and conditions of the Transfer; and

(4) the name of the Person who has offered to purchase such Offered Units.

(ii) The Offering Member Notice shall constitute the Offering Member’s offer to Transfer the Offered Units to the Company and the Applicable ROFR Rightsholders at the same price and upon the same terms as set forth in the

Member Offering Notice, which offer shall be irrevocable until the end of the ROFR Rightsholder Option Period described in Section 10.03(d)(iv).

(iii) By delivering the Offering Member Notice, the Offering Member represents and warrants to the Company and each Applicable ROFR Rightsholder that:

- (1) the Offering Member has full right, title and interest in and to the Offered Units;
- (2) the Offering Member has all the necessary power and authority and has taken all necessary action to Transfer such Offered Units as contemplated by this Section 10.03; and
- (3) the Offered Units are free and clear of any and all liens other than those arising as a result of or under the terms of this Agreement.

(d) Exercise of Right of First Refusal.

(i) Upon receipt of the Offering Member Notice, the Company and each Applicable ROFR Rightsholder shall have the right to purchase the Applicable Offered Units in the following order of priority: first, the Company shall have the right to purchase all or any portion of the Offered Units in accordance with the procedures set forth in Section 10.03(d)(ii), and thereafter, the Applicable ROFR Rightsholders shall have the right to purchase the Applicable Offered Units, in accordance with the procedures set forth in Section 10.03(d)(iv), to the extent the Company does not exercise its right in full. Notwithstanding the foregoing, the Company and the Applicable ROFR Rightsholders may only exercise their right to purchase the Offered Units if, after giving effect to all elections made under this Section 10.03(d), no less than all of the Offered Units will be purchased by the Company and/or the Applicable ROFR Rightsholders.

(ii) For the avoidance of doubt, in the event of a proposed Transfer of both Preferred Units and Common Units (and/or applicable Unit Equivalents), the Offering Member may deliver a single Offering Member Notice to the Company and all Members holding any Preferred Units or Common Units (and/or applicable Unit Equivalents). Upon their receipt of the Offering Member Notice: first, the Company shall have the right to elect to purchase all or any portion of the Offered Preferred Units, the Offered Common Units, or both; and thereafter, any Member holding only Preferred Units shall have the right to purchase the Offered Preferred Units, any Member holding only Common Units shall have the right to purchase the Offered Common Units, and any Member holding both Preferred Units and Common Units shall have the right to elect to purchase both or either the Offered Preferred Units or the Offered Common Units without purchasing any Units of the other class or series; provided, in all cases, that the

Company's and Applicable ROFR Rightsholders' rights to purchase any Offered Preferred Units or any Offered Common Units will only be exercisable if, after giving effect to all elections made under this Section 10.03(d), the Company and/or the Applicable ROFR Rightsholders shall have elected to purchase no less than all the Offered Preferred Units and all the Offered Common Units.

(iii) The Company shall deliver a written notice (the "**Company ROFR Exercise Notice**") to the Offering Member and the Applicable ROFR Rightsholders within ten (10) Business Days of receipt of the Offering Member Notice (the "**Company Option Period**"), stating the number (including where such number is zero) and type of Offered Units, if any, the Company elects irrevocably to purchase on the terms and respective purchase prices set forth in the Offering Member Notice, and if the Company elects to purchase less than all of the Offered Units, the Company shall specify the amount and type of Offered Units available for purchase by the Applicable ROFR Rightsholders. The Company ROFR Exercise Notice shall be binding upon delivery and irrevocable by the Company.

(iv) If the Company shall have indicated an intent to purchase any less than all of the Offered Preferred Units and/or all of Offered Common Units, the Applicable ROFR Rightsholders shall have the right to purchase the remaining Applicable Offered Units not selected by the Company. For a period of fifteen (15) Business Days following the receipt of a Company ROFR Exercise Notice in which the Company has elected to purchase less than all the Offered Units (such period, the "**ROFR Rightsholder Option Period**"), each Applicable ROFR Rightsholder shall have the right to elect irrevocably to purchase all or none of its Preferred Pro Rata Portion of the remaining Applicable Offered Preferred Units and/or all or none of its Common Pro Rata Portion of the remaining Applicable Offered Common Units by delivering a written notice to the Company and the Offering Member (a "**Member ROFR Exercise Notice**") specifying its desire to purchase its Preferred Pro Rata Portion of the remaining Applicable Offered Preferred Units and/or its Common Pro Rata Portion of the remaining Applicable Offered Common Units, on the terms and respective purchase prices set forth in the Offering Member Notice. In addition, each Applicable ROFR Rightsholder shall include in its Member ROFR Exercise Notice the number of remaining Applicable Offered Units that it wishes to purchase if any other Applicable ROFR Rightsholders do not exercise their rights to purchase their entire Applicable Pro Rata Portions of the remaining Applicable Offered Units. Any Member ROFR Exercise Notice shall be binding upon delivery and irrevocable by the Applicable ROFR Rightsholder.

(v) The failure of the Company or any Applicable ROFR Rightsholder to deliver a Company ROFR Exercise Notice or Member ROFR Exercise Notice, respectively, by the end of the Company Option Period or ROFR Rightsholder Option Period, respectively, shall constitute a waiver of their respective rights of

first refusal under this Section 10.03 with respect to the Transfer of Offered Units, but shall not affect their respective rights with respect to any future Transfers.

(e) Allocation of Offered Units. Upon the expiration of the ROFR Rightsholder Option Period, the Applicable Offered Units not selected for purchase by the Company pursuant to Section 10.03(d)(iii) shall be allocated for purchase among the Applicable ROFR Rightsholders as follows:

(i) First, to each Applicable ROFR Rightsholder having elected to purchase its entire Applicable Pro Rata Portion of such Units, such Applicable ROFR Rightsholder's Applicable Pro Rata Portion of such Units; and

(ii) Second, the balance, if any, not allocated under clause (i) above (and not purchased by the Company pursuant to Section 10.03(d)(iii)), shall be allocated to those Applicable ROFR Rightsholders who set forth in their Member ROFR Exercise Notices a number of Applicable Offered Units that exceeded their respective Applicable Pro Rata Portions (the "**Purchasing Rightsholders**"), in an amount, with respect to each such Purchasing Rightsholder, that is equal to the lesser of:

(1) the number of Applicable Offered Units that such Purchasing Rightsholder elected to purchase in excess of its Applicable Pro Rata Portion; or

(2) the product of (x) the number of Applicable Offered Units not allocated under clause (i) (and not purchased by the Company pursuant to Section 10.03(d)(iii)), multiplied by (y) a fraction, the numerator of which is the number of Applicable Offered Units that such Purchasing Rightsholder was permitted to purchase pursuant to clause (i), and the denominator of which is the aggregate number of Applicable Offered Units that all Purchasing Rightsholders were permitted to purchase pursuant to clause (i).

(f) The process described in clause (ii) shall be repeated until no Offered Units remain or until such time as all Purchasing Rightsholders have been permitted to purchase all Applicable Offered Units that they desire to purchase.

(g) Consummation of Sale. In the event that the Company and/or the Applicable ROFR Rightsholders shall have, in the aggregate, exercised their respective rights to purchase all and not less than all of the Offered Units, then the Offering Member shall sell such Offered Units to the Company and/or the Applicable ROFR Rightsholders, and the Company and/or the Applicable ROFR Rightsholders, as the case may be, shall purchase such Offered Units, within sixty (60) days following the expiration of the ROFR Rightsholder Option Period (which period may be extended for a reasonable time not to exceed ninety (90) days to the extent reasonably necessary to obtain required approvals or consents from any Governmental Authority). Each Member shall take all actions as may

be reasonably necessary to consummate the sale contemplated by this Section 10.03(g) including, without limitation, entering into agreements and delivering certificates and instruments and consents as may be deemed necessary or appropriate. At the closing of any sale and purchase pursuant to this Section 10.03(g), the Offering Member shall deliver to the Company and/or the participating Applicable ROFR Rightsholders certificates (if any) representing the Offered Units to be sold, free and clear of any liens or encumbrances (other than those contained in this Agreement), accompanied by evidence of transfer and all necessary transfer taxes paid and stamps affixed, if necessary, against receipt of the purchase price therefor from the Company and/or such Applicable ROFR Rightsholders by certified or official bank check or by wire transfer of immediately available funds.

(h) Sale to Proposed Purchaser. In the event that the Company and/or the Applicable ROFR Rightsholders shall not have collectively elected to purchase all of the Offered Units, then, provided the Offering Member has also complied with the provisions of Section 10.05, to the extent applicable, the Offering Member may Transfer all of such Offered Units, at a price per Applicable Offered Unit not less than specified in the Offering Member Notice and on other terms and conditions which are not materially more favorable in the aggregate to the proposed purchaser than those specified in the Offering Member Notice, but only to the extent that such Transfer occurs within ninety (90) days after expiration of the ROFR Rightsholder Option Period. Any Offered Units not Transferred within such 90-day period will be subject to the provisions of this Section 10.03 upon subsequent Transfer.

Section 10.04 Drag-along Rights

(a) Participation. Subject to the consent of the Requisite Managers, if one or more Members (together with their respective Permitted Transferees) holding no less than a majority of all the Common Units (including holders of Preferred Units on an as-converted to Common Units basis) (such Member or Members, the “**Dragging Member**”), proposes to consummate, in one transaction or a series of related transactions, a Change of Control (a “**Drag-along Sale**”), the Dragging Member shall have the right, after completion of the right of first refusal process set forth in Section 10.03 and after delivering the Drag-along Notice in accordance with Section 10.04(c) and subject to compliance with Section 10.04(d), to require that each other Member (each, a “**Drag-along Member**”) participate in such sale (including, if necessary, by converting their Unit Equivalents into the Units to be sold in the Drag-along Sale) in the manner set forth in Section 10.04(b).

(b) Sale of Units. Subject to compliance with Section 10.04(d):

(i) If the Drag-along Sale is structured as a sale resulting in a majority of the Common Units (including Preferred Units on an as-converted to Common Units basis) of the Company on a Fully Diluted Basis being held by a Third Party Purchaser, then each Drag-along Member shall sell, with respect to each class or series of Units proposed by the Dragging Member to be included in the Drag-

along Sale, the number of Units and/or Unit Equivalents of such class or series equal to the product obtained by multiplying (a) the number of applicable Units on a Fully Diluted Basis held by such Drag-along Member by (b) a fraction (x) the numerator of which is equal to the number of applicable Units on a Fully Diluted Basis that the Dragging Member proposes to sell in the Drag-along Sale and (y) the denominator of which is equal to the number of applicable Units on a Fully Diluted Basis held by the Dragging Member at such time; and

(ii) If the Drag-along Sale is structured as a sale of all or substantially all of the consolidated assets of the Company and the Company Subsidiaries or as a merger, consolidation, recapitalization, or reorganization of the Company or other transaction requiring the consent or approval of the Members, then notwithstanding anything to the contrary in this Agreement (including [Section 4.06](#)), each Drag-along Member shall vote in favor of the transaction and otherwise consent to and raise no objection to such transaction, and shall take all actions to waive any dissenters', appraisal or other similar rights that it may have in connection with such transaction. The Distribution of the aggregate consideration of such transaction shall be made in accordance with [Section 13.03\(c\)](#).

(c) **Sale Notice.** The Dragging Member shall exercise its rights pursuant to this [Section 10.04](#) by delivering a written notice (the "**Drag-along Notice**") to the Company and each Drag-along Member no later than twenty (20) Business Days prior to the closing date of such Drag-along Sale. The Drag-along Notice shall make reference to the Dragging Members' rights and obligations hereunder and shall describe in reasonable detail:

(i) The name of the person or entity to whom such Units are proposed to be sold;

(ii) The proposed date, time and location of the closing of the sale;

(iii) The number of each class or series of Units to be sold by the Dragging Member, the proposed amount of consideration for the Drag-along Sale and the other material terms and conditions of the Drag-along Sale, including a description of any non-cash consideration in sufficient detail to permit the valuation thereof and including, if available, the purchase price per Unit of each applicable class or series; and

(iv) A copy of any form of draft agreement proposed to be executed in connection therewith.

(d) Conditions of Sale. The obligations of the Drag-along Members in respect of a Drag-along Sale under this Section 10.04 are subject to the satisfaction of the following conditions:

(i) The consideration to be received by each Drag-along Member shall be the same form and amount of consideration to be received by the Dragging Member per Unit of each applicable class or series (the Distribution of which shall be made in accordance with Section 10.04(b)) and the terms and conditions of such sale shall, except as otherwise provided in Section 10.04(d)(iii), be the same as those upon which the Dragging Member sells its Units;

(ii) If the Dragging Member or any Drag-along Member is given an option as to the form and amount of consideration to be received, the same option shall be given to all Drag-along Members; and

(iii) Each Drag-along Member shall execute the applicable purchase agreement, if applicable, and make or provide the same representations, warranties, covenants, indemnities and agreements as the Dragging Member makes or provides in connection with the Drag-along Sale; provided, that each Drag-along Member shall only be obligated to make individual representations and warranties with respect to its title to and ownership of the applicable Units, authorization, execution and delivery of relevant documents, enforceability of such documents against the Drag-along Member, and other matters specifically relating to such Drag-along Member individually, but not with respect to any of the foregoing with respect to any other Members or their Units; provided, further, that all representations, warranties, covenants and indemnities shall be made by the Dragging Member and each Drag-along Member severally and not jointly and any indemnification obligation shall be pro rata based on the consideration received by the Dragging Member and each Drag-along Member, in each case in an amount not to exceed the aggregate proceeds received by the Dragging Member and each such Drag-along Member in connection with the Drag-along Sale.

(e) Cooperation. Each Drag-along Member shall take all actions as may be reasonably necessary to consummate the Drag-along Sale, including, without limitation, entering into agreements and delivering certificates and instruments, in each case, consistent with the agreements being entered into and the certificates being delivered by the Dragging Member, but subject to Section 10.04(d)(iii).

(f) Expenses. The fees and expenses of the Dragging Member incurred in connection with a Drag-along Sale and for the benefit of all Drag-along Members (it being understood that costs incurred by or on behalf of a Dragging Member for its sole benefit will not be considered to be for the benefit of all Drag-along Members), to the extent not paid or reimbursed by the Company or the Third Party Purchaser, shall be shared by the Dragging Member and all the Drag-along Members on a pro rata basis, based on the consideration received by each such Member; provided, that no Drag-along

Member shall be obligated to make any out-of-pocket expenditure prior to the consummation of the Drag- along Sale.

(g) Consummation of Sale. The Dragging Member shall have ninety (90) days following the date of the Drag-along Notice in which to consummate the Drag-along Sale, on the terms set forth in the Drag-along Notice (which ninety 90-day period may be extended for a reasonable time not to exceed one-hundred and twenty (120) days to the extent reasonably necessary to obtain required approvals or consents from any Governmental Authority). If at the end of such period the Dragging Member has not completed the Drag-along Sale, the Dragging Member may not then exercise its rights under this Section 10.04 without again fully complying with the provisions of this Section 10.04.

Section 10.05 Tag-along Rights

(a) Participation. Subject to the terms and conditions specified in Section 10.01, Section 10.02 and Section 10.03, if any Member (the “**Selling Member**”) proposes to Transfer any of its Preferred Units and/or Common Units (or any Unit Equivalents of such Units) to any Person other than a Permitted Transferee (a “**Proposed Transferee**”), each other Member holding Units (each, a “**Tag-along Member**”) shall be permitted to participate in such sale (a “**Tag-along Sale**”) on the terms and conditions set forth in this Section 10.05.

(b) Application of Transfer Restrictions. The provisions of this Section 10.05 shall only apply to Transfers in which:

(i) The Company and Applicable ROFR Rightsholders have not exercised their rights in full under Section 10.03 to purchase all of the Offered Units; and

(ii) The Dragging Member has elected to not exercise its drag-along right under Section 10.04.

(c) Sale Notice. Prior to the consummation of any Transfer of Preferred Units and/or Common Units (or any Unit Equivalents of such Units) qualifying under Section 10.05(b), and after satisfying its obligations pursuant to Section 10.03, the Selling Member shall deliver to the Company and each other Member holding Units (or any Unit Equivalents of such Units) of the class or series proposed to be Transferred a written notice (a “**Sale Notice**”) of the proposed Tag-along Sale as soon as practicable following the expiration of the ROFR Rightsholder Option Period, and in no event later than five (5) Business Days thereafter. The Sale Notice shall make reference to the Tag-along Members’ rights hereunder and shall describe in reasonable detail:

(i) The aggregate number of Common Units and/or Preferred Units (or any Unit Equivalents of such Units) the Proposed Transferee has offered to purchase;

- (ii) The identity of the Proposed Transferee;
 - (iii) The proposed date, time and location of the closing of the Tag-along Sale;
 - (iv) The purchase price per applicable Unit (which shall be payable solely in cash) and the other material terms and conditions of the Transfer; and
 - (v) A copy of any form of agreement proposed to be executed in connection therewith.
- (d) Exercise of Tag-along Right.

(i) The Selling Member and each Tag-along Member timely electing to participate in the Tag-along Sale pursuant to Section 10.05(d)(ii) shall have the right to Transfer in the Tag-along Sale the number of Common Units and/or Preferred Units (and applicable Unit Equivalents, if any), as the case may be, equal to the product of (x) the aggregate number of Common Units or Preferred Units (and applicable Unit Equivalents), as the case may be, that the Proposed Transferee proposes to buy as stated in the Sale Notice and (y) a fraction (A) the numerator of which is equal to the number of Common Units and Preferred Units on a Fully Diluted Basis then held by the applicable Member, and (B) the denominator of which is equal to the number of Common Units and Preferred Units, as the case may be, on a Fully Diluted Basis then held by the Selling Member and all of the Tag-along Members timely electing to participate in the Tag-along Sale pursuant to Section 10.05(d)(ii) (such amount, the “**Tag-along Portion**”).

(ii) Each Tag-along Member shall exercise its right to participate in a Tag-along Sale by delivering to the Selling Member a written notice (a “**Tag-along Notice**”) stating its election to do so and specifying the number and class of Units and/or Unit Equivalents (up to its Tag-along Portion), to be Transferred by it no later than ten (10) Business Days after receipt of the Sale Notice (the “**Tag-along Period**”).

(iii) The offer of each Tag-along Member set forth in a Tag-along Notice shall be irrevocable, and, to the extent such offer is accepted, such Tag-along Member shall be bound and obligated to consummate the Transfer on the terms and conditions set forth in this Section 10.05.

(e) Remaining Portions.

(i) If any Tag-along Member declines to exercise its right under Section 10.05(d)(i) or elects to exercise it with respect to less than its full Tag-along Portion (the aggregate amount of Units resulting from all such unexercised Tag-along Portions, the “**Remaining Portion**”), the Selling Member shall

promptly deliver a written notice (a “**Remaining Portion Notice**”) to those Tag-along Members who have elected to Transfer their Tag-along Portion in full (each, a “**Fully Participating Tag-along Member**”). The Selling Member and each Fully Participating Tag-along Member shall be entitled to Transfer, in addition to any applicable Units or Unit Equivalents already being Transferred, a number of Units (or applicable Unit Equivalents), as the case may be, held by it equal to the product of (x) the Remaining Portion and (y) a fraction (A) the numerator of which is equal to the number of Common Units and Preferred Units (and applicable Unit Equivalents) then held by the applicable Member, and (B) the denominator of which is equal to the number of Common Units and Preferred Units (and applicable Unit Equivalents) then held by the Selling Member and all Fully Participating Tag-along Members.

(ii) Each Fully Participating Tag-along Member shall exercise its right to participate in the Transfer described in Section 10.05(e)(i) by delivering to the Selling Member a written notice (a “**Remaining Tag-along Notice**”) stating its election to do so and specifying the number of Common Units and/or Preferred Units (or applicable Unit Equivalents), as the case may be (up to the amounts it may Transfer pursuant to Section 10.05(e)(i)), to be Transferred by it no later than five (5) Business Days after receipt of the Remaining Portion Notice.

(iii) The offer of each Fully Participating Tag-along Member set forth in a Remaining Tag-along Notice shall be irrevocable, and, to the extent such offer is accepted, such Member shall be bound and obligated to consummate the Transfer on the terms and conditions set forth in this Section 10.05.

(f) Waiver. Each Tag-along Member who does not deliver a Tag-along Notice in compliance with Section 10.05(d)(ii) shall be deemed to have waived all of such Tag-along Member’s rights to participate in the Tag-along Sale with respect to the Common Units and/or Preferred Units (and/or Unit Equivalents) owned by such Tag-along Member, and the Selling Member shall (subject to the rights of any other participating Tag-along Member) thereafter be free to sell to the Proposed Transferee the Units and/or Unit Equivalents identified in the Sale Notice at a per Unit price that is no greater than the applicable per Unit price set forth in the Sale Notice and on other terms and conditions which are not in the aggregate materially more favorable to the Selling Member than those set forth in the Sale Notice, without any further obligation to the non-accepting Tag-along Members.

(g) Conditions of Sale. Each Member participating in the Tag-along Sale shall receive the same consideration per Common Unit and/or Preferred Unit, as the case may be, after deduction of such Member’s proportionate share of the related expenses in accordance with Section 10.05(i) below. Each Tag-along Member shall make or provide

the same representations, warranties, covenants, indemnities and agreements as the Selling Member makes or provides in connection with the Tag-along Sale.

(i) Each holder of then currently exercisable Unit Equivalents with respect to a class or series of Units proposed to be Transferred in a Tag-along Sale shall be given an opportunity to convert such Unit Equivalents into the applicable class or series of Units prior to the consummation of the Tag-along Sale and participate in such sale as holders of such class or series of Units.

(h) Cooperation. Each Tag-along Member shall take all actions as may be reasonably necessary to consummate the Tag-along Sale, including, without limitation, entering into agreements and delivering certificates and instruments, in each case, consistent with the agreements being entered into and the certificates being delivered by the Selling Member, but subject to Section 10.05(g).

(i) Expenses. The fees and expenses of the Selling Member incurred in connection with a Tag-along Sale and for the benefit of all Tag-along Members (it being understood that costs incurred by or on behalf of a Selling Member for its sole benefit will not be considered to be for the benefit of all Tag-along Members), to the extent not paid or reimbursed by the Company or the Proposed Transferee, shall be shared by the Selling Member and all the participating Tag-along Members on a pro rata basis, based on the consideration received by each such Member; provided, that no Tag-along Member shall be obligated to make any out-of-pocket expenditure prior to the consummation of the Tag-along Sale.

(j) Consummation of Sale. The Selling Member shall have sixty (60) days following the expiration of the Tag-along Period in which to consummate the Tag-along Sale, on terms not more favorable to the Selling Member than those set forth in the Tag-along Notice (which such 60-day period may be extended for a reasonable time not to exceed ninety (90) days to the extent reasonably necessary to obtain required approvals or consents from any Governmental Authority). If at the end of such period the Selling Member has not completed the Tag-along Sale, the Selling Member may not then effect a Transfer that is subject to this Section 10.05 without again fully complying with the provisions of this Section 10.05.

(k) Transfers in Violation of the Tag-along Right. If the Selling Member sells or otherwise Transfers to the Proposed Transferee any of its Units in breach of this Section 10.05, then each Tag-along Member shall have the right to sell to the Selling Member, and the Selling Member undertakes to purchase from each Tag-along Member, the number of Units of each applicable class or series that such Tag-along Member would have had the right to sell to the Proposed Transferee pursuant to this Section 10.05, for a per Unit amount and form of consideration and upon the terms and conditions on which the Proposed Transferee bought such Units from the Selling Member, but without indemnity being granted by any Tag-along Member to the Selling Member; provided, that nothing contained in this Section 10.05(k) shall preclude any Member from seeking alternative remedies against such Selling Member as a result of its breach of this Section

10.05. The Selling Member shall also reimburse each Tag-along Member for any and all reasonable and documented out-of-pocket fees and expenses, including reasonable legal fees and expenses, incurred pursuant to the exercise or the attempted exercise of the Tag-along Member's rights under this Section 10.05(k).

ARTICLE XI COVENANTS

Section 11.01 Confidentiality

(a) Each Member acknowledges that during the term of this Agreement, he will have access to and become acquainted with trade secrets, proprietary information and confidential information belonging to the Company, the Company Subsidiaries and their Affiliates that are not generally known to the public, including, but not limited to, information concerning business plans, financial statements and other information provided pursuant to this Agreement, operating practices and methods, expansion plans, strategic plans, marketing plans, contracts, customer lists or other business documents which the Company treats as confidential, in any format whatsoever (including oral, written, electronic or any other form or medium) (collectively, "**Confidential Information**"). In addition, each Member acknowledges that: (i) the Company has invested, and continues to invest, substantial time, expense and specialized knowledge in developing its Confidential Information; (ii) the Confidential Information provides the Company with a competitive advantage over others in the marketplace; and (iii) the Company would be irreparably harmed if the Confidential Information were disclosed to competitors or made available to the public. Without limiting the applicability of any other agreement to which any Member is subject, no Member shall, directly or indirectly, disclose or use (other than solely for the purposes of such Member monitoring and analyzing his investment in the Company or performing his duties as a Manager, Officer, employee, consultant or other service provider of the Company) at any time, including, without limitation, use for personal, commercial or proprietary advantage or profit, either during his association or employment with the Company or thereafter, any Confidential Information of which such Member is or becomes aware. Each Member in possession of Confidential Information shall take all appropriate steps to safeguard such information and to protect it against disclosure, misuse, espionage, loss and theft.

(b) Nothing contained in Section 11.01(a) shall prevent any Member from disclosing Confidential Information: (i) upon the order of any court or administrative agency; (ii) upon the request or demand of any regulatory agency or authority having jurisdiction over such Member; (iii) to the extent compelled by legal process or required or requested pursuant to subpoena, interrogatories or other discovery requests; (iv) to the extent necessary in connection with the exercise of any remedy hereunder; (v) to other Members; (vi) to such Member's Representatives who, in the reasonable judgment of such Member, need to know such Confidential Information and agree to be bound by the provisions of this Section 11.01 as if a Member; or (vii) to any potential Permitted Transferee in connection with a proposed Transfer of Units from such Member, as long

as such Transferee agrees to be bound by the provisions of this Section 11.01 as if a Member; provided, that in the case of clause (i), (ii) or (iii), such Member shall notify the Company and other Members of the proposed disclosure as far in advance of such disclosure as practicable (but in no event make any such disclosure before notifying the Company and other Members) and use reasonable efforts to ensure that any Confidential Information so disclosed is accorded confidential treatment satisfactory to the Company, when and if available.

(c) The restrictions of Section 11.01(a) shall not apply to Confidential Information that: (i) is or becomes generally available to the public other than as a result of a disclosure by a Member in violation of this Agreement; (ii) is or becomes available to a Member or any of its Representatives on a non-confidential basis prior to its disclosure to the receiving Member and any of its Representatives in compliance with this Agreement; (iii) is or has been independently developed or conceived by such Member without use of Confidential Information; or (iv) becomes available to the receiving Member or any of its Representatives on a non-confidential basis from a source other than the Company, any other Member or any of their respective Representatives; provided, that such source is not known by the recipient of the Confidential Information to be bound by a confidentiality agreement with the disclosing Member or any of its Representatives.

Section 11.02 Non-solicit; Non-compete

(a) Non-solicit of Employees. In light of each Member's access to Confidential Information and position of trust and confidence with the Company, each Member further agrees that, while such Member is a member of the Company and for a period of one (1) year after such Member is no longer a member of the Company (the "**Restricted Period**"), he shall not, directly or indirectly through one or more of any of their respective Affiliates, hire or solicit, or encourage any other Person to hire or solicit, any individual who has been employed by the Company or any Company Subsidiary within six (6) months prior to the date of such hiring or solicitation, or encourage any such individual to leave such employment. This Section 11.02(a) shall not prevent a Member from hiring or soliciting any employee or former employee of the Company or any Company Subsidiary who responds to a general solicitation that is a public solicitation of prospective employees and not directed specifically to any Company or Company Subsidiary employees.

(b) Non-solicit of Clients. In light of each Manager's and Officer's access to Confidential Information and position of trust and confidence with the Company, the Company shall require pursuant to any Award Agreement, employment agreement, or other such agreement with a Manager or Officer that each Manager and Officer of the Company shall not, during the Restricted Period, directly or indirectly through one or more of any of their respective Affiliates, solicit or entice, or attempt to solicit or entice, any clients, customers or suppliers of the Company or any Company Subsidiary for purposes of diverting their business or services from the Company.

(c) Severability by Court Order. If any court of competent jurisdiction determines that any of the covenants set forth in this Section 11.02, or any part thereof, is unenforceable because of the duration or geographic scope of such provision, such court shall have the power to modify any such unenforceable provision in lieu of severing such unenforceable provision from this Agreement in its entirety, whether by rewriting the offending provision, deleting any or all of the offending provision, adding additional language to this Section 11.02 or by making such other modifications as it deems warranted to carry out the intent and agreement of the parties as embodied herein to the maximum extent permitted by Applicable Law. The parties hereto expressly agree that this Agreement as so modified by the court shall be binding upon and enforceable against each of them.

(d) Non-compete by Key Individuals. In light of each Key Individual's access to Confidential Information and position of trust and confidence with the Company, the Company hereby agrees that, during the period of any Key Individual's continued employment or other engagement with the Company or any Company Subsidiary, such Key Individual shall not directly or indirectly through one or more of any of their respective Affiliates, own, manage, operate, control or participate in the ownership, management, operation or control of, any Competitor or any division or business segment of any Competitor unless approved by the Requisite Managers; provided, that nothing in this Section 11.02(d) shall prohibit such Key Individual or any of his or her respective Affiliates from acquiring or owning, directly or indirectly:

(i) Up to 9.9% of the aggregate voting securities of any Competitor that is a publicly traded Person; or

(ii) Up to 9.9% of the aggregate voting securities of any Competitor that is not a publicly traded Person, so long as neither such Key Individual nor any of its Permitted Transferees, directly or indirectly through one or more of their respective Affiliates, designates a member of the board of directors (or similar body) of such Competitor or its Affiliates or is granted any other governance rights with respect to such Competitor or its Affiliates (other than customary governance rights granted in connection with the ownership of debt securities).

For purposes of this Section 11.02(d), "**Competitor**" means any other Person engaged, directly or indirectly, in whole or in part, in the same or similar business as the Company, including those engaged in the business of the cultivation, manufacture, and sale of cannabis in any jurisdiction where the Company conducts business.

ARTICLE XII ACCOUNTING; TAX MATTERS

Section 12.01 Financial Statements. The Company shall furnish to each Member holding five percent (5%) or more of the Common Units (including Preferred Units on an as-

converted to Common Units basis) of the Company (each, a “**Qualified Member**”) the following reports:

(a) **Annual Financial Statements.** As soon as available, and in any event within one hundred twenty (120) days after the end of each Fiscal Year, audited consolidated balance sheets of the Company and Company Subsidiaries as at the end of each such Fiscal Year and audited consolidated statements of income, cash flows and Members’ equity for such Fiscal Year, in each case setting forth in comparative form the figures for the previous Fiscal Year, accompanied by the certification of independent certified public accountants of recognized national standing selected by the Board, certifying to the effect that, except as set forth therein, such financial statements have been prepared in accordance with GAAP, applied on a basis consistent with prior years, and fairly present in all material respects the financial condition of the Company and Company Subsidiaries as of the dates thereof and the results of their operations and changes in their cash flows and Members’ equity for the periods covered thereby.

(b) **Quarterly Financial Reports.** As soon as available, and in any event within forty-five (45) days after the end of each quarterly accounting period in each Fiscal Year (other than the last fiscal quarter of the Fiscal Year), unaudited financial summary reports of the Company and Company Subsidiaries.

Section 12.02 Inspection Rights. Upon reasonable notice from a Qualified Member, the Company shall, and shall cause its Managers, Officers and employees to, afford each Qualified Member and its Representatives reasonable access during normal business hours to (i) the Company’s and the Company Subsidiaries’ properties, offices, plants and other facilities, (ii) the corporate, financial and similar records, reports and documents of the Company and the Company Subsidiaries, including, without limitation, all books and records, minutes of proceedings, internal management documents, reports of operations, reports of adverse developments, copies of any management letters and communications with Members or Managers, and to permit each Qualified Member and its Representatives to examine such documents and make copies thereof, and (iii) the Company’s and the Company Subsidiaries’ Officers, senior employees and public accountants, and to afford each Qualified Member and its Representatives the opportunity to discuss and advise on the affairs, finances and accounts of the Company and the Company Subsidiaries with their Officers, senior employees and public accountants (and the Company hereby authorizes said accountants to discuss with such Qualified Member and its Representatives such affairs, finances and accounts).

Section 12.03 Annual Strategic Plan. Not later than thirty (30) days prior to the commencement of each Fiscal Year, the Company shall prepare, submit to and obtain the approval of the Board of an annual strategic plan. The Company and the Subsidiaries shall use commercially reasonable efforts to operate in all material respects in accordance with such annual strategic plan.

Section 12.04 Income Tax Audits. For each year in which the Company is subject to the partnership audit regime under subchapter C to chapter 63 of the Code, as added by the

Bipartisan Budget Act of 2015, and the Treasury Regulations and other guidance promulgated thereunder:

(a) The Company shall designate Abner Kurtin to serve as the “partnership representative” of the Company within the meaning of Code section 6223 (the “**Tax Representative**”). The Tax Representative shall have sole authority to act on behalf of the Company for purposes of subchapter C of chapter 63 of the Code and any comparable provisions of state or local income tax laws with respect to the taxable year(s) such Person was designated to serve in such capacity, until such Person resigns or is replaced by the Board in accordance with applicable IRS procedures. If the Tax Representative is an entity rather than an individual, the Tax Representative shall appoint an individual to serve as the “designated individual” to act on behalf of the Tax Representative for the Company. For purposes of this Section 12.04, unless otherwise specified, all references to provisions of chapter 63 of the Code shall be to such provisions as enacted by the Bipartisan Budget Act of 2015, as amended.

(b) The Person serving as the Tax Representative shall be automatically removed as Tax Representative upon the death, dissolution and/or winding up, legal incompetency or Bankruptcy of such Person, and the Person serving as the Tax Representative may be removed at any time by the Board. Upon such removal of the Tax Representative a successor to serve in such position shall be designated by the Board, and the removed Tax Representative shall not take any action for or on behalf of the Company without the prior written consent of the Board.

(c) The Company shall indemnify and hold harmless the Tax Representative in accordance with Article XIV as a result of any act or decision concerning Company tax matters and within the scope of such Person’s responsibility as Tax Representative. All amounts indemnified may be advanced as incurred in accordance with Article XIV. The Tax Representative shall be entitled to rely on the advice of outside legal counsel and accountants as to the nature and scope of such Person’s responsibilities and authority, and any act or omission of the Tax Representative pursuant to such advice in no event shall subject the Tax Representative to liability to the Company or any Member.

(d) If the Company qualifies to elect pursuant to Code section 6221(b) (or successor provision) to have federal income tax audits and other proceedings undertaken by each Member rather than by the Company, the Company shall make such election.

(e) Notwithstanding other provisions of this Agreement to the contrary, if any “partnership adjustment” (as defined in Code section 6241(2)) is determined with respect to the Company, the Tax Representative, upon the determination of the Board in its sole discretion, will cause the Company to elect pursuant to Code section 6226 to have any such adjustment passed through to the Members and former Members for the taxable year to which the adjustment relates (i.e., the “reviewed year” within the meaning of Code section 6225(d)(1)). In the event that the Tax Representative has not caused the Company to so elect pursuant to Code section 6226, then any “imputed underpayment” (as determined in accordance with Code section 6225) or “partnership adjustment” that does

not give rise to an “imputed underpayment” shall be apportioned among the Members and former Members of the Company in such manner as may be necessary (as determined by the Board in good faith) so that, to the maximum extent possible, the tax and economic consequences of the partnership adjustment and any associated interest and penalties are borne by the Members and former Members based upon their interests in the Company for the reviewed year.

(f) Each Member and former Member agrees that, upon request of the Tax Representative, such Member shall (i) take such actions as may be necessary or desirable (as determined by the Board) to allow the Company to comply with the provisions of Code section 6226 so that any “partnership adjustments” are taken into account by the Members rather than the Company or (ii) file amended tax returns with respect to any “reviewed year” (within the meaning of Code section 6225(d)(1)) to reduce the amount of any “partnership adjustment” otherwise required to be taken into account by the Company.

(g) If the Company is obligated to pay any amount of tax (i.e., an “imputed underpayment” as described herein), penalty, interest, or other charges determined under the Code for a reviewed year, as set forth in a notice of final partnership adjustment or as finally determined upon any appeal or judicial proceeding (a “Company Level Tax”), each Member or former Member to which the assessment or payment relates (an “Indemnifying Member”) shall indemnify the Company for, and pay to the Company, the Indemnifying Member’s allocable share of the Company Level Tax. Each Indemnifying Member’s allocable share of the Company Level Tax shall be determined in good faith by the Board in reliance upon, to the extent necessary, the advice of counsel or accountants. Promptly upon notification by the Board of the Indemnifying Member’s obligation to indemnify the Company, an Indemnifying Member shall make a payment to the Company of immediately available funds, at the time and in the amount and manner directed by the Board. Amounts paid to the Company under this Section 12.04(g) by an Indemnifying Member who is not a Member of the Company at the time such payment is made shall not be treated as a Capital Contribution.

(h) Each Member and former Member agrees that such Member shall not treat any Company item inconsistently on such Member’s federal, state, foreign, or other income tax return with the treatment of the item on the Company’s return. Any deficiency for taxes imposed on any Member or former Member (including penalties, additions to tax or interest imposed with respect to such taxes, and any taxes imposed pursuant to Code section 6226, as amended) shall be paid by such Member, and if paid by the Company will be recoverable from such Member.

(i) The obligations of each Member or former Member under this Section 12.04 shall survive any actual or attempted Transfer, withdrawal or abandonment by such Member of its Transferable Membership Interest and the termination of this Agreement or the dissolution of the Company.

Section 12.05 Tax Returns; Tax Elections; Tax Matters

(a) At the expense of the Company, the Board (or any Officer that it may designate pursuant to Section 8.10) shall endeavor to cause the preparation and timely filing (including extensions) of all tax returns required to be filed by the Company pursuant to the Code as well as all other required tax returns in each jurisdiction in which the Company and the Company Subsidiaries own property or do business. As soon as reasonably possible after the end of each Fiscal Year that ends prior to the Corporate Election Effective Date, the Board or designated Officer will cause to be delivered to each Person who was a Member at any time during such Fiscal Year, IRS Schedule K-1 to Form 1065 and such other information with respect to the Company as may be necessary for the preparation of such Person's federal, state and local income tax returns for such Fiscal Year.

(b) The Board shall make any and all elections for federal, state, local, or foreign tax purposes including without limitation any election, if permitted by Applicable Law: (i) to adjust the basis of property pursuant to Code sections 734(b), 743(b) and 754, or comparable provisions of state, local or foreign law, in connection with Transfers of Units and Company distributions; (ii) to extend the statute of limitations for assessment of tax deficiencies against the Members with respect to adjustments to the Company's federal, state, local or foreign tax returns; and (iii) to make all decisions on behalf of the Company and the Members and to direct the activities of the Tax Representative before taxing authorities or courts of competent jurisdiction in tax matters affecting the Company or the Members in their capacities as Members, and to direct the filing of any tax returns and to cause the execution of any agreements or other documents relating to or affecting such tax matters, including agreements or other documents that bind the Members with respect to such tax matters or otherwise affect the rights of the Company and the Members.

(c) The Company shall file a valid election under Treasury Regulation Section 301.7701-3(c) to be treated for federal income tax purposes as an association taxable as a corporation and shall be so treated on and after the Corporate Election Effective Date; the Company shall comply with all filing requirements relating thereto, including any comparable election, form or document required by any state or local tax law for the Company to be classified as an association taxable as a corporation under such state or local tax law.

(d) For all taxable years and other periods of the Company that begin on or after the Corporate Election Effective Date, each provision of this Agreement that refers to the Company as a partnership for applicable income tax purposes, or that otherwise relates to matters of partnership income taxation (including income tax reporting and procedure), shall not apply with respect to the Company or any Member during such taxable year or other period. For the avoidance of doubt, this Section 12.05(d) shall apply to Section 5.03, Article VI, Section 7.03, Section 7.04(c), Section 7.04(d), Section 7.04(f), Section 10.01(c), Section 12.04 and this Section 12.05.

Section 12.06 Company Funds All funds of the Company shall be deposited in its name, or in such name as may be designated by the Board, in such checking, savings or other accounts, or held in its name in the form of such other investments as shall be designated by the Board. The funds of the Company shall not be commingled with the funds of any other Person. All withdrawals of such deposits or liquidations of such investments by the Company shall be made exclusively upon the signature or signatures of such Officer or Officers as the Board may designate.

ARTICLE XIII DISSOLUTION AND LIQUIDATION

Section 13.01 Events of Dissolution. The Company shall be dissolved and its affairs wound up only upon the occurrence of any of the following events:

- (a) The determination of the Board to dissolve the Company pursuant to this Agreement;
- (b) An election to dissolve the Company made by holders of two thirds of the Voting Units;
- (c) The sale, exchange, involuntary conversion, or other disposition or Transfer of all or substantially all the assets of the Company; or
- (d) The entry of a decree of judicial dissolution.

Section 13.02 Effectiveness of Dissolution. Dissolution of the Company shall be effective on the day on which the event described in Section 13.01 occurs, but the Company shall not terminate until the winding up of the Company has been completed, the assets of the Company have been distributed as provided in Section 13.03 and the Certificate of Formation shall have been cancelled as provided in Section 13.04.

Section 13.03 Liquidation. If the Company is dissolved pursuant to Section 13.01, the Company shall be liquidated and its business and affairs wound up in accordance with the following provisions:

- (a) Liquidator. The Board, or, if the Board is unable to do so, a Person selected by the holders of a majority of the Common Units and a majority of the Preferred Units, shall act as liquidator to wind up the Company (the “**Liquidator**”). The Liquidator shall have full power and authority to sell, assign, and encumber any or all of the Company’s assets and to wind up and liquidate the affairs of the Company in an orderly and business- like manner.
- (b) Accounting. As promptly as possible after dissolution and again after final liquidation, the Liquidator shall cause a proper accounting to be made by a recognized firm of certified public accountants of the Company’s assets, liabilities and operations

through the last day of the calendar month in which the dissolution occurs or the final liquidation is completed, as applicable.

(c) **Distribution of Proceeds.** The Liquidator shall liquidate the assets of the Company and Distribute the proceeds of such liquidation in the following order of priority, unless otherwise required by mandatory provisions of Applicable Law:

(i) First, to the payment of all of the Company's debts and liabilities to its creditors (including Members, if applicable) and the expenses of liquidation (including sales commissions incident to any sales of assets of the Company);

(ii) Second, to the establishment of and additions to reserves that are determined by the Board in its sole discretion to be reasonably necessary for any contingent unforeseen liabilities or obligations of the Company; and

(iii) Third, to the Members in the same manner as Distributions are made under Section 7.02.

(d) **Discretion of Liquidator.** Notwithstanding the provisions of Section 13.03(c) that require the liquidation of the assets of the Company, but subject to the order of priorities set forth in Section 13.03(c), if upon dissolution of the Company the Liquidator determines that an immediate sale of part or all of the Company's assets would be impractical or could cause undue loss to the Members, the Liquidator may defer the liquidation of any assets except those necessary to satisfy Company liabilities and reserves, and may, in its absolute discretion, Distribute to the Members, in lieu of cash, as tenants in common and in accordance with the provisions of Section 13.03(c), undivided interests in such Company assets as the Liquidator deems not suitable for liquidation. Any such Distribution in kind will be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreements governing the operating of such properties at such time. For purposes of any such Distribution, any property to be Distributed will be valued at its Fair Market Value.

Section 13.04 Cancellation of Certificate. Upon completion of the Distribution of the assets of the Company as provided in Section 13.03(c) hereof, the Company shall be terminated and the Liquidator shall cause the cancellation of the Certificate of Formation in the State of Delaware and of all qualifications and registrations of the Company as a foreign limited liability company in jurisdictions other than the State of Delaware and shall take such other actions as may be necessary to terminate the Company.

Section 13.05 Survival of Rights, Duties and Obligations. Dissolution, liquidation, winding up or termination of the Company for any reason shall not release any party from any Loss which at the time of such dissolution, liquidation, winding up or termination already had accrued to any other party or which thereafter may accrue in respect of any act or omission prior to such dissolution, liquidation, winding up or termination. For the avoidance of doubt, none of

the foregoing shall replace, diminish or otherwise adversely affect any Member's right to indemnification pursuant to Section 14.03.

Section 13.06 Resource for Claims. Each Member shall look solely to the assets of the Company for all Distributions with respect to the Company, such Member's Capital Account, and such Member's share of Net Income, Net Loss and other items of income, gain, loss and deduction, and shall have no recourse therefor (upon dissolution or otherwise) against the Board, the Liquidator or any other Member.

ARTICLE XIV EXCULPATION AND INDEMNIFICATION

Section 14.01 Exculpation of Covered Persons

(a) Covered Persons. As used herein, the term "**Covered Person**" shall mean (i) each Member, (ii) each officer, director, shareholder, partner, member, controlling Affiliate, employee, agent or representative of each Member, and each of their controlling Affiliates, and (iii) each Manager, Officer, employee, agent or representative of the Company.

(b) Standard of Care. No Covered Person shall be liable to the Company or any other Covered Person for any loss, damage or claim incurred by reason of any action taken or omitted to be taken by such Covered Person in good-faith reliance on the provisions of this Agreement, so long as such action or omission does not constitute fraud or willful misconduct by such Covered Person.

(c) Good Faith Reliance. A Covered Person shall be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements (including financial statements and information, opinion or reports) of the following Persons or groups: (i) another Manager; (ii) one or more Officers or employees of the Company; (iii) any attorney, independent accountant, appraiser or other expert or professional employed or engaged by or on behalf of the Company; or (iv) any other Person selected in good faith by or on behalf of the Company, in each case as to matters that such relying Person reasonably believes to be within such other Person's professional or expert competence.

Section 14.02 Liabilities and Duties of Covered Persons

(a) Limitation of Liability. This Agreement is not intended to limit the fiduciary duties of the Managers or the Managing Member. Notwithstanding the foregoing, this Agreement is not intended to, and does not, create or impose any fiduciary duty on any Waiving Member. Furthermore, each Waiving Member hereby waives, with regards only to all other Waiving Members, any and all fiduciary duties that, absent such waiver, may be implied by Applicable Law as applying to such other Waiving Member, and in doing so, acknowledges and agrees that the duties and obligation of each Waiving Member to each other and to the Company are only as expressly set forth in this

Agreement. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of a Waiving Member otherwise existing at law or in equity, are agreed by the Members to replace such other duties and liabilities of such Waiving Member.

(b) Duties. Whenever in this Agreement a Covered Person is permitted or required to make a decision (including a decision that is in such Covered Person's "discretion" or under a grant of similar authority or latitude), the Covered Person shall be entitled to consider only such interests and factors as such Covered Person desires, including its own interests, and shall have no duty or obligation to give any consideration to any interest of or factors affecting the Company or any other Person. Whenever in this Agreement a Covered Person is permitted or required to make a decision in such Covered Person's "good faith," the Covered Person shall act under such express standard and shall not be subject to any other or different standard imposed by this Agreement or any other Applicable Law.

Section 14.03 Indemnification

(a) Indemnification. As the same now exists or may hereafter be amended, substituted or replaced the Company shall indemnify, hold harmless, defend, pay and reimburse any Covered Person against any and all losses, claims, damages, judgments, fines or liabilities, including reasonable legal fees or other expenses incurred in investigating or defending against such losses, claims, damages, judgments, fines or liabilities, and any amounts expended in settlement of any claims (collectively, "**Losses**") to which such Covered Person may become subject by reason of:

(i) Any act or omission or alleged act or omission performed or omitted to be performed on behalf of the Company, any Member or any direct or indirect Subsidiary of the foregoing in connection with the business of the Company; or

(ii) The fact that such Covered Person is or was acting in connection with the business of the Company as a partner, member, stockholder, controlling Affiliate, manager, director, officer, employee or agent of the Company, any Member, or any of their respective controlling Affiliates, or that such Covered Person is or was serving at the request of the Company as a partner, member, manager, director, officer, employee or agent of any Person including the Company or any Company Subsidiary;

provided, that (x) such Covered Person acted in good faith and in a manner believed by such Covered Person to be in, or not opposed to, the best interests of the Company and, with respect to any criminal proceeding, had no reasonable cause to believe his conduct was unlawful, and (y) such Covered Person's conduct did not constitute fraud or willful misconduct, in either case as determined by a final, nonappealable order of a court of competent jurisdiction. In connection with the foregoing, the termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Covered

Person did not act in good faith or, with respect to any criminal proceeding, had reasonable cause to believe that such Covered Person's conduct was unlawful, or that the Covered Person's conduct constituted fraud or willful misconduct.

(b) Reimbursement. The Company shall promptly reimburse (and/or advance to the extent reasonably required) each Covered Person for reasonable legal or other expenses (as incurred) of such Covered Person in connection with investigating, preparing to defend or defending any claim, lawsuit or other proceeding relating to any Losses for which such Covered Person may be indemnified pursuant to this Section 14.03; provided, that if it is finally judicially determined that such Covered Person is not entitled to the indemnification provided by this Section 14.03, then such Covered Person shall promptly reimburse the Company for any reimbursed or advanced expenses.

(c) Entitlement to Indemnity. The indemnification provided by this Section 14.03 shall not be deemed exclusive of any other rights to indemnification to which those seeking indemnification may be entitled under any agreement or otherwise. The provisions of this Section 14.03 shall continue to afford protection to each Covered Person regardless of whether such Covered Person remains in the position or capacity pursuant to which such Covered Person became entitled to indemnification under this Section 14.03 and shall inure to the benefit of the executors, administrators, legatees and distributees of such Covered Person.

(d) Insurance. To the extent available on commercially reasonable terms, the Company may purchase, at its expense, insurance to cover Losses covered by the foregoing indemnification provisions and to otherwise cover Losses for any breach or alleged breach by any Covered Person of such Covered Person's duties in such amount and with such deductibles as the Board may determine; provided, that the failure to obtain such insurance shall not affect the right to indemnification of any Covered Person under the indemnification provisions contained herein, including the right to be reimbursed or advanced expenses or otherwise indemnified for Losses hereunder. If any Covered Person recovers any amounts in respect of any Losses from any insurance coverage, then such Covered Person shall, to the extent that such recovery is duplicative, reimburse the Company for any amounts previously paid to such Covered Person by the Company in respect of such Losses.

(e) Funding of Indemnification Obligation. Notwithstanding anything contained herein to the contrary, any indemnity by the Company relating to the matters covered in this Section 14.03 shall be provided out of and to the extent of Company assets only, and no Member (unless such Member otherwise agrees in writing) shall have personal liability on account thereof or shall be required to make additional Capital Contributions to help satisfy such indemnity by the Company.

(f) Savings Clause. If this Section 14.03 or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify and hold harmless each Covered Person pursuant to this Section

14.03 to the fullest extent permitted by any applicable portion of this Section 14.03 that shall not have been invalidated and to the fullest extent permitted by Applicable Law.

(g) Amendment. The provisions of this Section 14.03 shall be a contract between the Company, on the one hand, and each Covered Person who served in such capacity at any time while this Section 14.03 is in effect, on the other hand, pursuant to which the Company and each such Covered Person intend to be legally bound. No amendment, modification or repeal of this Section 14.03 that adversely affects the rights of a Covered Person to indemnification for Losses incurred or relating to a state of facts existing prior to such amendment, modification or repeal shall apply in such a way as to eliminate or reduce such Covered Person's entitlement to indemnification for such Losses without the Covered Person's prior written consent.

(h) Survival. The provisions of this Article XIV shall survive the dissolution, liquidation, winding up and termination of the Company.

ARTICLE XV MISCELLANEOUS

Section 15.01 Expenses. Except as otherwise expressly provided herein, all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with the preparation and execution of this Agreement, or any amendment or waiver hereof, and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

Section 15.02 Further Assurances. In connection with this Agreement and the transactions contemplated hereby, the Company and each Member hereby agrees, at the request of the Company or any other Member, to execute and deliver such additional documents, instruments, conveyances and assurances and to take such further actions as may be required to carry out the provisions hereof and give effect to the transactions contemplated hereby.

Section 15.03 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to

the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 15.03):

If to the Company: 1411 Broadway, 16th Floor
New York, NY 10018
E-mail: [***]
Attention: Abner Kurtin

If to a Member, to such Member's respective mailing address as set forth on the Members Schedule.

Section 15.04 Headings. The headings in this Agreement are inserted for convenience or reference only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Agreement or any provision of this Agreement.

Section 15.05 Severability. If any term or provision of this Agreement is held to be invalid, illegal or unenforceable under Applicable Law in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Subject to Section 11.02(c), upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

Section 15.06 Entire Agreement.

(a) This Agreement, together with the Certificate of Formation, any Incentive Plan, each Award Agreement and all related Exhibits and Schedules, constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter, including the Prior Agreement.

(b) In the event of an inconsistency or conflict between the provisions of this Agreement and any provision of any Incentive Plan or an applicable Award Agreement with respect to the subject matter of such Incentive Plan or Award Agreement, the Board shall resolve such conflict in its sole discretion.

Section 15.07 Successors and Assigns. Subject to the restrictions on Transfers set forth herein, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

Section 15.07 No Third-party Beneficiaries. Except as provided in Article XIV which shall be for the benefit of and enforceable by Covered Persons as described therein, this Agreement is for the sole benefit of the parties hereto (and their respective heirs, executors,

administrators, successors and assigns) and nothing herein, express or implied, is intended to or shall confer upon any other Person, including any creditor of the Company, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 15.09 Amendment. No provision of this Agreement nor the Company's Certificate of Formation may be amended or modified except by an instrument in writing executed by (a) the Company pursuant to a vote of the Requisite Managers and Members holding a majority of the Common Units and Preferred Units (on an as-converted to Common Units basis), voting as a single class, (b) if any such amendment adversely affects the rights or privileges of any particular Member and does not affect all other similarly situated Members in substantially the same manner, any such Member, and (c) if any such amendment adversely affects the rights or privileges of any particular class of Units and does not affect all other classes of Units in substantially the same manner, Members holding a majority of any such class of Units. Any such written amendment or modification will be binding upon the Company and each Member. Notwithstanding the foregoing, amendments to the Members Schedule following any new issuance, redemption, repurchase or Transfer of Units in accordance with this Agreement may be made by the Board without the consent of or execution by the Members.

Section 15.10 Waiver. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the applicable parties set forth in Section 15.09(a-d). No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. For the avoidance of doubt, nothing contained in this Section 15.10 shall diminish any of the explicit and implicit waivers described in this Agreement, including in, Section 8.04(c), Section 9.01(d), Section 10.03(d)(v), Section 10.04(b)(ii), Section 10.05(f) and Section 15.13 hereof. Notwithstanding the foregoing, the observance of any term hereof may not be waived with respect to any Member without the written consent of such Member, unless such amendment, modification, termination, or waiver applies to all Members in the same fashion (it being agreed that a waiver of the provisions of Article IX with respect to a particular transaction shall be deemed to apply to all Members in the same fashion if such waiver does so by its terms, notwithstanding the fact that certain Members may nonetheless, by agreement with the Company, purchase New Securities in such transaction).

Section 15.11 Governing Law. All issues and questions concerning the application, construction, validity, interpretation and enforcement of this Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of Delaware.

Section 15.12 Submission to Jurisdiction. The parties hereby agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby, whether in contract, tort or otherwise, shall be brought in the Court of Chancery of the State of Delaware (or, if such court lacks subject matter jurisdiction, in the Superior Court of the State of Delaware), so long as one of such courts shall have subject-matter jurisdiction over such suit, action or proceeding, and that any case of action arising out of this Agreement shall be deemed to have arisen from a transaction of business in the State of Delaware. Each of the parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient form. Service of process, summons, notice or other document by registered mail to the address set forth in Section 15.03 shall be effective service of process for any suit, action or other proceeding brought in any such court.

Section 15.13 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 15.14 Equitable Remedies. Each party hereto acknowledges that a breach or threatened breach by such party of any of its obligations under this Agreement would give rise to irreparable harm to the other parties, for which monetary damages would not be an adequate remedy, and hereby agrees that in the event of a breach or a threatened breach by such party of any such obligations, each of the other parties hereto shall, in addition to any and all other rights and remedies that may be available to them in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond).

Section 15.15 Attorneys' Fees. In the event that any party hereto institutes any legal suit, action or proceeding, including arbitration, against another party in respect of a matter arising out of or relating to this Agreement, the prevailing party in the suit, action or proceeding shall be entitled to receive, in addition to all other damages to which it may be entitled, the costs incurred by such party in conducting the suit, action or proceeding, including reasonable attorneys' fees and expenses and court costs.

Section 15.16 Remedies Cumulative. The rights and remedies under this Agreement are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise, except to the extent expressly provided in Section 14.02 to the contrary.

Section 15.17 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of Electronic Transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

Section 15.18 Conversion to Corporation. The Members may cause the Company to convert to corporate form under applicable state law. If conversion occurs in connection with an Initial Public Offering, each Member agrees to lock-up restrictions substantially similar to those set forth in Section 15.19(d).

Section 15.19 Initial Public Offering

(a) Initial Public Offering. If at any time the Board desires to cause (i) a Transfer of all or a substantial portion of (x) the assets of the Company or (y) the Units to a newly organized corporation or other business entity (an “**IPO Entity**”), (ii) a merger or consolidation of the Company into or with an IPO Entity, or (iii) another restructuring of all or substantially all the assets or Units of the Company into an IPO Entity (any such corporation also herein referred to as an “IPO Entity”), in any such case in anticipation of or otherwise in connection with an Initial Public Offering of securities of an IPO Entity or its Affiliate (an “**Initial Public Offering**”), each Member shall take such steps to effect such Transfer, merger, consolidation, conversion or other restructuring as may be reasonably requested by the Board, including, without limitation, executing and delivering all agreements, instruments and documents as may be reasonably required and Transferring or tendering such Member’s Units to an IPO Entity in exchange or consideration for shares of capital stock or other equity interests of the IPO Entity, determined in accordance with Section 15.19(b).

(b) Conversion of Units.

(i) In connection with a transaction described in Section 15.19(a) all outstanding Units shall convert into a single class of equity of the IPO Entity (the “**IPO Entity Securities**”) as follows:

(1) Each Common Unit shall convert into one (1) IPO Entity Security;

(2) Each Series Seed Preferred Unit and Series Seed+ Preferred Unit shall convert into one (1) IPO Entity Security;

(3) Each Real Estate Preferred Unit shall convert into a number of IPO Entity Securities equal to (x) one (1) plus (y) (A) the original purchase price of such Real Estate Preferred Unit multiplied by 1.5, divided by (B) the price at which IPO Entity Securities are sold to the public generally in the Initial Public Offering.

(ii) Notwithstanding anything to the contrary contained herein, any Common Units subject to vesting pursuant to an Award Agreement shall continue to be subject to the same vesting schedule following conversion to IPO Entity Securities in accordance with this Section 15.19(b).

(c) Appointment of Proxy. Each Member hereby makes, constitutes and appoints the Company, with full power of substitution and resubstitution, its true and lawful attorney, for it and in its name, place and stead and for its use and benefit, to act as its proxy in respect of any vote or approval of Members required to give effect to this Section 15.19. The proxy granted pursuant to this Section 15.19(c) is a special proxy coupled with an interest and is irrevocable.

(d) Lock-up Agreement. Each Member hereby agrees that in connection with an Initial Public Offering, and upon the request of the managing underwriter in such offering, such Member shall not, without the prior written consent of such managing underwriter, during the period commencing on 90 days prior to the effective date of such registration and ending on the date specified by such managing underwriter (such period not to exceed 180 days in the case of an Initial Public Offering), (i) offer, pledge, sell, contract to sell, grant any option or contract to purchase, purchase any option or contract to sell, hedge the beneficial ownership of or otherwise dispose of, directly or indirectly, any Units or Unit Equivalents (including any equity securities of the IPO Entity) held immediately before the effectiveness of the registration statement for such offering, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Units or Unit Equivalents (including equity securities of the IPO Entity) or such other securities, in cash or otherwise. The foregoing provisions of this Section 15.19(d) shall not apply to sales of securities to be included in such Initial Public Offering or other offering if otherwise permitted. Each Member agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the managing underwriter which are consistent with the foregoing or which are necessary to give further effect thereto.

Section 15.20 Sale of Units. In the event that a sale of substantially all of the Company is structured as a direct or indirect sale of Units by the Members, rather than a transaction giving rise to a distribution of proceeds by the Company, the purchase agreement governing such sale will have provisions therein which replicate, to the greatest extent possible, at least the economic result that would have been attained under Section 13.03 had the sale been structured as a sale of the Company's assets and a distribution of proceeds thereof (or modifications will be made to this Agreement, as determined in the reasonable discretion of the Board, to accomplish this result).

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

The Company:

ASCEND WELLNESS HOLDINGS, LLC

By: /s/ Abner Kurtin

Name: Abner Kurtin for AGP Partners, LLC, the Managing Member

The Managing Member, holding a majority of the outstanding Common and Preferred Units together as one class:

AGP PARTNERS, LLC

By: /s/ Adner Kurtin

Name: Abner Kurtin

Title: Manager

EXHIBIT A

FORM OF JOINDER AGREEMENT

The undersigned is executing and delivering this Joinder Agreement pursuant to the Fourth Amended and Restated Limited Liability Company Agreement dated as of November 3, 2020, (as amended, modified, restated or supplemented from time to time, the “**Operating Agreement**”), among Ascend Wellness Holdings, LLC, a Delaware limited liability company (the “**Company**”), and its Members party thereto.

By executing and delivering this Joinder Agreement to the Company, the undersigned hereby agrees to become a party to, to be bound by, and to comply with the provisions of the Operating Agreement in the same manner as if the undersigned were an original signatory to such agreement.

The undersigned agrees that the undersigned shall be a Member, as such term is defined in the Operating Agreement.

Accordingly, the undersigned has executed and delivered this Joinder Agreement as of _____, 20__.

By: _____

Name: _____

Title: _____

**ASCEND WELLNESS HOLDINGS, LLC
EQUITY INCENTIVE PLAN**

1. **Purpose.** This Ascend Wellness Holdings, LLC Equity Incentive Plan (the “**Plan**”) is intended to further the growth and success of Ascend Wellness Holdings, LLC, a Delaware limited liability company (the “**Company**”) by enabling Grantees to acquire equity interests in the Company, thereby increasing their personal stake in the Company’s growth and success, providing a means of rewarding outstanding service by such Grantees and aiding retention. Capitalized terms not defined herein shall have the meanings set forth in the Third Amended and Limited Liability Company Agreement of the Company, as it may be amended, modified, superseded or replaced from time to time the (“**LLC Agreement**”).

2. **Definitions.**

“**Award**” means an award of Incentive Units granted pursuant to the Plan.

“**Award Agreement**” means an agreement by and between the Company and a Grantee evidencing the terms of an Award and entered into pursuant to the terms of the Plan.

“**Board or Board of Managers**” means the Board of Managers of the Company, as constituted from time to time.

“**Code**” means the Internal Revenue Code of 1986, as it may be amended from time to time. Any reference to a section of the Code shall be deemed to include a reference to any regulations promulgated thereunder.

“**Committee**” means the committee as may be appointed by the Board to administer the Plan in accordance with Section 3 hereof, or where no such committee is appointed, the full Board of Managers.

“**Company**” means Ascend Wellness Holdings, LLC a Delaware limited liability company, including any successor thereto.

“**Company Subsidiary**” has the meaning set forth in Article I of the LLC Agreement. “**Effective Date**” means the date as of which this Plan is adopted by the Board.

“**Fair Market Value**” means as of any date the purchase price that a willing buyer having all relevant knowledge would pay a willing seller for the applicable Incentive Unit in an arm’s length transaction, as determined in good faith by the Board based on such factors as the Board, in the exercise of its reasonable business judgment, considers relevant.

“**Fully Diluted Basis**” has the meaning set forth in Article I of the LLC Agreement.

“**Grantee**” means any Service Provider designated by the Committee to be granted Incentive Units pursuant to the Plan.

“**Incentive Unit**” means a type of Unit having the privileges, preference, duties, liabilities, obligations and rights specified in the LLC Agreement.

“**Manager**” means a member of the Board of Managers.

“**Permitted Transferee**” has the meaning set forth in Article I of the LLC Agreement.

“**Plan**” means this Ascend Wellness Holdings, LLC Equity Incentive Plan, as set forth herein, and as amended from time to time.

“**Profits Interest Hurdle**” means an amount specified by the Committee with respect to each Incentive Unit and set forth in the applicable Award Agreement in accordance with the LLC Agreement. The Profits Interest Hurdle applicable to any Incentive Unit issued hereunder shall be no less than the amount determined by the Board of Managers to be necessary to cause such Incentive Unit to constitute a “profits interest” within the meaning of Revenue Procedures 93-27 and 2001-43.

“**Restricted Incentive Unit**” has the meaning set forth in Section 5.2(a) hereof.

“**Service Provider**” means a Manager, officer, employee, consultant or other Grantee of the Company or any Company Subsidiary.

“**Unit**” has the meaning set forth in Article I of the LLC Agreement. “**Unrestricted Incentive Unit**” has the meaning set forth in Section 5.2(a) hereof.

3. Administration.

3.1 Committee. The Plan shall be administered by the Committee. Subject to Section 8.08 of the LLC Agreement, the Committee shall have such power and authority as is granted to it by the Board in the resolutions appointing the Committee.

3.2 Procedures. The Committee shall adopt such rules and regulations as it deems appropriate regarding the holding of meetings and the administration of the Plan.

3.3 Awards. The Committee shall have the authority to determine all matters and issues relating to the granting of Awards under the Plan, including, without limitation:

- (a) the Grantees who shall be granted Awards;
- (b) the time or times when Awards shall be granted;
- (c) the number of Incentive Units subject to each Award;
- (d) whether an Award Agreement must be executed by a Grantee’s spouse;

(e) the terms and conditions of any Award, including the Profits Interest Hurdle, any vesting conditions (which may include performance-based goals), restrictions or limitations and any vesting acceleration (whether upon a Change in Control or otherwise) or forfeiture waiver regarding any Award and the Incentive Units relating thereto, based on such factors as the Committee shall determine; and

(f) subject to Section 6 hereof or any similar provision in any Award Agreement, whether to modify, amend or adjust the terms and conditions of any Award.

3.4 Profits Interest Determinations. The Committee may take all actions necessary or appropriate to cause the Incentive Units granted hereunder to be treated as “profits interests” for all United States federal income tax purposes.

3.5 Interpretation. The Committee shall have the authority to construe and interpret the Plan, prescribe, amend and rescind rules relating to the Plan's administration and take any other actions necessary or desirable for the administration of the Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency or ambiguity in the Plan. The decisions of the Committee shall be final and binding on all persons.

4. Incentive Units Subject to the Plan. Subject to Section 6 hereof, the number of Incentive Units that the Company may issue under the Plan shall not exceed 10% of the aggregate total of Preferred Units and Common Units outstanding on a Fully Diluted Basis as of the date of the grant. If and to the extent that any Award is forfeited (or repurchased by the Company for its original cost), the Incentive Units subject to such Awards shall again be available for distribution under the Plan.

5. Awards.

5.1 General. Awards may be granted to Grantees at such times as determined by the Committee. Each Award shall be evidenced by an Award Agreement which shall set out the material terms of the Award.

5.2 Terms and Conditions of Awards.

(a) Vesting. The Committee shall establish such vesting criteria for the Incentive Units as it determines in its discretion and shall include such vesting criteria in each Award Agreement. Vesting may be based on the continued service of the Grantee or on the achievement of performance goals set out in the Award Agreement. Incentive Units may also be fully vested on the date such Incentive Units are granted. Incentive Units that have not vested are "**Restricted Incentive Units**". Incentive Units that have vested are "**Unrestricted Incentive Units**". The Committee may, at any time, waive or accelerate any of the foregoing restrictions, in whole or in part, in its discretion.

(b) Profits Interest Hurdle. The Committee shall specify the Profits Interest Hurdle applicable to each Incentive Unit in the applicable Award Agreement in accordance with the LLC Agreement.

(c) Subject to LLC Agreement. Incentive Units granted under the Plan shall be subject in all respects to the LLC Agreement, including but not limited to with respect to restrictions on transfer, voting rights and participation in management, the Company's Call Rights, and allocations and distributions.

(d) Conditions to Effectiveness. No Award shall be effective unless and until (i) the Grantee (for the Grantee and for any of the Grantee's Permitted Transferees) hereby agrees to be bound by, and subject to, all of the terms and provisions of the LLC Agreement, including all restrictions on the transfer of the Incentive Units, and agrees to sign a joinder agreement to the LLC Agreement in connection with the Award; (ii) the Grantee executes and delivers any other documents requested by the Committee in its sole discretion, including but not limited to spousal consent, an election under Section 83(b) of the Code, restrictive covenants, or a waiver and general release of claims against the Company.

5.3 Company's Call Right. Unless otherwise determined by the Committee and set forth in the applicable Award Agreement, the Company may, at its election, require the Grantee and any or all of the Grantee's Permitted Transferees to either forfeit or sell to the Company all or any portion of

such Grantee's Incentive Units in connection with a termination of Grantee's services to the Company, as set forth in the LLC Agreement. Whether any event impacting Grantee's services to the Company constitutes a termination of service for this purpose shall be determined by the Committee in its sole discretion.

6. Adjustments. If the Units are changed by reason of a change in corporate capitalization or exchanged for other securities as a result of a merger, consolidation or reorganization, the Committee shall make appropriate adjustments to the maximum number of Incentive Units that may be granted hereunder and shall make such adjustments to the Incentive Units as shall be equitable and appropriate to prevent dilution or enlargement of the benefits provided by Awards granted under the Plan.

8. Withholding; No Guarantee of Tax Treatment.

8.1 Withholding. To the extent the grant of Incentive Units under the Plan imposes upon the Company or any Company Subsidiary any tax obligation, including withholding, payroll, or employment tax, the Committee shall have sole discretion in determining how to satisfy such obligations, including but not limited to (a) requiring as a condition of delivery that the Grantee agree to pay the Company or Company Subsidiary all or a portion of such tax obligations, (b) treating any amount not paid by the Grantee as additional compensation to the Grantee for services, and/or (c) treating any amount not paid by the Grantee as a loan by the Company to the Grantee, payable on demand by means determined by the Company (including deducting such amounts from compensation or distributions subsequently payable to the Grantee), and accruing a reasonable interest rate determined by the Company. Any such payments made by a Grantee to the Company shall not be treated as a capital contribution to the Company.

8.2 No Guarantee of Tax Treatment. The Incentive Units granted under the Plan are intended to be "profits interests" for United States federal income tax purposes pursuant to Revenue Procedures 93-27 and 2001-43. The Board may take all actions necessary or appropriate to cause the Incentive Units to be treated as profits interests for all United States federal income tax purposes. Notwithstanding the foregoing, the Company does not guarantee that any Award intended to be a profits interest shall be treated as such for tax purposes, and none of the Board, the Company or any Company Subsidiary shall indemnify any individual with respect to the tax consequences if they are not so treated.

9. General Provisions.

9.1 Section 409A.

(a) The Plan and all Awards granted hereunder will be interpreted to the greatest extent possible in a manner that makes the Plan and such Awards exempt from Section 409A of the Code and the rules, regulations and other guidance promulgated thereunder (collectively, "Section 409A"), or, to the extent not so exempt, in compliance with Section 409A. Accordingly, this Plan and all Awards shall be read and interpreted to the extent necessary to be exempt from or comply with Section 409A. Notwithstanding the foregoing, neither the Company nor any of the Company's or its affiliates' respective stockholders, members, unitholders, subsidiaries, successors, assigns, trustees, directors, officers, limited or general partners, managers, joint venturers, employees, or any of the agents or advisors of any of the foregoing, including any successors and assigns of any of the foregoing, make any representations that the payments and benefits provided under this Plan or any Award are exempt from, or comply with, Section 409A, and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest

or other expenses that may be incurred by a Grantee on account of non-compliance with Section 409A. The Committee may also amend the Plan and/or any Award Agreement without the Grantee's consent to the extent necessary to (i) comply with Section 409A; or (ii) ensure that the Incentive Units granted under the Plan are treated as profits interests for all United States federal income tax purposes.

(b) Notwithstanding any other provision of this Plan or an applicable Award, if a Grantee is a "specified employee" within the meaning of Code Section 409A(a)(2)(B)(i) at the time of the Grantee's termination of employment, then any payments and benefits provided under this Plan or the applicable Award that constitute a "nonqualified deferred compensation plan" subject to Section 409A that are paid or provided to the Grantee on account of his or her separation from service shall not be paid or provided until after the six-month anniversary of the Grantee's termination date or, if earlier, the date of death of the Grantee, and any amounts so deferred will be paid in a lump sum on the day after such six-month period elapses, with the balance paid thereafter on the original schedule.

9.2 No Right to Awards. No Grantee shall have any claim to be granted any Award. There is no obligation for uniformity of treatment of Grantees or holders or beneficiaries of Awards and the terms and conditions of Awards need not be the same with respect to each Grantee or holder or beneficiary.

9.3 No Effect on Retirement and Other Benefit Plans. Except as specifically provided in a retirement or other benefit plan of the Company or a Company Subsidiary, Awards granted hereunder shall not be deemed "compensation" for purposes of computing benefits or contributions under any retirement plan of the Company or a Company Subsidiary. The Plan is unfunded, is not intended to provide retirement benefits, and is not intended to be a plan that is subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and shall be interpreted accordingly.

9.4 Compliance with Law. The obligations of the Company with respect to payments under the Plan are subject to compliance with all applicable laws and regulations.

9.5 Effective Date; Term of Plan. The Plan shall become effective on the Effective Date. This Plan will remain in effect until it is revised or terminated by further action of the Board.

9.6 Termination and Amendment. The Committee may at any time amend or modify this Plan in whole or in part. However, no amendment or termination of the Plan may impair the right of a Grantee with respect to an Award previously granted under the Plan without such Grantee's consent. Notwithstanding the foregoing, the Grantee's consent shall not be required if the Committee determines in its sole discretion that such an amendment or modification or termination is required or advisable for the Company, the Plan or the Award to satisfy any applicable law or regulation, stock exchange rule, over-the-counter market rule or to meet the requirements of any intended accounting treatment.

9.7 Applicable Law. The laws of the State of Delaware shall govern all questions concerning the construction, validity and interpretation of the Plan, without regard to such state's conflict of law rules.

9.8 Severability. If any provision of the Plan shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, and the Plan shall be construed as if such invalid or unenforceable provision were omitted.

9.9 Headings. The headings of sections herein are included solely for convenience and shall not affect the meaning of any of the provisions of the Plan.

ASCEND WELLNESS HOLDINGS, LLC**2020 Equity Incentive Plan****1. Purpose.**

The purpose of this plan (the “Plan”) is to secure for Ascend Wellness Holdings, LLC, a Delaware limited liability company (the “Company”) and its members the benefits arising from unit ownership by employees, officers and managers of, and consultants or advisors to, the Company and its parent and subsidiary corporations who are expected to contribute to the Company’s future growth and success. Under the Plan recipients may be awarded both (i) Common Unit Options (as defined in Section 2.1) to purchase the Company’s common units (“Common Units”) and (ii) units of Common Units (“Restricted Units Awards”). Except where the context otherwise requires, the term “Company” shall include any parent and all present and future subsidiaries of the Company as defined in Sections 424(e) and 424(f) of the Internal Revenue Code of 1986, as amended or replaced from time to time (the “Code”). Those provisions of the Plan which make express reference to Section 422 of the Code shall apply only to Incentive Common Unit Options (as that term is defined below). Appendix A to this Plan shall apply only to participants in the Plan who are residents of the State of California.

2. Types of Awards and Administration.

2.1 **Common Unit Options.** Options granted pursuant to the Plan (“Common Unit Options”) shall be authorized by action of the Board of Managers of Ascend Wellness Holdings, LLC (the “Board” or “Board of Managers”) and may be either incentive common unit options (“Incentive Common Unit Options”) meeting the requirements of Section 422 of the Code or non-statutory Options which are not intended to meet the requirements of Section 422. All Options when granted are intended to be non-statutory Options, unless the applicable Option Agreement (as defined in Section 5.1) explicitly states that the Option is intended to be an Incentive Common Unit Option. The vesting of Options may be conditioned upon the completion of a specified period of employment with the Company and/or such other conditions or events as the Board may determine. The Board may also provide that Options are immediately exercisable subject to certain repurchase rights in the Company dependent upon the continued employment of the optionee and/or such other conditions or events as the Board may determine.

2.1.1 **Incentive Common Unit Options.** Incentive Common Unit Options may only be granted to employees of the Company. For so long as the Code shall so provide, Common Unit Options granted to any employee under the Plan (and any other incentive common unit option plans of the Company) which are intended to constitute Incentive Common Unit Options shall not constitute Incentive Common Unit Options to the extent that such Options, in the aggregate, become exercisable for the first time in any one calendar year for Common Units with an aggregate fair market value (determined as of the respective date or dates of grant) of more than \$100,000. If an Option is intended to be an Incentive Common Unit Option, and if for any reason such Option (or any portion thereof) shall not qualify as an Incentive Common Unit Option, then, to the extent of such nonqualification, such Option (or

portion thereof) shall be regarded as a non-statutory Option appropriately granted under the Plan provided that such Option (or portion thereof) otherwise meets the Plan's requirements relating to non-statutory Options.

2.2 **Restricted Units Awards.** The Board in its discretion may grant Restricted Units Awards, entitling the recipient to acquire, for a purchase price determined by the Board, Common Units subject to such restrictions and conditions as the Board may determine at the time of grant ("Restricted Units"), including continued employment and/or achievement of pre-established performance goals and objectives.

2.3 **Administration.** The Plan shall be administered by the Board, whose construction and interpretation of the terms and provisions of the Plan shall be final and conclusive. The Board may in its sole discretion authorize issuance of Restricted Units, the grant of Options and the issuance of units upon exercise of such Options as provided in the Plan. The Board shall have authority, subject to the express provisions of the Plan, to construe Restricted Units Agreements, Option Agreements and the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan, to determine the terms and provisions of Restricted Units Agreements and Option Agreements, and to make all other determinations in the judgment of the Board necessary or desirable for the administration of the Plan. The Board may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any Restricted Units Agreement or Option Agreement in the manner and to the extent it shall deem expedient to carry the Plan into effect and it shall be the sole and final judge of such expediency. No manager or person acting pursuant to authority delegated by the Board shall be liable for any action or determination under the Plan made in good faith. The Board may, to the full extent permitted by or consistent with applicable laws or regulations, delegate any or all of its powers under the Plan to a committee (the "Committee") appointed by the Board, and if the Committee is so appointed, to the extent of such delegation, all references to the Board in the Plan shall mean and relate to such Committee, other than references to the Board in this sentence and in Section 18 (as to amendment or termination of the Plan) and Section 22.

3. Eligibility.

Options may be granted, and Restricted Units may be issued, to persons who are, at the time of such grant or issuance, employees, officers or managers of, or consultants or advisors to, the Company; *provided*, that the class of persons to whom Incentive Common Unit Options may be granted shall be limited to employees of the Company.

3.1 **10% Member.** If any employee to whom an Incentive Common Unit Option is to be granted is, at the time of the grant of such Option, the owner of units possessing more than 10% of the total combined voting power of all classes of units of the Company (after taking into account the attribution of stock ownership rules of Section 424(d) of the Code) (a "Greater Than 10% Member"), any Incentive Common Unit Option granted to such individual must: (i) have an exercise price per unit of not less than 110% of the fair market value of one Common Unit at the time of grant; and (ii) expire by its terms not more than five years from the date of grant.

4. Units Subject to Plan.

Subject to adjustment as provided in Section 14.2 below, the maximum number of Common Units which may be issued under the Plan is 20,061,147 units, all of which may be issued with respect to Incentive Common Unit Options. If an Option shall expire or terminate for any reason without having been exercised in full, the unpurchased units subject to such Option shall again be available for subsequent Option grants or Restricted Units Awards under the Plan. If units of Restricted Units shall be forfeited to, or otherwise repurchased by, the Company pursuant to a Restricted Units Agreement, such repurchased units shall again be available for subsequent Option grants or Restricted Units Awards under the Plan. If units otherwise issuable upon exercise of an Option are withheld by the Company in payment of the exercise price of an Option or to satisfy tax withholding obligations with respect to such exercise, such withheld units shall again be available for subsequent Option grants or Restricted Units Awards under the Plan.

5. Forms of Restricted Units Agreements and Option Agreements.

5.1 **Option Agreement.** Each recipient of an Option shall execute an option agreement (“Option Agreement”) in such form not inconsistent with the Plan as may be approved by the Board of Managers. Such Option Agreements may differ among recipients.

5.2 **Restricted Units Agreement.** Each recipient of a grant of Restricted Units shall execute an agreement (“Restricted Units Agreement”) in such form not inconsistent with the Plan as may be approved by the Board of Managers. Such Restricted Units Agreements may differ among recipients.

5.3 **“Lock-Up” Agreement.** Unless the Board specifies otherwise, each Restricted Units Agreement and Option Agreement shall provide that upon the request of the Company or the managing underwriter(s) of any offering of securities of the Company that is the subject of a registration statement filed under the United States Securities Act of 1933, as amended from time to time (the “Act”), the holder of any Option or the purchaser of any Restricted Units shall, in connection therewith, agree in writing (in such form as the Company or such managing underwriter(s) shall request) to the general effect that for a period of time (not to exceed 180 days) from the effective date of the registration statement under the Act for such offering, the holder or purchaser will not sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any Common Units of the Company owned or controlled by him or her.

6. Purchase Price.

6.1 **General.** The purchase price per unit of Restricted Units and per unit of Common Units deliverable upon the exercise of an Option shall be determined by the Board, provided, however, that in the case of any Option, the exercise price shall not be less than 100% of the fair market value of such Common Units, as determined by the Board, at the time of grant of such Option, or less than 110% of such fair market value in the case of any Incentive Common Unit Option granted to a Greater Than 10% Member.

6.2 **Payment of Purchase Price.** Option Agreements may provide for the payment of the exercise price by delivery of cash or a check to the order of the Company in an amount equal to the exercise price of such Options, or, to the extent provided in the applicable Option Agreement, by one of the following methods:

- (i) with the consent of the Board, by delivery to the Company of Common Units; such surrendered units shall have a fair market value equal in amount to the exercise price of the Options being exercised,
- (ii) with the consent of the Board, a personal recourse note issued by the optionee to the Company in a principal amount equal to such aggregate exercise price and with such other terms, including interest rate and maturity, as the Company may determine in its discretion; provided, however, that the interest rate borne by such note shall not be less than the lowest applicable federal rate, as defined in Section 1274(d) of the Code,
- (iii) with the consent of the Board, if the class of Common Units is registered under the Securities Exchange Act of 1934 at such time, subject to rules as may be established by the Board, by delivery to the Company of a properly executed exercise notice along with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company for the purchase price,
- (iv) with the consent of the Board, by reducing the number of Option units otherwise issuable to the optionee upon exercise of the Option by a number of Common Units having a fair market value equal to such aggregate exercise price,
- (v) with the consent of the Board, by any combination of such methods of payment.

The fair market value of any Common Units or other non-cash consideration which may be delivered upon exercise of an Option shall be determined by the Board of Managers. Restricted Units Agreements may provide for the payment of any purchase price in any manner approved by the Board of Managers at the time of authorizing the issuance thereof.

7. **Option Period.**

Notwithstanding any other provision of the Plan or any Option Agreement, each Option and all rights thereunder shall expire on the date specified in the applicable Option Agreement, provided that such date shall not be later than ten years after the date on which the Option is granted (or five years in the case of an Incentive Common Unit Option granted to a Greater Than

10% Member), and in either case, shall be subject to earlier termination as provided in the Plan or Option Agreement.

8. Exercise of Options.

8.1 **General.** Each Option shall be exercisable either in full or in installments at such time or times and during such period as shall be set forth in the Option Agreement evidencing such Option, subject to the provisions of the Plan. To the extent not exercised, installments shall accumulate and be exercisable, in whole or in part, at any time after becoming exercisable, but not later than the date the Option expires.

8.2 **Notice of Exercise.** An Option may be exercised by the optionee by delivering to the Company on any business day a written notice specifying the number of Common Units the optionee then desires to purchase and specifying the address to which the certificates for such units are to be mailed (the "Notice"), accompanied by payment for such units. In addition, the Company may require any individual to whom an Option is granted, as a condition of exercising such Option, to give written assurances (the "Investment Letter") in a substance and form satisfactory to the Company to the effect that such individual is acquiring the Common Units subject to the Option for his or her own account for investment and not with a view to the resale or distribution thereof, and to such other effects as the Company deems necessary or advisable in order to comply with any securities law(s).

8.3 **Delivery.** As promptly as practicable after receipt of the Notice, the Investment Letter (if required) and payment, the Company shall deliver or cause to be delivered to the optionee certificates for the number of units with respect to which such Option has been so exercised, issued in the optionee's name; provided, however, that such delivery shall be deemed effected for all purposes when the Company or a unit transfer agent shall have deposited such certificates in the United States mail, addressed to the optionee, at the address specified in the Notice.

9. Nontransferability of Options.

No Option shall be assignable or transferable by the person to whom it is granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution. During the life of an optionee, an Option shall be exercisable only by the optionee.

10. **Termination of Option; Disability; Death.** Except as may be otherwise expressly provided in the terms and conditions of the Option Agreement, Options shall terminate on the earliest to occur of:

- (i) the date of expiration thereof;
- (ii) 0 days after termination of the optionee's employment with, or provision of services to, the Company by the Company for Cause (as hereinafter defined);

- (iii) 90 days after the date of voluntary termination of the optionee's employment with, or provision of services to, the Company by the optionee (other than for death or permanent disability as defined below); or
- (iv) 90 days after the date of termination of the optionee's employment with, or provision of services to, the Company by the Company without Cause (other than for death or permanent disability as defined below).

Until the date on which the Option so expires, the optionee may exercise that portion of his or her Option which is exercisable at the time of termination of the employment or service relationship.

An employment or service relationship between the Company and the optionee shall be deemed to exist during any period during which the optionee is employed by or providing services to the Company. For the avoidance of doubt, a transfer of an optionee's employment or service relationship with the Company to a parent or subsidiary of the Company as defined in Sections 424(e) and 424(f) of the Code, or from such parent or subsidiary to the Company, shall not constitute termination of an employment or service relationship for purposes of the Plan. Whether an authorized leave of absence or an absence due to military or government service shall constitute termination of the employment or service relationship between the Company and the optionee shall be determined by the Board at the time thereof.

For purposes of this Section 10, the term "Cause" shall mean (a) any material breach by the optionee of any agreement to which the optionee and the Company are both parties, (b) any act (other than retirement) or omission to act by the optionee which may have a material and adverse effect on the Company's business or on the optionee's ability to perform services for the Company, including, without limitation, the commission of any crime (other than minor traffic violations), or (c) any material misconduct or material neglect of duties by the optionee in connection with the business or affairs of the Company. An optionee's employment shall be deemed to have been terminated for Cause if the Company determines within thirty (30) days of the termination of employment (whether such termination was voluntary or involuntary) that termination for Cause was warranted.

In the event of the permanent and total disability or death of an optionee while in an employment or other relationship with the Company, any Option held by such optionee shall terminate on the earlier of the date of expiration of the Option or 180 days following the date of such disability or death. After disability or death, the optionee (or in the case of death, his or her executor, administrator or any person or persons to whom this option may be transferred by will or by laws of descent and distribution) shall have the right, at any time prior to such termination of an Option, to exercise the Option to the extent the optionee was entitled to exercise such Option as of the date of his or her disability or death. An optionee is permanently and totally disabled if he or she is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to last for a

continuous period of not less than 12 months; permanent and total disability shall be determined in accordance with Section 22(e) (3) of the Code and the regulations issued thereunder.

11. Rights as a Member. The holder of an Option shall have no rights as a member with respect to any units covered by the Option (including, without limitation, any rights to receive dividends or non-cash distributions with respect to such units) until the date of issue of a unit certificate to him or her for such units. No adjustment shall be made for dividends or other rights for which the record date is prior to the date such unit certificate is issued.

12. Additional Provisions. The Board of Managers may, in its sole discretion, include additional provisions in Restricted Units Agreements and Option Agreements, including, without limitation, restrictions on transfer, rights of the Company to repurchase units of Restricted Units or Common Units acquired upon exercise of Options, commitments to pay cash bonuses, to make, arrange for or guaranty loans or to transfer other property to optionees upon exercise of Options, or such other provisions as shall be determined by the Board of Managers; *provided that* such additional provisions shall not be inconsistent with any other term or condition of the Plan and such additional provisions shall not be such as to cause any Incentive Common Unit Option to fail to qualify as an Incentive Common Unit Option within the meaning of Section 422 of the Code.

13. Acceleration, Extension, Etc. The Board of Managers may, in its sole discretion, (i) accelerate the date or dates on which all or any particular Option or Options may be exercised or (ii) extend the period or periods of time during which all, or any particular, Option or Options may be exercised.

14. Adjustment Upon Changes in Capitalization

14.1 No Effect of Options upon Certain Corporate Transactions. The existence of outstanding Options shall not affect in any way the right or power of the Company to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation, or any issue of Common Units, or any issue of bonds, debentures, preferred or prior preference units ahead of or affecting the Common Units or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

14.2 Adjustment Provisions. If, through or as a result of any merger, consolidation, sale of all or substantially all of the assets of the Company, reorganization, recapitalization, reclassification, dividend, split, reverse split or other similar transaction, (i) the outstanding Common Units are increased, decreased or exchanged for a different number or kind of units or other securities of the Company, or (ii) additional units or new or different units or other securities of the Company or other non-cash assets are distributed with respect to such Common Units or other securities, an appropriate and proportionate adjustment shall be made in (x) the maximum number and kind of units reserved for issuance under the Plan, (y) the number and kind of units or other securities subject to any then outstanding Options, and (z) the price for each unit or other security subject to any then outstanding Options, so that upon exercise of such

Options, in lieu of the Common Units for which such Options were then exercisable, the relevant optionee shall be entitled to receive, for the same aggregate consideration, the same total number and kind of units or other securities, cash or property that the owner of an equal number of outstanding Common Units immediately prior to the event requiring adjustment would own as a result of the event. If any such event shall occur, appropriate adjustment shall also be made in the application of the provisions of this Section 14 and Section 15 with respect to Options and the rights of optionees after the event so that the provisions of such Sections shall be applicable after the event and be as nearly equivalent as practicable in operation after the event as they were before the event.

14.3 **No Adjustment in Certain Cases.** Except as hereinbefore expressly provided, the issue by the Company of units of any class, or securities convertible into units of any class, for cash or property or for labor or services, either upon direct sale or upon the exercise of rights or warrants to subscribe therefor, or upon conversion of units or obligations of the Company convertible into such units or other securities, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Common Units then subject to outstanding options.

14.4 **Board Authority to Make Adjustments.** Any adjustments under this Section 14 will be made by the Board of Managers, whose determination as to what adjustments, if any, will be made and the extent thereof will be final, binding and conclusive. No fractional units will be issued under the Plan on account of any such adjustments.

15. Effect of Certain Transactions

15.1 **General.** Except as provided in any Option Agreement or Restricted Units Agreement to the contrary, if the Company is merged with or into or consolidated with another corporation under circumstances where the members of the Company immediately prior to such merger or consolidation do not own after such merger or consolidation units representing at least fifty percent (50%) of the voting power of the Company or the surviving or resulting corporation, as the case may be, or if units representing fifty percent (50%) or more of the voting power of the Company are transferred to an Unrelated Third Party, as hereinafter defined, or if the Company is liquidated, or sells or otherwise disposes of all or substantially all its assets (each such transaction is referred to herein as a "Change in Control Transaction"), the Board, or the board of directors of any corporation assuming the obligations of the Company, may, in its discretion, take any one or more of the following actions, as to some or all outstanding Options Restricted Units Awards (and need not take the same action as to each such Option or Restricted Units Award): (i) provide that such Options shall be assumed, or equivalent Options shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), *provided that* any such Options substituted for Incentive Common Unit Options shall meet the requirements of Section 424(a) of the Code, (ii) upon written notice to the optionees, provide that all unexercised Options (whether vested or unvested) will terminate immediately prior to the consummation of the Change in Control Transaction unless exercised by the optionee to the extent otherwise then exercisable within a specified period following the date of such notice, (iii) upon written notice to the grantees, provide that all unvested units of Restricted Units shall be repurchased at cost,

(iv) make or provide for a cash payment to the optionees equal to the difference between (A) the fair market value of the per unit consideration (whether cash, securities or other property or any combination of the above) the holder of a Common Unit will receive upon consummation of the Change in Control Transaction (the “Per Unit Transaction Price”) times the number of Common Units subject to outstanding vested Options (to the extent then exercisable at prices not equal to or in excess of the Per Unit Transaction Price) and (B) the aggregate exercise price of such outstanding vested Options, in exchange for the termination of such Options, or (v) provide that all or any outstanding Options shall become exercisable and all or any outstanding Restricted Units Awards shall vest in part or in full immediately prior to such event. To the extent that any Options are exercisable at a price equal to or in excess of the Per Unit Transaction Price, the Board may provide that such Options shall terminate immediately upon the consummation of the Change in Control Transaction without any payment being made to the holders of such Options. “Unrelated Third Party” shall mean any person who is not, on the date of adoption of this Plan by the Board, a holder of units of any class or preference or any unit option of the Company.

15.2 **Substitute Options.** The Company may grant Options in substitution for options held by employees, officers or directors of, or consultants or advisors to, another corporation who become employees, officers or managers of, or consultants or advisors to, the Company, as the result of a merger or consolidation of the employing corporation with the Company or as a result of the acquisition by the Company of property or stock of the employing corporation. The Company may direct that substitute Options be granted on such terms and conditions as the Board considers appropriate in the circumstances.

15.3 **Restricted Units.** In the event of a business combination or other transaction of the type detailed in Section 15.1, any securities, cash or other property received in exchange for units of Restricted Units shall continue to be governed by the provisions of any Restricted Units Agreement pursuant to which they were issued, including any provision regarding vesting, and such securities, cash, or other property may be held in escrow on such terms as the Board of Managers may direct, to insure compliance with the terms of any such Restricted Units Agreement.

16. **No Special Employment Rights.** Nothing contained in the Plan or in any Option Agreement or Restricted Units Agreement shall confer upon any optionee or holder of Restricted Units any right with respect to the continuation of his or her employment by the Company or interfere in any way with the right of the Company at any time to terminate such employment or to increase or decrease his or her compensation.

17. **Other Employee Benefits.** The amount of any compensation deemed to be received by an employee as a result of the issuance of units of Restricted Units or the grant or exercise of an Option or the sale of units received upon issuance of a Restricted Units Award or exercise of an Option will not constitute compensation with respect to which any other employee benefits of such employee are determined, including, without limitation, benefits under any bonus, pension, profit-sharing, life insurance or salary continuation plan, except as otherwise specifically determined by the Board of Managers.

18. Amendment of the Plan.

18.1 The Board may at any time, and from time to time, modify or amend in any respect or terminate the Plan. If member approval is not obtained within twelve months after any amendment increasing the number of units authorized under the Plan or changing the class of persons eligible to receive Options under the Plan, no Options granted pursuant to such amendments shall be deemed to be Incentive Common Unit Options and no Incentive Common Unit Options shall be issued pursuant to such amendments thereafter.

18.2 The termination or any modification or amendment of the Plan shall not, without the consent of an optionee or the holder of Restricted Units, adversely affect his or her rights under an Option or Restricted Units Award previously granted to him or her. With the consent of the recipient of Restricted Units or optionee affected, the Board may amend outstanding Restricted Units Agreements or Option Agreements in a manner not inconsistent with the Plan.

19. Withholding. The Company shall have the right to deduct from payments of any kind otherwise due to the optionee or recipient of Restricted Units, any federal, state or local taxes of any kind required by law to be withheld with respect to issuance of any units of Restricted Units or units issued upon exercise of Options. Prior to delivery of any Common Units pursuant to the terms of this Plan, the Board has the right to require that the optionee or recipient of Restricted Units remit to the Company an amount sufficient to satisfy any minimum tax withholding obligation. Subject to the prior approval of the Company, which may be withheld by the Company in its sole discretion, the obligor may elect to satisfy any minimum withholding obligations, in whole or in part, (i) by causing the Company to withhold Common Units otherwise issuable, or (ii) by delivering to the Company a sufficient number of Common Units. The units so withheld shall have a fair market value equal to such minimum withholding obligation. The fair market value of the units used to satisfy such minimum withholding obligation shall be determined by the Company as of the date that the amount of tax to be withheld is to be determined. A person who has made an election pursuant to this Section 19 may only satisfy his or her withholding obligation with Common Units which are not subject to any repurchase, forfeiture, unfulfilled vesting or other similar restrictions.

20. Effective Date and Duration of the Plan.

20.1 **Effective Date.** The Plan shall become effective when adopted by the Board of Managers. If member approval is not obtained within twelve months after the date of the Board's adoption of the Plan, no Options previously granted under the Plan shall be deemed to be Incentive Common Unit Options and no Incentive Common Unit Options shall be granted thereafter. Amendments to the Plan not requiring member approval shall become effective when adopted by the Board. Amendments requiring member approval shall become effective when adopted by the Board, but if member approval is not obtained within twelve months of the Board's adoption of such amendment, any Incentive Common Unit Options granted pursuant to such amendment shall be deemed to be non-statutory Options provided that such Options are authorized by the Plan. Subject to this limitation, Options may be granted under the Plan at any time after the effective date and before the date fixed for termination of the Plan.

20.2 **Termination.** Unless sooner terminated by action of the Board of Managers, the Plan shall terminate upon the close of business on the day next preceding the tenth anniversary of the date of its adoption by the Board of Managers.

21. **Provision for Foreign Participants.** The Board of Managers may, without amending the Plan, modify the terms of Option Agreements or Restricted Units Agreements to differ from those specified in the Plan with respect to participants who are foreign nationals or employed outside the United States to recognize differences in laws, rules, regulations or customs of such foreign jurisdictions with respect to tax, securities, currency, employee benefit or other matters.

22. **Requirements of Law.** The Company shall not be required to sell or issue any units under any Option or Restricted Units Award if the issuance of such units shall constitute a violation by the optionee, the Restricted Units Award recipient, or by the Company of any provision of any law or regulation of any governmental authority. In addition, in connection with the Act, the Company shall not be required to issue any units upon exercise of any Option unless the Company has received evidence satisfactory to it to the effect that the holder of such Option will not transfer such units except pursuant to a registration statement in effect under the Act or unless an opinion of counsel satisfactory to the Company has been received by the Company to the effect that such registration is not required in connection with any such transfer. Any determination in this connection by the Board shall be final, binding and conclusive. In the event the units issuable on exercise of an Option are not registered under the Act or under the securities laws of each relevant state or other jurisdiction, the Company may imprint on the certificate(s) appropriate legends that counsel for the Company considers necessary or advisable to comply with the Act or any such state or other securities law. The Company may register, but in no event shall be obligated to register, any securities covered by the Plan pursuant to the Act; and in the event any units are so registered the Company may remove any legend on certificates representing such units. The Company shall not be obligated to take any affirmative action in order to cause the exercise of an Option, the grant of any Restricted Units Award or the issuance of units pursuant thereto to comply with any law or regulation of any governmental authority.

23. **Conversion of Incentive Common Unit Options into Non-Qualified Options; Termination.** The Board of Managers, with the consent of any optionee, may in its discretion take such actions as may be necessary to convert such optionee's Incentive Common Unit Options (or any installments or portions of installments thereof) that have not been exercised on the date of conversion into non-statutory Options at any time prior to the expiration of such Incentive Common Unit Options, regardless of whether the optionee is an employee of the Company or a parent or subsidiary of the Company at the time of such conversion. At the time of such conversion, the Board of Managers (with the consent of the optionee) may impose such conditions on the exercise of the resulting non-statutory Options as the Board of Managers in its discretion may determine, provided that such conditions shall not be inconsistent with this Plan. Nothing in this Plan shall be deemed to give any optionee the right to have such optionee's Incentive Common Unit Options converted into non-statutory Options, and no such conversion shall occur until and unless the Board of Managers takes appropriate action. The Board of

Managers, with the consent of the optionee, may also terminate any portion of any Incentive Common Unit Option that has not been exercised at the time of such termination.

24. Non-Exclusivity of this Plan; Non-Uniform Determinations. Neither the adoption of this Plan by the Board of Managers nor the approval of this Plan by the members of the Company shall be construed as creating any limitations on the power of the Board of Managers to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of unit options otherwise than under this Plan, and such arrangements may be either applicable generally or only in specific cases.

The determinations of the Board of Managers under this Plan need not be uniform and may be made by it selectively among persons who receive or are eligible to receive Options or Restricted Units Awards under this Plan (whether or not such persons are similarly situated). Without limiting the generality of the foregoing, the Board of Managers shall be entitled, among other things, to make non-uniform and selective determinations, and to enter into non-uniform and selective Option Agreements and Restricted Units Agreements, as to (a) the persons to receive Options or Restricted Units Awards under this Plan, (b) the terms and provisions of Options or Restricted Units Awards, (c) the exercise by the Board of Managers of its discretion in respect of the exercise of Options pursuant to the terms of this Plan, and (d) the treatment of leaves of absence pursuant to Section 10 hereof.

25. Governing Law. This Plan and each Option or Restricted Units Award shall be governed by the laws of The Commonwealth of Massachusetts, without regard to its principles of conflicts of law.

APPENDIX A

TO ASCEND WELLNESS HOLDINGS, LLC 2020 EQUITY INCENTIVE PLAN FOR CALIFORNIA RESIDENTS ONLY

This Appendix to the Ascend Wellness Holdings, LLC 2020 Equity Incentive Plan (the “Plan”) shall have application only to participants in the Plan who are residents of the State of California. Capitalized terms contained herein shall have the same meanings given to them in the Plan, unless otherwise provided in this Appendix. **Notwithstanding any provision contained in the Plan to the contrary and to the extent required by applicable law, the following terms and conditions shall apply to all Options and Restricted Units Awards (collectively “Awards”) granted to residents of the State of California, until such time as the Common Units becomes subject to registration under the Securities Act of 1933:**

1. Awards shall be nontransferable other than by will or the laws of descent and distribution. Notwithstanding the foregoing, and to the extent permitted by Section 422 of the Code, the Board, in its discretion, may permit distribution of an Award to an inter vivos or testamentary trust in which the Award is to be passed to beneficiaries upon the death of the trustor (settlor), or by gift to “immediate family” as that term is defined in Rule 16a-1(e) of the United States Exchange Act of 1934.

2. Unless employment is terminated for Cause, the right to exercise an Option in the event of termination of employment, to the extent that the optionee is otherwise entitled to exercise an Option on the date employment terminates, shall be

(a) at least six months from the date of termination of employment if termination was caused by death or permanent disability; and

(b) at least 30 days from the date of termination if termination of employment was caused by other than death or permanent disability;

(c) but in no event later than the remaining term of the Option.

3. Any Award exercised before member approval is obtained shall be rescinded if member approval is not obtained within 12 months of the Board’s adoption of the Plan.

CONFIDENTIAL TREATMENT REQUESTED - REDACTED COPY

**PURCHASE AND SALE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

ASCEND ATHOL RE LLC
a Massachusetts limited liability company

"SELLER"

AND

IIP OPERATING PARTNERSHIP, LP
a Delaware limited partnership

"BUYER"

January 13, 2019

134 Chestnut Hill Avenue
Athol, Massachusetts

*Certain identified information has been omitted from this exhibit because it is not material and would likely cause competitive harm to the registrant if publicly disclosed. [***] indicates that information has been omitted.*

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Exhibit A-2	Legal Description of Project Land
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SCHEDULES

1.0	List of Seller's Deliverables
2.0	Environmental Disclosure Statement
3.0	Excluded Property

**PURCHASE AND SALE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

TO: [REDACTED]
[REDACTED]
[REDACTED]
Attn: [REDACTED]
TEL: [REDACTED]
E-mail: [REDACTED]

THIS PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("Agreement") is made and entered into and effective as of the 13th day of January, 2020, by and between ASCEND ATHOL RE LLC, a Massachusetts limited liability company ("Seller"), and IIP OPERATING PARTNERSHIP, LP, a Delaware limited partnership ("Buyer"), each of whom shall sometimes separately be referred to herein as a "Party" and both of whom shall sometimes collectively be referred to herein as the "Parties." This Agreement constitutes: (a) a binding purchase and sale agreement between Seller and Buyer; and (b) joint escrow instructions to Escrow Agent whose consent appears at the end of this Agreement.

FOR GOOD AND VALUABLE CONSIDERATION RECEIVED, the Parties mutually agree as follows:

**ARTICLE 1
CERTAIN DEFINITIONS**

In addition to those terms defined elsewhere in this Agreement, the following terms have the meanings set forth below:

"Affiliate" shall mean, with respect to any particular Person, any other Person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person. For this purpose, the term "control" shall be deemed satisfied to the extent that there exists direct or indirect ownership representing a minimum fifty-one percent (51%) ownership interest.

"Agreement" shall mean this Purchase and Sale Agreement and Joint Escrow Instructions dated as of the 13th day of January, 2020, by and between Seller and Buyer, together with all Exhibits and Schedules attached hereto.

"ALTA" shall mean American Land Title Association.

"ALTA Extended Coverage Policy" shall have the meaning given such term in Section 8.1(c) hereof.

"Asserted Liability." shall have the meaning given to such term in Section 14.2 hereof.

"Assignment and Assumption of Contracts" shall mean the Assignment and Assumption of Contracts, in the form of Exhibit E attached hereto and incorporated herein by reference.

"Assignment of Permits, Entitlements and Intangible Property." shall mean the Assignment of Permits, Entitlements and Intangible Property, in the form of Exhibit F attached and incorporated herein by reference.

"Assumed Contracts" shall have the meaning given to such term in Section 2.1(e) hereof.

"Bill of Sale" shall mean the Bill of Sale, in the form of Exhibit C attached hereto and incorporated herein by reference.

"Books and Records" shall have the meaning given to such term in Section 2.1(f) hereof.

"Buildings" shall mean the five (5) buildings consisting of approximately one hundred seventy-two thousand seven hundred fourteen (172,714) square feet, together with all related facilities and improvements, comprising the Unit.

"Business Day" shall mean a Calendar Day, other than a Saturday, Sunday or a day observed as a legal holiday by the United States federal government or the Commonwealth of Massachusetts.

"Buyer" shall mean IIP Operating Partnership, LP, a Delaware limited partnership, its successors and assigns.

"Buyer's Election Not to Terminate" shall have the meaning given to such term in Section 4.3 hereof.

"Buyer's Election to Terminate" shall have the meaning given to such term in Section 4.2 hereof.

"Calendar Day" shall mean any day of the week including a Business Day.

"Cash" shall mean legal tender of the United States of America represented by either: (a) currency; (b) a cashier's or certified check or checks currently dated, payable to Escrow Agent or order, and honored upon presentation for payment; or (c) immediately available funds wire transferred or otherwise deposited into Escrow Agent's account at Escrow Agent's direction.

"Certificate of Non-Foreign Status" shall mean that certain Certificate of Non-Foreign Status, in the form of Exhibit D attached hereto and incorporated herein by reference.

"Claims Notice" shall have the meaning given to such term in Section 14.2 hereof.

"Closing" shall have the meaning given to such term in Section 8.4 hereof.

"Closing Date" shall have the meaning given to such term in Section 8.4 hereof.

"Closing Deposit" shall have the meaning given to such term in Section 2.2(c) hereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended, or corresponding provisions of subsequent federal revenue laws.

"Condemnation Proceeding" shall have the meaning given to such term in Section 8.3(a) hereof.

"Condominium Conversion" shall have the meaning given to such term in Section 8.1(o) hereof.

"Condominium Documents" shall mean (a) the Master Deed of Chestnut Hill Avenue Primary Condominium, (b) the By-Laws of Chestnut Hill Avenue Primary Condominium Association; (c) the Site Plan; and (d) any other related documents or instruments required to convert the Project Land to a condominium in accordance with applicable laws.

"Contracts" shall mean all written or oral: (a) insurance, management, leasing, security, janitorial, cleaning, pest control, waste disposal, landscaping, advertising, service, maintenance, operating, repair, collective bargaining, employment, employee benefit, severance, franchise, licensing, supply, purchase, consulting, professional service, advertising, promotion, public relations and other contracts and commitments in any way relating to the Property or any part thereof, together with all supplements, amendments and modifications thereto; and (b) equipment leases and all rights and options of Seller thereunder, together with all supplements, amendments and modifications thereto.

"Cure Notice" shall have the meaning given to such term in Section 4.1(b) hereof.

"Disapproved Title Exceptions" shall have the meaning given to such term in Section 4.1(b) hereof.

"Disapproved Title Exceptions Notice" shall have the meaning given to such term in Section 4.1(b) hereof.

"Eastern Time" shall mean Eastern Standard Time (or Eastern Daylight Savings Time, whichever shall be in effect at the time in question).

"Effective Date" shall mean, provided that this Agreement has been executed and delivered by both Buyer and Seller, the later of (a) the date this Agreement is executed and delivered by Buyer or (b) the date this Agreement is executed and delivered by Seller, as such dates appear after each Party's signature herein below.

"Environmental Laws" shall mean all present and future federal, state or local laws, ordinances, codes, statutes, regulations, administrative rules, policies and orders, and other authorities, which relate to the environment and/or which classify, regulate, impose liability, obligations, restrictions on ownership, occupancy, transferability or use of the Real Property, and/or list or define hazardous substances, materials, wastes, contaminants, pollutants and/or the Hazardous Materials including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601, *et seq.*, as now or hereafter amended; the Resources Conservation and Recovery Act, 42 U.S.C. Section 6901, *et seq.*, as now or hereafter amended; the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, *et seq.*, as now or hereafter amended; the Clean Water Act, 33 U.S.C. Section 1251, *et seq.*, as now or hereafter amended; the Clean Air Act, 42 U.S.C. Section 7901, *et seq.*, as now or hereafter amended; the Toxic Substance Control Act, 15 U.S.C. Sections 2601 through 2629, as now or hereafter amended; the Public Health Service Act, 42 U.S.C. Sections 300f through 300j, as now or hereafter amended; the Safe Drinking Water Act, 42 U.S.C. Sections 300f through 300j, as now or hereafter amended; the Occupational Safety and Health Act, 29 U.S.C. Section 651, *et seq.*, as now or hereafter amended; the Oil Pollution Act, 33 U.S.C. Section 2701, *et seq.*, as now or hereafter amended; the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. Section 11001, *et seq.*, as now or hereafter amended; the National Environmental Policy Act, 42 U.S.C. Section 4321, *et seq.*, as now or hereafter amended; the Federal Insecticide, Fungicide and Rodenticide Act, 15 U.S.C. Section 136, *et seq.*, as now or hereafter amended; the Medical Waste Tracking Act, 42 U.S.C. Section 6992, as now or hereafter amended; the Atomic Energy Act of 1985, 42 U.S.C. Section 3011, *et seq.*, as now or hereafter amended; and any similar federal, state or local laws and ordinances and the regulations now or hereafter adopted, published and/or promulgated pursuant thereto and other state and federal laws relating to industrial hygiene, environmental protection or the use, analysis, generation, manufacture, storage, disposal or transportation of any Hazardous Materials.

"Escrow" shall have the meaning given to such term in Article 3 hereof.

"Escrow Agent" shall have the meaning given to such term in the preamble of this Agreement.

"Excluded Property" means the items described on Schedule 3.0 attached hereto and incorporated by reference herein.

"Guarantor" shall mean Ascend Wellness Holdings, LLC, a Delaware limited liability company.

"Guaranty" shall mean the Guaranty in the form attached as Exhibit E to the Lease.

"General Provisions" shall have the meaning given to such term in Article 3 hereof.

"Hazardous Materials" shall mean all hazardous wastes, toxic substances, pollutants, contaminants, radioactive materials, flammable explosives, other such materials, including, without limitation, substances defined as "hazardous substances," "hazardous wastes," "hazardous materials," "toxic substances," "toxic pollutants," "petroleum substances," or "infectious waste" in any applicable laws or regulations including, without limitation, the Environmental Laws, and any material present on the Real Property that has been shown to have significant adverse effects on human health including, without limitation, radon, pesticides, asbestos, polychlorinated biphenyls, urea formaldehyde foam insulation, petroleum products (including any products or by-products therefrom), lead-based

paints and any material containing or constituting any of the foregoing, and any such other substances, materials and wastes which are or become regulated by reason of actual or threatened risk of toxicity causing injury or illness, under any Environmental Laws or other applicable federal, state or local law, statute, ordinance or regulation, or which are classified as hazardous or toxic under current or future federal, state or local laws or regulations.

"Improvements" shall mean all buildings, structures, fixtures, trade fixtures, systems, facilities, machinery, equipment and conduits that provide fire protection, security, heat, exhaust, ventilation, air conditioning, electrical power, light, plumbing, refrigeration, gas, sewer and water thereto (including all replacements or additions thereto) and other improvements now or hereafter comprising or situated within the Unit, including, but not limited to the Buildings, together with all water control systems, utility lines and related fixtures and improvements, drainage facilities, landscaping improvements, fencing, roadways and walkways, and all privileges, rights, easements, hereditaments and appurtenances thereto belonging.

"Indemnitees" shall have the meaning given to such term in Section 14.1 hereof.

"Independent Consideration" shall have the meaning given to such term in Section 2.2(b) hereof.

"Initial Deposit" shall have the meaning given to such term in Section 2.2(a) hereof.

"Intangible Property" shall have the meaning given to such term in Section 2.1(c) hereof.

"Investigation Period" shall have the meaning given to such term in Section 4.1 hereof.

"Joiner" shall have the meaning given to such term in Section 15.16 hereof.

"Lease" shall mean the Lease, in the form of Exhibit H attached hereto and incorporated herein by reference.

"Losses" shall have the meaning given to such term in Section 14.1 hereof.

"Material Loss" shall mean any damage, loss or destruction to any portion of the Real Property, the loss of which is equal to or greater than Fifty Thousand Dollars (\$50,000.00) (measured by the cost of repair or replacement).

"Monetary Obligations" shall mean any and all liens, liabilities and encumbrances placed, or caused to be placed, of record against the Real Property evidencing a monetary obligation which can be removed by the payment of money, including, without limitation, delinquent real property taxes and assessments, deeds of trust, mortgages, mechanic's liens, attachment liens, execution liens, tax liens and judgment liens. Notwithstanding the foregoing, the term "Monetary Obligations" shall not include and shall specifically exclude the liens, liabilities and encumbrances relating to the Permitted Title Exceptions and any matters caused by any act or omission of Buyer, or its agents or representatives.

"New Title Exceptions" shall have the meaning given to such term in Section 4.1(c) hereof.

"New Title Exceptions Approval Notice" shall have the meaning given to such term in Section 4.1(c) hereof.

"Non-Material Loss" shall mean damage, loss or destruction to any portion of the Real Property, the loss of which is less than Fifty Thousand Dollars (\$50,000.00) (measured by the cost of repair or replacement).

"Notice" shall have the meaning given to such term in Section 15.2 hereof.

"Notice of Loss" shall have the meaning given to such term in Section 14.2(c) hereof.

"OFAC" shall have the meaning given to such term in Section 9.17 hereof.

"Party" or "Parties" shall have the meaning given to such terms in the Preamble of this Agreement.

"Permits and Entitlements" shall have the meaning given to such term in Section 2.1(e) hereof.

"Permitted Title Exceptions" shall have the meaning given to such term in Section 4.1(b) hereof.

"Person" shall mean any individual, corporation, partnership, limited liability company or other entity.

"Personal Property" shall have the meaning given to such term in Section 2.1(b) hereof.

"Preliminary Title Report" shall have the meaning given to such term in Section 4.1(b) hereof.

"Project Land" shall mean those certain parcels of real property located in the City of Athol, County of Worcester, Commonwealth of Massachusetts, the legal description of which is set forth on Exhibit A-2 attached hereto and incorporated herein by reference.

"Property" shall have the meaning given to such term in Section 2.1 hereof.

"Proration Date" shall have the meaning given to such term in Section 11.2(a) hereof.

"Purchase Price" shall have the meaning given to such term in Section 2.2 hereof.

"Real Property" shall have the meaning given to such term in Section 2.1(a) hereof.

"Seller" shall mean Ascend Athol RE LLC, a Massachusetts limited liability company.

"Seller's Deed" shall mean the Quitclaim Deed, in the form of Exhibit B attached hereto and incorporated herein by reference.

"Seller's Deliveries" shall have the meaning given to such term in Section 4.1(a) hereof.

"Site Plan" shall mean that certain site plan set forth on Exhibit A-1 attached hereto and incorporated herein by reference, as the same may be amended with Buyer's written approval.

"Survey" shall have the meaning given to such term in Section 4.1(b) hereof.

"Taxes" shall have the meaning given to such term in Section 11.2(a)(iii) hereof.

"Tenant" shall mean MassGrow, LLC, a Massachusetts limited liability company.

"Title Insurer" shall mean a title company reasonably acceptable to Buyer.

"Transaction Documents" shall mean Seller's Deed, the Bill of Sale, the Certificate of Non-Foreign Status, the Assignment and Assumption of Contracts, the Assignment of Permits, Entitlements and Intangible Property and all other instruments or agreements to be executed and delivered pursuant to this Agreement or any of the foregoing.

"Unit" shall mean Unit 2 as shown on the Site Plan, together with an undivided ownership interest in the General Common Elements (as defined in the Condominium Documents) and any applicable Limited Common Elements (as defined in the Condominium Documents).

ARTICLE 2
PURCHASE, PURCHASE PRICE AND PAYMENT

Section 2.1 **Purchase and Sale of Property.** Subject to the terms and conditions set forth in this Agreement, on the Closing, Seller shall sell, convey, assign, transfer and deliver to Buyer, and Buyer shall purchase from Seller, all of the following property (collectively, the "Property"):

(a) Real Property. The Unit and the Improvements, together with all of Seller's right, title and interest in, to and under: (i) all easements, rights-of-way, development rights, entitlements, air rights and appurtenances relating or appertaining to the Unit and/or the Improvements; (ii) all water rights applicable to the Unit and/or the Improvements; (iii) all sewer, septic and waste disposal rights and interests applicable or appurtenant to or used in connection with the Unit and/or the Improvements; (iv) all rights to minerals, oil, gas and other hydrocarbons appurtenant to the Unit; and (v) all rights now or hereafter appurtenant to the Unit with respect to the streets, roads, alleys or other public ways adjoining or serving the Project Land, including any land lying in the bed of any street, road, alley or other public way, open or proposed, and any strips, gaps, gores, culverts and rights of way adjoining or serving the Project Land, free and clear of any and all liens, liabilities, encumbrances, exceptions and claims, other than the Permitted Title Exceptions (collectively, the "Real Property").

(b) Personal Property. All equipment, facilities, machinery, tools, appliances, fixtures, furnishings, furniture, paintings, sculptures, art, inventories, supplies, computer equipment and systems, telephone equipment and systems, satellite dishes and related equipment and systems, security equipment and systems, fire prevention equipment and systems, and all other items of tangible personal property owned by Seller and located on or about the Real Property or used in conjunction therewith, free and clear of any and all liens, liabilities, encumbrances, exceptions and claims, other than the Assumed Contracts, but excluding therefrom the Excluded Property (collectively, the "Personal Property").

(c) Intangible Property. All of Seller's right, title and interest in and to all intangible personal property not otherwise described in this Section 2.1 and relating to the Property or the business of owning, operating, maintaining and/or managing the Property, including, without limitation: (i) all warranties, guarantees and bonds from third parties, including, without limitation, contractors, subcontractors, materialmen, suppliers, manufacturers, vendors and distributors; (ii) all deposits, reimbursement rights, refund rights, receivables and other similar rights from any governmental or quasi-governmental agency; and (iii) all liens and security interests in favor of Seller, together with any instruments or documents evidencing same, to the extent related to the Unit and related Property (collectively, the "Intangible Property").

(d) Assumed Contracts. All contracts, leases and agreements relating to the business, management and operations of the Property which Buyer has expressly agreed to assume in writing upon the Closing pursuant to a written notice by Buyer delivered to Seller prior to the expiration of the Investigation Period (collectively, the "Assumed Contracts"). In the event Buyer fails to deliver to Seller Buyer's written election to assume one or more of the Contracts pursuant to this Section 2.1(d), such failure shall be deemed to constitute Buyer's election not to assume any of the Contracts.

(e) Permits and Entitlements. Solely to the extent they are transferable, all of Seller's right, title and interest in, to and under: (i) all permits, licenses, certificates of occupancy, approvals, authorizations and orders obtained from any governmental authority and relating to the Real Property or the business of owning, maintaining and/or managing the Real Property, including, without limitation, all land use entitlements, development rights, density allocations, certificates of occupancy, sewer hook-up rights and all other rights or approvals relating to or authorizing the ownership, operation, management and/or development of the Real Property (including but not limited all such rights or approvals necessary and appropriate for the Permitted Use (as defined in the Lease)); (ii) all preliminary and final drawings, renderings, blueprints, plans and specifications (including "as-built" plans and specifications), and tenant improvement plans and specifications for the Improvements (including "as-built" tenant improvement plans and specifications); (iii) all maps and surveys for any portion of the Real Property; (iv) all items constituting the Seller's Deliveries; and (v) any and all other items of the same or similar nature pertaining to the Real Property, and all changes, additions, substitutions and replacements for any of the

foregoing, free and clear of any and all liens, liabilities, encumbrances, exceptions and claims, but excluding therefrom the Excluded Property (collectively, the "Permits and Entitlements").

(f) Books and Records. All books and records relating to the business of owning, operating, maintaining and/or managing the Property, including, without limitation, all accounting records, financial records, profit and loss statements and/or statements of expenses of incomes and liabilities, and reports of a similar nature and other records related to the Building, but excluding any documents or information which are deemed in good faith by Seller to be confidential or proprietary (collectively, the "Books and Records").

Section 2.2 Purchase Price. The purchase price for the Property ("Purchase Price") shall be the sum of Eight Million Dollars (\$8,000,000.00). The Purchase Price shall be payable by Buyer to Seller in accordance with the following terms and conditions:

(a) Initial Deposit. Within three (3) Business Days following the Effective Date, Buyer shall deposit into Escrow the sum of Five Hundred Thousand Dollars (\$500,000), in the form of Cash, which amount shall serve as an earnest money deposit ("Initial Deposit"). Buyer may direct Escrow Agent to invest the Initial Deposit in one or more interest bearing accounts with a federally insured state or national bank designated by Buyer and approved by Escrow Agent. Subject to the applicable termination and default provisions contained in this Agreement: (i) the Initial Deposit shall remain in Escrow prior to the Closing; (ii) upon the Closing, the Initial Deposit shall be applied as a credit towards the payment of the Purchase Price; and (iii) all interest that accrues on the Initial Deposit while in Escrow Agent's control shall belong to Buyer. Buyer shall complete, execute and deliver to Escrow Agent a W-9 Form, stating Buyer's taxpayer identification number at the time of delivery of the Initial Deposit. All references in this Agreement to the "Initial Deposit" shall mean the Initial Deposit and any and all interest that accrues thereon while in Escrow Agent's control.

(b) Independent Consideration. Concurrently with Buyer's delivery of the Initial Deposit, Buyer shall deposit into Escrow the additional sum of One Hundred Dollars (\$100.00) as independent consideration for Seller's execution of this Agreement (the "Independent Consideration"). Such Independent Consideration shall be non-refundable to Buyer under all circumstances, and upon the Closing, the Independent Consideration, together with all interest that accrues on the Independent Consideration while in Escrow Agent's control, shall be applied as a credit towards the payment of the Purchase Price.

(c) Closing Deposit. The Purchase Price less the Initial Deposit ("Closing Deposit"), shall be paid by Buyer to Escrow Agent, in the form of Cash, pursuant to Section 7.1 hereof, and distributed by Escrow Agent to Seller on the Closing in accordance with the provisions of Section 12.1(c) hereof.

ARTICLE 3 ESCROW

Within three (3) Business Days following the Effective Date, Seller and Buyer shall open an escrow ("Escrow") with Escrow Agent by: (a) Buyer depositing with Escrow Agent the Initial Deposit; and (b) Seller and Buyer delivering to Escrow Agent fully executed counterpart originals of this Agreement and fully executed counterpart originals of Escrow Agents' general provisions, which are attached hereto as Exhibit G ("General Provisions"). The date of such delivery shall constitute the opening of Escrow and upon such delivery, this Agreement shall constitute joint escrow instructions to Escrow Agent, which joint escrow instructions shall supersede all prior escrow instructions related to the Escrow, if any. Seller and Buyer hereby agree to promptly execute and deliver to Escrow Agent any additional or supplementary escrow instructions as may be necessary or convenient to consummate the transactions contemplated by this Agreement; provided, however, that neither the General Provisions, nor any such additional or supplemental escrow instructions shall supersede this Agreement, and in all cases this Agreement shall control, unless the General Provisions or such additional or supplemental escrow instructions expressly provide otherwise.

ARTICLE 4
INVESTIGATION PERIOD; VOLUNTARY TERMINATION; TITLE

Section 4.1 **Investigation Period.** During the time period commencing upon the Effective Date of this Agreement, and terminating at 11:00 p.m. Eastern Time on the date that is thirty (30) Calendar Days after the Effective Date (the "Investigation Period"), Buyer shall have the right to conduct and complete an investigation of all matters pertaining to the Property and Buyer's purchase thereof including, without limitation, the matters described in this Section 4.1.

(a) **Seller's Deliveries.** Within three (3) Calendar Days following the Effective Date of this Agreement, Seller, at Seller's expense, shall cause to be delivered to Buyer, to the extent within its possession or reasonable control, true, correct and complete copies of all documents, agreements and other information relating to the Property listed on Schedule 1.0 attached hereto and incorporated herein by reference (collectively, the "Seller's Deliveries"). Seller will promptly deliver to Buyer true, correct and complete copies of any supplements and/or updates of Seller's Deliveries to the extent such items are received by Seller prior to Closing. During the Investigation Period, Buyer shall have the right to conduct and complete an investigation of all matters pertaining to Seller's Deliveries and all other matters pertaining to the Property and Buyer's acquisition thereof. In this regard, Buyer shall have the right to contact the Seller's management, governmental agencies and officials and other parties and make reasonable inquiries concerning Seller's Deliveries and any and all other matters pertaining to the Property. Seller agrees to reasonably cooperate with Buyer in connection with Buyer's investigation of Seller's Deliveries and all other matters pertaining to the Property.

(b) **Preliminary Title Report/Survey.** On or before (i) the expiration of five (5) Business Days following the Effective Date, Seller shall cause to be delivered to Buyer a current preliminary title report covering the Real Property, together with copies of all documents referred to as exceptions therein ("Preliminary Title Report"), from Title Insurer; and (ii) the Closing Date, Buyer shall cause a current ALTA Survey of the Real Property to be prepared by a surveyor licensed under the laws of the state where the Real Property is located, which ALTA Survey shall be in form and substance reasonably satisfactory to Buyer, and which ALTA survey shall be prepared in accordance with the 2011 ALTA/ACSM Minimum Standard Detail Requirements with such Table A items selected by Buyer and any other standards of Buyer ("Survey"). Not later than 8:00 p.m. Eastern Time on the date that is four (4) Business Days before expiration of the Investigation Period, Buyer shall have the right to notify Seller in writing ("Disapproved Title Exceptions Notice") of Buyer's disapproval of any matters set forth in the Preliminary Title Report and the Survey ("Disapproved Title Exceptions"). In the event Buyer timely delivers to Seller a Disapproved Title Exceptions Notice, Seller shall have the right, but not the obligation (except with respect to Disapproved Title Exceptions that constitute Monetary Obligations, as set forth below), to agree to cure one or more of the Disapproved Title Exceptions by giving Buyer written notice ("Cure Notice") of such election not later than 8:00 p.m. Eastern Time on the date that is two (2) Business Days before expiration of the Investigation Period. Following the timely receipt of a Disapproved Title Exceptions Notice from Buyer, if Seller fails to timely deliver a Cure Notice to Buyer, then Seller shall be deemed to have elected not to cure any of the Disapproved Title Exceptions. A Disapproved Title Exception shall be deemed to have been cured if Seller causes such item to be removed from the record title of the Real Property and not listed as a title exception in Schedule B of the ALTA Extended Coverage Policy prior to the Closing or otherwise cures such Disapproved Title Exception as determined by Buyer in Buyer's sole and absolute discretion.

In the event Seller timely elects (or is deemed to have timely elected) not to cure the Disapproved Title Exceptions, then prior to the expiration of the Investigation Period, Buyer may elect: (i) to terminate this Agreement and the Escrow pursuant to the provisions of Section 4.2 hereof; or (ii) to not terminate this Agreement and the Escrow pursuant to Section 4.3 hereof, in which case those Disapproved Title Exceptions which are not cured and which are not Monetary Obligations which Seller is obligated to cure on or before the Closing pursuant to Section 5.1(f) hereof, shall be deemed to constitute Permitted Title Exceptions.

Following the timely receipt of a Disapproved Title Exceptions Notice from Buyer, if Seller elects to cure one or more of the Disapproved Title Exceptions, then Seller shall have until the last Business Day immediately preceding the Closing Date to cure the applicable Disapproved Title Exceptions. In the event Seller: (A) timely

elects to cure the Disapproved Title Exceptions; and (B) fails to timely cure any Disapproved Title Exceptions that Seller has elected to cure on or before the Closing Date, then Seller shall be in default under this Agreement and, in such a case, at any time on or before the Closing Date, Buyer may elect to either: (1) continue this Agreement in effect without modification and purchase and acquire the Property in accordance with the terms and conditions of this Agreement, subject to such Disapproved Title Exceptions (which will be deemed to constitute "Permitted Title Exceptions"); or (2) terminate this Agreement and the Escrow pursuant to the provisions of Section 8.6(a) hereof. Notwithstanding any provision in the Agreement to the contrary, pursuant to Section 5.1(e) hereof, Seller shall be obligated to cure all Monetary Obligations on or before the Closing.

Fee title to the Real Property shall be conveyed by Seller to Buyer subject only to the following exceptions to title (collectively, the "Permitted Title Exceptions"):

- (i) Non-delinquent real and personal property taxes and assessments;
- (ii) The lien of supplemental taxes, if any;
- (iii) Any lien imposed by Buyer;
- (iv) The possessory rights of Tenant under the Lease;
- (v) The recordable Condominium Documents;
- (vi) Any matters set forth in the Preliminary Title Report and the Survey that are approved or waived by Buyer in accordance with the procedures and within the time periods set forth in Section 4.1(b) hereof; and
- (vii) All New Title Exceptions approved by Buyer pursuant to Section 4.1(c) hereof.

(c) New Title Exceptions. In the event that prior to the Closing, any new title exceptions are discovered by or revealed to Seller, which new title exceptions were not otherwise set forth or referred to in the Preliminary Title Report ("New Title Exceptions"), Seller shall deliver written notice to Buyer disclosing the existence of such New Title Exceptions, together with copies of all underlying documents. Each such New Title Exception shall be deemed to constitute a Disapproved Title Exception except to the extent Buyer gives Seller written notice of Buyer's approval ("New Title Exceptions Approval Notice") of one or more New Title Exceptions within five (5) Business Days (but in no event later than the Closing Date, which date shall be extended to allow for delivery of the New Title Exceptions Approval Notice two (2) Business Days prior to Closing) after the date of Buyer's receipt of Seller's written notice of the existence of such New Title Exceptions. In the event Buyer timely delivers to Seller a New Title Exceptions Approval Notice, those New Title Exceptions approved by Buyer pursuant to the New Title Exceptions Approval Notice shall be deemed to constitute Permitted Title Exceptions and the remaining New Title Exceptions shall continue to constitute Disapproved Title Exceptions. Seller shall cause all New Title Exceptions which are not approved by Buyer pursuant to a New Title Exceptions Approval Notice (and which are therefore deemed to constitute Disapproved Title Exceptions) to be cured on or before the last Business Day immediately preceding the Closing Date. A New Title Exception shall be deemed to have been cured if Seller causes such item to be removed from record title to the Real Property and not listed as a title exception in Schedule B of the ALTA Extended Coverage Policy prior to the Closing or otherwise cures such New Title Exception as determined by Buyer in Buyer's sole and absolute discretion.

In the event Seller does not timely cure one or more of those New Title Exceptions which are deemed to constitute Disapproved Title Exceptions, then Buyer may elect, at any time on or before the Closing Date, to either: (A) continue this Agreement in effect without modification and purchase and acquire the Property in accordance with the terms and conditions of this Agreement, subject to such New Title Exceptions (which will be deemed to constitute "Permitted Title Exceptions"); or (B) terminate this Agreement and the Escrow pursuant to the provisions of Section 8.6(a) hereof. Notwithstanding any provision in this Agreement to the contrary, in no event shall the term

"Permitted Title Exceptions" include any Monetary Obligations, and Seller hereby agrees to and shall remove all Monetary Obligations on or before the Closing.

(d) Physical Inspection. Subject to the limitations set forth in this Section 4.1(d), during the Investigation Period, Buyer shall have the right, at Buyer's expense and with the prior written consent of Seller, which consent shall not be unreasonably withheld, conditioned or delayed and may be provided via electronic mail, to make inspections (including tests, surveys and other studies) of the Real Property and all matters relating thereto, including, but not limited to, soils and geologic conditions, location of property lines, utility availability and use restrictions, environmental conditions, the manner or quality of the construction of the Improvements, the habitability, merchantability, marketability, profitability or fitness for a particular purpose of the Real Property, the effect of applicable planning, zoning and subdivision statutes, ordinances, regulations, restrictions and permits, the character and amount of any fees or charges that must be paid to further develop, improve and/or occupy the Real Property and all other matters relating to the Real Property. During the Investigation Period, Buyer and its agents, contractors and subcontractors shall have the right to enter upon the Real Property, at reasonable times during ordinary business hours and upon reasonable prior notice, to make inspections and tests as Buyer deems reasonably necessary and which may be accomplished without causing any material damage to the Real Property. Buyer shall return and restore the Real Property to substantially its original physical condition immediately prior to such inspections or tests. Buyer shall provide Seller evidence of its commercial general liability insurance policy covering it and/or any of its agents prior to accessing the Real Property, and provide a minimum of twenty-four (24) hours' notice to Seller to request access of the Real Property.

(e) Investigation of Permits and Entitlements, Contracts, Intangible Property, Personal Property and Other Property. During the Investigation Period, Buyer shall have the right, at Buyer's expense, to conduct and complete an investigation of all matters pertaining to the Permits and Entitlements, Contracts, Intangible Property, Personal Property and all other items of Property and Buyer's acquisition thereof. In this regard, at all times prior to the Closing, Buyer shall have the right to contact governmental officials and other parties and make reasonable inquiries concerning the Permits and Entitlements, Contracts, Intangible Property, Personal Property and all other items of Property, and Buyer shall have no liability whatsoever arising from its investigation, unless due to its gross negligence or intentional misconduct. Seller agrees to reasonably cooperate with Buyer in connection with its investigation of the Permits and Entitlements, Contracts, Intangible Property, Personal Property and all other matters pertaining thereto.

(f) Investigation of Tenant and any Guarantor. During the Investigation Period, Buyer shall have the right, at Buyer's expense, to conduct and complete an investigation of Seller, Tenant and Guarantor, including but not limited to discussions with Seller's, Tenant's or any Guarantor's management, and diligence relating to Seller's, Tenant's or Guarantor's financial information, business, prospects, compliance with applicable laws and regulations and any other matters that Buyer, in its sole discretion, deems appropriate.

In the event Buyer disapproves or finds unacceptable, in Buyer's sole and absolute discretion, any matters reviewed by Buyer during the Investigation Period or for any other reason or no reason, Buyer may elect to terminate this Agreement and the Escrow pursuant to the provisions of Section 4.2 hereof.

Section 4.2 Election to Terminate. In the event Buyer desires to terminate this Agreement and the Escrow for any reason or for no reason whatsoever, Buyer may elect to terminate this Agreement and the Escrow at any time: (a) by giving Seller written notice of Buyer's election to terminate this Agreement and the Escrow ("Buyer's Election to Terminate"), not later than 11:00 p.m. Eastern Time on the date of expiration of the Investigation Period; and/or (b) by failing to timely deliver to Seller Buyer's Election Not to Terminate pursuant to Section 4.3 hereof, which failure shall be deemed to constitute Buyer's delivery of Buyer's Election to Terminate this Agreement and the Escrow pursuant to this Section 4.2.

Upon any election (including any deemed election) by Buyer to terminate this Agreement and the Escrow pursuant to this Section 4.2, this Agreement shall automatically terminate (other than those provisions which expressly provide that they survive any termination of this Agreement). Within two (2) Business Days after Buyer delivers Buyer's Election to Terminate to Seller pursuant to this Section 4.2 (or within two (2) Business Days after

Buyer is deemed to have elected to terminate this Agreement and the Escrow pursuant to this Section 4.2, as applicable), and without the need of any further authorization or consent from Seller, Escrow Agent shall cause to be paid to Buyer the Initial Deposit. Seller and Buyer shall execute such cancellation instructions as may be necessary to effectuate the cancellation of the Escrow, as may be required by Escrow Agent. Any escrow cancellation, title costs (including cancellation costs) or other cancellation costs in connection therewith shall be borne by Seller.

Section 4.3 Confidentiality; Public Announcements.

(a) Buyer's Obligations. Buyer shall treat all of Seller's Deliveries as confidential and proprietary information of Seller. Buyer shall hold such information in confidence and shall not disclose such information or materials to any third-parties other than Title Insurer, Escrow Agent and Buyer's attorneys, employees, agents, consultants, contractors, subcontractors, accountants, investors and lenders as deemed reasonably necessary or appropriate by Buyer in Buyer's discretion. The covenants of Buyer set forth in this Section 4.4 shall not apply to any confidential information that: (a) is, or subsequently becomes, part of the public domain other than as a result of a breach of this Agreement by Buyer; (b) was communicated to Buyer from other sources at the time of disclosure by Seller to Buyer and such prior knowledge can be reasonably demonstrated by Buyer; and/or (c) is required by law to be disclosed, including applicable securities laws. Nothing contained herein shall preclude Buyer from disclosing all or any portion of such confidential information or materials: (1) pursuant to or in connection with a judicial order, governmental inquiry, subpoena, or other legal process; (2) as necessary or appropriate in connection with, or in order to prevent, an audit; and/or (3) in order to initiate, defend or otherwise pursue legal proceedings between the Parties in connection with this Agreement. The covenants and agreements of Buyer set forth in this Section 4.4(a) hereof shall terminate and no longer be of any force or effect as of the Closing.

(b) Public Announcements. Neither Seller, nor any of Seller's Affiliates, successors or assigns, shall make any public announcements regarding the existence of this Agreement, the terms of this Agreement and/or the transactions contemplated herein without the prior written approval of Buyer, which approval may be granted or withheld in the sole and absolute discretion of Buyer. Seller further agrees that (1) Buyer may file this Agreement and other documents evidencing the transactions contemplated herein, including a description of the material terms thereof, with the Securities and Exchange Commission without the prior approval of Seller, to the extent deemed necessary or advisable in Buyer's reasonable discretion; and (2) Buyer may issue one or more press releases regarding this Agreement and/or the transactions contemplated herein, to the extent deemed advisable in Buyer's reasonable discretion. The covenants and agreements of Seller set forth in this Section 4.4(b) hereof shall survive the Closing indefinitely.

Section 4.4 Election Not to Terminate. In the event Buyer desires not to terminate this Agreement and the Escrow, on or before 11:00 p.m. Eastern Time on the date of expiration of the Investigation Period, Buyer shall deliver written notice to Seller of Buyer's election not to terminate this Agreement and the Escrow ("Buyer's Election Not to Terminate"). In the event Buyer fails to timely deliver to Seller Buyer's Election Not to Terminate in accordance with the provisions of this Section 4.4, such failure shall be deemed to constitute Buyer's delivery of Buyer's Election to Terminate this Agreement and the Escrow in accordance with the terms and conditions of Section 4.2 hereof.

**ARTICLE 5
PRE-CLOSING OBLIGATIONS OF SELLER AND BUYER**

Section 5.1 Seller's Pre-Closing Obligations. Seller hereby covenants and agrees as follows:

(a) Operations. During the time period commencing upon the Effective Date and terminating upon the Closing or the earlier termination of this Agreement, subject to the provisions of Section 8.3 hereof, Seller shall operate and manage the Real Property substantially in accordance with its customary practices as of the Effective Date.

(b) Maintenance. During the time period commencing upon the Effective Date and terminating upon the Closing or the earlier termination of this Agreement, subject to the provisions of Section 8.3 hereof, Seller shall maintain the Real Property in substantially its present condition as of the Effective Date, subject to normal wear and tear, and Seller shall not diminish the quality or quantity of maintenance and upkeep services heretofore provided to the Real Property.

(c) Notices/Violations. During the time period from the Effective Date to the Closing or earlier termination of this Agreement, Seller shall promptly deliver to Buyer any and all notices and/or other written communications delivered to or received from: (i) any party under any of the Contracts; and/or (ii) any governmental authority. During the time period from the Effective Date to the Closing or earlier termination of this Agreement, Seller shall deliver to Buyer prompt notice of: (A) the occurrence of any inspections of the Property by any governmental authority; (B) any actual or alleged default by a party under any Contract; (C) any notices of violations of laws, ordinances, orders, directives, regulations or requirements issued by, filed by or served by any governmental agency against or affecting Seller, Tenant, Guarantor or any part or aspect of the Property.

(d) Assumed Contracts. During the time period commencing upon the Effective Date and terminating upon the Closing or the earlier termination of this Agreement, subject to the provisions of Section 8.3 hereof, Seller shall administer and timely perform all of its material obligations under the Contracts. Furthermore, during the time period commencing upon the date of delivery (or deemed delivery) by Buyer to Seller of Buyer's Election Not to Terminate pursuant to Section 4.3 hereof and terminating on the Closing or the earlier termination of this Agreement, as applicable, Seller shall not terminate, amend or modify any of the Assumed Contracts or enter into any new Contract, without the prior written consent of Buyer in each instance, which consent may be granted or withheld in Buyer's sole discretion. Seller agrees that, except for the Assumed Contracts, prior to the Closing, Seller shall be responsible for terminating all Contracts and other obligations (including, but not limited to, any and all management, listing and/or leasing agreements) relating to the maintenance, operation, management and/or leasing of the Property, and Seller shall be liable for any risks, costs and penalties related to such termination.

(e) Monetary Obligations. Seller shall pay and satisfy in full any and all Monetary Obligations on or before the Closing Date.

(f) New Liens, Liabilities or Encumbrances. Seller shall not cause, grant or permit any new liens, liabilities, encumbrances or exceptions to title to the Property or amend any existing title exceptions without the prior written consent of Buyer in each instance, which consent may be granted or denied in the sole and absolute discretion of Buyer.

(g) Termination of Negotiations. Seller shall terminate all negotiations with any other Person other than Buyer for the sale or disposition of the Property.

Section 5.2 Entity Maintenance. For a minimum of thirteen (13) months following the Closing, Seller shall not dissolve or liquidate and shall remain an active entity in good standing in the Commonwealth of Massachusetts.

ARTICLE 6 SELLER'S DELIVERIES

Section 6.1 Seller's Deliveries to Escrow Agent at Closing. On or before 5:00 p.m. Eastern Time on the last Business Day prior to the Closing Date, Seller shall deliver or cause to be delivered to Escrow Agent the items described in this Section 6.1.

(a) Seller's Deed. One (1) original of Seller's Deed, duly executed and acknowledged by Seller. Pursuant to Section 12.1(a) hereof, all documentary transfer tax information shall be affixed to Seller's Deed after recordation.

(b) Bill of Sale. One (1) original of the Bill of Sale, duly executed by Seller.

(c) Certificate of Non-Foreign Status. One (1) original of the Certificate of Non-Foreign Status, duly executed and acknowledged by Seller.

(d) Assignment and Assumption of Contracts. If there are any Assumed Contracts, two (2) counterpart originals of the Assignment and Assumption of Contracts, duly executed by Seller.

(e) Assignment of Permits, Entitlements and Intangible Property. Two (2) counterpart originals of the Assignment of Permits, Entitlements and Intangible Property, duly executed by Seller.

(f) REA Notice. A copy of a letter from Seller to each party to any reciprocal easement and/or other easement or restrictive agreement which effect the Real Property stating that the Real Property has been sold and that all notices under the such agreement relating to the Real Property should now be addressed to Buyer, if any such agreements require such notice.

(g) Seller's Charges. In addition to the Purchase Price and other funds deposited by Buyer with Escrow Agent, such funds as may be required to: (a) discharge all Monetary Obligations; and (b) pay any amounts required to be paid by Seller in accordance with the provisions of Article 11 hereof, in the form of Cash.

(h) Seller's Affidavits; Certificates and Evidence of Authority. (a) Those certificates, affidavits and other documentation that are reasonable and customarily requested by the Title Insurer as a condition to the issuance of the ALTA Extended Coverage Policy; and (b) to the extent required by the Title Insurer, Escrow Agent and/or Buyer, as applicable, evidence that Seller and those acting for Seller have due authority to consummate the transaction contemplated by this Agreement, as modified through the Closing including, without limitation, certified copies of the corporate or other resolutions authorizing the transaction contemplated by this Agreement.

(i) Seller's Closing Statement. Seller's Closing Statement, duly executed by Seller.

(j) Additional Documents. Such additional documents, instructions or other items as may be necessary or appropriate to comply with the provisions of this Agreement and to effect the transactions contemplated hereby.

Section 6.2 Seller's Deliveries to Buyer at Closing. On or before the Closing, Seller shall deliver to Buyer the items described in this Section 6.2.

(i) Assumed Contracts, Permits and Entitlements and Intangible Property. Copies of all of the Assumed Contracts, Permits and Entitlements and Intangible Property in Seller's possession or control.

(ii) Books and Records. Copies of all of the Books and Records in Seller's possession or control, to the extent not previously delivered by Seller to Buyer.

ARTICLE 7 BUYER'S DELIVERIES

On or before 12:00 p.m. Eastern Time on the Closing Date, Buyer shall deliver to Escrow Agent the items described in this Article 7.

Section 7.1 Closing Deposit. The Closing Deposit for the Property pursuant to Section 2.2 hereof.

Section 7.2 Assignment and Assumption of Contracts. If there are any Assumed Contracts, two (2) counterpart originals of the Assignment and Assumption of Contracts, duly executed by Buyer.

Section 7.3 Assignment of Permits, Entitlements and Intangible Property. Two (2) counterpart originals of the Assignment of Permits, Entitlements and Intangible Property, duly executed by Buyer.

Section 7.4 Buyer's Charges. In addition to the Purchase Price and other funds deposited by Buyer with Escrow Agent, funds sufficient to pay all amounts required to be paid by Buyer in accordance with the provisions of Article 11 hereof, in the form of Cash.

Section 7.5 Buyer's Closing Statement. Buyer's Closing Statement, duly executed by Buyer.

Section 7.6 Buyer's Affidavits; Certificates and Evidence of Authority. (a) those certificates and affidavits that are reasonable and customarily requested by the Title Insurer as a condition to the issuance of the title policy for the Property; and (b) to the extent required by the Title Insurer, Escrow Agent and/or Seller, as applicable, evidence that Buyer and those acting for Buyer have due authority to consummate the transaction contemplated by this Agreement, as modified through the Closing including, without limitation, certified copies of the corporate or other resolutions authorizing the transaction contemplated by this Agreement.

Section 7.7 Lease Condition. Seller shall have received the following: (i) the Lease, duly executed by Buyer as landlord thereunder.

Section 7.8 Additional Documents. Such additional documents, instructions or other items as may be necessary or appropriate to comply with the provisions of this Agreement and to effect the transactions contemplated hereby.

ARTICLE 8 CONDITIONS TO CLOSING; CLOSING; DEFAULT; REMEDIES

Section 8.1 Conditions to Obligations of Buyer. The Closing of the transaction contemplated pursuant to this Agreement and Buyer's obligation to purchase the Property are subject to satisfaction, prior to the Closing Date, of all of the conditions set forth below, the determination of the satisfaction of which shall be made by Buyer, in its reasonable discretion. Seller hereby acknowledges and agrees that each of the conditions set forth in this Section 8.1 are for the benefit of Buyer and may only be waived by Buyer in its reasonable discretion.

(a) Delivery of Items. Seller shall have timely delivered to Escrow Agent all of the items to be delivered by Seller pursuant to Section 6.1 hereof. Seller shall have timely delivered to Buyer all of the items to be delivered by Seller pursuant to Section 6.2 hereof.

(b) Performance of Obligations. Seller shall have timely performed and satisfied all of the material obligations under this Agreement to be performed by Seller prior to the Closing, including, without limitation, all of Seller's obligations under Section 5.1 hereof.

(c) Title Commitment. Title Insurer is committed to issue an American Land Title Association Owner's Policy of Title Insurance with Extended Coverage (ALTA Form 2006), or its state equivalent, with liability in the amount of the Purchase Price, insuring that fee title to the Real Property is vested in Buyer, subject only to: (i) the exclusions listed in the "Exclusions from Coverage" of the ALTA Extended Coverage Title Policy; and (ii) the Permitted Title Exceptions, together with such endorsements as may be reasonably requested by Buyer including, without limitation, the following endorsements, as applicable: (i) 3.1 zoning with parking; (ii) comprehensive; (iii) restrictions coverage; (iv) access; (v) survey; (vi) subdivision; (vii) utility facility; (viii) contiguity; (ix) separate tax parcel(s); (x) environmental lien; and (xi) removal of the arbitration clause (collectively, the "ALTA Extended Coverage Policy").

(d) Representations and Warranties. All of Seller's representations and warranties set forth in this Agreement shall be true and correct in all material respects on the Closing Date as though made at the time of the Closing. Without limiting the foregoing, on or before the Closing Date, Seller shall have delivered to Buyer a written certificate, duly executed by Seller, certifying that all of the representations and warranties of Seller set forth in this Agreement are true and correct as of the Closing.

(e) Litigation. No suit, action, claim or other proceeding shall have been instituted or threatened against Seller or Tenant which results, or reasonably might be expected to result, in the transactions contemplated by this Agreement being enjoined or declared unlawful, in any lien attaching to or against the Property and/or in any liabilities or obligations being imposed upon Buyer or the Property, other than the Permitted Title Exceptions.

(f) Bankruptcy. No suit, action, claim or other proceeding shall have been instituted or threatened against Seller, Tenant or Guarantor under the U.S. Bankruptcy Code or any state law for relief of debtors or which results, or which reasonably might be expected to result, in the transactions contemplated by this Agreement being enjoined or declared unlawful, in any lien attaching to or against the Property or in any new liabilities or obligations being imposed upon Buyer or the Property.

(g) Damage or Destruction. Subject to Section 8.3 hereof, there shall have been no Material Loss.

(h) Condemnation Proceeding. Subject to Section 8.3 hereof, no Condemnation Proceeding shall have been instituted or be threatened against all or any portion of the Real Property.

(i) Termination of Contracts. Except for any Assumed Contracts that Buyer has expressly agreed to assume at Closing, all of the Contracts that would be binding on Buyer or the Property following the Closing shall have been terminated effective as of a date not later than the Closing Date, and Seller shall have paid all amounts due under such Contracts up to and through the effective date of termination, including, without limitation, any termination fees or similar payments, and neither Buyer nor the Property shall be bound thereby or have any liability or obligations thereunder.

(j) Change in Conditions. There shall have been no adverse change with respect to: (i) the ownership, operation or occupancy or the financial or physical condition of the Property or any part thereof (subject to Section 8.3 hereof).

(k) No Moratorium. No moratorium, statute or regulation of any governmental agency or order or ruling of any court shall have been enacted, adopted or issued after the expiration of the Investigation Period that would adversely affect Buyer's or Tenant's proposed use or development of the Real Property.

(l) Tenant / Guarantor Conditions. From the Effective Date through the Closing Date, there shall not have occurred a change, event, state of facts or development that has had or would reasonably be expected to have, individually or in the aggregate, a significant adverse effect on the business, financial condition, prospects, assets or results of operations of Tenant or Guarantor.

(m) Lease / Guaranty Conditions. Buyer shall have received the following: (i) the Lease, duly executed by Tenant as the tenant thereunder; and (ii) a Guaranty, duly executed by Guarantor.

(n) Condominium Documents. The Parties shall have agreed upon the form and substance of the Condominium Documents and the Condominium Documents shall have been executed, delivered and recorded, as applicable, in the Worcester County Registry of Deeds. In addition to the foregoing, Title Insurer shall have agreed to insure the easements appurtenant to the Real Property pursuant to the Condominium Documents in the ALTA Extended Coverage Title Policy.

(o) Creation of Condominium. The Project Land (together with all improvements now or hereafter located thereon, including the Real Property) shall have been converted to a condominium project pursuant to Chapter 183A of the Massachusetts General Laws and the Condominium Documents (the "Condominium Conversion"), and the Unit shall have been created in accordance with the Site Plan.

Buyer may waive any of the conditions set forth in this Section 8.1 by delivery of written notice to Seller on or before the Closing. Without limiting the foregoing, Escrow Agent shall assume that each of the conditions set forth

in Section 8.1(b) shall have been satisfied as of the Closing Date, unless Buyer shall have given written notice to the contrary to Escrow Agent on or before the Closing Date.

Section 8.2 Conditions to Obligations of Seller. The Closing of the transactions contemplated pursuant to this Agreement and the obligation of Seller to sell, convey, assign, transfer and deliver the Property to Buyer are subject to satisfaction, prior to the Closing Date, of all of the conditions set forth below, the determination of the satisfaction of which shall be made by Seller, in its sole but reasonable discretion. Buyer hereby acknowledges and agrees that each of the conditions set forth in this Section 8.2 are for the benefit of Seller and may only be waived by Seller in its sole but reasonable discretion.

(a) Delivery of Items. Buyer shall have timely delivered to Escrow Agent all of the items to be delivered by Buyer pursuant to Article 7 hereof.

(b) Performance of Obligations. Buyer shall have performed all of the obligations of Buyer under this Agreement to be performed by Buyer prior to the Closing.

Seller may waive any of the conditions precedent set forth in this Section 8.2 by delivery of written notice thereof to Buyer. Escrow Agent shall assume that each of the conditions set forth in this Section 8.2 shall have been satisfied as of the Closing Date, unless Seller shall have given written notice to the contrary to Escrow Agent on or before the Closing Date.

Section 8.3 Casualty; Condemnation Proceeding.

(a) Material Loss. In the event that, prior to the Closing, the Real Property shall suffer a Material Loss or Seller shall receive notice of the commencement or the threat of commencement of any eminent domain or condemnation proceeding which involves any portion of the Real Property ("Condemnation Proceeding"), Seller shall immediately notify Buyer of such Material Loss or Condemnation Proceeding and, in such a case: (i) Buyer shall have the right to terminate this Agreement and the Escrow pursuant to the terms of Section 8.5(a) hereof; or (ii) accept the Property in its then-existing condition and purchase and acquire the Property in accordance with the terms and conditions of this Agreement, subject to the terms and conditions described in this Section 8.3. In the event of a Material Loss, if Buyer exercises its right to purchase and acquire the Property in its present condition, then Seller shall pay or assign to Buyer on the Closing any and all casualty insurance proceeds previously paid or payable to Seller, and Buyer shall be entitled to a credit against the Purchase Price in an amount equal to any insurance deductible. In the event of a Condemnation Proceeding, if Buyer exercises its right to purchase and acquire the Property in its present condition, then Seller shall pay or assign to Buyer on the Closing any amount of compensation, awards or other payments or relief previously paid or payable to Seller resulting from such Condemnation Proceeding. Buyer's termination right or Buyer's acceptance right shall be exercised by written notice to Seller within thirty (30) Calendar Days (but in no event later than the Closing Date) after Buyer receives written notice from Seller of the occurrence of the Material Loss or Condemnation Proceeding.

(b) Non-Material Loss. In the event that, prior to the Closing, the Real Property shall suffer a Non-Material Loss, Seller shall immediately notify Buyer of such Non-Material Loss and, in such a case, Buyer shall be obligated to purchase the Property (in its then-existing condition) in accordance with the terms and conditions of this Agreement, subject to the terms and conditions of this Section 8.3(b). In such a case, Seller shall pay and assign to Buyer on the Closing any and all casualty insurance proceeds previously paid or payable to Seller, and Buyer shall also be entitled to a credit against the Purchase Price in an amount equal to any insurance deductible, as well as an amount equal to the estimated costs, fees and expenses to repair and/or replace the uninsured portion of the Non-Material Loss. In the event such Non-Material Loss is not covered by insurance, then Buyer shall be entitled to an offset against the Purchase Price in an amount equivalent to the monetary value of such Non-Material Loss.

Section 8.4 Closing. The closing of the transaction contemplated by this Agreement ("Closing") shall take place at the offices of Escrow Agent or at such other location as may be mutually agreed upon by Seller

and Buyer, upon the tenth (10th) Calendar Day following the expiration of the Investigation Period (as the same may be extended pursuant to this Agreement or by mutual written agreement of the Parties) ("Closing Date").

Section 8.5 Failure of Conditions to Closing; No Default by Seller or Buyer.

(a) Failure of Buyer's Closing Conditions. In the event one or more of Buyer's conditions to the Closing set forth in Section 8.1 hereof are not satisfied by Seller or otherwise waived by Buyer on or before the Closing Date, and the failure of such conditions to be satisfied is not a result of a default by Seller or Buyer in the performance of their respective obligations under this Agreement, then Buyer shall have the right to extend the Closing Date for such period of time as reasonably necessary for Seller to satisfy such condition, not to exceed sixty (60) Calendar Days in the aggregate, by giving written notice to Seller. If Buyer does not make such election to extend, or if Buyer makes such election but such condition is not satisfied within such extended period, then Buyer shall have the right to terminate this Agreement and the Escrow by giving written notice of such termination to Seller. Upon any election by Buyer to terminate this Agreement and the Escrow pursuant to this Section 8.5(a), the provisions of Section 8.5(c) hereof shall govern.

(b) Failure of Seller's Closing Conditions. In the event one or more of Seller's conditions to the Closing set forth in Section 8.2 hereof are not satisfied by Buyer or otherwise waived by Seller on or before the Closing Date, and the failure of such conditions to be satisfied is not a result of a default by Seller or Buyer in the performance of their respective obligations under this Agreement, then Seller shall have the right to extend the Closing Date for such period of time as reasonably necessary for Buyer to satisfy such condition, not to exceed sixty (60) Calendar Days in the aggregate, by giving written notice to Buyer. If Seller does not make such election to extend, or if Seller makes such election but such condition is not satisfied within such extended period, then Seller shall have the right to terminate this Agreement and the Escrow by giving written notice of termination to Buyer. Upon any election by Seller to terminate this Agreement and the Escrow pursuant to this Section 8.5(b), the provisions of Section 8.5(c) shall govern.

(c) Termination Provisions. In the event either party elects to terminate this Agreement and the Escrow for the reasons and in accordance with the provisions set forth in this Section 8.5, then: (i) this Agreement shall automatically terminate (other than those provisions which expressly provide that they survive any termination of this Agreement); (ii) Escrow Agent shall immediately cause the Initial Deposit to be paid to Buyer without the need of any further written authorization or consent from Seller; and (iii) Seller and Buyer shall execute such escrow cancellation instructions as may be necessary to effectuate the cancellation of the Escrow as may be required by Escrow Agent. Any Escrow cancellation, title cancellation and other cancellation charges shall be borne equally by Seller and Buyer.

Section 8.6 Failure of Conditions to Closing; Default by Seller or Buyer. In the event either Seller or Buyer defaults in the performance of any of their respective obligations to be performed prior to the Closing, other than in the case of Buyer's termination pursuant to Sections 4.2 or 8.5(a) hereof, and other than in the case of Seller's termination pursuant to Section 8.5(b) hereof, then the non-breaching party may elect the applicable remedies set forth in this Section 8.6, which remedies shall constitute the sole and exclusive remedies of the non-breaching party with respect to a default by the other party under this Agreement.

(a) Remedies of Buyer. In the event Buyer is the non-breaching party, as its sole and exclusive remedy, Buyer may elect to: (i) terminate this Agreement and the Escrow by giving Seller written notice describing Seller's default and setting forth Buyer's election to immediately terminate this Agreement and the Escrow; or (ii) pursue the equitable remedy of specific performance of this Agreement. In the event Buyer elects to terminate this Agreement and the Escrow pursuant to Section 8.6(a)(i) hereof, then Escrow Agent shall immediately cause the Initial Deposit to be paid to Buyer without the need of any further authorization or consent from Seller pursuant to the provisions of Section 8.6(d) hereof. Furthermore, in the event Buyer elects to terminate this Agreement and the Escrow pursuant to Section 8.6(a)(i) hereof, Seller shall also reimburse and pay to Buyer an amount equal to all costs, fees and expenses (including legal fees and costs), paid or incurred by Buyer in connection with this Agreement and in connection with its investigation of the Property, subject to a cap of \$[***].

(b) Remedies of Seller. In the event Seller is the non-breaching party, as Seller's sole and exclusive remedy, Seller may elect to terminate this Agreement and the Escrow by giving Buyer written notice describing Buyer's default and setting forth Seller's election to immediately terminate this Agreement and the Escrow. In the event Seller elects to terminate this Agreement and the Escrow pursuant to this Section 8.6(b) after expiration of the Investigation Period, the sole and exclusive remedy of Seller for such breach shall be to receive the amount specified as liquidated damages pursuant to Section 8.6(c) hereof. Notwithstanding any provision to the contrary set forth in this Agreement, under no circumstance shall Seller be entitled to pursue the equitable remedy of specific performance in the event that Buyer fails to complete the purchase of the Property in accordance with the terms and conditions of this Agreement.

(c) SELLER'S LIQUIDATED DAMAGES. IF BUYER FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS AGREEMENT AFTER EXPIRATION OF THE INVESTIGATION PERIOD (OTHER THAN AS A RESULT OF BUYER'S ELECTION TO TERMINATE PURSUANT TO SECTIONS 4.2, 8.5(a) OR 8.6(a) HEREOF, AND OTHER THAN IN THE CASE OF SELLER'S TERMINATION PURSUANT TO SECTION 8.5(b) HEREOF), BY REASON OF THE DEFAULT OF BUYER, SELLER SHALL BE RELEASED FROM ITS OBLIGATION TO SELL THE PROPERTY TO BUYER. IN SUCH A CASE, SELLER AND BUYER AGREE THAT IT WOULD BE DIFFICULT OR IMPOSSIBLE TO DETERMINE THE AMOUNT OF DAMAGES OF SELLER AS A RESULT OF ANY SUCH BREACH BY BUYER, AND, ACCORDINGLY, AS SELLER'S SOLE AND EXCLUSIVE REMEDY AT LAW OR IN EQUITY (OTHER THAN AN ACTION TO ENFORCE THE PROVISIONS OF THIS AGREEMENT), SELLER SHALL BE ENTITLED TO RECEIVE AND RETAIN THE INITIAL DEPOSIT AS LIQUIDATED DAMAGES IN THE EVENT OF A DEFAULT BY BUYER, AND THE PAYMENT OF SUCH LIQUIDATED DAMAGES TO SELLER SHALL CONSTITUTE THE EXCLUSIVE REMEDY OF SELLER ON ACCOUNT OF THE DEFAULT BY BUYER.

_/s/ Francis Perullo_____

_/s/ Brian Wolfe_____

SELLER'S INITIALS

BUYER'S INITIALS

(d) Termination Provisions. In the event either Party elects to terminate this Agreement and the Escrow for the reasons and in accordance with the provisions set forth in this Section 8.6, then: (i) this Agreement will automatically terminate (other than those provisions which expressly provide that they survive any termination of this Agreement) without any further acts of either Seller or Buyer; (ii) Seller and Buyer shall execute such escrow cancellation instructions as may be necessary to effectuate the cancellation of the Escrow as may be required by Escrow Agent; and (iii) Escrow Agent shall immediately cause the Initial Deposit and the Independent Consideration to be distributed and paid in accordance with the provisions of this Agreement. The breaching party hereunder shall pay any and all escrow and title cancellation costs incurred in connection herewith.

(e) Survival. The provisions of this Article 8 shall survive the Closing or any termination of this Agreement.

ARTICLE 9 REPRESENTATIONS AND WARRANTIES OF SELLER

In addition to the representations, warranties and covenants of Seller contained elsewhere in this Agreement, Seller hereby makes the following representations and warranties, each of which is material and being relied upon by Buyer and shall be true as of the date hereof and as of the Closing:

Section 9.1 Organization, Power and Authority. Seller is a Massachusetts limited liability company duly organized and validly existing under the laws of the Commonwealth of Massachusetts. Seller has all requisite power and authority to own the Property, to execute and deliver this Agreement and the Transaction Documents to which Seller is a party, and to perform its obligations hereunder and thereunder and effect the transactions contemplated hereby and thereby. All requisite limited liability company, partnership or other action

has been taken to authorize and approve the execution, delivery and performance by Seller of this Agreement and the Transaction Documents to which Seller is a party.

Section 9.2 **No Conflicts.** The execution, delivery and performance by Seller of this Agreement and the Transaction Documents to which Seller is a party, and the consummation of the transactions contemplated hereby and thereby, will not: (a) violate any provision of the organizational documents of Seller; (b) violate, conflict with or result in a breach of or default under any term or provision of any contract or agreement to which Seller is a party or by or to which Seller or any of its assets or properties are or may be bound or subject; or (c) violate any order, judgment, injunction, award or decree of any court or arbitration body, or any governmental, administrative or regulatory authority, or any other body, by or to which Seller or the Property are or may be bound or subject.

Section 9.3 **Non-Foreign Status.** Seller is not a "foreign person" as such term is defined in Section 1445 of the Code.

Section 9.4 **Litigation and Condemnation.** Seller has not received written notice of and, to the best of Seller's knowledge and belief, there are no: (a) pending or threatened claims, actions, suits, arbitrations, proceedings (including condemnation proceedings) or investigations by or before any court or arbitration body, any governmental, administrative or regulatory authority, or any other body, against or affecting the Property or the transactions contemplated by this Agreement; and (b) orders, judgments or decrees of any court or arbitration body, any governmental, administrative or regulatory authority, or any other body, against or affecting the Property or the transactions contemplated by this Agreement.

Section 9.5 **Liabilities.** Upon the Closing, neither Buyer nor the Property will be subject to any liabilities or obligations, whether secured, unsecured, accrued, absolute, contingent or otherwise, that relate to Seller's ownership of the Property prior to the Closing, other than the Permitted Title Exceptions and the Assumed Contracts.

Section 9.6 **Fees.** To the best of Seller's knowledge, there are no impact, mitigation or similar fees owing or payable in connection with the construction, development, installation and/or operation of the Real Property.

Section 9.7 **Mechanic's Liens.** To the best of Seller's knowledge, there are no fees, dues or other charges which are due, owing or unpaid in connection with the construction of or any repairs to the Real Property. To the best of Seller's knowledge, there are no pending or threatened claims which may or could ripen with the passage of time into a mechanic's lien upon the Real Property as the result of any contract, agreement or work performed on the Real Property.

Section 9.8 **Contracts and Assumed Contracts.** All of the Contracts are terminable without penalty upon not more than thirty (30) Calendar Days' notice (other than Contracts that constitute Permitted Title Exceptions). There are no Contracts with any person or entity relating to the Property which must be assumed by Buyer (or which will be deemed assumed by the Buyer upon the Buyer becoming the owner of the Property), other than the Assumed Contracts and Permitted Title Exceptions. The Assumed Contracts, if any, are in full force and effect and constitute valid and enforceable agreements of Seller, free and clear of all liens, charges, encumbrances and adverse claims, and no event has occurred which with the giving of notice or the passage of time or both would result in a default thereunder. Seller has obtained, or on or before the Closing will have obtained, all requisite consents of third parties to the assignment to and assumption by Buyer of the Assumed Contracts.

Section 9.9 **Taxes and Assessments.** **To the best of Seller's knowledge, there are no** pending or threatened improvements, liens, or special assessments made or to be made against the Property by any governmental authority, except as may be identified in the Permitted Exceptions.

Section 9.10 **Construction and Condition of Improvements.** Intentionally deleted.

Section 9.11 Financial Statements. Each of the financial statements of Seller, Tenant and Guarantor provided to Buyer pursuant to Section 4.1(a) hereof is prepared in accordance with generally accepted accounting principles.

Section 9.12 Compliance with Laws. To the best of Seller's knowledge, Seller and Tenant have each complied, and are currently in compliance with, all federal (except solely with respect to any federal law that directly conflicts with state and local cannabis laws, regulations and ordinances), state and local laws, regulations and ordinances applicable to the development, ownership, operation, maintenance and management of the Real Property, and/or otherwise applicable to Seller or Tenant. Seller has no notice or knowledge of a violation of any such laws, rules or regulations. Seller has no notice or knowledge that any government agency or any employee or official considers the construction of the Real Property or its operation or use to have failed to comply with any law, ordinance, regulation or order or that any investigation has been commenced or is contemplated respecting any such possible failure of compliance. To the best of Seller's knowledge, all existing streets and other improvements, including water lines, sewer lines, sidewalks, curbing and streets at the Real Property either enter the Real Property through adjoining public streets, or, if they enter through adjoining private lands, do so in accordance with valid, irrevocable easements running to the benefit of the owner of the Real Property. Seller has not received from any insurance company or Board of Fire Underwriters any notice, which remains uncured, of any defect or inadequacy in connection with the Real Property or its operation.

Section 9.13 Environmental Matters. To the best of Seller's knowledge, and except as may otherwise be disclosed in the reports listed on Schedule 2.0 attached hereto and incorporated herein by reference: (i) the Improvements are free from Hazardous Materials; (ii) the soil, surface water and ground water of, under, on or around the Real Property are free from Hazardous Materials; (iii) the Real Property has never been used for or in connection with the manufacture, refinement, treatment, storage, generation, transport or hauling of any Hazardous Material (A) in excess of levels permitted by or (B) in violation of applicable Environmental Laws, nor has the Real Property been used for or in connection with the disposal of any Hazardous Materials; and (iv) the Real Property is now and at all times has been in compliance with all Environmental Laws.

Section 9.14 Dependent Properties. To the best of Seller's knowledge, the continued maintenance, occupancy and operation of the Real Property is not now, and on the Closing Date will not be, dependent to any extent on improvements or facilities located at any other property, and the continued maintenance, occupancy and operation of any other property is not dependent to any extent on improvements or facilities located on the Real Property (including, but not limited to, the Improvements or the Personal Property).

Section 9.15 Permits and Entitlements. Seller has obtained, or as of the Closing will have obtained, all governmental permits, licenses, approvals and authorizations (including, but not limited to, the Permits and Entitlements) required for the ownership and maintenance of the Property, and all such permits, licenses, approvals and authorizations (including, but not limited to, the Permits and Entitlements) are in full force and effect, and, to the extent the same are material, are transferable to Buyer.

Section 9.16 Utilities. To the best of Seller's knowledge, the Real Property has full access rights and is connected to water, sanitary sewer, storm water, gas, electricity, oil, telephone, cable and other utilities required for the ownership, operation and occupancy of the Real Property, which are sufficient in size and capacity to service and accommodate the reasonably expected needs and operations of the Real Property (including but not limited to the Permitted Use as defined in the Lease).

Section 9.17 Prohibited Persons and Transactions. Neither Seller, nor any of its affiliates, nor any of their respective members or partners, and none of their respective officers or directors is, nor prior to Closing, or the earlier termination of this Agreement, will they become, a person or entity with whom U.S. persons or entities are restricted from doing business under the regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury (including those named on OFAC's Specially Designated Blocked Persons List) or under any U.S. statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism), or other

governmental action and is not, and prior to Closing or the earlier termination of this Agreement will not, engage in any dealings or transactions with or be otherwise associated with such persons or entities.

Section 9.18 Integrity of Documents. Seller has furnished to Buyer all items constituting Seller's Deliveries and to the best of Seller's knowledge, all of the information contained in Seller's Deliveries is true and correct and contains no misrepresentations or omissions of facts.

Section 9.19 Condominium Conversion. As of the Closing, the Condominium Conversion and creation of the Unit have been completed in accordance with all applicable laws and no further authorizations or approvals are required for the legal conveyance of the Real Property by Seller to Buyer.

Section 9.20 Options to Purchase; Occupancy Rights. Seller has not previously granted any option to purchase the Property or any right of first refusal or similar rights with respect to the Property, and to the best of Seller's knowledge, no such options to purchase or rights of first refusal with respect to the Property are in existence. Seller has not entered into, and has no knowledge, of any lease or similar occupancy agreement with respect to the Real Property that will be binding upon Buyer or the Real Property as of the Closing, except for the Lease to be executed by Tenant and delivered by Seller pursuant to this Agreement.

Section 9.21 Intentionally Omitted.

Section 9.22 Intentionally Omitted.

Section 9.23 Survival. The representations and warranties of Seller set forth in Sections 9.1, 9.2 and 9.17 hereof, as well as the right and ability of Buyer to enforce the same and/or to seek damages for its breach, shall survive the Closing. The representations and warranties of Seller set forth in Sections 9.3 through 9.16, inclusive, and Sections 9.18 through 9.20, inclusive, hereof, as well as the right and ability of Buyer to enforce the same and/or to seek damages for their breach, shall survive the Closing for a period of nine (9) months. All claims, whether known or unknown, for breach by Seller of a representation or warranty as set forth in Sections 9.3 through 9.12, inclusive, and Sections 9.18 through 9.20, inclusive, hereof, must be asserted in writing by Buyer and delivered to Seller on or before the expiration of such nine (9) month period or otherwise such claims shall be invalid and of no force or effect and Seller shall have no liability with respect thereto.

Section 9.24 Seller's Representations and Warranties; Reimbursement for Due Diligence Costs. The continued accuracy in all material respects of the aforesaid representations and warranties is a condition precedent to Buyer's obligation to close. If any of said representations and warranties are not correct in all respects at the time the same is made or as of Closing and Seller had no knowledge of such inaccuracy when the representation or warranty was made (or when deemed remade at Closing) or if such warranty or representation becomes inaccurate on or prior to Closing other than by reason of Seller's default hereunder, Buyer may, upon being notified in writing by Seller of such occurrence on or prior to Closing, either: (a) terminate this Agreement and Escrow pursuant to the provisions of Section 8.5(a) hereof; or (b) waive such matter and proceed to Closing. If any of said representations and warranties are not correct in all respects at the time the same is made or as of Closing, and Seller had knowledge of such inaccuracy when the representation or warranty was made, or, by its default hereunder caused the representation or warranty to be inaccurate when deemed remade at Closing, Buyer may either: (i) terminate this Agreement pursuant to the provisions of Section 8.6(a) and recover from Seller all of Buyer's actual out-of-pocket legal and due diligence costs incurred in connection with this Agreement and its review of the Property, subject to a cap of [***]; or (ii) waive such matter and proceed to Closing.

ARTICLE 10
REPRESENTATIONS, WARRANTIES, COVENANTS AND
AGREEMENTS OF BUYER

Buyer hereby makes the following representations and warranties, each of which representation and warranty is: (a) material and being relied upon by Seller; and (b) true, complete and not misleading in all material respects as of the date hereof and as of the Closing.

Section10.1 Organization, Power and Authority. Buyer is a limited partnership duly organized and validly existing under the laws of the State of Delaware. Subject only to obtaining certain internal approvals on or before the expiration of the Investigation Period, (a) Buyer has all requisite power and authority to execute and deliver this Agreement and the Transaction Documents to which Buyer is a party, and to perform its obligations hereunder and thereunder and to effect the transactions contemplated hereby and thereby and (b) all requisite corporate or other action has been taken to authorize and approve the execution, delivery and performance by Buyer of this Agreement and the Transaction Documents to which Buyer is a party.

Section10.2 No Conflicts. The execution, delivery and performance by Buyer of this Agreement and the Transaction Documents to which Buyer is a party, and the consummation of the transactions contemplated hereby and thereby, will not: (a) violate any provision of Buyer's organization documents; (b) violate, conflict with or result in a breach of or default under any term or provision of any contract or agreement to which Buyer is a party or by or to which Buyer or any of its assets or properties are or may be bound or subject; or (c) violate any order, judgment, injunction, award or decree of any court or arbitration body, or any governmental, administrative or regulatory authority, or any other body, by or to which Buyer is or may be bound or subject.

Section10.3 Survival. The representations, warranties, covenants and agreements contained in this Agreement by Buyer are true, correct and complete and shall be deemed remade by Buyer as of the Closing, with the same force and effect as if made at that time. All representations, warranties, covenants and agreements of Buyer contained in this Article 10, as well as the right and the ability of Seller to enforce them and/or seek damages for their breach, shall survive the Closing for a period of six (6) months. All claims, whether known or unknown, for breach by Buyer of a representation or warranty as set forth in this Article 10 must be asserted in writing by Seller and delivered to Buyer on or before the expiration of such six (6) month period or otherwise such claims shall be invalid and of no force or effect and Buyer shall have no liability with respect thereto.

ARTICLE 11
COSTS, EXPENSES AND PRORATIONS

Section11.1 Costs and Expenses.

(a) Seller. Seller shall pay: (i) all recording costs, documentary transfer taxes, deed stamps and similar costs, fees and expenses payable in connection with the recordation of Seller's Deed; (ii) the cost for the ALTA Extended Coverage Policy; (iii) the cost of the Survey; (iv) one-half (1/2) of Escrow Agent's fees and costs for the Escrow; (v) Seller's share of prorations; (vi) any costs incurred for the Condominium Conversion, including preparation of the Condominium Documents; and (vii) Seller's attorneys' fees.

(b) Buyer. Buyer shall pay: (i) one-half (1/2) of Escrow Agent's fees and costs for the Escrow; (ii) Buyer's share of prorations and the cost of any endorsements to the ALTA Extended Coverage Policy requested by Buyer; and (iii) Buyer's attorneys' fees.

Section11.2 Prorations, Costs and Expenses. The Parties acknowledge and agree that the Seller will be responsible for all expenses arising out of the Property prior to Closing and pursuant to the Lease, Seller will be responsible for all expenses arising out of the Property subsequent to Closing. Accordingly, there will be no prorations between Seller and Buyer at Closing.

ARTICLE 12
ACTIONS TO BE TAKEN AT THE CLOSING

Section 12.1 **Actions by Escrow Agent.** In connection with the Closing, Escrow Agent shall take the following actions:

(a) **Recording.** Escrow Agent shall cause the Seller's Deed (with documentary transfer tax information to be affixed after recording) to be recorded in the Worcester County Registry of Deeds, Commonwealth of Massachusetts, and obtain a conformed copy thereof for distribution to Seller and Buyer:

(b) **Title Policy.** Escrow Agent shall direct Title Insurer to issue the ALTA Extended Coverage Title Policy to Buyer.

(c) **Distribution of Funds.** Escrow Agent shall disburse all funds deposited with Escrow Agent by Buyer in payment of the Purchase Price as follows: (i) first, deduct, pay and satisfy all items chargeable to the account of Seller pursuant to Section 11.1 hereof; (ii) second, deduct, pay and satisfy all Monetary Obligations against the Real Property; (iii) third, if, as a result of the prorations and credits pursuant to Article 11 hereof, amounts are to be charged to the account of Seller, deduct the net amount of such charges; and (iv) fourth, disburse the remaining balance of the Purchase Price to Seller promptly upon the Closing. All disbursements by Escrow Agent shall be by wire transfer of immediately available funds to the designated account of the receiving party or shall be by certified or cashier's check of Escrow Agent, as may be directed by the receiving party.

(d) **Distribution of Documents to Seller.** Title Insurer shall disburse to Seller: (i) counterpart originals of each of the non-recordable Transaction Documents; (ii) a conformed copy of each of the recordable Transaction Documents, including, without limitation, Seller's Deed; and (iii) any other documents deposited into Escrow by Seller.

(e) **Distribution of Documents to Buyer.** Title Insurer shall disburse to Buyer: (i) counterpart originals of each of the non-recordable Transaction Documents; (ii) a conformed copy of each of the recordable Transaction Documents; and (iii) a copy of all other documents deposited into Escrow by Buyer.

ARTICLE 13
BROKERS

Seller and Buyer hereby represent and warrant to each other that the warranting party has not entered into nor will such warranting party enter into any agreement, arrangement or understanding with any other person or entity which will result in the obligation of the other party to pay any finder's fee, commission or similar payment in connection with the transactions contemplated by this Agreement. Seller and Buyer hereby agree to and shall indemnify, defend and hold harmless the other from and against any and all claims, costs, damages and/or liabilities arising from the breach of the foregoing representation by either Seller or Buyer, as the case may be.

ARTICLE 14
INDEMNIFICATION

Section 14.1 **Indemnification.**

(a) **Indemnification by Seller.** Effective as of the Closing, Seller hereby agrees to and shall reimburse, indemnify, defend (at Buyer's option and with counsel reasonably acceptable to Buyer) and hold harmless Buyer and its affiliates and each of their respective officers, directors, shareholders, members, partners, agents, employees, successors and assigns (collectively, the "Buyer Indemnitees"), from and against any and all claims, liabilities, causes of action, losses, costs, damages, reasonable attorneys' fees, judgments and/or expenses ("Losses"), arising out of, or relating to, the breach by Seller of any of the representations and warranties made by Seller in or under this Agreement or any of the Transaction Documents, up to a total amount of [***].

(b) **Indemnification by Buyer.** Effective as of the Closing, Buyer hereby agrees to and shall reimburse, indemnify, defend (at Seller's option and with counsel reasonably acceptable to Seller) and hold harmless Seller and its affiliates and each of their respective officers, directors, shareholders, members, partners, agents, employees, successors and assigns (collectively, the "Seller Indemnitees"), from and against any and all Losses arising out of, or relating to, the breach by Buyer of any of the representations and warranties made by Buyer in or under this Agreement or any of the Transaction Documents, up to a total amount of [***].

Section 14.2 Notice and Opportunity to Defend.

(a) **Notice of Asserted Liability.** Following the receipt by one or more of the Buyer Indemnitees or Seller Indemnitees, as applicable (hereinafter, the "Indemnitees") of written notice of any claims, liabilities, causes of action or any other circumstances that would give rise to a claim for reimbursement or indemnification pursuant to Section 14.1 of this Agreement ("Asserted Liability"), Indemnitees shall give written notice thereof ("Claims Notice") to the applicable indemnifying party hereunder (hereinafter, the "Indemnitor").

Following the receipt of a valid Claims Notice, and without in any way limiting or reducing the obligations of Indemnitor pursuant to Section 14.1 hereof, Indemnitor shall defend (at Indemnitee's option and with counsel reasonably acceptable to Indemnitee) and satisfy such Asserted Liability. All costs, fees and expenses incurred in connection with the defense and satisfaction of such Asserted Liability shall be borne by and be the sole responsibility of Indemnitor.

(b) **Opportunity to Defend.** Without in any way limiting or reducing the obligations of Indemnitor pursuant to Section 14.1 or Section 14.2(a) hereof, Indemnitees may elect to defend (by their own counsel), compromise and/or satisfy any Asserted Liability. Without in any way limiting or reducing the obligations of Indemnitor pursuant to Section 14.1 or Section 14.2(a) hereof, if Indemnitees elect to defend (by their own counsel), compromise and/or satisfy such Asserted Liability, Indemnitees shall notify Indemnitor of Indemnitees' intent to do so, and Indemnitor shall reasonably cooperate in the defense, compromise and satisfaction of such Asserted Liability. All reasonable costs, fees and expenses incurred in connection with the defense, compromise and satisfaction of any such Asserted Liability shall be borne by and shall be the responsibility of Indemnitor. Furthermore, and without limiting the obligations of Indemnitor pursuant to Section 14.1 or Section 14.2(a) hereof, Indemnitor shall reimburse Indemnitees for all Losses incurred by Indemnitees in connection with any such Asserted Liability.

(c) **Timing for Payment.** In the event Indemnitees incur any Losses which were not otherwise paid or satisfied by Indemnitor pursuant to this Agreement, Indemnitees shall deliver written notice to Indemnitor advising Indemnitor that Indemnitees have incurred such Losses ("Notice of Loss"). The Notice of Loss shall include an itemization of all of the Losses which Indemnitor is required to pay pursuant to and in accordance with the terms and provisions of this Agreement. Within thirty (30) calendar days after the date of receipt by Seller of the Notice of Loss, Indemnitor shall pay to Indemnitees the aggregate amount of the Losses described in such Notice of Loss. In the event Indemnitor fails to timely pay to Indemnitees the aggregate amount of such Losses, any and all unpaid amounts shall bear interest at the greater of: (a) [***] per annum; or (b) the maximum rate of interest allowable under applicable law, which interest, in either case, shall be deemed to accrue effective as of the date such payment was originally due.

**ARTICLE 15
MISCELLANEOUS**

Section 15.1 Assignment. No assignment of this Agreement or either Party's rights or obligations hereunder shall be made by either Party without first having obtained the other Party's written approval of any such assignment, which approval may be granted or withheld in the sole and absolute discretion of such Party. Notwithstanding the foregoing, Buyer may assign this Agreement to a wholly-owned subsidiary of Buyer without the prior written consent of Seller. Buyer shall notify Seller of any such permitted assignment no later than three (3) Business Days prior to the Closing Date. Upon any such assignment, Buyer shall be fully released and discharged from any and all liabilities and obligations under this Agreement as of the Closing.

Section 15.2 **Notices.** Except as otherwise stated in this Agreement, any notice, consent, demand, invoice, statement or other communication required or permitted to be given under this Agreement shall be in writing and shall be given by (a) personal delivery, (b) overnight delivery with a reputable international overnight delivery service, such as FedEx, or (c) facsimile or email transmission, so long as such transmission is followed within one (1) Business Day by delivery utilizing one of the methods described in (a) or (b). Any such notice, consent, demand, invoice, statement or other communication shall be deemed delivered (x) upon receipt, if given in accordance with subsection (a); (y) one (1) Business Day after deposit with a reputable international overnight delivery service, if given in accordance with subsection (b); or (z) upon transmission, if given in accordance with subsection (c). Any notice, consent, demand, invoice, statement or other communication required or permitted to be given under this Agreement shall be addressed to the Parties at the following addresses:

(i) **Seller's Address.** If to Seller, at the following address:

Ascend Athol RE LLC
137 Lewis Wharf
Boston, MA 02110
Attn: Abner Kurtin
Telephone: [REDACTED]
Email: [REDACTED]

With a copy to:

Royer Cooper Cohen Braunfeld LLC
100 N. 18th Street, Suite 710
Philadelphia, PA 19103
Attn: Jennifer Tintenfass, Esq.
Telephone: (610) 629-6223
Email: jtintenfass@rccblaw.com

(ii) **Buyer's Address.** If to Buyer, at the following address:

IIP Operating Partnership, LP
11440 West Bernardo Court, Suite 100
San Diego, California 92127
Attn: Brian Wolfe, General Counsel
Telephone: [REDACTED]
Email: [REDACTED]

Either Party may, by notice to the other given pursuant to this Section 15.2, specify additional or different addresses for notice purposes. The Parties agree that the attorney for a Party listed above shall have the authority to deliver notices on such Party's behalf.

Section 15.3 **Entire Agreement.** This Agreement, including the Exhibits and Schedules referred to herein, are intended by the Parties to be the final, complete and exclusive expression of their agreement with respect to the terms that are included in this Agreement, and may not be contradicted or supplemented by evidence of any other prior or contemporaneous agreement. This Agreement supersedes all previous representations, arrangements, agreements and understandings by and among the Parties with respect to the subject matter covered by this Agreement including, without limitation, all prior letters of intent executed between Buyer and Seller, and any such representations, arrangements, agreements and understandings are hereby canceled and terminated in all respects.

Section 15.4 **Amendment.** No provision of this Agreement may be modified, amended, or supplemented except by an agreement in writing signed by Buyer and Seller.

Section15.5 **Severability**. Any provision of this Agreement that shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof, and all other provisions of this Agreement shall remain in full force and effect and shall be interpreted as if the invalid, void or illegal provision did not exist.

Section15.6 **Remedies**. No waiver of any term, covenant or condition of this Agreement shall be binding unless executed in writing by the party entitled to the benefit of such term, covenant or condition. The waiver of any breach or default of any term, covenant or condition contained in this Agreement shall not be deemed to be a waiver of any preceding or subsequent breach or default of such term, covenant or condition or any other term, covenant or condition of this Agreement. Except as expressly provided in this Agreement, the rights and remedies under this Agreement are in addition to and not exclusive of any other rights, remedies, powers and privileges under this Agreement or available at law, in equity or otherwise. No failure to exercise or delay in exercising any right, remedy, power or privilege shall operate as a waiver thereof, and no single or partial exercise of any right, remedy, power or privilege shall preclude the exercise of any other right, remedy, power or privilege.

Section15.7 **Counterparts**. This Agreement may be executed in one or more counterparts, each of which, when taken together, shall constitute one and the same document.

Section15.8 **Attorneys' Fees**. Except as otherwise expressly set forth in this Agreement, each Party shall pay its own costs and expenses incurred in connection with this Agreement and such Party's performance under this Agreement, provided, that if either Party commences an action, proceeding, demand, claim, action, cause of action or suit against the other Party arising out of or in connection with this Agreement, then the substantially prevailing Party shall be reimbursed by the other Party for all reasonable costs and expenses, including reasonable attorneys' fees and expenses, incurred by the substantially prevailing Party in such action, proceeding, demand, claim, action, cause of action or suit, and in any appeal in connection therewith (regardless of whether the applicable action, proceeding, demand, claim, action, cause of action, suit or appeal is voluntarily withdrawn or dismissed).

Section15.9 **Governing Law; Jurisdiction and Venue**. This Agreement shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Massachusetts, without regard to Massachusetts' conflict of law principles. The proper venue for any claims, causes of action or other proceedings concerning this Agreement shall be in the state and federal courts located in the County of Worcester, Commonwealth of Massachusetts.

Section15.10 **Waiver of Jury Trial**. To the extent permitted by applicable laws, the Parties waive trial by jury in any action, proceeding or counterclaim brought by the other Party hereto related to matters arising out of or in any way connected with this Agreement.

Section15.11 **No Third Party Beneficiary**. This Agreement is for the sole benefit of the Parties and their respective heirs, legatees, devisees, executors, administrators and permitted successors and assigns, and nothing in this Agreement shall give or be construed to give any other person or entity any legal or equitable rights.

Section15.12 **Successors and Assigns**. Each of the covenants, conditions and agreements contained in this Agreement shall inure to the benefit of and shall apply to and be binding upon the Parties hereto and their respective heirs, legatees, devisees, executors, administrators and permitted successors and assigns. Nothing in this Section 15.12 shall in any way alter the provisions of this Agreement restricting assignment.

Section15.13 **Time of the Essence**. Time is of the essence with respect to the performance of every provision in this Agreement.

Section15.14 **Survivability**. Except as otherwise provided in this Agreement to the contrary, the covenants and **obligations** of the Parties to this Agreement shall survive the Closing indefinitely.

Section15.15 **Business Days**. If the Closing Date or any other date described in this Agreement by which one Party hereto must give notice to the other Party hereto or perform or fulfill an obligation hereunder is a

Calendar Day that is not a Business Day, then the Closing Date or such other date shall be automatically extended to the next succeeding Business Day.

Section15.16 Joint Liability. If more than one person or entity executes this Agreement as Seller, then (a) each of them is jointly and severally liable for the keeping, observing and performing of all of the terms, covenants, conditions, provisions and agreements of this Agreement to be kept, observed or performed by Seller, and such terms, covenants, conditions, provisions and agreements shall be binding with the same force and effect upon each and all of the persons executing this Agreement as Seller, and (b) the term "Seller" as used in this Agreement shall mean and include each of them, jointly and severally. Furthermore, all of the covenants, agreements, obligations, liabilities, indemnification undertakings, certifications, representations and warranties of Seller in this Agreement and in the Transaction Documents shall be deemed to be joint and several covenants, agreements, obligations, liabilities, indemnification undertakings, certifications, representations and warranties of Seller and Ascend Wellness Holdings, LLC, a Massachusetts limited liability company (the "Joiner"), and may be enforced against either of them, concurrently and successively, in such order as Buyer may determine.

Section15.17 Construction. Buyer and Seller have each participated in the drafting and negotiation of this Agreement, and the language in all parts of this Agreement shall be in all cases construed as a whole according to its fair meaning and not strictly for or against either Buyer or Seller.

Section15.18 Independent Obligations. Notwithstanding anything to the contrary contained in this Agreement, Seller's obligations under this Agreement are independent and shall not be conditioned upon performance by Buyer.

Section15.19 Facsimile and PDF Signatures. A facsimile or portable document format (PDF) signature on this Agreement shall be equivalent to, and have the same force and effect as, an original signature.

Section15.20 Covenant and Condition. Each provision of this Agreement performable by Seller shall be deemed both a covenant and a condition.

Section15.21 Reasonable Consent. Whenever consent or approval of either Party is required pursuant to this Agreement, that party shall not unreasonably withhold, condition or delay such consent or approval, except as may be expressly set forth to the contrary in this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date set forth opposite each Party's name below.

SELLER: ASCEND ATHOL RE LLC,
a Massachusetts limited liability company

By: /s/ Francis Perullo
Name: Francis Perullo
Title: Manager

BUYER: IIP OPERATING PARTNERSHIP, LP,
a Delaware limited partnership

By: /s/ Brian Wolfe
Name: Brian Wolfe
Title: Vice President, General Counsel and Secretary

CONSENT OF ESCROW AGENT

The undersigned Escrow Agent hereby agrees to: (i) accept the foregoing Agreement; (ii) establish the Escrow and be Escrow Agent under said Agreement; (iii) to make all filings required under Section 6045 of the Internal Revenue Code of 1986, as amended; and (iv) be bound by said Agreement in the performance of its duties as Escrow Agent; provided, however, the undersigned shall have no obligations, liability or responsibility under (a) this Consent or otherwise, unless and until said Agreement, fully signed by the parties, has been delivered to the undersigned, or (b) any amendment to said Agreement unless and until the same is accepted by the undersigned in writing.

Dated: January ____, 2020

[REDACTED]

By _____

Name:

Title:

EXHIBIT A-1

SITE PLAN

[See attached]

A-1

EXHIBIT A-2

LEGAL DESCRIPTION OF PROJECT LAND

The following parcels of land, with all the factories and mills and all the machinery and equipment thereof, other buildings located thereon with their equipment, except as provided in the Master Deed to which this exhibit is attached, all structures, improvements, water rights, flowage rights, rights of way, easements and all other rights and privileges, hereditaments and appurtenances situated thereon or belonging or appertaining thereto, said parcel of land being bounded and described as follows:

FIRST PARCEL:

A. A certain tract of land lying on Miller's River in Athol, Massachusetts, and bounded on the east and south by land now or late of James W. Cheeney; on the west by land formerly of Waterman A. Fisher, and on the north by high-water mark of said river, by land now or late of Charles W. Davenport.

B. Also a certain other parcel of land situated in said Athol, bounded easterly by Chestnut Hill Avenue; southerly by land of the Fitchburg Railroad, westerly by land formerly of Waterman A. Fisher and by the Cotton Mill Pond, so called, northwesterly and northerly by said Pond and by said Miller's River, said last-described parcel being the same premises conveyed to Sarah E. Cheeney by Charlotte S. Baker by deed dated December 16, 1880, and recorded with Worcester District Registry of Deeds, Book 1085, Page 290, excepting so much of said parcel as has been taken by the Town of Athol or by the Fitchburg Railroad for the purpose of raising the grade of Main Street in said Athol.

C. All land owned by the Mortgagor on said Miller's River, the "Cheeney Water Privilege", so called, and the water rights and flowage rights, connected with and appurtenant to said water privilege.

D. A certain tract of land situated in said Athol bounded and described as follows, viz.:

BEGINNING at a stone bound in the northerly line of Ward Street at corner of land of Mabel M. McNutt;

THENCE northerly by said MacNutt's west line 192 feet to a bound;

THENCE easterly in a line parallel with Goddard Street about twenty-six feet to a bound;

THENCE southerly in a straight line to the place of beginning.

E. A certain tract of land situated on the westerly side of Chestnut Hill Avenue in said Athol, and bounded and described as follows, viz.:

BEGINNING at a bound at the northeasterly corner thereof,

THENCE southerly in the westerly line of said avenue about one hundred thirty feet to land of Rebecca Osborne;

THENCE North 68° 15' West about two hundred seventy-four feet to a bound at land now or late of J.B. Cardany Estate;

THENCE northerly by said Cardany land and land now or late of John Tway about one hundred twenty-six feet to a stone monument at land now or late of Sarah E. Goddard;

THENCE South 68° 15' East about three hundred six feet to the place of beginning.

Excepting from the operation of this conveyance all rights as granted to James Cotton and others by Walter L. White and Ernest H. White by their deed to the said Sarah E. Goddard, dated December 21, 1892.

Being the same premises conveyed to Edgar T. Ward by the said Sarah E. Goddard by deed dated April 29, 1907, and recorded with said Registry in Book 1854, Page 558.

F. A certain tract of land situated on the easterly side of said Chestnut Hill Avenue, in said Athol, and bounded and described as follows, viz.:

BEGINNING at the northeasterly corner thereof at a stake and stones in the southerly line of Goddard Street;

THENCE at about a right angle with said southerly line, on land now or late of Herbert S. Goddard, to stake and stones at land of one Bragg;

THENCE westerly in the line of an old wall, on land of said Bragg and land of Alfred Goddard to land of Frances L. Whitney;

THENCE northerly by said Whitney land to an angle in the wall;

THENCE westerly, still on said Whitney land, to the easterly line of said Chestnut Hill Avenue;

THENCE northerly, in said easterly line of said avenue, to the southerly line of Goddard Street;

THENCE easterly, in said southerly line of said Goddard Street about five hundred seventy- two feet to the place of beginning.

Excepting from the operation of this conveyance the right of Job Frye and Goodell Goddard, if any exist, as reserved in a deed from Ephraim Goddard to Lewis Thorpe, et al, dated March 2, 1866.

Being the same premises conveyed to Edgar T. Ward by Herbert B. Goddard by deed dated April 29, 1907, and recorded with Worcester District Registry of Deeds, Book 1852, Page 465. But excepting from the foregoing property specifically described such lands thereof and such interests therein as were conveyed out by the following deeds from Union Twist Drill Company: to John McKay, Book 1990, Page 1457, to George R. Starrett, Book 1990, Page 478; to John J. McKay, Book 1998, Page 103; to James Graham, Book 2059, Page 517; to Emma H. Gregson, Book 2059, Page 519; to Mabel MacNutt, Book 2059, Page 556; to Mabel MacNutt, Book 2069, Page 359; to Fred P. Johnson, Book 2069, Page 361, to Robert R. Ray, Book 2069, Page 364, to Sidney M. Greene, Book 2069, Page 366; to Alfred Goddard, Book 270, Page 94; to Napoleon F. Perron, Book 2070, Page 101; to James A. Melivin, Book 2077, Page 520; to Rose A. Duquay, Book 2101, Page 182; to John T. Lee, Book 2108, Page 190; to Arthur E.B. Williams, Book 2118, Page 195; to Mabel F. Kimball, Book 2118, Page 198; to Leo K. Hight, Page 2118, Page 505; to Eugene J. Valhere and Mamie M. Valhere, Book 2154, Page 264, to Albert L. Seely, Book 2167, Page 227; to Margaret M. Macklin recorded in Book 2225, Page 132.

SECOND PARCEL:

A parcel of land situated in said Athol, bounded and described as follows: viz:

BEGINNING at a Worcester Highway Bound in the northerly line of the Vermont and Massachusetts Railroad;

THENCE by the northerly line of said Railroad counterclockwise on a curve with a radius of 1,824.09 feet a distance of forty-six and 12/100 (46.12) feet to a Worcester Highway Bound;

THENCE by said northerly line of the Vermont and Massachusetts Railroad, South 54° 31' 30" West twelve and 53/100 (12.53) feet to a Worcester County Highway Bound;

THENCE by the northerly line of Main Street North 65° 34' 48" West seventeen and 92/100 (17.92) feet to a Worcester Highway Bound;

THENCE by land of The L.S. Starrett Company, in a northerly direction sixty-nine and 8/10 (69.8) feet to an iron pipe near the south bank of Miller's River;

THENCE northeasterly by a bank of Miller's River about two hundred twenty-six (226) feet to an iron pipe near a corner of fence formerly of Litton Industrial Products, Inc.;

THENCE by land nor or formerly of Litton Industrial Products, Inc., southerly along a fence about one hundred seven and $\frac{1}{2}$ (107.5) feet to a point;

THENCE by other land formerly of Litton Industrial Products, Inc. southerly along a fence about sixty-five (65) feet to a point;

THENCE by other land formerly of Litton Industrial Products, Inc. southerly along a fence about thirty five (35) feet to a point in the northerly line of the Vermont and Massachusetts Railroad;

THENCE by the northerly line of said Railroad about ninety-three (93) feet to the point of beginning.

The first three courses in the above description are as shown on a 1938 Worcester County Plan of relocation of Main Street, Decree of 1239 Plan H-2661.

For title see deed recorded in Book 9302, Page 323

Together with Declarant's rights under the Grant of Easement and Agreement by L.P. Athol Corporation dated August 16, 2018, recorded with said Deeds in Book 59288, Page 367.

Being the same premises conveyed to Declarant by deed of MassGrow LLC, dated September 21, 2018, recorded with said Deeds in Book 59457, Page 370.

EXHIBIT B

SELLER'S DEED

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL AND SEND TAX BILLS TO:

IIP-[____] LLC
11440 West Bernardo Court
Suite 100
San Diego, CA 92127
Attn: General Counsel

(SPACE ABOVE FOR RECORDER'S USE)

QUITCLAIM DEED

COMMONWEALTH OF MASSACHUSETTS

WORCESTER COUNTY

THIS QUITCLAIM DEED, made and entered into as of the ____ day of _____, 2020, by and between ASCEND ATHOL RE LLC, a Massachusetts limited liability company ("Grantor"), and IIP-[____] LLC, a Delaware limited liability company, having an address of 11440 West Bernardo Court, Suite 100, San Diego, California 92127 ("Grantee").

KNOW ALL MEN BY THESE PRESENTS, that Grantor for [_____] Dollars (\$_____) paid to it by said Grantee (the receipt and adequacy of which is hereby acknowledged), does by these presents, grant to said Grantee, with Quitclaim Covenants, that certain real estate situated in the County of Worcester and Commonwealth of Massachusetts, and legally described on **Exhibit A** attached hereto and incorporated herein (the "Property"),

Being the premises known as 134 Chestnut Hill Avenue, Unit 2, in Athol, Massachusetts.

Being a portion of the premises conveyed to the Grantor by deed from MassGrow LLC dated September 21, 2018 and recorded with the Worcester County Registry of Deeds in Book 59457, Page 370.

This conveyance is not a sale of all or substantially all of the assets of Grantor in the Commonwealth of Massachusetts.

(Signature and Acknowledgment appear on the following page)

Executed this ____ day of [____], 2020.

GRANTOR:

ASCEND ATHOL RE LLC,
a Massachusetts limited liability company

By: _____

Name: _____

Title: _____

COMMONWEALTH OF MASSACHUSETTS

_____ County

_____, 2020

On this date, _____, 2020, before me, the undersigned notary public, personally appeared _____, proved to me through satisfactory evidence of identification, which was (personal knowledge) (driver's license) to be the person whose name is signed on the preceding or attached document, and acknowledged to me that he signed it voluntarily as _____ for its stated purpose.

Notary Public

Printed Name: _____

My Commission Expires _____

EXHIBIT A
TO QUITCLAIM DEED

LEGAL DESCRIPTION OF REAL PROPERTY

ADDRESS: 134 Chestnut Hill Avenue, Unit 2
Athol, Massachusetts

[LEGAL DESCRIPTION TO BE ADDED]

EXHIBIT C

BILL OF SALE

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, _____, a _____ ("Grantor"), hereby sells, conveys, transfers and releases to _____, a _____ ("Grantee"), the personal property more particularly described in Exhibit 1 attached hereto and incorporated herein by this reference, and all other tangible and intangible personal property located on or used in connection with the ownership, management and/or operation of the real property more particularly described in Exhibit 2 attached hereto and incorporated herein by this reference.

This Bill of Sale is being entered into pursuant to and in accordance with that certain Purchase and Sale Agreement and Joint Escrow Instructions, dated effective [____], 2019, as amended and assigned, by and between Grantor, as "Seller," and Grantee, as "Buyer" ("Purchase Agreement").

EXECUTED and to be made effective as of the date of the Closing, as said term is defined in the Purchase Agreement.

GRANTOR:

By: EXHIBIT - DO NOT SIGN

TITLE

Exhibit 1
To Bill of Sale

Personal Property.

All fixtures, trade fixtures, vehicles, machinery, appliances, tools, signs, equipment, systems, telephone equipment and systems, computer equipment and systems, satellite dishes and related equipment and systems, security equipment and systems, inventories, supplies and all other items of tangible and intangible personal property located on or used in connection with the ownership, management and/or operation of the real property described in Exhibit 2 to this Bill of Sale.

**Exhibit 2
To Bill of Sale**

Legal Description of Real Property

[Legal description to be inserted]

EXHIBIT D

CERTIFICATE OF NON-FOREIGN STATUS

The undersigned, being duly sworn, hereby deposes, certifies and states on oath as follows:

1. That the undersigned, _____ ("Transferor"), is duly authorized to execute this Certificate and Affidavit;
2. That Transferor's principal place of business is _____;
3. That Transferor is not a "foreign corporation," "foreign partnership," "foreign trust," or "foreign estate," as such terms are defined in the United States Internal Revenue Code of 1986, as amended (the "Code"), and Regulations promulgated thereunder, and is not otherwise a "foreign person," as defined in Section 1445 of the Code;
4. That Transferor is not a disregarded entity as defined in Section 1.1445-2(b)(2)(iii) of the Treasury Regulations;
5. That Transferor's United States taxpayer identification number is: _____;
6. That the undersigned is making this Certificate and Affidavit pursuant to the provisions of Section 1445 of the Code in connection with the sale of the real property described on Exhibit 1 attached hereto and incorporated herein by reference, by Transferor to _____ ("Transferee"), which sale constitutes the disposition by Transferor of a United States real property interest, for the purposes of establishing that Transferee is not required to withhold tax pursuant to Section 1445 of the Code in connection with such disposition; and
7. That the undersigned acknowledges that this Certificate and Affidavit may be disclosed to the Internal Revenue Service and other applicable governmental agencies by Transferee, that this Certificate and Affidavit is made under penalty of perjury, and that any false statement made herein could be punished by fine, imprisonment, or both.

Under penalty of perjury, I declare that I have examined the foregoing Certificate and Affidavit and I hereby certify that it is true, correct and complete.

TRANSFEROR:

By: EXHIBIT – DO NOT SIGN

Title: _____

[INSERT NOTARY]

Exhibit 1
To Certificate of Non-Foreign Status
Legal Description of Real Property

[Legal description to be inserted]

EXHIBIT E

ASSIGNMENT AND ASSUMPTION OF CONTRACTS

THIS ASSIGNMENT AND ASSUMPTION OF CONTRACTS ("Assignment") is made and dated for reference purposes as of _____, 20____, by and between _____ ("Assignor") and _____ ("Assignee"), both of whom may be referred to herein as the "Parties."

RECITALS

A. Assignor and Assignee are parties to that certain Purchase and Sale Agreement and Joint Escrow Instructions, dated as of [____], 2020, as amended and assigned (the "Purchase Agreement"). Capitalized terms used in this Assignment without definition shall have the meaning given to such terms in the Purchase Agreement.

B. This Assignment is made pursuant to, as required by, and subject to the terms and conditions of the Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, Assignor and Assignee hereby agree as follows:

1. Assignment of Contracts. Effective as of the Closing, Assignor hereby assigns, transfers and sets over to Assignee all of Assignor's right, title and interest, in, to and under the contracts and agreements listed or described on Exhibit 1 attached hereto and incorporated herein by reference (the "Assumed Contracts").

2. Assumption of Obligations. Effective as of the Closing, Assignee hereby assumes and agrees to perform all of the obligations, terms and covenants of Assignor under each of the Assumed Contracts, which obligations, terms and covenants accrue on or after the Closing.

3. Indemnification by Assignor. Assignor hereby agrees to reimburse, indemnify, defend and hold harmless Assignee, and its officers, directors, shareholders, employees and agents, for, from, of and against any and all claims, demands, liabilities, losses, damages, costs and expenses (including without limitation reasonable attorneys' fees) arising out of or relating to the breach by Assignor of any of the obligations, terms and/or covenants of Assignor under or pursuant to the Assumed Contracts, which obligations, terms and/or covenants accrue prior to the Closing.

4. Indemnification by Assignee. Assignee hereby agrees to reimburse, indemnify, defend and hold harmless Assignor, and its partners, affiliates, employees and agents, for, from, of and against any and all claims, demands, liabilities, losses, damages, costs and expenses (including without limitation reasonable attorneys' fees) arising out of or relating to the breach by Assignee of any of the obligations, terms and/or covenants of Assignor under or pursuant to the Assumed Contracts, which obligations, terms and/or covenants accrue on or after the Closing.

5. Governing Law. This Assignment shall be governed by the laws of the Commonwealth of Massachusetts. The proper venue for any claims, causes of action or other proceedings concerning this Assignment shall be in the state and federal courts located in the County of Worcester, Commonwealth of Massachusetts.

6. Binding Effect. This Assignment and the provisions contained herein shall be binding upon and inure to the benefit of Assignor and Assignee and their respective successors and assigns.

7. Attorneys' Fees. In the event of any legal action between Assignor and Assignee arising out of or in connection with this Assignment, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees and costs incurred in such action and any appeal therefrom.

8. Cooperation. Assignor hereby agrees to and shall execute and deliver to Assignee any and all documents, agreements and instruments necessary to consummate the transactions contemplated by this Assignment.

9. Counterparts. This Assignment may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the date first above written.

ASSIGNOR:

By: EXHIBIT – DO NOT SIGN

Title: _____

ASSIGNEE:

By: EXHIBIT – DO NOT SIGN

Title: _____

Exhibit 1
To Assignment and Assumption of Contracts

Assumed Contracts

EXHIBIT F

**ASSIGNMENT OF PERMITS, ENTITLEMENTS
AND INTANGIBLE PROPERTY**

THIS ASSIGNMENT OF PERMITS, ENTITLEMENTS AND INTANGIBLE PROPERTY (the "Assignment") is made and dated for reference purposes as of _____, 20__ and is entered into by _____ ("Assignor") in favor of _____ ("Assignee").

RECITALS

A. Assignor and Assignee are parties to that certain Purchase and Sale Agreement and Joint Escrow Instructions, dated [____], 2020, as amended and assigned ("Purchase Agreement"). Unless otherwise expressly defined herein, capitalized terms used herein without definition shall have the same meaning given to such terms in the Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Assignment by Assignor. Effective as of the Closing, Assignor hereby transfers and assigns to Assignee the Intangible Property and the Permits and Entitlements.

2. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, heirs and legatees of the respective Parties hereto.

3. Attorneys' Fees. In the event of any legal action between Assignor and Assignee arising out of or in connection with this Assignment, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees and costs incurred in such action and any appeal therefrom.

4. Governing Law; Jurisdiction and Venue. This Assignment shall be governed by, interpreted under, and construed and enforceable with, the laws of the Commonwealth of Massachusetts. The proper venue for any claims, causes of action or other proceedings concerning this Assignment shall be in the state and federal courts located in the County of Worcester, Commonwealth of Massachusetts.

5. Counterparts. This Assignment may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together constitute one and the same instrument.

6. Cooperation. Assignor hereby agrees to and shall execute and deliver to Assignee any and all documents, agreements and instruments necessary to consummate the transactions contemplated by this Assignment.

IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment to be executed as of the day and year first above written.

ASSIGNOR:

By: EXHIBIT – DO NOT SIGN

Title: _____

ASSIGNEE:

By: EXHIBIT – DO NOT SIGN

Title: _____

EXHIBIT G

GENERAL PROVISIONS OF ESCROW

THESE GENERAL PROVISIONS OF ESCROW ("General Provisions"), are being entered into pursuant to that certain Purchase and Sale Agreement and Joint Escrow Instructions, dated _____, 20____, by and between _____, as the "Seller," and _____, as the "Buyer," as the same may be amended from time to time ("Purchase Agreement"). Capitalized terms used herein without definition shall have the meanings given to such terms in the Purchase Agreement.

THE PARTIES UNDERSTAND AND ACKNOWLEDGE:

1. Deposit of Funds and Disbursements. Unless directed in writing by Seller or Buyer, as applicable, to establish a separate, interest-bearing account together with all necessary taxpayer reporting information, all funds received by Escrow Agent shall be deposited in general escrow accounts in a federally insured financial institution ("Depositories"). All disbursements shall be made by Escrow Agent's check or by wire transfer unless otherwise instructed in writing by the party to receive such disbursement. The Good Funds Law requires that Escrow Agent have confirmation of receipt of funds prior to disbursement.

2. Disclosure of Possible Benefits to Escrow Agent. As a result of Escrow Agent maintaining its general escrow accounts with the Depositories, Escrow Agent may receive certain financial benefits such as an array of bank services, accommodations, loans or other business transactions from the Depositories ("Collateral Benefits"). Notwithstanding the foregoing, the term Collateral Benefits shall not include any interest that accrues or is earned on the Initial Deposit and in no event and under no circumstance shall Escrow Agent be entitled to receive and retain any interest that accrues or is earned on the Initial Deposit. All Collateral Benefits shall accrue to the sole benefit of Escrow Agent and Escrow Agent shall have no obligation to account to the parties to this Escrow for the value of any such Collateral Benefits.

3. Miscellaneous Fees. Escrow Agent may incur certain additional costs on behalf of the parties for services performed by third party providers. The fees charged by Escrow Agent for such services shall not include a mark up or premium over the direct cost of such services.

4. Prorations and Adjustments. All prorations and/or adjustments shall be made in accordance with the Purchase Agreement.

5. Contingency Periods. Escrow Agent shall not be responsible for monitoring contingency time periods between the Parties.

6. Reports. As an accommodation, Escrow Agent may agree to transmit orders for inspection, termite, disclosure and other reports if requested, in writing or orally, by the parties or their agents. Escrow Agent shall deliver copies of any such reports as directed. Escrow Agent is not responsible for reviewing such reports or advising the parties of the content of the same.

7. Recordation of Documents. Escrow Agent is authorized to prepare, obtain, record and deliver the necessary instruments to carry out the terms and conditions of this Escrow and, to the extent that Escrow Agent is also the Title Company, to issue the ALTA Extended Coverage Policy at Closing, subject to and in accordance with the Purchase Agreement or pursuant to separate written instructions to Escrow Agent executed by Seller.

8. Conflicting Instructions and Disputes. No notice, demand or change of instructions shall be of any effect in this Escrow unless given in writing by Seller and Buyer. In the event a demand for the Initial Deposit and/or any other amounts in this Escrow is made which is not concurred with by Seller and Buyer (regardless of who made demand therefor), Escrow Agent may elect to file a suit in interpleader and obtain an order from the court allowing Escrow Agent to deposit all funds and documents in court and have no further liability with respect thereto.

If an action is brought involving this Escrow and/or Escrow Agent, Seller and Buyer agree to indemnify and hold Escrow Agent harmless against liabilities, damages and costs incurred by Escrow Agent (including reasonable attorney's fees and costs) except to the extent that such liabilities, damages and costs were caused by the negligence, gross negligence or willful misconduct of Escrow Agent.

9. Amendments to General Provisions. Any amendment to these General Provisions must be mutually agreed to by Seller and Buyer and accepted by Escrow Agent. The Purchase Agreement and these General Provisions shall constitute the entire escrow agreement between the Escrow Agent and the parties hereto with respect to the subject matter of the Escrow.

10. Copies of Documents; Authorization to Release. Escrow Agent is authorized to rely upon copies of documents, which include facsimile, electronic, NCR, or photocopies as if they were an originally executed document. If requested by Escrow Agent, the originals of such documents shall be delivered to Escrow Agent. Documents to be recorded MUST contain original signatures. Escrow Agent may furnish copies of any and all documents to the lender(s), real estate broker(s), attorney(s) and/or accountant(s) involved in this transaction upon their request.

11. Execution in Counterpart. These General Provisions and any amendments may be executed in one or more counterparts, each of which shall be deemed an original, and all of which taken together shall constitute the same instruction.

12. Tax Reporting, Withholding and Disclosure. The Parties are advised to seek independent advice concerning the tax consequences of this transaction, including but not limited to, their withholding, reporting and disclosure obligations. Escrow Agent does not provide tax or legal advice and the parties agree to hold Escrow Agent harmless from any loss or damage that the parties may incur as a result of their failure to comply with federal and/or state tax laws. EXCEPT AS OTHERWISE REQUIRED UNDER APPLICABLE LAW, WITHHOLDING OBLIGATIONS ARE THE EXCLUSIVE OBLIGATIONS OF THE PARTIES AND ESCROW AGENT IS NOT RESPONSIBLE TO PERFORM THESE OBLIGATIONS UNLESS ESCROW AGENT AGREES IN WRITING.

13. Taxpayer Identification Number Reporting. Federal law requires Escrow Agent to report Seller's social security number and/or tax identification number, forwarding address, and the gross sales price to the Internal Revenue Service. Escrow cannot be closed nor any documents recorded until the information is provided and Seller certifies the accuracy of such information to Escrow Agent.

14. Purchase Agreement. In the event of any conflict between the terms and conditions of the Purchase Agreement and the terms and conditions of these General Provisions, the terms and conditions of the Purchase Agreement shall govern.

15. Notices. All notices relating to these General Provisions shall be given in compliance with the Notice provisions set forth in the Purchase Agreement.

SELLER:

By: EXHIBIT – DO NOT SIGN

Title: _____

Date: _____, 20 ____

BUYER:

By: EXHIBIT – DO NOT SIGN

Title: _____

Date: _____, 20 ____

ESCROW AGENT:

By: EXHIBIT – DO NOT SIGN

Title: _____

EXHIBIT H
FORM OF LEASE
(see attached)

H-1

SCHEDULE 1.0

LIST OF SELLER'S DELIVERIES

PROPERTY DILIGENCE

- 1) **Property Acquisition:** Purchase and Sale Agreement and ancillary documents regarding purchase of Property
- 2) **FF&E** – detailed breakdown of FF&E now owned or expected to be acquired to support operations, including costs
- 3) **Approvals** - Evidence of approvals, zoning and permitting for the Property, including evidence of support from the local jurisdiction as necessary
- 4) **Build-out Plans** – drawings, approvals, permitting, budgets, GC contract / bids for TI work to be done at the Property
- 5) **Title Policy / Survey** – most recent issued policy of title insurance, together with copies of all listed exceptions, and current draft policy of title insurance as well as most recent survey
- 6) **Environmental** – environmental reports, including those generated by third parties
- 7) **Physical** – Physical Condition report, if available
- 8) **Taxes** – current Property tax bills and assessor's statements of current assessed value

TENANT DILIGENCE

1) General Company Information

- a. Entity structure chart, including all subs, affiliates, parent companies and ultimate beneficial owners
- b. Organizational documents for all entities listed in Item 1.a.
- c. Schedule of banks with which the company has accounts
- d. List of currently held dispensary, processing, and cultivation licenses and a list of licenses to be acquired / locations where a license is being applied for.
- e. Evidence of state cannabis licenses, and correspondence with state authority regarding status of issuance of permanent licensing where applicable (Massachusetts, for example).

2) Financial Information

- a. Detailed financial statements for each operating entity and consolidated, including income statements, statements of cash flows and balance sheets, to the extent available
- b. Copies of any sales agreements with dispensaries
- c. Copies of any equity financing documents and capitalization table
- d. All loan/credit agreements, security documents, letters of credit, indemnity letters and guarantees to which the company (or any of the entities in 1.a.) is a party (including intercompany loans)
- e. Current financial projections, business plans and internal budgets
- f. All documents pursuant to which the company is a guarantor or is otherwise contingently liable for the obligations of another entity
- g. Any investor presentations or other materials provided to investors in the past two years

3) Management Information

- a. Schedule of officers (and their titles), directors and advisors
- b. Biographies on officers and directors, including reasonable detail regarding management's and the Board's experience in the cannabis industry

INSURANCE / LEGAL [FOR BOTH PROPERTY AND TENANT]

- 1) Schedule of insurance policies, including broker, limits, retentions and coverage bases
- 2) Any notice of cancellation, termination or non-renewal or denial of liability under any policy
- 3) Loss information for the past 5 years under any insurance policy

- 4) All pending or threatened litigation and other claims (judicial, administrative and arbitration) by or against the company (including guarantors) or to which the company is a party, including with respect to the Property
- 5) All judgments or decrees to which the company or any of its properties is subject
- 6) All notices and correspondence received from any governmental agency alleging any violation of law, rule or regulation, including those relating to any applicable state or local cannabis law, rule or regulation
- 7) Any litigation concluded during the past 3 years with a description of the disposition

Such other documents or materials concerning the Property, Seller, Tenant or Guarantor in the possession or under the reasonable control of Seller as may be reasonably requested by Buyer.

SCHEDULE 2.0

ENVIRONMENTAL DISCLOSURE STATEMENT

Reference is made to the following reports, the contents of which are incorporated by reference herein:

1. Phase I – Environmental Site Assessment dated July 28, 2018, prepared by [REDACTED] and submitted to MassGrow, LLC.
2. UST Closure Report dated June 17, 2019, prepared by [REDACTED] and submitted to MassGrow, LLC

SCHEDULE 3.0

EXCLUDED PROPERTY

To be completed by Seller during the Investigation Period.

FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

THIS FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (this "Amendment") is entered into effective as of the 7th day of February 2020, by and between ASCEND ATHOL RE LLC, a Massachusetts limited liability company ("Seller"), and IIP OPERATING PARTNERSHIP, LP, a Delaware limited partnership ("Buyer").

RECITALS

A. WHEREAS, Seller and Buyer are parties to that certain Purchase and Sale Agreement and Joint Escrow Instructions dated as of January 13, 2020 (the "Existing PSA"), where Seller has agreed to sell to Buyer, and Buyer has agreed to purchase from Seller, Seller's right, title and interest in certain real property located in Athol, Massachusetts, as more particularly described therein; and

B. WHEREAS, in accordance with Section 15.4 of the Existing PSA, Seller and Buyer desire to modify and amend the Existing PSA only in respects and on the conditions hereinafter stated.

AGREEMENT

NOW, THEREFORE, Seller and Buyer, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, agree as follows:

1. Definitions. For purposes of this Amendment, capitalized terms shall have the meanings ascribed to them in the Existing PSA unless otherwise defined herein. The Existing PSA, as amended by this Amendment, is referred to collectively herein as the "Agreement." From and after the date hereof, the term "Agreement," as used in the Existing PSA, shall mean the Existing PSA, as amended by this Amendment.

2. Investigation Period. The first sentence of Section 4.1 of the Existing PSA is hereby amended and restated in its entirety to read as follows:

"During the time period commencing upon the Effective Date of this Agreement, and terminating at 11:00 p.m. Eastern Time on February 28, 2020 (the "Investigation Period"), Buyer shall have the right to conduct and complete an investigation of all matters pertaining to the Property and Buyer's purchase thereof including, without limitation, the matters described in this Section 4.1."

3. Effect of Amendment. Except as modified by this Amendment, the Existing PSA and all the covenants, agreements, terms, provisions and conditions thereof shall remain in full force and effect and are hereby ratified and affirmed. In the event of any conflict between the terms contained in this Amendment and the Existing PSA, the terms herein contained shall supersede and control the obligations and liabilities of the parties.

4. Miscellaneous. This Amendment becomes effective only upon execution and delivery hereof by Seller and Buyer. The captions of the paragraphs and subparagraphs in this Amendment are inserted and included solely for convenience and shall not be considered or given any effect in construing the provisions hereof.

5. Authority. Each of Seller and Buyer guarantees, warrants and represents that the individual or individuals signing this Amendment have the power, authority and legal capacity to sign this Amendment on behalf of and to bind all entities, corporations, partnerships, limited liability companies or other organizations on whose behalf such individual or individuals have signed.

6. Counterparts; Facsimile and PDF Signatures. This Amendment may be executed in one or more counterparts, each of which, when taken together, shall constitute one and the same document. A facsimile or portable document format (PDF) signature on this Amendment shall be equivalent to, and have the same force and effect as, an original signature.

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SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

THIS SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (this "Amendment") is entered into effective as of the 28th day of February 2020, by and between ASCEND ATHOL RE LLC, a Massachusetts limited liability company ("Seller"), and IIP OPERATING PARTNERSHIP, LP, a Delaware limited partnership ("Buyer").

RECITALS

A. WHEREAS, Seller and Buyer are parties to that certain Purchase and Sale Agreement and Joint Escrow Instructions dated as of January 13, 2020, as amended by that certain First Amendment to Purchase and Sale Agreement and Joint Escrow Instructions dated as of February 7, 2020 (collectively, the "Existing PSA"), where Seller has agreed to sell to Buyer, and Buyer has agreed to purchase from Seller, Seller's right, title and interest in certain real property located in Athol, Massachusetts, as more particularly described therein; and

B. WHEREAS, in accordance with Section 15.4 of the Existing PSA, Seller and Buyer desire to modify and amend the Existing PSA only in respects and on the conditions hereinafter stated.

AGREEMENT

NOW, THEREFORE, Seller and Buyer, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, agree as follows:

1. Definitions. For purposes of this Amendment, capitalized terms shall have the meanings ascribed to them in the Existing PSA unless otherwise defined herein. The Existing PSA, as amended by this Amendment, is referred to collectively herein as the "Agreement." From and after the date hereof, the term "Agreement," as used in the Existing PSA, shall mean the Existing PSA, as amended by this Amendment.

2. Investigation Period. The first sentence of Section 4.1 of the Existing PSA is hereby amended and restated in its entirety to read as follows:

"During the time period commencing upon the Effective Date of this Agreement, and terminating at 11:00 p.m. Eastern Time on March 6, 2020 (the "Investigation Period"), Buyer shall have the right to conduct and complete an investigation of all matters pertaining to the Property and Buyer's purchase thereof including, without limitation, the matters described in this Section 4.1."

3. Effect of Amendment. Except as modified by this Amendment, the Existing PSA and all the covenants, agreements, terms, provisions and conditions thereof shall remain in full force and effect and are hereby ratified and affirmed. In the event of any conflict between the terms contained in this Amendment and the Existing PSA, the terms herein contained shall supersede and control the obligations and liabilities of the parties.

4. Miscellaneous. This Amendment becomes effective only upon execution and delivery hereof by Seller and Buyer. The captions of the paragraphs and subparagraphs in this Amendment are inserted and included solely for convenience and shall not be considered or given any effect in construing the provisions hereof.

5. Authority. Each of Seller and Buyer guarantees, warrants and represents that the individual or individuals signing this Amendment have the power, authority and legal capacity to sign this Amendment on behalf of and to bind all entities, corporations, partnerships, limited liability companies or other organizations on whose behalf such individual or individuals have signed.

6. Counterparts; Facsimile and PDF Signatures. This Amendment may be executed in one or more counterparts, each of which, when taken together, shall constitute one and the same document. A facsimile or portable document format (PDF) signature on this Amendment shall be equivalent to, and have the same force and effect as, an original signature.

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IN WITNESS WHEREOF, Seller and Buyer have executed this Amendment as of the date and year first above written.

SELLER:

ASCEND ATHOL RE LLC, a Massachusetts limited liability company

By: /s/ Abner Kurtin

Name: Abner Kurtin

Title: Managing Member

BUYER:

IIP OPERATING PARTNERSHIP, LP,

a Delaware limited partnership

By: /s/ Brian Wolfe

Name: Brian Wolfe

Title: Vice President, General Counsel and Secretary

THIRD AMENDMENT TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

THIS THIRD AMENDMENT TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (this "Amendment") is entered into effective as of the 6th day of March 2020, by and between ASCEND ATHOL RE LLC, a Massachusetts limited liability company ("Seller"), and IIP OPERATING PARTNERSHIP, LP, a Delaware limited partnership ("Buyer").

RECITALS

A. WHEREAS, Seller and Buyer are parties to that certain Purchase and Sale Agreement and Joint Escrow Instructions dated as of January 13, 2020, as amended by that certain First Amendment to Purchase and Sale Agreement and Joint Escrow Instructions dated as of February 7, 2020, and as amended by that certain Second Amendment to Purchase and Sale Agreement and Joint Escrow Instructions dated as of February 28, 2020 (collectively, the "Existing PSA"), where Seller has agreed to sell to Buyer, and Buyer has agreed to purchase from Seller, Seller's right, title and interest in certain real property located in Athol, Massachusetts, as more particularly described therein; and

B. WHEREAS, in accordance with Section 15.4 of the Existing PSA, Seller and Buyer desire to modify and amend the Existing PSA only in respects and on the conditions hereinafter stated.

AGREEMENT

NOW, THEREFORE, Seller and Buyer, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, agree as follows:

1. Definitions. For purposes of this Amendment, capitalized terms shall have the meanings ascribed to them in the Existing PSA unless otherwise defined herein. The Existing PSA, as amended by this Amendment, is referred to collectively herein as the "Agreement." From and after the date hereof, the term "Agreement," as used in the Existing PSA, shall mean the Existing PSA, as amended by this Amendment.

2. Investigation Period. The first sentence of Section 4.1 of the Existing PSA is hereby amended and restated in its entirety to read as follows:

"During the time period commencing upon the Effective Date of this Agreement, and terminating at 11:00 p.m. Eastern Time on March 13, 2020 (the "Investigation Period"), Buyer shall have the right to conduct and complete an investigation of all matters pertaining to the Property and Buyer's purchase thereof including, without limitation, the matters described in this Section 4.1."

1. Closing. Section 8.4 of the Existing PSA is hereby amended and restated in its entirety to read as follows:

"Closing. The closing of the transaction contemplated by this Agreement ("Closing") shall take place at the offices of Escrow Agent or at such other location as may be mutually agreed upon by Seller and Buyer, on or before the expiration of the Investigation Period (as the same may be extended pursuant to this Agreement or by mutual written agreement of the parties) ("Closing Date")."

2. Effect of Amendment. Except as modified by this Amendment, the Existing PSA and all the covenants, agreements, terms, provisions and conditions thereof shall remain in full force and effect and are hereby

ratified and affirmed. In the event of any conflict between the terms contained in this Amendment and the Existing PSA, the terms herein contained shall supersede and control the obligations and liabilities of the parties.

3. Miscellaneous. This Amendment becomes effective only upon execution and delivery hereof by Seller and Buyer. The captions of the paragraphs and subparagraphs in this Amendment are inserted and included solely for convenience and shall not be considered or given any effect in construing the provisions hereof.

4. Authority. Each of Seller and Buyer guarantees, warrants and represents that the individual or individuals signing this Amendment have the power, authority and legal capacity to sign this Amendment on behalf of and to bind all entities, corporations, partnerships, limited liability companies or other organizations on whose behalf such individual or individuals have signed.

5. Counterparts; Facsimile and PDF Signatures. This Amendment may be executed in one or more counterparts, each of which, when taken together, shall constitute one and the same document. A facsimile or portable document format (PDF) signature on this Amendment shall be equivalent to, and have the same force and effect as, an original signature.

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FOURTH AMENDMENT TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

THIS FOURTH AMENDMENT TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (this "Amendment") is entered into effective as of the 13th day of March 2020, by and between ASCEND ATHOL RE LLC, a Massachusetts limited liability company ("Seller"), and IIP OPERATING PARTNERSHIP, LP, a Delaware limited partnership ("Buyer").

RECITALS

A. WHEREAS, Seller and Buyer are parties to that certain Purchase and Sale Agreement and Joint Escrow Instructions dated as of January 13, 2020, as amended by that certain First Amendment to Purchase and Sale Agreement and Joint Escrow Instructions dated as of February 7, 2020, as amended by that certain Second Amendment to Purchase and Sale Agreement and Joint Escrow Instructions dated as of February 28, 2020, and as amended by that certain Third Amendment to Purchase and Sale Agreement and Joint Escrow Instructions dated as of March 6, 2020 (collectively, the "Existing PSA"), where Seller has agreed to sell to Buyer, and Buyer has agreed to purchase from Seller, Seller's right, title and interest in certain real property located in Athol, Massachusetts, as more particularly described therein; and

B. WHEREAS, in accordance with Section 15.4 of the Existing PSA, Seller and Buyer desire to modify and amend the Existing PSA only in respects and on the conditions hereinafter stated.

AGREEMENT

NOW, THEREFORE, Seller and Buyer, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, agree as follows:

1. Definitions. For purposes of this Amendment, capitalized terms shall have the meanings ascribed to them in the Existing PSA unless otherwise defined herein. The Existing PSA, as amended by this Amendment, is referred to collectively herein as the "Agreement." From and after the date hereof, the term "Agreement," as used in the Existing PSA, shall mean the Existing PSA, as amended by this Amendment.

2. Investigation Period. The first sentence of Section 4.1 of the Existing PSA is hereby amended and restated in its entirety to read as follows:

"During the time period commencing upon the Effective Date of this Agreement, and terminating at 11:00 p.m. Eastern Time on March 20, 2020 (the "Investigation Period"), Buyer shall have the right to conduct and complete an investigation of all matters pertaining to the Property and Buyer's purchase thereof including, without limitation, the matters described in this Section 4.1."

3. Effect of Amendment. Except as modified by this Amendment, the Existing PSA and all the covenants, agreements, terms, provisions and conditions thereof shall remain in full force and effect and are hereby ratified and affirmed. In the event of any conflict between the terms contained in this Amendment and the Existing PSA, the terms herein contained shall supersede and control the obligations and liabilities of the parties.

4. Miscellaneous. This Amendment becomes effective only upon execution and delivery hereof by Seller and Buyer. The captions of the paragraphs and subparagraphs in this Amendment are inserted and included solely for convenience and shall not be considered or given any effect in construing the provisions hereof.

5. Authority. Each of Seller and Buyer guarantees, warrants and represents that the individual or individuals signing this Amendment have the power, authority and legal capacity to sign this Amendment on behalf of and to bind all entities, corporations, partnerships, limited liability companies or other organizations on whose behalf such individual or individuals have signed.

6. Counterparts; Facsimile and PDF Signatures. This Amendment may be executed in one or more counterparts, each of which, when taken together, shall constitute one and the same document. A facsimile or portable document format (PDF) signature on this Amendment shall be equivalent to, and have the same force and effect as, an original signature.

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IN WITNESS WHEREOF, Seller and Buyer have executed this Amendment as of the date and year first above written.

SELLER:

ASCEND ATHOL RE LLC, a Massachussets limited liability
company

By: /s/ Francis Perullo
Name: Francis Perullo aka Frank Perullo
Title: Manager

BUYER:

IIP OPERATING PARTNERSHIP, LP,
a Delaware limited Partnership

By: /s/ Brian Wolfe
Name: Brian Wolfe
Title: Vice President, General Counsel and Secretary

FIFTH AMENDMENT TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

THIS FIFTH AMENDMENT TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (this "Amendment") is entered into effective as of the 20th day of March 2020, by and between ASCEND ATHOL RE LLC, a Massachusetts limited liability company ("Seller"), and IIP-MA 4 LLC, a Delaware limited liability company ("Buyer").

RECITALS

A. WHEREAS, Seller and Buyer are parties to that certain Purchase and Sale Agreement and Joint Escrow Instructions dated as of January 13, 2020, as amended by that certain First Amendment to Purchase and Sale Agreement and Joint Escrow Instructions dated as of February 7, 2020, as amended by that certain Second Amendment to Purchase and Sale Agreement and Joint Escrow Instructions dated as of February 28, 2020, as amended by that certain Third Amendment to Purchase and Sale Agreement and Joint Escrow Instructions dated as of March 6, 2020, as amended by that certain Fourth Amendment to Purchase and Sale Agreement and Joint Escrow Instructions dated as of March 13, 2020, and as assigned by IIP Operating Partnership, LP, a Delaware limited partnership, to Buyer pursuant to an Assignment and Assumption of Purchase Agreement dated as of March 16, 2020 (collectively, the "Existing PSA"), where Seller has agreed to sell to Buyer, and Buyer has agreed to purchase from Seller, Seller's right, title and interest in certain real property located in Athol, Massachusetts, as more particularly described therein; and

B. WHEREAS, in accordance with Section 15.4 of the Existing PSA, Seller and Buyer desire to modify and amend the Existing PSA only in respects and on the conditions hereinafter stated.

AGREEMENT

NOW, THEREFORE, Seller and Buyer, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, agree as follows:

1. Definitions. For purposes of this Amendment, capitalized terms shall have the meanings ascribed to them in the Existing PSA unless otherwise defined herein. The Existing PSA, as amended by this Amendment, is referred to collectively herein as the "Agreement." From and after the date hereof, the term "Agreement," as used in the Existing PSA, shall mean the Existing PSA, as amended by this Amendment.

2. Investigation Period. The first sentence of Section 4.1 of the Existing PSA is hereby amended and restated in its entirety to read as follows:

"During the time period commencing upon the Effective Date of this Agreement, and terminating at 11:00 p.m. Eastern Time on April 3, 2020 (the "Investigation Period"), Buyer shall have the right to conduct and complete an investigation of all matters pertaining to the Property and Buyer's purchase thereof including, without limitation, the matters described in this Section 4.1."

3. Additional Property. The Parties have agreed to include Unit 1, as shown on the Site Plan, as part of the Property to be conveyed, transferred and assigned to Buyer pursuant to the Agreement. Accordingly, the definition of "Unit" in Article 1 of the Agreement is hereby amended and restated in its entirety as follows:

"Units" shall mean Unit 1 and Unit 2 as shown on the Site Plan, together with an undivided ownership interest in the General Common Elements (as defined in the Condominium Documents) and any applicable Limited Common Elements (as defined in the Condominium Documents)."

In addition, all other references to the term "Unit" in the Agreement shall be deemed amended to refer to the Units, collectively, or to each Unit, individually, as the context requires. The legal description of the Units is set forth on Exhibit A-3 to this Amendment.

4. Purchase Price. The first sentence of Section 2.2 of the Existing PSA is hereby amended and restated in its entirety to read as follows:

The purchase price for the Property ("Purchase Price") shall be the sum of Twenty-Six Million Seven Hundred Fifty Thousand Dollars (\$26,750.00).

5. Lease. The form of Lease attached as Exhibit H to the Existing PSA is hereby deleted in its entirety and replaced with the form of Lease attached hereto as Exhibit H and incorporated herein by reference. From and after the date hereof, all references in the Agreement to the "Lease" shall mean and refer to the Lease attached to this Amendment as Exhibit H.

6. Effect of Amendment. Except as modified by this Amendment, the Existing PSA and all the covenants, agreements, terms, provisions and conditions thereof shall remain in full force and effect and are hereby ratified and affirmed. In the event of any conflict between the terms contained in this Amendment and the Existing PSA, the terms herein contained shall supersede and control the obligations and liabilities of the parties.

7. Miscellaneous. This Amendment becomes effective only upon execution and delivery hereof by Seller and Buyer. The captions of the paragraphs and subparagraphs in this Amendment are inserted and included solely for convenience and shall not be considered or given any effect in construing the provisions hereof.

8. Authority. Each of Seller and Buyer guarantees, warrants and represents that the individual or individuals signing this Amendment have the power, authority and legal capacity to sign this Amendment on behalf of and to bind all entities, corporations, partnerships, limited liability companies or other organizations on whose behalf such individual or individuals have signed.

9. Counterparts; Facsimile and PDF Signatures. This Amendment may be executed in one or more counterparts, each of which, when taken together, shall constitute one and the same document. A facsimile or portable document format (PDF) signature on this Amendment shall be equivalent to, and have the same force and effect as, an original signature.

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EXHIBIT A-3

LEGAL DESCRIPTION OF UNITS

The Units known as Unit 1 and Unit 2 (collectively the "Units") in the Chestnut Hill Avenue Primary Condominium ("Condominium"), a condominium established pursuant to Massachusetts General Laws, Chapter 183A, as the same may have been or may hereafter be amended ("Chapter 183A") by Master Deed dated _____ and recorded with the Worcester County Registry of Deeds in Book _____, Page _____.

The Units are laid out as shown on a plan filed with the Master Deed and to which is affixed a verified statement in the form provided by Chapter 183A Section 9. It is subject to and with the benefit of the obligations, restrictions, rights and liabilities contained in Chapter 183A, the Master Deed and the By Laws recorded therewith, as the same may be amended from time to time.

The address of the Units is: 134 Chestnut Hill Avenue, Unit 2, Athol, MA and 134 Chestnut Hill Avenue, Unit 1, Athol, MA

EXHIBIT H

FORM OF LEASE

[See Attached]

CONFIDENTIAL TREATMENT REQUESTED - REDACTED COPY

LEASE

DATED

December 20, 2018

by and between

IIP-IL 1 LLC,
a Delaware limited liability company

and

ASCEND ILLINOIS, LLC,
an Illinois limited liability company

*Certain identified information has been omitted from this exhibit because it is not material and would likely cause competitive harm to the registrant if publicly disclosed. [***] indicates that information has been omitted.*

LEASE AGREEMENT

This Lease Agreement (this "**Lease**"), dated December 20, 2018 (the "**Execution Date**"), is made between IIP-IL 1 LLC, a Delaware limited liability company ("**Landlord**"), and ASCEND ILLINOIS, LLC, an Illinois limited liability company ("**Tenant**").

RECITALS

A. WHEREAS, concurrent with the execution of this Lease, Landlord closed on the purchase of certain real property (the "**Property**") and the improvements on the Property located at 420 Revolution Road, Barry, Illinois, including the building located thereon (the "**Building**" and, together with the Property, the "**Project**"), pursuant to that certain Purchase and Sale Agreement and Joint Escrow Instructions, dated December 13, 2018 (the "**Purchase Agreement**"), by and between Landlord and Tenant;

B. WHEREAS, Landlord wishes to lease to Tenant, and Tenant desires to lease from Landlord, the Premises (as defined below), pursuant to the terms and conditions of this Lease, as detailed below; and

C. WHEREAS, each of Ascend Illinois, Inc., Ascend Wellness Holdings, LLC, MassGrow, Inc., MassGrow, LLC, Ascend Mass, Inc., Ascend Mass, LLC, Ascend Friend Street RE LLC and Ascend Athol RE LLC ("**Guarantors**") is an affiliate of Tenant that is deriving a benefit from Landlord and Tenant entering into this Lease, and has agreed to enter into a guaranty in the form attached as Exhibit D hereto (the "**Guaranty**"), without which Landlord would not agree to enter into this Lease.

AGREEMENT

NOW, THEREFORE, Landlord and Tenant, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, agree as follows:

1. Lease of Premises. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the premises described on Exhibit A attached hereto, including shafts, cable runs, mechanical spaces, rooftop areas, landscaping, parking facilities, private drives and other improvements and appurtenances related thereto (including the Building), for use by Tenant in accordance with the Permitted Use (as defined below) and no other uses (collectively, the "**Premises**").

2. Basic Lease Provisions. For convenience of the parties, certain basic provisions of this Lease are set forth herein. The provisions set forth herein are subject to the remaining terms and conditions of this Lease and are to be interpreted in light of such remaining terms and conditions.

2.1. The monthly Base Rent for the first twelve (12) months of the Term of the Lease shall be equal to Two Hundred Eighty-One Thousand Two Hundred Fifty Dollars (\$281,250.00), subject to subsequent adjustment under this Lease.

2.2. Security Deposit: The initial Security Deposit shall be Nine Hundred Thousand Dollars (\$900,000.00), subject to subsequent adjustment under this Lease.

2.3. "**Permitted Use**": Agricultural growth, processing and dispensing of agricultural materials, including cannabis, industrial and office space, in accordance with current zoning for the Premises and in conformity with all Applicable Laws (as defined below). The Permitted Use shall include the cultivation and processing of cannabis plant parts and resins into products, and the storage of same for transport, and such other related use or uses permitted under Applicable Laws.

2.4. Address for Rent Payment: IIP-IL 1 LLC

[_____]
[_____]
[_____]
ABA [_____]
Account [_____]

2.5. Address for Notices to Landlord:

IIP-IL 1 LLC
11440 West Bernardo Court, Suite 220
San Diego, California 92127
Attn: General Counsel

2.6. Address for Notices and Invoices to Tenant:

Ascend Illinois, LLC
137 Lewis Wharf
Boston, MA 02110
Attn: Abner Kurtin

2.7. The following Exhibits are attached hereto and incorporated herein by reference:

- Exhibit A Premises
- Exhibit B Tenant's Personal Property
- Exhibit C Form of Estoppel Certificate
- Exhibit D Form of Guaranty
- Exhibit E Work Letter
- Exhibit E-1 Tenant Work Insurance Requirements

3. Term and Extension Options.

3.1. Term. The actual term of this Lease (as the same may be extended or earlier terminated in accordance with this Lease, the "Term") shall commence on the Execution Date (the "Commencement Date") and end on December 20, 2033, subject to extension or earlier termination of this Lease as provided herein.

3.2. Options to Extend Term. Tenant shall have two (2) options (each an "Extension Option") to extend the Term of this Lease for a period of five (5) years each (each an "Extension Period"), on the same terms and conditions in effect under this Lease immediately prior to the commencement of the Extension Period, except that (a) Tenant shall have no further right to extend the Term of this Lease after the second Extension Period, (b) the Base Rent payable during the Extension Period shall be an amount equal to Base Rent in effect immediately prior to the Extension Period, increased by [***] percent ([***]%) on an annual basis.

3.2.1. If Tenant exercises an Extension Option, such Extension Option shall apply to the entire Premises (and no less than the entire Premises). Tenant may exercise an Extension Option only by giving Landlord irrevocable and unconditional written notice thereof (the "Extension Notice") not later than twenty-four (24) months prior to the commencement date of the Extension Period. Upon delivery of the Extension Notice, Tenant shall be irrevocably bound to lease the Premises for the Extension Period.

3.2.2. Notwithstanding the foregoing, Tenant shall not have the right to exercise an Extension Option (i) during the time commencing from the date Landlord delivers to Tenant a written notice that Tenant is in default under any provisions of this Lease and continuing until Tenant has cured the specified default to Landlord's reasonable satisfaction; (ii) at any time after any Default (provided, however, that, for purposes of this Section

3.2(ii), Landlord shall not be required to provide Tenant with a notice of such Default) and continuing until Tenant cures any such Default, if such Default is susceptible to being cured; or (iii) in the event that Tenant has defaulted in the performance of its obligations under this Lease three (3) or more times during the six (6)-month period immediately prior to the date that Tenant intends to exercise an Extension Option, whether or not Tenant has cured such defaults.

3.2.3. If Tenant shall fail to timely exercise the Extension Option in accordance with the provisions of this Section 3.2, then the Extension Option shall terminate, and shall be null and void and of no further force and effect. If this Lease or Tenant's right to possession of the Premises shall terminate in any manner whatsoever before Tenant shall exercise the Extension Option, or if Tenant shall have assigned or transferred any interest in this Lease or sublet any part of the Premises (other than in the case of a Permitted Transfer as set forth in Section 16.8 below, then immediately upon such termination, assignment, transfer or sublease, the Extension Option shall simultaneously terminate and become null and void. Time is of the essence with regard to this Section 3.2.

3.2.4. The Extension Options are conditioned upon each Guarantor executing an amendment to such Guarantor's Guaranty that explicitly extends such Guarantor's obligations so that each Guarantor guarantees Tenant's Lease obligations incurred pursuant to Tenant's timely and proper exercise of an Extension Option.

4. Possession.

4.1. Possession. Tenant hereby acknowledges that immediately prior to the Commencement Date, Tenant was in possession of the Premises, and is familiar with the condition thereof and accepts the Premises in its "as is" condition with all faults, and Landlord makes no representation or warranty of any kind with respect the Premises, and Landlord will have no obligation to improve, alter or repair the Premises. It is understood and agreed that Landlord is not obligated to install any equipment, or make any repairs, improvements or alterations to the Premises. Tenant's continued occupancy and possession of the Premises following the Closing (as defined in the Purchase Agreement) shall conclusively establish that the Premises, the Building and the Project were at such time in good, sanitary and satisfactory condition and repair.

4.2. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT LANDLORD IS LEASING THE PREMISES "AS IS" AND "WHERE IS," AND WITH ALL FAULTS, AND THAT LANDLORD IS MAKING NO REPRESENTATIONS AND WARRANTIES WHETHER EXPRESS OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE, WITH RESPECT TO THE QUALITY OR PHYSICAL CONDITION OF THE PREMISES, THE INCOME OR EXPENSES FROM OR OF THE PREMISES, OR THE COMPLIANCE OF THE PREMISES WITH APPLICABLE BUILDING OR FIRE CODES, ENVIRONMENTAL LAWS OR OTHER LAWS, RULES, ORDERS OR REGULATIONS. WITHOUT LIMITING THE FOREGOING, IT IS UNDERSTOOD AND AGREED THAT LANDLORD MAKES NO WARRANTY WITH RESPECT TO THE HABITABILITY, SUITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. TENANT AGREES THAT IT ASSUMES FULL RESPONSIBILITY FOR, AND THAT IT HAS PERFORMED EXAMINATIONS AND INVESTIGATIONS OF THE PREMISES, INCLUDING SPECIFICALLY, WITHOUT LIMITATION, EXAMINATIONS AND INVESTIGATIONS FOR THE PRESENCE OF ASBESTOS, PCBS AND OTHER HAZARDOUS SUBSTANCES, MATERIALS AND WASTES (AS THOSE TERMS MAY BE DEFINED HEREIN OR BY APPLICABLE FEDERAL OR STATE LAWS, RULES OR REGULATIONS) ON OR IN THE PREMISES. WITHOUT LIMITING THE FOREGOING, TENANT IRREVOCABLY WAIVES ALL CLAIMS AGAINST LANDLORD WITH RESPECT TO ANY ENVIRONMENTAL CONDITION, INCLUDING CONTRIBUTION AND INDEMNITY CLAIMS, WHETHER STATUTORY OR OTHERWISE. TENANT ASSUMES FULL RESPONSIBILITY FOR ALL COSTS AND EXPENSES REQUIRED TO CAUSE THE PREMISES TO COMPLY WITH ALL APPLICABLE BUILDING AND FIRE CODES, MUNICIPAL ORDINANCES, ENVIRONMENTAL LAWS AND OTHER LAWS, RULES, ORDERS, AND REGULATIONS.

4.3. Holding Over.

4.3.1. If, with Landlord's prior written consent, Tenant holds possession of all or any part of the Premises after the Term, Tenant shall become a tenant from month-to-month after the expiration or earlier termination of the Term, and in such case Tenant shall continue to pay (a) Base Rent, as adjusted in accordance with Section 6, (b) Additional Rent, and (c) any amounts for which Tenant would otherwise be liable under this Lease if the Lease were still in effect. Any such month-to-month tenancy shall be subject to every other term, covenant and agreement contained herein.

4.3.2. If Tenant retains possession of any portion of the Premises after the Term without Landlord's prior written consent, then (a) Tenant shall be a tenant at sufferance subject to the terms and conditions of this Lease, except that the monthly rent shall be equal to [***] percent ([***]%) of the monthly Rent in effect during the last thirty (30) days of the Term, and (b) Tenant shall be liable to Landlord for any and all damages suffered by Landlord directly as a result of such holdover, including any lost rent or consequential, special and indirect damages (in each case, regardless of whether such damages are foreseeable).

4.3.3. Acceptance by Landlord of Rent after the expiration or earlier termination of the Term shall not result in an extension, renewal or reinstatement of this Lease. The foregoing provisions of this Section 4 are in addition to and do not affect Landlord's right of reentry or any other rights of Landlord hereunder or as otherwise provided by Applicable Laws. The provisions of this Section 4 shall survive the expiration or earlier termination of this Lease.

5. Tenant Improvements.

5.1. Tenant shall cause appropriate improvements consistent with the Permitted Use (the "**Tenant Improvements**") to be constructed in the Premises pursuant to the Work Letter attached hereto as Exhibit E (the "**Work Letter**") at a cost to Landlord not to exceed Six Million Dollars (\$6,000,000.00) (the "**TI Allowance**"). The TI Allowance may be applied to the costs of (a) construction, (b) project review by Landlord (which fee shall equal [***] percent ([***]%) of the cost of the Tenant Improvements, including the TI Allowance), (c) commissioning of mechanical, electrical and plumbing systems by a licensed, qualified commissioning agent hired by Tenant, and review of such party's commissioning report by a licensed, qualified commissioning agent hired by Landlord, (d) space planning, architect, engineering and other related services performed by third parties unaffiliated with Tenant, (e) building permits and other taxes, fees, charges and levies by governmental authorities for permits or for inspections of the Tenant Improvements, and (f) costs and expenses for labor, material, equipment and fixtures. In no event shall the TI Allowance be used for (m) the cost of work that is not authorized by the Approved Plans (as defined in the Work Letter) or otherwise approved in writing by Landlord, (n) payments to Tenant or any affiliates of Tenant, (o) the purchase of any furniture, personal property or other non-building system equipment, (p) costs resulting from any default by Tenant of its obligations under this Lease or (q) costs that are recoverable by Tenant from a third party (e.g., insurers, warrantors, or tortfeasors).

5.2. Tenant shall have until December 20, 2031 to request disbursement for the final installment of the TI Allowance, and may request no more than five (5) disbursements of the TI Allowance, with each disbursement (other than the final disbursement) being no less than [***] Dollars (\$[***]). Landlord's obligation to disburse any of the TI Allowance shall be conditional upon Tenant's satisfaction of the conditions precedent to funding of the TI Allowance set forth in Section 6.3 of the Work Letter. In addition, Landlord's obligation to disburse any of the TI Allowance in excess of [***] Dollars (\$[***]) shall be conditioned upon the satisfaction of the following: (a) Tenant's delivery to Landlord of a certificate of occupancy for the Premises suitable for the Permitted Use, as applicable; (b) Tenant's delivery to Landlord of a Certificate of Substantial Completion in the form of the American Institute of Architects document G704, executed by the project architect and the general contractor or such other form or certification as may be reasonably acceptable to Landlord; (c) Tenant's satisfaction of the conditions precedent to funding of the TI Allowance set forth in Section 6.3 of the Work Letter; and (d) there shall be no uncured event of default by Tenant under this Lease.

6. Rent.

6.1. Rent. Base Rent and Additional Rent (as defined below) shall together be denominated "**Rent.**" Rent shall be paid by ACH, wire transfer or check (but in no event may Rent be payable in cash unless Landlord provides its consent to such form of payment, in Landlord's sole and absolute discretion) to Landlord, without abatement, deduction or offset, in lawful money of the United States of America to the address set forth in Section 2 or to such other person or at such other place as Landlord may from time designate in writing. In the event the Term commences on a day other than the first day of a calendar month or ends on a day other than the last day of a calendar month, then the Rent for such fraction of a month shall be prorated for such period on the basis of the number of days in the month and shall be paid at the then-current rate for such fractional month.

6.2. Base Rent. Tenant shall pay to Landlord as Base Rent for the Premises, commencing on the Commencement Date, the sums set forth in Section 2, subject to the rental adjustments provided in Section 6.5. Base Rent shall be paid in equal monthly installments, subject to the rental adjustments provided in Section 6.5, each in advance on, or before, the first day of each and every calendar month during the Term; provided that, so long as Tenant is not in default of its obligations under this Lease, One Hundred One Thousand Two Hundred Fifty Dollars (101,250.00) shall be abated for each month, or portion thereof, that the full Holdback Escrow Amount (as defined in the Purchase Agreement) is held by the Escrow Agent (as defined in the Purchase Agreement). Upon distribution of any portion of the Holdback Escrow Amount to any party in accordance with the terms of the Holdback Escrow Agreement (as defined in the Purchase Agreement), monthly Base Rent shall increase by [***] Dollars (\$[***) for every [***] Dollars (\$[***) of Holdback Escrow Amount so released. For illustration purposes only, if [***] Dollars (\$[***) is disbursed in accordance with the Holdback Escrow Agreement, then monthly Base Rent shall increase by [***] Dollars (\$[***)).

6.3. Additional Rent. In addition to Base Rent, Tenant shall pay to Landlord as additional rent ("**Additional Rent**") at times hereinafter specified in this Lease (a) amounts related to Operating Expenses and Taxes (each as defined below), unless paid directly by Tenant to third parties to whom such amounts are owed, (b) the Property Management Fee (as defined below) and (c) any other amounts that Tenant assumes or agrees to pay under the provisions of this Lease that are owed to Landlord (whether or not such amounts are referred to herein as "Additional Rent"), including any and all other sums that may become due by reason of any default of Tenant or failure on Tenant's part to comply with the agreements, terms, covenants and conditions of this Lease to be performed by Tenant.

6.3.1. Operating Expenses. Tenant will pay directly all Operating Expenses of the Premises in a timely manner and prior to delinquency, unless otherwise specified herein that Landlord shall pay directly such Operating Expenses and receive reimbursement from Tenant. In the event that Tenant fails to pay any Operating Expense within ten (10) days after written notice by Landlord to Tenant, and without being under any obligation to do so and without hereby waiving any default by Tenant, Landlord may pay any delinquent Operating Expenses. Any Operating Expense paid by Landlord and any expenses reasonably incurred by Landlord in connection with the payment of the delinquent Operating Expense may be billed immediately to Tenant, or at Landlord's option and upon written notice to Tenant, may be deducted from the Security Deposit. "**Operating Expenses**" means all costs and expenses incurred by Landlord with respect to the ownership, maintenance and operation of the Premises including, but not limited to: insurance, maintenance, repair and replacement of the foundation, roof, walls, heating, ventilation, air conditioning, plumbing, electrical, mechanical, utility and safety systems, paving and parking areas, roads and driveways; maintenance of exterior areas such as gardening and landscaping, snow removal and signage; maintenance and repair of roof membrane, flashings, gutters, downspouts, roof drains, skylights and waterproofing; painting; lighting; cleaning; refuse removal; security; utilities for, or the maintenance of, outside areas; building personnel costs; personal property taxes; rentals or lease payments paid by Landlord for rented or leased personal property used in the operation or maintenance of the Premises; and fees for required licenses and permits.

6.3.2. Taxes. Tenant will promptly pay to Landlord upon Landlord's written request the amount of all Taxes levied and assessed for any such year upon the Premises. "**Taxes**" means any and all real estate taxes, fees, assessments and other charges of any kind or nature, whether general, special, ordinary or extraordinary, that Landlord shall pay or accrue (without regard to any different fiscal year used by such governmental authority) that

are levied in respect of the Premises, or in respect of any improvement, fixture, equipment or other property of Landlord, real or personal, located at the Premises, or used in connection with the operation of the Premises, and all fees, expenses, and costs incurred by Landlord in investigating, protesting, contesting, or in any way seeking to reduce or avoid increases in any assessments, levies, or the tax rate pertaining to the Taxes. Taxes shall not include Landlord's corporate franchise taxes, estate taxes, inheritance taxes or federal or state income taxes.

6.3.3. Estimated Costs. If and to the extent applicable, within sixty (60) days after the Commencement Date, and within sixty (60) days after the beginning of each calendar year, Landlord shall give Tenant a written estimate, for such calendar year, of the cost of Taxes and Operating Expenses payable by Landlord. Tenant shall pay such estimated amount to Landlord in equal monthly installments, in advance. Within ninety (90) days after the end of each calendar year, Landlord shall furnish to Tenant a statement showing in reasonable detail the cost of Taxes and Operating Expenses paid or payable by Landlord (the "**Annual Statement**"), and Tenant shall pay to Landlord the cost incurred by Landlord in excess of the payments made by Tenant within ten (10) days of receipt of such Annual Statement. In the event that the payments made by Tenant to Landlord for the estimated Taxes and Operating Expenses exceed the aggregate amount set forth in the Annual Statement, such excess amount shall be credited by Landlord to the Rent or other charges next due and owing, provided that, if the Term has expired, Landlord shall accompany said statement with the amount due Tenant.

6.3.4. Property Management Fee. Tenant shall pay to Landlord on, or before, the first day of each calendar month of the Term, as Additional Rent, the Property Management Fee. The "**Property Management Fee**" shall equal [***] percent ([***]%) of the then-current Base Rent due from Tenant. Tenant shall pay the Property Management Fee with respect to the entire Term, including any extensions thereof or any holdover periods, regardless of whether Tenant is obligated to pay Base Rent or any other Rent with respect to any such period or portion thereof.

6.3.5. Absolute Net Lease. This Lease shall be deemed and construed to be an "absolute net lease" and, except as herein expressly provided, the Landlord shall receive all payments required to be made by Tenant, free from all charges, assessments, impositions, expenses, deductions of any and every kind or nature whatsoever. Tenant shall, at Tenant's sole cost and expense, maintain the landscaping and parking lot, and make all additional repairs and alterations as required to maintain the Premises consistent with industry best practices.

6.4. Security Deposit. On or before the Execution Date of this Lease, Tenant shall deposit the sum in cash set forth in Section 2.2 (the "**Security Deposit**"), which sum shall be held by Landlord as security for the faithful performance by Tenant of all of the terms, covenants and conditions of this Lease to be kept and performed by Tenant during the Term. Landlord shall not be required to maintain a separate account for the Security Deposit, but may intermingle it with other funds of Landlord. Upon distribution of any portion of the Holdback Escrow Amount to any party in accordance with the terms of the Holdback Escrow Agreement, the Security Deposit shall increase by [***] Dollars for every [***] Dollars (\$[***]) of Holdback Escrow Amount so released. For illustration purposes only, if the full [***] Dollars (\$[***]) of the Holdback Escrow Amount is disbursed in accordance with the Holdback Escrow Agreement, then the Security Deposit shall increase by [***] Dollars (\$[***]). If Tenant defaults with respect to any provision of this Lease, then without notice to Tenant, Landlord may (but shall not be required to) apply all or any part of the Security Deposit for the payment of any Rent or any other sum in default. If any portion of the Security Deposit is so used or applied, then Tenant shall, upon demand therefor, restore the Security Deposit to its original amount. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, then the unapplied portion of the Security Deposit shall be returned to Tenant, or, at Landlord's option, to the last assignee of Tenant's interest hereunder, within sixty (60) days following the expiration of the Term. Tenant shall not be entitled to any interest on the Security Deposit. Tenant hereby irrevocably waives and relinquishes any and all rights, benefits, or protections, if any, Tenant now has, or in the future may have under any provision of law which (i) establishes the time frame by which a landlord must refund a security deposit under a lease, or (ii) provides that a landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by a tenant, or to clean the subject premises. Tenant acknowledges and agrees that (A) any statutory time frames for the return of a security deposit are superseded by the express period identified in this Section 6.4, and (B) rather than be so limited, Landlord may claim from the Security Deposit (i) any and all sums expressly identified in this Section 6.4, and (ii) any additional

sums reasonably necessary to compensate Landlord for any and all losses or damages caused by Tenant's default of this Lease, including, but not limited to, all damages or rent due upon termination of this Lease. In the event of bankruptcy or other debtor-creditor proceedings against Tenant, the Security Deposit shall be deemed to be applied first to the payment of Rent and other charges due Landlord for all periods prior to the filing of such proceedings. Provided that (a) no default by Tenant under this Lease has occurred and is continuing and (b) Tenant has achieved an EBITDA (as defined below) for the immediately preceding six (6) month period that is equal to two times the then-current Base Rent for such time period (the "**EBITDA Condition**"), the Security Deposit shall be reduced to Eight Hundred Forty-Three Thousand Seven Hundred Fifty Dollars (\$843,750.00) (the "**Reduced Security Deposit**"). For purposes of the foregoing, the term "**EBITDA**" shall mean net income before interest, taxes, depreciation and amortization. Landlord shall be required to deliver to Tenant the portion of the Security Deposit retained by Landlord that is in excess of the Reduced Security Deposit within thirty (30) days after (x) Tenant has delivered to Landlord reasonable supporting documentation that Tenant has satisfied the conditions set forth in Subsections (a) and (b) above, including a certification from the principal financial officer of Tenant confirming that such conditions have been satisfied and that the documentation provided to Landlord evidencing satisfaction of the EBITDA Condition is true, correct and complete in all material respects and does not contain any misrepresentations or omissions of facts, and (y) Landlord has approved such documentation and agrees that such conditions have been satisfied. If the Tenant subsequently fails to meet the EBITDA Condition at any time during the Term, then Tenant shall be required to promptly deliver to Landlord an amount sufficient to increase the Security Deposit held by Landlord back to the sum of One Million Four Hundred Six Thousand Two Hundred Fifty Dollars (\$1,406,250.00). Following the reduction of the Security Deposit to the Reduced Security Deposit, upon Landlord's request, Tenant shall promptly deliver to Landlord such documentation as may be reasonably required by Landlord to assess whether the EBITDA Condition remains satisfied.

6.5. Base Rent Adjustments. Base Rent shall be subject to an annual upward adjustment of [***] percent ([***]%) of the then-current Base Rent. The first such adjustment shall become effective commencing on the first annual anniversary of the Commencement Date, and subsequent adjustments shall become effective on every successive annual anniversary for so long as this Lease continues in effect.

6.6. No Discharge of Rent Obligations. Tenant's obligation to pay Rent shall not be discharged or otherwise affected by (a) any Applicable Laws now or hereafter applicable to the Premises, (b) any other restriction on Tenant's use, (c) except as expressly provided herein, any casualty or taking or (d) any other occurrence; and Tenant waives all rights now or hereafter existing to terminate or cancel this Lease or quit or surrender the Premises or any part thereof, or to assert any defense in the nature of constructive eviction to any action seeking to recover rent. Tenant's obligation to pay Rent with respect to any period or obligations arising, existing or pertaining to the period prior to the date of the expiration or earlier termination of the Term or this Lease shall survive any such expiration or earlier termination; provided, however, that nothing in this sentence shall in any way affect Tenant's obligations with respect to any other period. Except as expressly provided in this Lease, Tenant, to the extent now or hereafter permitted by Applicable Laws, waives all rights now or hereafter conferred by statute or otherwise to quit, terminate or surrender this Lease or to any diminution, abatement or reduction of Rent payable hereunder.

7. Use.

7.1. Use. Tenant shall use the Premises solely for the Permitted Use, and shall not use the Premises, or permit or suffer the Premises to be used, for any other purpose without Landlord's prior written consent, which consent Landlord may withhold in its sole and absolute discretion. Tenant shall comply, and cause Tenant Parties to comply, with all Applicable Laws, zoning ordinances and certificates of occupancy issued for the Premises or any portion thereof. Tenant shall not use any portion of the roof of the Premises. Tenant shall not commit, or allow Tenant Parties to commit, any waste of the Premises. Tenant shall not do, or permit Tenant Parties to do, anything on or about the Premises that in any way increases the rate, or invalidates or prevents the procuring, of any insurance protecting against loss or damage to any portion of the Premises or its contents, or against liability for damage to property or injury to persons in or about any portion of the Premises. For purposes hereof, "**Tenant Parties**" means Tenant's agents, contractors, subcontractors, employees, customers, licensees, invitees, assignees and subtenants; and the term "**Applicable Laws**" means all federal (to the extent not in direct conflict with applicable state, municipal or local cannabis licensing and program laws, rules and regulations), state, municipal and local laws,

codes, ordinances, rules and regulations of governmental authorities, committees, associations, or other regulatory committees, agencies or governing bodies having jurisdiction over the Premises or any portion thereof, Landlord or Tenant, including both statutory and common law, hazardous waste rules and regulations, and state cannabis licensing and program laws, rules and regulations. Tenant may only place equipment within the Premises with floor loading consistent with the Building's structural design unless Tenant obtains Landlord's prior written approval. Tenant may place such equipment only in a location designed to carry the weight of such equipment.

7.2. Legal Compliance. Notwithstanding any other provision herein to the contrary, Tenant shall be responsible for all improvements or alterations required to be made and all liabilities, costs and expenses arising out of or in connection with the compliance of the Premises with Applicable Laws, including, without limitation, the Americans with Disabilities Act, 42 U.S.C. § 12101, et seq., and any state and local accessibility laws, codes, ordinances and rules (collectively, and together with regulations promulgated pursuant thereto, the "**ADA**"), and Tenant shall indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnitees harmless from and against any Claims arising out of any such failure of the Premises to comply with Applicable Laws, including, without limitation, the ADA.

7.3. Indemnification. Tenant shall indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold Landlord and its affiliates, lenders, employees, agents and contractors (collectively, the "**Landlord Indemnitees**") harmless from and against any and all demands, claims, liabilities, losses, costs, expenses, criminal or civil actions, forfeiture seizures, causes of action, damages, suits or judgments, and all reasonable expenses (including reasonable attorneys' fees, charges and disbursements, regardless of whether the applicable demand, claim, action, cause of action or suit is voluntarily withdrawn or dismissed) incurred in investigating or resisting the same (collectively, "**Claims**") of any kind or nature that arise before, during or after the Term as a result of Tenant's breach of this Section 7.

8. Hazardous Materials.

8.1. Tenant shall not cause or permit any Hazardous Materials (as defined below) to be brought upon, kept or used in or about the Premises in violation of Applicable Laws by Tenant or any Tenant Party. If (a) Tenant breaches such obligation, (b) the presence of Hazardous Materials as a result of such a breach results in contamination of the Premises, any portion thereof, or any adjacent property, (c) contamination of the Premises otherwise occurs during the Term or any extension or renewal hereof or holding over hereunder or (d) contamination of the Premises occurs as a result of Hazardous Materials that are placed on or under or are released into the Premises by a Tenant Party, then Tenant shall indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnitees harmless from and against any and all Claims of any kind or nature, including (w) diminution in value of the Premises or any portion thereof, (x) damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises, (y) damages arising from any adverse impact on marketing of space in the Premises or any portion thereof and (z) sums paid in settlement of Claims that arise before, during or after the Term as a result of such breach or contamination. This indemnification by Tenant includes costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work required by any governmental authority because of Hazardous Materials present in the air, soil or groundwater above, on, under or about the Premises. Without limiting the foregoing, if the presence of any Hazardous Materials in, on, under or about the Premises, any portion thereof or any adjacent property caused or permitted by any Tenant Party results in any contamination of the Premises, any portion thereof or any adjacent property, then Tenant shall promptly take all actions at its sole cost and expense as are necessary to return the Premises, any portion thereof or any adjacent property to its respective condition existing prior to the time of such contamination; provided that Landlord's written approval of such action shall first be obtained, which approval Landlord shall not unreasonably withhold; and provided, further, that it shall be reasonable for Landlord to withhold its consent if such actions could have a material adverse long-term or short-term effect on the Premises, any portion thereof or any adjacent property. Tenant's obligations under this Section shall not be limited by any limitation on the amount or type of damages, compensation or benefits payable by or for Tenant under workers' compensation acts, disability benefit acts, employee benefit acts or similar legislation.

8.2. Landlord acknowledges that it is not the intent of this Section 8 to prohibit Tenant from operating its business for the Permitted Use. Tenant may operate its business according to the custom of Tenant's industry so long as the use or presence of Hazardous Materials is strictly and properly monitored in accordance with Applicable Laws. As a material inducement to Landlord to allow Tenant to use Hazardous Materials in connection with its business, Tenant agrees to deliver to Landlord (a) a list identifying each type of Hazardous Material to be present at the Premises that is subject to regulation under any environmental Applicable Laws in the form of a Tier II form pursuant to Section 312 of the Emergency Planning and Community Right-to-Know Act of 1986 (or any successor statute) or any other form reasonably requested by Landlord, (b) a list of any and all approvals or permits from governmental authorities required in connection with the presence of such Hazardous Material at the Premises and (c) correct and complete copies of notices of violations of Applicable Laws related to Hazardous Materials (collectively, "**Hazardous Materials Documents**"). Tenant shall deliver to Landlord updated Hazardous Materials Documents, within fourteen (14) days after receipt of a written request therefor from Landlord, not more often than once per year, unless (m) there are any changes to the Hazardous Materials Documents or (n) Tenant initiates any Tenant Improvements or Alterations or changes its business, in either case in a way that involves any material increase in the types or amounts of Hazardous Materials. In the event that a review of the Hazardous Materials Documents indicates non-compliance with this Lease or Applicable Laws, Tenant shall, at its expense, diligently take steps to bring its storage and use of Hazardous Materials into compliance. Notwithstanding anything in this Lease to the contrary or Landlord's review into Tenant's Hazardous Materials Documents or use or disposal of hazardous materials, however, Landlord shall not have and expressly disclaims any liability related to Tenant's or other tenants' use or disposal of Hazardous Materials, it being acknowledged by Tenant that Tenant is best suited to evaluate the safety and efficacy of its Hazardous Materials usage and procedures.

8.3. Tenant represents and warrants to Landlord that Tenant is not, nor has it been, in connection with the use, disposal or storage of Hazardous Materials, (a) subject to a material enforcement order issued by any governmental authority or (b) required to take any remedial action.

8.4. At any time, and from time to time, prior to the expiration of the Term, Landlord shall have the right to conduct appropriate tests of the Premises or any portion thereof to demonstrate that Hazardous Materials are present or that contamination has occurred due to the acts or omissions of a Tenant Party, the cost of which shall be an Operating Expense. Such inspections shall be made only after Landlord provides notice to and receives approval from the relevant regulatory authorities regarding the testing.

8.5. If underground or other storage tanks storing Hazardous Materials installed or utilized by Tenant are located on the Premises, or are hereafter placed on the Premises by Tenant (or by any other party, if such storage tanks are utilized by Tenant), then Tenant shall monitor the storage tanks, maintain appropriate records, implement reporting procedures, properly close any underground storage tanks, and take or cause to be taken all other steps necessary or required under the Applicable Laws.

8.6. Tenant shall promptly report to Landlord any actual or suspected presence of mold or water intrusion at the Premises.

8.7. Tenant's obligations under this Section 8 shall survive the expiration or earlier termination of the Lease. During any period of time needed by Tenant or Landlord after the termination of this Lease to complete the removal from the Premises of any such Hazardous Materials, Tenant shall be deemed a holdover tenant and subject to the provisions of Section 4.

8.8. As used herein, the term "**Hazardous Material**" means any toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous substance, material or waste that is or becomes regulated by Applicable Laws or any governmental authority.

9. Alterations.

9.1. Tenant shall not make any alterations, additions or improvements in or to the Premises or engage in any construction, demolition, reconstruction, renovation or other work (whether major or minor) of any kind in, at

or serving the Premises ("**Alterations**"), without obtaining Landlord's prior written consent, which shall not be unreasonably withheld, except Tenant may make non-structural Alterations to the interior of the Premises (excluding the roof) without such consent but upon at least ten (10) days' prior notice to Landlord, provided that the cost thereof does not exceed [***] Dollars (\$[***]) per occurrence or an aggregate amount of [***] Dollars (\$[***]) annually. Notwithstanding the foregoing, Tenant will not do anything that could have a material adverse effect on the Building or life safety systems, without obtaining Landlord's prior written consent. Any such improvements, excepting movable furniture, trade fixtures and equipment, shall become part of the realty and belong to Landlord. All alterations and improvements shall be properly permitted and installed at Tenant's sole cost, by a licensed contractor, in a good and workmanlike manner, and in conformity with all Applicable Laws. Any alterations that Tenant shall desire to make and which require the consent of Landlord shall be presented to Landlord in written form with detailed plans. Tenant shall: (i) acquire all applicable governmental permits; (ii) furnish Landlord with copies of both the permits and the plans and specifications at least thirty (30) days before the commencement of the work, and (iii) comply with all conditions of said permits in a prompt and expeditious manner. Any alterations shall be performed in a workmanlike manner with good and sufficient materials. Upon completion of any Alterations, Tenant shall promptly upon completion furnish Landlord with a reproducible copy of as-built drawings and specifications for any Alterations.

9.2. At least twenty (20) days prior to commencing any work relating to any Alterations requiring the approval of Landlord that have been so approved, Tenant shall notify Landlord in writing of the expected date of commencement. Tenant shall pay, when due, all claims for labor or materials furnished to or for Tenant for use in improving the Premises. Tenant shall not permit any mechanics' or materialmen's liens to be levied against the Premises arising out of work performed, materials furnished, or obligations to have been performed on the Premises by or at the request of Tenant. Tenant shall indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold Landlord Indemnitees from and against any and all Claims of any kind or nature that arise before, during or after the Term on account of claims of lien of laborers or materialmen or others for work performed or materials or supplies furnished for Tenant or its contractors, agents or employees. If Tenant fails to discharge or undertake to defend against such liability, upon receipt of written notice from Landlord of such failure, Tenant shall have fifteen (15) days (the "**Defense Cure Period**") to cure such failure by prosecuting such a defense. If Tenant fails to do so within the Defense Cure Period, then Landlord may settle the same and Tenant's liability to Landlord shall be conclusively established by such settlement provided that such settlement is entered into on commercially reasonable terms and conditions, the amount of such liability to include both the settlement consideration and the costs and expenses (including attorneys' fees) incurred by Landlord in effecting such settlement. In the event any contractor, agent or employee notifies Tenant of its intent to file a mechanics' or materialmen's lien against the Premises, Tenant shall immediately notify Landlord of such intention to file a lien or a lawsuit with respect to such lien.

9.3. Tenant shall repair any damage to the Premises caused by Tenant's removal of any property from the Premises. During any such restoration period, Tenant shall pay Rent to Landlord as provided herein as if such space were otherwise occupied by Tenant. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

9.4. The Premises plus any Alterations, Tenant Improvements, attached equipment, decorations, fixtures and trade fixtures; movable casework and related appliances; and other additions and improvements attached to or built into the Premises made by either of the parties (including all floor and wall coverings; paneling; sinks and related plumbing fixtures; attached benches; production equipment; walk-in refrigerators; ductwork; conduits; electrical panels and circuits; attached machinery and equipment; and built-in furniture and cabinets, in each case, together with all additions and accessories thereto), shall (unless, prior to such construction or installation, Landlord elects otherwise in writing) at all times remain the property of Landlord, shall remain in the Premises and shall (unless, prior to construction or installation thereof, Landlord elects otherwise in writing) be surrendered to Landlord upon the expiration or earlier termination of this Lease. For the avoidance of doubt, the items listed on Exhibit B attached hereto (which Exhibit B may be updated by Tenant from and after the Commencement Date, subject to Landlord's written consent) constitute Tenant's property and shall be removed by Tenant upon the expiration or earlier termination of the Lease.

9.5. If Tenant shall fail to remove any of its property from the Premises prior to the expiration of the Term, then Landlord may, at its option, remove the same in any manner that Landlord shall choose and store such effects without liability to Tenant for loss thereof or damage thereto, and Tenant shall pay Landlord, upon demand, any costs and expenses incurred due to such removal and storage or Landlord may, at its sole option, without notice to Tenant and with Illinois Department of Agriculture approval as required for certain items, sell such property or any portion thereof at private sale and without legal process for such price as Landlord may obtain and apply the proceeds of such sale against any (a) amounts due by Tenant to Landlord under this Lease and (b) any expenses incident to the removal, storage and sale of such personal property.

9.6. Tenant shall pay to Landlord an amount equal to [***] percent ([***]%) of the cost to Tenant of all Alterations to cover Landlord's overhead and expenses for plan review, engineering review, coordination, scheduling and supervision thereof. For purposes of payment of such sum, Tenant shall submit to Landlord copies of all bills, invoices and statements covering the costs of such charges, accompanied by payment to Landlord of the fee set forth in this Section. In addition, Tenant shall reimburse Landlord for all third-party costs actually incurred by Landlord in connection with any Alterations, including any non-structural Alterations that do not require Landlord's prior consent.

9.7. Tenant shall require its contractors and subcontractors performing work on the Premises to name Landlord and its affiliates and any lender as additional insureds on their respective insurance policies, except to the extent that the same is not permitted by Illinois law or regulation.

10. Odors and Fumes. Tenant shall not cause or permit (or conduct any activities that would cause) any release of any odors or fumes of any kind from the Premises. Tenant shall, at Tenant's sole cost and expense, provide odor eliminators and other devices (such as filters, air cleaners, scrubbers and whatever other equipment may in Landlord's judgment be necessary or appropriate from time to time) to abate any odors, fumes or other substances in Tenant's exhaust stream that, in Landlord's reasonable judgment, emanate from Tenant's Premises. Any work Tenant performs under this Section shall constitute Alterations. Tenant's responsibility to abate odors, fumes and exhaust shall continue throughout the Term. If Tenant fails to install satisfactory odor control equipment within thirty (30) days after Landlord's written demand made at any time, then Landlord may, without limiting Landlord's other rights and remedies, require Tenant to cease and suspend any operations in the Premises that, in Landlord's reasonable determination, cause odors, fumes or exhaust.

11. Repairs and Maintenance.

11.1. Care of Premises. This Lease shall be deemed and construed to be an "absolute net lease." Tenant shall, at its sole cost and expense, keep the Premises in a working, neat, clean, sanitary, safe condition and repair, and shall keep the Premises free from trash. Tenant shall make all repairs or replacements thereon or thereto, whether ordinary or extraordinary. Without limiting the foregoing, Tenant's obligations hereunder shall include the maintenance, repair and replacement of the Building foundation, roof (including roof membrane), walls and all other structural components of the Building; all heating, ventilation, air conditioning, plumbing, electrical, mechanical, utility and safety systems serving the Building or Premises; the parking areas, roads and driveways located on the Premises; maintenance of exterior areas such as gardening and landscaping; snow removal and signage; maintenance and repair of flashings, gutters, downspouts, roof drains, skylights and waterproofing; and painting. Landlord shall not be required to furnish any services or facilities or to make any repairs, replacements or alterations of any kind in or on the Premises. Tenant shall receive all invoices and bills relative to the Premises and, except as otherwise provided herein, shall pay for all expenses directly to the person or company submitting a bill without first having to forward payment for the expenses to Landlord. Tenant hereby expressly waives the right to make repairs at the expense of Landlord as provided for in any Applicable Laws in effect at the time of execution of this Lease, or in any other Applicable Laws that may hereafter be enacted, and waives its rights under Applicable Laws relating to a landlord's duty to maintain its premises in a tenable condition.

11.2. Service Contracts and Invoices. Tenant shall, promptly upon Landlord's written request therefor, provide Landlord with copies of all service contracts relating to the Tenant's maintenance of the Premises and invoices received from Tenant from such service providers.

11.3. Action by Landlord if Tenant Fails to Maintain. If Tenant refuses or neglects to repair or maintain the Premises as required hereunder to the reasonable satisfaction of Landlord, Landlord, at any time following ten (10) business days from the date on which Landlord shall make written demand on Tenant to affect such repair or maintenance, may, but shall not have the obligation to, make such repair and/or maintenance (without liability to Tenant for any loss or damage which may occur to Tenant's merchandise, fixtures or other personal property, or to Tenant's business by reason thereof) and upon completion thereof, Tenant shall pay to Landlord as Landlord Additional Rent Landlord's costs for making such repairs, plus interest at the Default Rate from the date of expenditure by Landlord upon demand therefor. Moreover, Tenant's failure to pay any of the charges in connection with the performance of its maintenance and repair obligations under this Lease will constitute a material default under the Lease.

11.4. No Rent Abatement. There shall be no abatement of Rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the Premises, or in or to improvements, fixtures, equipment and personal property therein.

11.5. Right of Entry. After providing the required notice to and receiving required approval from the relevant regulatory agencies including the Illinois Department of Agriculture, Landlord and Landlord's agents shall have the right to enter upon the Premises or any portion thereof for the purposes of performing any repairs or maintenance Landlord is permitted to make pursuant to this Lease, and of ascertaining the condition of the Premises or whether Tenant is observing and performing Tenant's obligations hereunder, all without unreasonable interference from Tenant or Tenant Parties. Except for emergency maintenance or repairs, the right of entry contained in this paragraph shall be exercisable at reasonable times, at reasonable hours and on reasonable notice, subject to Tenant's authorized personnel accompanying Landlord's agents in sensitive areas of the Premises and conditioned upon the required approval and consent from the Illinois Department of Agriculture and any other relevant regulatory agency. For the absence of doubt, all subsequent references to Landlord's right of entry contained herein are subject to the same approval by the Illinois Department of Agriculture.

12. Liens. Tenant shall keep the Premises free from any liens arising out of work or services performed, materials furnished to or obligations incurred by Tenant. Tenant further covenants and agrees that any mechanic's or materialman's lien filed against the Premises for work or services claimed to have been done for, or materials claimed to have been furnished to, or obligations incurred by Tenant shall be discharged or bonded by Tenant within ten (10) days after the filing thereof, at Tenant's sole cost and expense. Should Tenant fail to discharge or bond against any lien of the nature described in this Section, Landlord may, at Landlord's election, pay such claim or otherwise provide security to eliminate the lien as a claim against title, and Tenant shall immediately reimburse Landlord for the costs thereof as Additional Rent. Tenant shall indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnitees harmless from and against any Claims arising from any such liens, including any administrative, court or other legal proceedings related to such liens. In the event that Tenant leases or finances the acquisition of office equipment, furnishings or other personal property of a removable nature utilized by Tenant in the operation of Tenant's business, Tenant warrants that any Uniform Commercial Code financing statement shall, upon its face or by exhibit thereto, indicate that such financing statement is applicable only to removable personal property of Tenant located within the Premises.

13. Rules and Regulations and CC&Rs and Parking Facilities Tenant shall faithfully observe and comply with and shall ensure that its contractors, subcontractors, employees, subtenants and invitees faithfully observe and comply with such reasonable and nondiscriminatory rules and regulations as are hereafter promulgated by Landlord provided that the same do not prohibit the Permitted Use or otherwise significantly interfere with Tenant's use and access to the Premises. This Lease is subject to any recorded covenants, conditions or restrictions on the Property or Premises, as the same may be amended, amended and restated, supplemented or otherwise modified from time to time (the "CC&Rs"). Tenant shall, at its sole cost and expense, comply with the CC&Rs.

14. Utilities and Services Tenant shall make all arrangements for and pay for all water, sewer, gas, heat, light, power, telephone service and any other service or utility Tenant requires at the Premises. Landlord shall not be liable for any failure or interruption of any utility service being furnished to the Premises, and no such failure or

interruption shall entitle Tenant to any abatement or right to terminate this Lease. In the event that any utilities are furnished by Landlord, Tenant shall pay to Landlord the cost thereof as an Operating Expense.

15. Estoppel Certificate. Tenant shall, within ten (10) days after receipt of written notice from Landlord, execute, acknowledge and deliver a statement in writing substantially in the form attached to this Lease as Exhibit C, or on any other form reasonably requested by a current or proposed lender or encumbrancer or proposed purchaser, (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect) and the dates to which rental and other charges are paid in advance, if any, (b) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed, and (c) setting forth such further information with respect to this Lease or the Premises as may be requested thereon. Each Guarantor shall, within ten (10) days after receipt of written notice from Landlord, execute, acknowledge and deliver a statement in writing in the same form. Tenant's or any Guarantor's failure to deliver any such statement within such the prescribed time shall, at Landlord's option, constitute a Default (as defined below) under this Lease, and, in any event, shall be binding upon Tenant or such Guarantor (as applicable) that the Lease and such Guaranty are in full force and effect and without modification except as may be represented by Landlord in any certificate prepared by Landlord and delivered to Tenant or such Guarantor (as applicable) for execution.

16. Assignment or Subletting.

16.1. None of the following (each, a "**Transfer**"), either voluntarily or by operation of Applicable Laws, shall be directly or indirectly performed without Landlord's prior written consent: (a) Tenant selling, hypothecating, assigning, pledging, encumbering or otherwise transferring this Lease or subletting the Premises or (b) a controlling interest in Tenant being sold, assigned or otherwise transferred (other than as a result of shares in Tenant being sold on a public stock exchange or a Permitted Transfer as defined below). For purposes of the preceding sentence, "control" means (a) owning (directly or indirectly) more than fifty percent (50%) of the stock or other equity interests of another person or (b) possessing, directly or indirectly, the power to direct or cause the direction of the management and policies of such person.

16.2. In the event Tenant desires to effect a Transfer, then, at least thirty (30) but not more than ninety (90) days prior to the date when Tenant desires the Transfer to be effective (the "**Transfer Date**"), Tenant shall provide written notice to Landlord (the "**Transfer Notice**") containing information (including references) concerning the character of the proposed transferee, assignee or sublessee; the proposed Transfer Date; the most recent unconsolidated financial statements of Tenant and of the proposed transferee, assignee or sublessee ("**Required Financials**"); any ownership or commercial relationship between Tenant and the proposed transferee, assignee or sublessee; and the consideration and all other material terms and conditions of the proposed Transfer, all in such detail as Landlord shall reasonably require. In no event shall Landlord be deemed to be unreasonable for declining to consent to a Transfer to a transferee, assignee or sublessee of poor reputation, lacking financial qualifications or seeking a change in the Permitted Use, or jeopardizing directly or indirectly the status of Landlord or any of Landlord's affiliates as a Real Estate Investment Trust under the Internal Revenue Code of 1986, as amended from time to time.

16.3. The following are conditions precedent to a Transfer or to Landlord considering a request by Tenant to a Transfer:

16.3.1. Tenant shall remain fully liable under this Lease and each Guarantor shall continue to remain fully liable under such Guarantor's Guaranty, including with respect to the Term after the Transfer Date. Tenant agrees that it shall not be (and shall not be deemed to be) a guarantor or surety of this Lease, however, and waives its right to claim that it is a guarantor or surety or to raise in any legal proceeding any guarantor or surety defenses permitted by this Lease or by Applicable Laws;

16.3.2. Tenant shall provide Landlord with evidence reasonably satisfactory to Landlord that the value of Landlord's interest under this Lease shall not be diminished or reduced by the proposed Transfer. Such

evidence shall include evidence respecting the relevant business experience and financial responsibility and status of the proposed transferee, assignee or sublessee;

16.3.3. Tenant shall reimburse Landlord for Landlord's actual costs and expenses, including attorneys' fees, charges and disbursements incurred in connection with the review, processing and documentation of such request;

16.3.4. If Tenant's transfer of rights or sharing of the Premises provides for the receipt by, on behalf of or on account of Tenant of any consideration of any kind whatsoever (including a premium rental for a sublease or lump sum payment for an assignment, but excluding Tenant's reasonable costs in marketing and subleasing the Premises) in excess of the rental and other charges due to Landlord under this Lease, Tenant shall pay [***] percent ([***]%) of all of such excess to Landlord, after making deductions for any reasonable marketing expenses, tenant improvement funds expended by Tenant, alterations, cash concessions, brokerage commissions, attorneys' fees and free rent actually paid by Tenant. If such consideration consists of cash paid to Tenant, payment to Landlord shall be made upon receipt by Tenant of such cash payment;

16.3.5. The proposed transferee, assignee or sublessee shall agree that, in the event Landlord gives such proposed transferee, assignee or sublessee notice that Tenant is in default under this Lease, such proposed transferee, assignee or sublessee shall thereafter make all payments otherwise due Tenant directly to Landlord, which payments shall be received by Landlord without any liability being incurred by Landlord, except to credit such payment against those due by Tenant under this Lease, and any such proposed transferee, assignee or sublessee shall agree to attorn to Landlord or its successors and assigns should this Lease be terminated for any reason; provided, however, that in no event shall Landlord or its Lenders, successors or assigns be obligated to accept such attornment;

16.3.6. Tenant shall not then be in default hereunder in any respect;

16.3.7. Such proposed transferee, assignee or sublessee's use of the Premises shall be the same as the Permitted Use;

16.3.8. Landlord shall not be bound by any provision of any agreement pertaining to the Transfer, except for Landlord's written consent to the same;

16.3.9. Tenant shall pay all transfer and other taxes (including interest and penalties) assessed or payable for any Transfer;

16.3.10. Landlord's consent (or waiver of its rights) for any Transfer shall not waive Landlord's right to consent or refuse consent to any later Transfer; and

16.3.11. Tenant shall deliver to Landlord a list of Hazardous Materials (as defined below), certified by the proposed transferee, assignee or sublessee to be true and correct, that the proposed transferee, assignee or sublessee intends to use or store in the Premises. Additionally, Tenant shall deliver to Landlord, on or before the date any proposed transferee, assignee or sublessee takes occupancy of the Premises, all of the items relating to Hazardous Materials of such proposed transferee, assignee or sublessee as described in Section 8.

16.4. Any Transfer that is not in compliance with the provisions of this Section or with respect to which Tenant does not fulfill its obligations pursuant to this Section shall be void and shall, at the option of Landlord, terminate this Lease.

16.5. Notwithstanding any Transfer, Tenant shall remain fully and primarily liable for the payment of all Rent and other sums due or to become due hereunder, and for the full performance of all other terms, conditions and covenants to be kept and performed by Tenant. The acceptance of Rent or any other sum due hereunder, or the acceptance of performance of any other term, covenant or condition thereof, from any person or entity other than Tenant shall not be deemed a waiver of any of the provisions of this Lease or a consent to any Transfer.

16.6. If Tenant delivers to Landlord a Transfer Notice indicating a desire to transfer this Lease to a proposed transferee, assignee or sublessee, then Landlord shall have the option, exercisable by giving notice to Tenant within ten (10) days after Landlord's receipt of such Transfer Notice, to terminate this Lease as of the date specified in the Transfer Notice as the Transfer Date, except for those provisions that, by their express terms, survive the expiration or earlier termination hereof. If Landlord exercises such option, then Tenant shall have the right to withdraw such Transfer Notice by delivering to Landlord written notice of such election within five (5) business days after Landlord's delivery of notice electing to exercise Landlord's option to terminate this Lease. In the event Tenant withdraws the Transfer Notice as provided in this Section, this Lease shall continue in full force and effect. No failure of Landlord to exercise its option to terminate this Lease shall be deemed to be Landlord's consent to a proposed Transfer.

16.7. If Tenant sublets the Premises or any portion thereof, Tenant hereby immediately and irrevocably assigns to Landlord, as security for Tenant's obligations under this Lease, all rent from any such subletting, and appoints Landlord as assignee and attorney-in-fact for Tenant, and Landlord (or a receiver for Tenant appointed on Landlord's application) may collect such rent and apply it toward Tenant's obligations under this Lease; provided that, until the occurrence of a Default (as defined below) by Tenant, Tenant shall have the right to collect such rent.

16.8. Permitted Transfers. Tenant may assign its entire interest under this Lease or sublease all or a portion of the Premises without the consent of Landlord to: (i) an affiliate, subsidiary or parent of Tenant; (ii) any entity into which that Tenant or an affiliated party may merge or consolidate; (iii) any entity that acquires all or substantially all of the assets of Tenant; each a "Permitted Transfer" and such transferee a "Permitted Transferee", provided that (a) Tenant notifies Landlord at least twenty (20) days prior to the effective date of any such Permitted Transfer, (b) Tenant is not in default and such assignment or sublease is not a subterfuge by Tenant to avoid its obligations under this Lease, (c) such Permitted Transferee shall have a tangible net worth (not including goodwill as an asset) computed in accordance with generally accepted accounting principles ("Net Worth") at least equal to the Net Worth of the original Tenant on the day immediately preceding the effective date of such assignment or sublease and reasonably sufficient to comply with the obligations under this Lease, (d) no assignment or sublease relating to this Lease, whether with or without Landlord's consent, shall relieve Tenant from any liability under this Lease, and (e) the liability of such Permitted Transferee under either an assignment or sublease shall be joint and several with Tenant and each Guarantor. Tenant's notice to Landlord shall include information and documentation showing that each of the above conditions has been satisfied. As used in this Section 16.8, (w) "parent" shall mean a company which owns a majority of Tenant's voting equity; (x) "subsidiary" shall mean an entity wholly owned by Tenant or at least fifty-one percent (51%) of whose voting equity is owned by Tenant; (y) "affiliate" shall mean an entity controlled by, controlling or under common control with Tenant; and (z) "control" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity.

17. Indemnification and Exculpation.

17.1. Tenant agrees to indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnitees harmless from and against any and all Claims of any kind or nature, real or alleged, arising from (a) injury to or death of any person or damage to any property occurring within or about the Premises arising directly or indirectly out of the presence at or use or occupancy of the Premises or Project by a Tenant Party, (b) an act or omission on the part of any Tenant Party; (c) a breach or default by Tenant in the performance of any of its obligations hereunder or (d) injury to or death of persons or damage to or loss of any property, real or alleged, arising from the serving of any intoxicating substances at the Premises or Project, except to the extent any of the foregoing are directly caused by Landlord's gross negligence or willful misconduct. Tenant's obligations under this Section shall not be affected, reduced or limited by any limitation on the amount or type of damages, compensation or benefits payable by or for Tenant under workers' compensation acts, disability benefit acts, employee benefit acts or similar legislation. Tenant's obligations under this Section shall survive the expiration or earlier termination of this Lease.

17.2. Notwithstanding anything in this Lease to the contrary, Landlord shall not be liable to Tenant for and Tenant assumes all risk of (a) damage or losses caused by fire, electrical malfunction, gas explosion or water damage of any type (including broken water lines, malfunctioning fire sprinkler systems, roof leaks or stoppages of

lines), and (b) damage to personal property (in each case, regardless of whether such damages are foreseeable). Tenant further waives any claim for injury to Tenant's business or loss of income relating to any such damage or destruction of personal property as described in this Section. Notwithstanding anything in the foregoing or this Lease to the contrary, except as otherwise provided herein or as may be required by Applicable Laws, in no event shall Landlord be liable to Tenant for any consequential, special or indirect damages arising out of this Lease, including lost profits.

17.3. Landlord shall not be liable for any damages arising from any act, omission or neglect of any third party.

17.4. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

18. Insurance; Waiver of Subrogation.

18.1. Landlord shall maintain a policy or policies of insurance protecting Landlord against the following (all of which shall be payable by Tenant as Operating Expenses):

18.1.1. Fire and other perils normally included within the classification of fire and extended coverage, together with insurance against vandalism and malicious mischief, to the extent of the full replacement cost of the Premises, including, at Landlord's option, earthquake and flood coverage, exclusive of trade fixtures, equipment and improvements insured by Tenant, with agreed value, full replacement and other endorsements which Landlord may elect to maintain;

18.1.2. Twenty-four (24) months of rental loss insurance and to the extent of 100% of the gross rentals from the Premises;

18.1.3. Comprehensive general liability insurance with a single limit of not less than \$[***] for bodily injury or death and property damage with respect to the Premises, a general aggregate not less than \$[***] for bodily injury or death and property damage with respect to the Premises, and not less than \$[***] of excess umbrella liability insurance; and

18.1.4. At Landlord's sole option, environmental liability or environmental clean-up/remediation insurance in such amounts and with such deductibles and other provisions as Landlord may determine in its sole and absolute discretion.

18.2. Tenant shall, at its own cost and expense, procure and maintain during the Term the following insurance for the benefit of Tenant and Landlord (as their interests may appear) with insurers financially acceptable and lawfully authorized to do business in the state where the Premises are located:

18.2.1. Commercial General Liability insurance on a broad-based occurrence coverage form, with coverages including but not limited to bodily injury (including death), property damage (including loss of use resulting therefrom), premises/operations, personal & advertising injury, and contractual liability with limits of liability of not less than \$[***] for bodily injury and property damage per occurrence, \$[***] general aggregate, which limits may be met by use of excess and/or umbrella liability insurance provided that such coverage is at least as broad as the primary coverages required herein.

18.2.2. Commercial Automobile Liability insurance covering liability arising from the use or operation of any auto, including those owned, hired or otherwise operated or used by or on behalf of the Tenant. The coverage shall be on a broad-based occurrence form with combined single limits of not less than \$[***] per accident for bodily injury and property damage.

18.2.3. Commercial Property insurance covering property damage to the full replacement cost value and business interruption. Covered property shall include all tenant improvements in the Premises (to the extent not insured by Landlord) and Tenant's property including personal property, furniture, fixtures, machinery,

equipment, stock, inventory and improvements and betterments, which may be owned by Tenant or Landlord and required to be insured hereunder, or which may be leased, rented, borrowed or in the care custody or control of Tenant, or Tenant's agents, employees or subcontractors. Such insurance, with respect only to all Alterations, Tenant Improvements or other work performed on the Premises by Tenant (collectively, "**Tenant Work**"), shall name Landlord and Landlord's current and future mortgagees as loss payees as their interests may appear. Such insurance shall be written on an "all risk" of physical loss or damage basis including the perils of fire, extended coverage, electrical injury, mechanical breakdown, windstorm, vandalism, malicious mischief, sprinkler leakage, back-up of sewers or drains, flood, earthquake, terrorism and such other risks Landlord may from time to time designate, for the full replacement cost value of the covered items with an agreed amount endorsement with no co-insurance. Business interruption coverage shall have limits sufficient to cover Tenant's lost profits and necessary continuing expenses, including rents due Landlord under the Lease. The minimum period of indemnity for business interruption coverage shall be twelve (12) months plus twelve (12) months' extended period of indemnity.

18.2.4. Workers' Compensation insurance as is required by statute or law, or as may be available on a voluntary basis and Employers' Liability insurance with limits of not less than the following: each accident, [***] Dollars (\$[***]); disease, [***] Dollars (\$[***]); disease (each employee), [***] Dollars (\$[***]).

18.2.5. Pollution Legal Liability insurance is required if Tenant stores, handles, generates or treats Hazardous Materials, as determined solely by Landlord, on or about the Premises. Such coverage shall include bodily injury, sickness, disease, death or mental anguish or shock sustained by any person; property damage including physical injury to or destruction of tangible property including the resulting loss of use thereof, clean-up costs, and the loss of use of tangible property that has not been physically injured or destroyed; and defense costs, charges and expenses incurred in the investigation, adjustment or defense of claims for such compensatory damages. Coverage shall apply to both sudden and non-sudden pollution conditions including the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water. Claims-made coverage is permitted, provided the policy retroactive date is continuously maintained prior to the commencement date of this Lease, and coverage is continuously maintained during all periods in which Tenant occupies the Premises. Coverage shall be maintained with limits of not less than \$[***] per incident with a \$[***] policy aggregate and for a period of two (2) years thereafter.

18.3. During all construction by Tenant at the Premises, with respect to tenant improvements being constructed (including the Tenant Improvements and any Alterations), Tenant shall cause the insurance required in Exhibit E-1 to be in place.

18.4. The insurance required of Tenant by this Section shall be with companies at all times having a current rating of not less than A- and financial category rating of at least Class VII in "A.M. Best's Insurance Guide" current edition. Tenant shall obtain for Landlord from the insurance companies/broker or cause the insurance companies/broker to furnish certificates of insurance evidencing all coverages required herein to Landlord. Landlord reserves the right to require complete, certified copies of all required insurance policies including any endorsements. No such policy shall be cancelable or subject to reduction of coverage or other modification or cancellation except after twenty (20) days' prior written notice to Landlord from Tenant or its insurers (except in the event of non-payment of premium, in which case ten (10) days' written notice shall be given). All such policies shall be written as primary policies, not contributing with and not in excess of the coverage that Landlord may carry. Tenant's required policies shall contain severability of interests clauses stating that, except with respect to limits of insurance, coverage shall apply separately to each insured or additional insured. Tenant shall, at least twenty-five (25) days prior to the expiration of such policies, furnish Landlord with renewal certificates of insurance or binders. Tenant agrees that if Tenant does not take out and maintain such insurance, Landlord may (but shall not be required to) procure such insurance on Tenant's behalf and at its cost to be paid by Tenant as Additional Rent. Commercial General Liability, Commercial Automobile Liability, Umbrella Liability and Pollution Legal Liability insurance as required above shall name Landlord, IIP Operating Partnership, LP and Innovative Industrial Properties, Inc. and their respective officers, employees, agents, general partners, members, subsidiaries, affiliates and Lenders ("**Landlord Parties**") as additional insureds as respects liability arising from work or operations performed by or on

behalf of Tenant, Tenant's use or occupancy of Premises, and ownership, maintenance or use of vehicles by or on behalf of Tenant.

18.5. Tenant assumes the risk of damage to any fixtures, goods, inventory, merchandise, equipment and leasehold improvements, and Landlord shall not be liable for injury to Tenant's business or any loss of income therefrom, relative to such damage, all as more particularly set forth within this Lease. Tenant shall, at Tenant's sole cost and expense, carry such insurance as Tenant desires for Tenant's protection with respect to personal property of Tenant or business interruption.

18.6. Tenant and its insurers hereby waive any and all rights of recovery or subrogation against the Landlord Parties with respect to any loss, damage, claims, suits or demands, howsoever caused, that are covered, or should have been covered, by valid and collectible insurance, including any deductibles or self-insurance maintained thereunder. If necessary, Tenant agrees to endorse the required insurance policies to permit waivers of subrogation as required hereunder and hold harmless and indemnify the Landlord Parties for any loss or expense incurred as a result of a failure to obtain such waivers of subrogation from insurers. Such waivers shall continue so long as Tenant's insurers so permit. Any termination of such a waiver shall be by written notice to Landlord, containing a description of the circumstances hereinafter set forth in this Section. Tenant, upon obtaining the policies of insurance required or permitted under this Lease, shall give notice to its insurance carriers that the foregoing waiver of subrogation is contained in this Lease. If such policies shall not be obtainable with such waiver or shall be so obtainable only at a premium over that chargeable without such waiver, then Tenant shall notify Landlord of such conditions.

18.7. Landlord may require insurance policy limits required under this Lease to be raised to conform with requirements of Landlord's lender, if any.

18.8. Any costs incurred by Landlord pursuant to this Section shall be included as Operating Expenses payable by Tenant pursuant to this Lease.

18.9. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

19. Subordination and Attornment.

19.1. This Lease shall be subject and subordinate to the lien of any mortgage, deed of trust, or lease in which Landlord is tenant now or hereafter in force against the Premises or any portion thereof and to all advances made or hereafter to be made upon the security thereof without the necessity of the execution and delivery of any further instruments on the part of Tenant to effectuate such subordination.

19.2. Notwithstanding the foregoing, Tenant shall execute and deliver upon demand such further instrument or instruments evidencing such subordination of this Lease to the lien of any such mortgage or mortgages or deeds of trust or lease in which Landlord is tenant as may be required by Landlord. If any such mortgagee, beneficiary or landlord under a lease wherein Landlord is tenant (each, a "**Mortgagee**") so elects, however, this Lease shall be deemed prior in lien to any such lease, mortgage, or deed of trust upon or including the Premises regardless of date and Tenant shall execute a statement in writing to such effect at Landlord's request. If Tenant fails to execute any document required from Tenant under this Section within ten (10) days after written request therefor, Tenant hereby constitutes and appoints Landlord or its special attorney-in-fact to execute and deliver any such document or documents in the name of Tenant. Such power is coupled with an interest and is irrevocable.

19.3. Upon written request of Landlord and opportunity for Tenant to review, Tenant agrees to execute any Lease amendments not materially altering the terms of this Lease, if required by a Mortgagee incident to the financing of the real property of which the Premises constitute a part.

19.4. In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by Landlord covering the Premises, Tenant shall at the

election of the purchaser at such foreclosure or sale attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as Landlord under this Lease.

20. Defaults and Remedies

20.1. Late payment by Tenant to Landlord of Rent and other sums due shall cause Landlord to incur costs not contemplated by this Lease, the exact amount of which shall be extremely difficult and impracticable to ascertain. Such costs include processing and accounting charges and late charges that may be imposed on Landlord by the terms of any mortgage or trust deed covering the Premises. Therefore, if any installment of Rent due from Tenant is not received by Landlord within five (5) days after the date such payment is due, Tenant shall pay to Landlord (a) an additional sum of [***] percent ([***]%) of the overdue Rent as a late charge plus (b) interest at an annual rate (the "**Default Rate**") equal to the lesser of (a) [***] percent ([***]%) and (b) the highest rate permitted by Applicable Laws. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Landlord shall incur by reason of late payment by Tenant and shall be payable as Additional Rent to Landlord due with the next installment of Rent. Landlord's acceptance of any Additional Rent (including a late charge or any other amount hereunder) shall not be deemed an extension of the date that Rent is due or prevent Landlord from pursuing any other rights or remedies under this Lease, at law or in equity.

20.2. No payment by Tenant or receipt by Landlord of a lesser amount than the Rent payment herein stipulated shall be deemed to be other than on account of the Rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as Rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or pursue any other remedy provided in this Lease or in equity or at law.

20.3. If Tenant fails to pay any sum of money required to be paid by it hereunder or perform any other act on its part to be performed hereunder, in each case within the applicable cure period (if any) described herein, then Landlord may (but shall not be obligated to), without waiving or releasing Tenant from any obligations of Tenant, make such payment or perform such act. Notwithstanding the foregoing, in the event of an emergency, Landlord shall have the right to enter the Premises and act in accordance with its rights as provided elsewhere in this Lease. Tenant shall pay to Landlord as Additional Rent all sums so paid or incurred by Landlord, together with interest at the Default Rate, computed from the date such sums were paid or incurred.

20.4. The occurrence of any one or more of the following events shall constitute a "**Default**" hereunder by Tenant:

20.4.1. Tenant abandons or vacates the Premises;

20.4.2. Tenant fails to make any payment of Rent, as and when due, where such failure shall continue for a period of five (5) days after written notice thereof from Landlord to Tenant;

20.4.3. Tenant fails to observe or perform any obligation or covenant contained herein that is not otherwise described in this Section 20.4, and such failure (if susceptible to cure) is not cured within thirty (30) days after Tenant's receipt of written notice from Landlord of such default, provided that if such default cannot reasonably be cured within thirty (30) days, then Tenant shall not be in Default so long as Tenant commences to cure such default within such thirty (30) day period and thereafter pursues such cure to completion, provided such cure period shall in no event exceed ninety (90) days;

20.4.4. Tenant makes an assignment for the benefit of creditors, or a receiver, trustee or custodian is appointed to or does take title, possession or control of all or substantially all of Tenant's or any Guarantor's assets;

20.4.5. Tenant or any Guarantor files a voluntary petition under the United States Bankruptcy Code or any successor statute (as the same may be amended from time to time, the "**Bankruptcy Code**") or an order

for relief is entered against Tenant or any Guarantor (as applicable) pursuant to a voluntary or involuntary proceeding commenced under any chapter of the Bankruptcy Code;

20.4.6. Any involuntary petition is filed against Tenant or any Guarantor under any chapter of the Bankruptcy Code and is not dismissed within one hundred twenty (120) days;

20.4.7. A default exists under any Guaranty executed by a Guarantor in favor of Landlord, after the expiration of any applicable notice and cure periods;

20.4.8. Tenant's interest in this Lease is attached, executed upon or otherwise judicially seized and such action is not released within one hundred twenty (120) days of the action;

20.4.9. A governmental authority seizes any part of the Property seeking forfeiture, whether or not a judicial forfeiture proceeding has commenced;

20.4.10. A final, appealable judgment having the effect of establishing that Tenant's operation violates Landlord's contractual obligations (i) pursuant to any private covenants of record restricting Landlord's Building containing the Premises or (ii) of good faith and fair dealing to any third party, including other tenants of the Building containing the Premises or occupants or owners of any other building within the Project; or

20.4.11. An event occurs that results in any insurance carrier that provides insurance coverage with respect to any aspect of the Project providing notice to the Landlord of its intent to cancel such insurance coverage, and Landlord, exercising commercially reasonable efforts, is not able to procure comparable replacement insurance coverage that is reasonably acceptable to Landlord prior to the actual cancellation date specified in the notice from the cancelling insurance carrier.

20.5. Notices given under this Section shall specify the alleged default and shall demand that Tenant perform the provisions of this Lease or pay the Rent that is in arrears, as the case may be, within the applicable period of time, or quit the Premises. No such notice shall be deemed a forfeiture or a termination of this Lease unless Landlord elects otherwise in such notice.

20.6. In the event of a Default by Tenant, and at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of any right or remedy that Landlord may have under Applicable Laws or this Lease, Landlord has the right to do any or all of the following:

20.6.1. Halt any Tenant Improvements or Alterations and order Tenant's contractors to stop work;

20.6.2. Terminate Tenant's right to possession of the Premises by written notice to Tenant or by any lawful means, in which case Tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall have the immediate right to re-enter and remove all persons and property, and such property may be removed and stored elsewhere at the cost and for the account of Tenant, all without service of notice or resort to legal process and without being deemed guilty of trespass or becoming liable for any loss or damage; and

20.6.3. Terminate this Lease, in which event Tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall have the immediate right to re-enter and remove all persons and property, and such property may be removed and stored elsewhere at the cost and for the account of Tenant, all without service of notice or resort to legal process and without being deemed guilty of trespass or becoming liable for any loss or damage. In the event that Landlord shall elect to so terminate this Lease, then Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default, including:

20.6.3.1. The sum of: (i) the worth at the time of award (computed by allowing interest at the Default Rate) of any unpaid Rent that had accrued at the time of such termination; plus (ii) the worth at the time

of award of the amount by which the unpaid Rent that would have accrued during the period commencing with termination of the Lease and ending at the time of award exceeds that portion of the loss of Landlord's rental income from the Premises that Tenant proves to Landlord's reasonable satisfaction could have been reasonably avoided; plus; (iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds that portion of the loss of Landlord's rental income from the Premises that Tenant proves to Landlord's reasonable satisfaction could have been reasonably avoided; plus (iv) any other amount necessary to compensate Landlord for all the detriment caused by Tenant's failure to perform its obligations under this Lease or that in the ordinary course of things would be likely to result therefrom, including the cost of restoring the Premises to the condition required under the terms of this Lease, including any rent payments not otherwise chargeable to Tenant (e.g., during any "free" rent period or rent holiday); plus (v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by Applicable Laws; or

20.6.3.2. At Landlord's election, as minimum liquidated damages in addition to any (A) amounts paid or payable to Landlord pursuant to Section 20.6.3.1.(i) prior to such election and (B) costs of restoring the Premises to the condition required under the terms of this Lease, an amount (the "**Election Amount**") equal to either (Y) the positive difference (if any, and measured at the time of such termination) between (1) the then-present value of the total Rent and other benefits that would have accrued to Landlord under this Lease for the remainder of the Term if Tenant had fully complied with the Lease minus (2) the then-present cash rental value of the Premises as determined by Landlord for what would be the then-unexpired Term if the Lease remained in effect, computed using the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one (1) percentage point (the "**Discount Rate**") or (Z) twelve (12) months (or such lesser number of months as may then be remaining in the Term) of Base Rent and Additional Rent at the rate last payable by Tenant pursuant to this Lease, in either case as Landlord specifies in such election. Landlord and Tenant agree that the Election Amount represents a reasonable forecast of the minimum damages expected to occur in the event of a breach, taking into account the uncertainty, time and cost of determining elements relevant to actual damages, such as fair market rent, time and costs that may be required to re-lease the Premises, and other factors; and that the Election Amount is not a penalty.

20.7. In addition to any other remedies available to Landlord at law or in equity and under this Lease, Landlord may continue this Lease in effect after Tenant's Default or abandonment and recover Rent as it becomes due. In addition, Landlord shall not be liable in any way whatsoever for its failure or refusal to relet the Premises. For purposes of this Section, the following acts by Landlord will not constitute the termination of Tenant's right to possession of the Premises: Acts of maintenance or preservation or efforts to relet the Premises, including alterations, remodeling, redecorating, repairs, replacements or painting as Landlord shall consider advisable for the purpose of reletting the Premises or any part thereof; or the appointment of a receiver upon the initiative of Landlord to protect Landlord's interest under this Lease or in the Premises.

20.8. Notwithstanding the foregoing, in the event of a Default by Tenant, Landlord may elect at any time to terminate this Lease and to recover damages to which Landlord is entitled.

20.9. If Landlord does not elect to terminate this Lease as provided in this Section 20, then Landlord may, from time to time, recover all Rent as it becomes due under this Lease. At any time thereafter, Landlord may elect to terminate this Lease and to recover damages to which Landlord is entitled.

20.10. All of Landlord's rights, options and remedies hereunder shall be construed and held to be nonexclusive and cumulative. Notwithstanding any provision of this Lease to the contrary, in no event shall Landlord be required to mitigate its damages with respect to any default by Tenant, except as required by Applicable Laws. Any such obligation imposed by Applicable Laws upon Landlord to relet the Premises after any termination of this Lease shall be subject to the reasonable requirements of Landlord to lease to high quality tenants on such terms as Landlord may from time to time deem appropriate in its discretion. Landlord shall not be obligated to relet the Premises to any party (i) unacceptable to a Lender, (ii) that requires Landlord to make improvements to or re-demise the Premises, (iii) that desires to change the Permitted Use, (iv) that desires to lease the Premises for more or less than the remaining Term or (v) to whom Landlord or an affiliate of Landlord may desire to lease other available space in the Project or at another property owned by Landlord or an affiliate of Landlord.

20.11. To the extent permitted by Applicable Laws, Tenant waives any and all rights of redemption granted by or under any present or future Applicable Laws if Tenant is evicted or dispossessed for any cause, or if Landlord obtains possession of the Premises due to Tenant's default hereunder or otherwise.

20.12. Landlord shall not be in default or liable for damages under this Lease unless Landlord fails to perform obligations required of Landlord within a reasonable time. In no event shall Tenant have the right to terminate or cancel this Lease or to withhold or abate rent or to set off any Claims against Rent as a result of any default or breach by Landlord of any of its covenants, obligations, representations, warranties or promises hereunder, except as may otherwise be expressly set forth in this Lease.

20.13. In the event of any default by Landlord, Tenant shall give notice by registered or certified mail to any (a) beneficiary of a deed of trust or (b) mortgagee under a mortgage covering the Premises or any portion thereof and to any landlord of any lease of land upon or within which the Premises are located, and shall offer such beneficiary, mortgagee or landlord a reasonable opportunity to cure the default, including time to obtain possession of the Premises by power of sale or a judicial action if such should prove necessary to effect a cure; provided that Landlord shall furnish to Tenant in writing, upon written request by Tenant, the names and addresses of all such persons who are to receive such notices.

21. Damage or Destruction

21.1. Tenant's Obligation to Rebuild. If the Premises are damaged or destroyed, Tenant shall immediately provide notice thereof to Landlord, and shall promptly thereafter deliver to Landlord Tenant's good faith estimate of the time it will take to repair and rebuild the Premises (the "Estimated Time For Repair"). Subject to the other provisions of this Section 21, Tenant shall promptly and diligently repair and rebuild the Premises in accordance with this Section 21 unless Landlord or Tenant terminates this Lease in accordance with Section 21.2.

21.2. Termination.

21.2.2. Landlord's Right to Terminate.

21.2.1.1. Landlord shall have the right to terminate this Lease following damage to or destruction of all or a substantial portion of the Premises if any of the following occurs (each, a "**Termination Condition**"): (i) insurance proceeds, together with additional amounts Tenant agrees to contribute under this Section 21, are not confirmed to be available to Landlord, within 90 days following the date of damage, to pay 100% of the cost to fully repair the damaged Premises, excluding the deductible for which Tenant shall also be responsible for paying as an Operating Expense; (ii) based upon the Estimated Time For Repair, the Premises cannot, with reasonable diligence, be fully repaired by Tenant within eighteen (18) months after the date of the damage or destruction; (iii) the Premises cannot be safely repaired because of the presence of hazardous factors, including, but not limited to, earthquake faults, chemical waste and other similar dangers; (iv) subject to the terms and conditions of Section 21.2.1.1, hereof, all or a substantial portion of the Premises are destroyed or damaged during the last 24 months of the Term; or (v) Tenant is in Default at the time of such damage or destruction past any period of notice and cure as elsewhere provided in this Lease. For purposes of this Section 21.2, a "substantial portion" of the Premises shall be deemed to be damaged or destroyed if the Premises is rendered unsuitable for the continued use and occupancy of Tenant's business substantially in the same manner conducted prior to the event causing the damage or destruction.

21.2.1.2. If all or a substantial portion of the Premises are destroyed or damaged within the last twenty-four (24) months of the initial Term, or within the last twenty-four (24) months of the first Extension Period under this Lease, and Landlord desires to terminate this Lease under Section 21.2.1.1, hereof, Landlord shall deliver a Termination Notice to Tenant pursuant to Section 21.2.3 below and Tenant shall have a period of thirty (30) days after receipt of the Termination Notice ("**Tenant's Early Option Period**") to exercise its option to extend the initial Term or the first Extension Period, as applicable, by providing Landlord with written notice of Tenant's exercise of its respective option prior to the expiration of Tenant's Early Option Period. If Tenant exercises its option rights under the immediately preceding sentence, the Termination Notice shall be deemed rescinded and Tenant

shall proceed to repair and rebuild the Premises in accordance with the other provisions of this Section 21. If Tenant fails to deliver such written notice to Landlord prior to the end of Tenant's Early Option Period, then Tenant shall be deemed to have waived its option to extend the Term, and the last day of Tenant's Early Option Period shall be deemed to be the date of the occurrence of the Termination Condition under Section 21.2.1.1.

21.2.2. Tenant's Right to Terminate. Tenant shall have the right to terminate this Lease following damage to or destruction of all or a substantial portion of the Premises if the Premises are destroyed or damaged during the last twenty-four (24) months of the Term or any Extension, which termination shall be deemed to constitute a Termination Condition.

21.2.3. Exercise of Termination Right. If a party elects to terminate this Lease and has the right to so terminate, such party will give the other party written notice of its election to terminate ("**Termination Notice**") within thirty (30) days after the occurrence of the applicable Termination Condition, and this Lease will terminate fifteen (15) days after the receiving party's receipt of such Termination Notice, except in the case of a termination by Landlord under Section 21.2.1.1, in which case this Lease will terminate fifteen (15) days after expiration of the Tenant Early Option Period if Tenant timely fails to exercise timely Tenant's option to extend the Term. If this Lease is terminated pursuant to Section 21.2, Landlord shall, subject to the rights of its lender(s), be entitled to receive and retain all the insurance proceeds resulting from such damage, including rental loss insurance, except for those proceeds payable under policies obtained by Tenant which specifically insure Tenant's personal property, trade fixtures and machinery.

21.3. Tenant's Obligation to Repair. If Tenant is required to repair or rebuild any damage or destruction of the Premises under Section 21.1, then Tenant shall (a) submit its plans to repair such damage and reconstruct the Premises to Landlord for review and approval, which approval shall not be unreasonably withheld; (b) diligently repair and rebuild the Premises in the same or better condition and with the same or better quality of materials as the condition of the Premises as of the Commencement Date, and in a manner that is consistent with the plans and specifications approved by Landlord; (c) obtain all permits and governmental approvals necessary to repair or reconstruct the Premises (which permits shall not contain any conditions that are materially more restrictive than the permits in existence on the date hereof); (d) cause all work to be performed only by qualified contractors that are reasonably approved by Landlord; (e) allow Landlord and its consultants and agents to enter the Premises at all reasonable times to inspect the Premises and Tenant's ongoing work and cooperate reasonably in good faith with their effort to ensure that the work is proceeding in a manner that is consistent with this Lease; (f) comply with all applicable laws and permits in connection with the performance of such work; (g) timely pay all of its consultants, suppliers and other contractors in connection with the performance of such work; (h) notify Landlord if Tenant receives any notice of any default or any violation of any applicable law or any permit or similar notice in connection with such work; (i) deliver as-built plans for the Premises within thirty (30) days after the completion of such repair and restoration; (j) ensure that Landlord has fee simple title to the Premises during such work without any claim by any contractor or other party; (k) maintain such insurance as Landlord may reasonably require (including insurance in the nature of builders' risk insurance) and (l) comply with such other conditions as Landlord may reasonably require. In addition, Tenant shall, at its expense, replace or fully repair all of Tenant's personal property and any alterations installed by Tenant existing at the time of such damage or destruction. To the fullest extent permitted by law, Tenant shall indemnify, protect, defend and hold Landlord (and its employees and agents) harmless from and against any and all claims, costs, expenses, suits, judgments, actions, investigations, proceedings and liabilities arising out of or in connection with Tenant's obligations under this Section 21, including, without limitation, any acts, omissions or negligence in the making or performance of any such repairs or replacements. In the event Tenant does not repair and rebuild the Premises pursuant to this Section 21, Tenant shall be in breach, and Landlord shall have the right to retain all casualty insurance proceeds and condemnation proceeds.

21.4. Application of Insurance Proceeds for Repair and Rebuilding. Landlord shall cause the insurance proceeds (the "**Insurance Proceeds**") on account of such damage or destruction to be held by Landlord and disbursed as follows:

21.4.1. Minor Restorations. If (i) the estimated cost of restoration is less than [***] Dollars (\$[***]), (ii) prior to commencement of restoration, no Default or event which, with the passage of time, would give

rise to a Default shall exist and no mechanics' or materialmen's liens shall have been filed and remain undischarged, (iii) the architects, contracts, contractors, plans and specifications for the restoration shall have been approved by Landlord (which approval shall not be unreasonably withheld or delayed), (iv) Landlord shall be provided with reasonable assurance against mechanics' liens, accrued or incurred, as Landlord or its lenders may reasonably require and such other documents and instruments as Landlord or its lenders may reasonably require, and (v) Tenant shall have procured acceptable performance and payment bonds reasonably acceptable to Landlord in an amount and form, and from a surety, reasonably acceptable to Landlord, and naming Landlord as an additional obligee; then Landlord shall make available that portion of the Insurance Proceeds to Tenant for application to pay the costs of restoration incurred by Tenant and Tenant shall promptly complete such restoration.

21.4.2. Other Than Minor Restorations. If the estimated cost of restoration is equal to or exceeds[***] Dollars (\$[***]), and if Tenant provides evidence satisfactory to Landlord that sufficient funds are available to restore the Premises, Landlord shall make disbursements from the available Insurance Proceeds from time to time in an amount not exceeding the cost of the work completed since the date covered by the last disbursement, upon receipt of (a) satisfactory evidence, including architect's certificates, of the stage of completion, of the estimated cost of completion and of performance of the work to date in a good and workmanlike manner in accordance with the contracts, plans and specifications, (b) reasonable assurance against mechanics' or materialmen's liens, accrued or incurred, as Landlord or its lenders may reasonably require, (c) contractors' and subcontractors' sworn statements, (d) a satisfactory bring-to-date of title insurance, (e) performance and payment bonds reasonably acceptable to Landlord in an amount and form, and from a surety, reasonably acceptable to Landlord, and naming Landlord as an additional obligee, (f) such other documents and instruments as Landlord or its lenders may reasonably require, and (g) other evidence of cost and payment so that Landlord can verify that the amounts disbursed from time to time are represented by work that is completed, in place and free and clear of mechanics' lien claims.

21.4.3. Requests for Disbursements. Requests for disbursement shall be made no more frequently than monthly and shall be accompanied by a certificate of Tenant describing in detail the work for which payment is requested, stating the cost incurred in connection therewith and stating that Tenant has not previously received payment for such work; the certificate to be delivered by Tenant upon completion of the work shall, in addition, state that the work has been completed and complies with the applicable requirements of this Lease. Landlord may retain 10% of each requisition until the restoration is fully completed. In addition, Landlord may withhold from amounts otherwise to be paid to Tenant, any amount that is necessary in Landlord's reasonable judgment to protect Landlord from any potential loss due to work that is improperly performed or claims by Tenant's contractors and consultants.

21.4.4. Costs in Excess of Insurance Proceeds. In addition, prior to commencement of restoration and at any time during restoration, if the estimated cost of restoration, as determined by the evaluation of an independent engineer acceptable to Landlord and Tenant, exceeds the amount of the Insurance Proceeds, Tenant will provide evidence satisfactory to Landlord that the amount of such excess will be available to restore the Premises. Any Insurance Proceeds remaining upon completion of restoration shall be refunded to Tenant up to the amount of Tenant's payments pursuant to the immediately preceding sentence. If no such refund is required, any sum of Insurance Proceeds remaining upon completion of restoration shall be paid to Landlord. In the event Landlord and Tenant cannot agree on an independent engineer, an independent engineer designated by Tenant and an independent engineer designated by Landlord shall within five (5) business days select an independent engineer licensed to practice in California who shall resolve such dispute within ten (10) business days after being retained by Landlord. All fees, costs and expenses of such third engineer so selected shall be shared equally by Landlord and Tenant.

21.5. Abatement of Rent. In the event of repair, reconstruction and restoration as provided in this Section, all Rent to be paid by Tenant under this Lease shall be abated proportionately based on the extent to which Tenant's use of the Premises is impaired during the period of such repair, reconstruction or restoration, unless Landlord provides Tenant with other space during the period of repair, reconstruction and restoration that, in Tenant's reasonable opinion, is suitable for the temporary conduct of Tenant's business; provided, however, that the amount of such abatement shall be reduced by the amount of Rent that is received by Tenant as part of the business interruption or loss of rental income with respect to the Premises from the proceeds of business interruption or loss

of rental income insurance. Tenant shall not otherwise be entitled to any compensation or damages from Landlord for loss of the use of the Premises, damage to Tenant's personal property or any inconvenience occasioned by such damage, repair or restoration.

21.6. Replacement Cost. The determination in good faith by Landlord of the estimated cost of repair of any damage, of the replacement cost, or of the time period required for repair shall be conclusive for purposes of this Section 21.

21.7. This Section 21 sets forth the terms and conditions upon which this Lease may terminate in the event of any damage or destruction. Accordingly, the parties hereby waive the provisions of any Applicable Laws (and any successor statutes) permitting the parties to terminate this Lease as a result of any damage or destruction.

22. Eminent Domain

22.1. In the event (a) the whole of the Premises or (b) such part thereof as shall substantially interfere with Tenant's use and occupancy of the Premises for the Permitted Use shall be taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking, Tenant or Landlord may terminate this Lease effective as of the date possession is required to be surrendered to such authority, except with regard to (y) items occurring prior to the taking and (z) provisions of this Lease that, by their express terms, survive the expiration or earlier termination hereof.

22.2. In the event of a partial taking of the Premises for any public or quasi-public purpose by any lawful power or authority by exercise of right of appropriation, condemnation, or eminent domain, or sole to prevent such taking, then, without regard to whether any portion of the Premises occupied by Tenant was so taken, Landlord may elect to terminate this Lease (except with regard to (a) items occurring prior to the taking and (b) provisions of this Lease that, by their express terms, survive the expiration or earlier termination hereof) as of such taking if such taking is, in Landlord's sole opinion, of a material nature such as to make it uneconomical to continue use of the unappropriated portion for purposes of renting space for the Permitted Use.

22.3. Tenant shall be entitled to any award that is specifically awarded as compensation for (a) the taking of Tenant's personal property that was installed at Tenant's expense and (b) the costs of Tenant moving to a new location. Except as set forth in the previous sentence, any award for such taking shall be the property of Landlord.

22.4. If, upon any taking of the nature described in this Section, this Lease continues in effect, then Landlord shall promptly proceed to restore the Premises to substantially their same condition prior to such partial taking. To the extent such restoration is infeasible, as determined by Landlord in its sole and absolute discretion, the Rent shall be decreased proportionately to reflect the loss of any portion of the Premises no longer available to Tenant.

22.5. This Section 22 sets forth the terms and conditions upon which this Lease may terminate in the event of any damage or destruction. Accordingly, the parties hereby waive the provisions of any Applicable Laws (and any successor statutes) permitting the parties to terminate this Lease as a result of any damage or destruction.

23. Surrender. At least thirty (30) days prior to Tenant's surrender of possession of any part of the Premises, Tenant shall provide Landlord with a facility decommissioning and Hazardous Materials closure plan for the Premises ("**Exit Survey**") prepared by an independent third party state-certified professional with appropriate expertise, which Exit Survey must be reasonably acceptable to Landlord. In addition, at least ten (10) days prior to Tenant's surrender of possession of any part of the Premises, Tenant shall (a) provide Landlord with written evidence of all appropriate governmental releases obtained by Tenant in accordance with Applicable Laws, including laws pertaining to the surrender of the Premises, and (b) conduct a site inspection with Landlord. In addition, Tenant agrees to remain responsible after the surrender of the Premises for the remediation of any recognized environmental conditions set forth in the Exit Survey and comply with any recommendations set forth in

the Exit Survey. Tenant's obligations under this Section shall survive the expiration or earlier termination of the Lease. The provisions of this Section 23 shall survive the termination or expiration of this Lease, and no surrender of possession of any part of the Premises shall release Tenant from any of its obligations hereunder, unless such surrender is accepted in writing by Landlord.

24. Bankruptcy. In the event a debtor, trustee or debtor in possession under the Bankruptcy Code, or another person with similar rights, duties and powers under any other Applicable Laws, proposes to cure any default under this Lease or to assume or assign this Lease and is obliged to provide adequate assurance to Landlord that (a) a default shall be cured, (b) Landlord shall be compensated for its damages arising from any breach of this Lease and (c) future performance of Tenant's obligations under this Lease shall occur, then such adequate assurances shall include any or all of the following, as designated by Landlord in its sole and absolute discretion: (i) those acts specified in the Bankruptcy Code or other Applicable Laws as included within the meaning of "adequate assurance," even if this Lease does not concern a facility described in such Applicable Laws; (ii) a prompt cash payment to compensate Landlord for any monetary defaults or actual damages arising directly from a breach of this Lease; (iii) a cash deposit in an amount at least equal to the then-current amount of the Security Deposit; or (iv) the assumption or assignment of all of Tenant's interest and obligations under this Lease.

25. Brokers. Landlord and Tenant mutually represent and warrant that neither has had any dealings with any real estate broker or agent in connection with the negotiation of this Lease and that neither knows of any real estate broker or agent that is or might be entitled to a commission in connection with this Lease. Landlord and Tenant mutually agree to indemnify, save, defend (at the indemnified party's option and with counsel reasonably acceptable to the indemnified party) and hold the indemnified party harmless from any and all cost or liability for compensation claimed by any broker or agent employed or engaged by Landlord or Tenant or claiming to have been employed or engaged by Landlord or Tenant. The provisions of this Section 25 shall survive the expiration or termination of this Lease.

27. Definition of Landlord. With regard to obligations imposed upon Landlord pursuant to this Lease, the term "**Landlord**," as used in this Lease, shall refer only to Landlord or Landlord's then-current successor-in-interest. In the event of any transfer, assignment or conveyance of Landlord's interest in this Lease or in Landlord's fee title to or leasehold interest in the Property, as applicable, Landlord herein named (and in case of any subsequent transfers or conveyances, the subsequent Landlord) shall be automatically freed and relieved, from and after the date of such transfer, assignment or conveyance, from all liability for the performance of any covenants or obligations contained in this Lease thereafter to be performed by Landlord and, without further agreement, the transferee, assignee or conveyee of Landlord's in this Lease or in Landlord's fee title to or leasehold interest in the Property, as applicable, shall be deemed to have assumed and agreed to observe and perform any and all covenants and obligations of Landlord hereunder during the tenure of its interest in the Lease or the Property. Landlord or any subsequent Landlord may transfer its interest in the Premises or this Lease without Tenant's consent.

28. Limitation of Landlord's Liability. If Landlord is in default under this Lease and, as a consequence, Tenant recovers a monetary judgment against Landlord, the judgment shall be satisfied only out of (a) the proceeds of sale received on execution of the judgment and levy against the right, title and interest of Landlord in the Premises, (b) rent or other income from such real property receivable by Landlord or (c) the consideration received by Landlord from the sale, financing, refinancing or other disposition of all or any part of Landlord's right, title or interest in the Premises. Neither Landlord nor any of its affiliates, nor any of their respective partners, shareholders, directors, officers, employees, members or agents shall be personally liable for Landlord's obligations or any deficiency under this Lease. No partner, shareholder, director, officer, employee, member or agent of Landlord or any of its affiliates shall be sued or named as a party in any suit or action. No partner, shareholder, director, officer, employee, member or agent of Landlord or any of its affiliates shall be required to answer or otherwise plead to any service of process, and no judgment shall be taken or writ of execution levied against any partner, shareholder, director, officer, employee, member or agent of Landlord or any of its affiliates. Each of the covenants and agreements of this Section 28 shall be applicable to any covenant or agreement either expressly contained in this Lease or imposed by Applicable Laws and shall survive the expiration or earlier termination of this Lease.

29. Control by Landlord. Landlord reserves full control over the Premises to the extent not inconsistent Illinois law and regulation or with Tenant's enjoyment of the same as provided by this Lease; provided, however, that such rights shall be exercised in a way that does not materially adversely affect Tenant's beneficial use and occupancy of the Premises, including the Permitted Use and Tenant's access to the Premises. Tenant shall, at Landlord's request, promptly execute such further documents as may be reasonably appropriate to assist Landlord in the performance of its obligations hereunder; provided that Tenant need not execute any document that creates additional liability for Tenant or that deprives Tenant of the quiet enjoyment and use of the Premises as provided for in this Lease. Landlord may, upon twenty-four (24) hours' prior notice (which may be oral or by email to the office manager or other Tenant-designated individual at the Premises; but provided that no time restrictions shall apply or advance notice be required if an emergency necessitates immediate entry), enter the Premises to (v) inspect the same and to determine whether Tenant is in compliance with its obligations hereunder, (w) supply any service Landlord is required to provide hereunder, (x) post notices of nonresponsibility and (y) show the Premises to prospective tenants during the final year of the Term and current and prospective purchasers and lenders at any time (in all situations provided that Landlord's personnel are accompanied by Tenants' authorized personnel in sensitive areas of the Premises). In no event shall Tenant's Rent abate as a result of Landlord's activities pursuant to this Section 29; provided, however, that all such activities shall be conducted in such a manner so as to cause as little interference to Tenant as is reasonably possible. If an emergency necessitates immediate access to the Premises, Landlord may use whatever force is necessary to enter the Premises, and any such entry to the Premises shall not constitute a forcible or unlawful entry to the Premises, a detainer of the Premises, or an eviction of Tenant from the Premises or any portion thereof.

30. Joint and Several Obligations. If more than one person or entity executes this Lease as Tenant, then (i) each of them is jointly and severally liable for the keeping, observing and performing of all of the terms, covenants, conditions, provisions and agreements of this Lease to be kept, observed or performed by Tenant, and such terms, covenants, conditions, provisions and agreements shall be binding with the same force and effect upon each and all of the persons executing this Lease as Tenant; and (ii) the term "**Tenant**," as used in this Lease, shall mean and include each of them, jointly and severally. The act of, notice from/to, refund to, or signature of any one or more of them with respect to the tenancy under this Lease, including any renewal, extension, expiration, termination or modification of this Lease, shall be binding upon each and all of the persons executing this Lease as Tenant with the same force and effect as if each and all of them had so acted, so given or received such notice or refund, or so signed.

31. Representations. Each of Tenant and Landlord guarantees, warrants and represents that (a) such party is duly incorporated or otherwise established or formed and validly existing under the laws of its state of incorporation, establishment or formation, (b) such party is duly qualified to do business in the state in which the Property is located, (c) such party has full corporate, partnership, trust, association or other appropriate power and authority to enter into this Lease and to perform its obligations hereunder, (d) each person (and all of the persons if more than one signs) signing this Lease on behalf of such party is duly and validly authorized to do so and (e) neither (i) the execution, delivery or performance of this Lease nor (ii) the consummation of the transactions contemplated hereby will violate or conflict with any provision of documents or instruments under which such party is constituted or to which such party is a party. In addition, Tenant guarantees, warrants and represents that none of (x) it, (y) its affiliates or partners nor (z) to the best of its knowledge, its members, shareholders or other equity owners or any of their respective employees, officers, directors, representatives or agents is a person or entity with whom U.S. persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control ("**OFAC**") of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism) or other similar governmental action.

32. Confidentiality. Tenant shall keep the terms and conditions of this Lease confidential and shall not (a) disclose to any third party any terms or conditions of this Lease or any other Lease-related document (including subleases, assignments, work letters, construction contracts, letters of credit, subordination agreements, non-disturbance agreements, brokerage agreements or estoppels) or (b) provide to any third party an original or copy of this Lease (or any Lease-related document). Notwithstanding the foregoing, confidential information under this

Section may be released by Landlord or Tenant under the following circumstances: (x) if required by Applicable Laws or in any judicial proceeding, including with respect to Tenant's permits and licenses required for the Permitted Use; provided that the releasing party has given the other party reasonable notice of such requirement, if feasible, (y) to a party's attorneys, investors, accountants, brokers and other bona fide consultants or advisers; provided such third parties agree to be bound by this Section or (z) to bona fide prospective assignees or subtenants of this Lease; provided they agree in writing to be bound by this Section.

33. Notices. Except as otherwise stated in this Lease, any notice, consent, demand, invoice, statement or other communication required or permitted to be given hereunder shall be in writing and shall be given by (a) personal delivery, (b) overnight delivery with a reputable international overnight delivery service, such as FedEx, or (c) facsimile or email transmission, so long as such transmission is followed within one (1) business day by delivery utilizing one of the methods described in Subsection 33(a) or (b). Any such notice, consent, demand, invoice, statement or other communication shall be deemed delivered (x) upon receipt, if given in accordance with Subsection 33(a); (y) one (1) business day after deposit with a reputable international overnight delivery service, if given in accordance with Subsection 33(b); or (z) upon transmission, if given in accordance with Subsection 33(c). Except as otherwise stated in this Lease, any notice, consent, demand, invoice, statement or other communication required or permitted to be given pursuant to this Lease shall be addressed to Tenant at the Premises, or to Landlord or Tenant at the addresses shown in Section 2. Either party may, by notice to the other given pursuant to this Section, specify additional or different addresses for notice purposes.

34. Guaranties. In the event that any entity affiliated with Tenant is formed after the Execution Date which entity conducts business in the cannabis industry (each, a "**New Guarantor**"), Tenant shall promptly cause such New Guarantor to execute a Guaranty in the form attached hereto as Exhibit D and deliver such executed Guaranty to Landlord. Any failure by Tenant to provide such Guaranty within thirty (30) days following the formation of such New Guarantor shall be deemed a material default under this Lease. The obligations of each Guarantor shall be joint and several and Tenant shall cause each Guarantor to execute and deliver such further documentation as may be reasonably required to confirm such Guarantor's full and unconditional guaranty of Tenant's obligations under this Lease.

35. Miscellaneous.

35.1. To induce Landlord to enter into this Lease, Tenant agrees that it shall, upon Landlord's written request and within one-hundred and twenty (120) days after the end of Tenant's financial year, furnish Landlord with a certified copy of Tenant's and Ascend Wellness Holdings, LLC's (or any successor entity thereto, "**Holdco Guarantor**") year-end financial statements for the previous year. Tenant also agrees that it shall, upon Landlord's written request and within forty-five (45) days after the end of Tenant's fiscal quarter, furnish to Landlord compiled financial statements for the quarter of Tenant and Holdco Guarantor. Tenant represents and warrants that all financial statements, records and information furnished by Tenant to Landlord in connection with this Lease are true, correct and complete in all respects and that all financial statements, records and information furnished by Holdco Guarantor to Landlord in connection with this Lease are true, correct and complete in all respects. The provisions of this Section shall not apply at any time while Tenant or Holdco Guarantor (as applicable) is a corporation whose shares are traded on any nationally recognized stock exchange.

35.2. The terms of this Lease are intended by the parties as a final, complete and exclusive expression of their agreement with respect to the terms that are included herein, and may not be contradicted or supplemented by evidence of any other prior or contemporaneous agreement except to the extent that modification is necessary to comply with Illinois law and/or regulation. To the extent that such modification is required, Landlord and Tenant agree to be bound by the terms of this Lease that are compliant and work in good faith, and within a reasonable period of time, to modify the non-compliant terms so that they may be brought into compliance.

35.3. Neither party shall record this Lease.

35.4. Landlord and Tenant have each participated in the drafting and negotiation of this Lease, and the language in all parts of this Lease shall be in all cases construed as a whole according to its fair meaning and not strictly for or against either Landlord or Tenant.

35.5. Except as otherwise expressly set forth in this Lease, each party shall pay its own costs and expenses incurred in connection with this Lease and such party's performance under this Lease; provided that, if either party commences an action, proceeding, demand, claim, action, cause of action or suit against the other party arising out of or in connection with this Lease, then the substantially prevailing party shall be reimbursed by the other party for all reasonable costs and expenses, including reasonable attorneys' fees and expenses, incurred by the substantially prevailing party in such action, proceeding, demand, claim, action, cause of action or suit, and in any appeal in connection therewith (regardless of whether the applicable action, proceeding, demand, claim, action, cause of action, suit or appeal is voluntarily withdrawn or dismissed).

35.6. Time is of the essence with respect to the performance of every provision of this Lease.

35.7. Each provision of this Lease performable by Tenant shall be deemed both a covenant and a condition.

35.8. Notwithstanding anything to the contrary contained in this Lease, Tenant's obligations under this Lease are independent and shall not be conditioned upon performance by Landlord.

35.9. Whenever consent or approval of either party is required, that party shall not unreasonably withhold, condition or delay such consent or approval, except as may be expressly set forth to the contrary.

35.10. Any provision of this Lease that shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof, and all other provisions of this Lease shall remain in full force and effect and shall be interpreted as if the invalid, void or illegal provision did not exist.

35.11. Each of the covenants, conditions and agreements herein contained shall inure to the benefit of and shall apply to and be binding upon the parties hereto and their respective heirs; legatees; devisees; executors; administrators; and permitted successors and assigns. This Lease is for the sole benefit of the parties and their respective heirs, legatees, devisees, executors, administrators and permitted successors and assigns, and nothing in this Lease shall give or be construed to give any other person or entity any legal or equitable rights. Nothing in this Section shall in any way alter the provisions of this Lease restricting assignment or subletting.

35.12. This Lease shall be governed by, construed and enforced in accordance with the laws of the state in which the Premises are located, without regard to such state's conflict of law principles.

35.13. Landlord covenants that Tenant, upon paying the Rent and performing its obligations contained in this Lease, may peacefully and quietly have, hold and enjoy the Premises, free from any claim by Landlord or persons claiming under Landlord, but subject to all of the terms and provisions hereof, provisions of Applicable Laws and rights of record to which this Lease is or may become subordinate. This covenant is in lieu of any other quiet enjoyment covenant, either express or implied.

35.14. Each of Tenant and Landlord guarantees, warrants and represents to the other party that the individual or individuals signing this Lease have the power, authority and legal capacity to sign this Lease on behalf of and to bind all entities, corporations, partnerships, limited liability companies, joint venturers or other organizations and entities on whose behalf such individual or individuals have signed.

35.15. This Lease may be executed in one or more counterparts, each of which, when taken together, shall constitute one and the same document.

35.16. No provision of this Lease may be modified, amended or supplemented except by an agreement in writing signed by Landlord and Tenant.

35.17. No waiver of any term, covenant or condition of this Lease shall be binding upon Landlord unless executed in writing by Landlord. The waiver by Landlord of any breach or default of any term, covenant or condition contained in this Lease shall not be deemed to be a waiver of any preceding or subsequent breach or default of such term, covenant or condition or any other term, covenant or condition of this Lease.

35.18. To the extent permitted by Applicable Laws, the parties waive trial by jury in any action, proceeding or counterclaim brought by the other party hereto related to matters arising out of or in any way connected with this Lease; the relationship between Landlord and Tenant; Tenant's use or occupancy of the Premises; or any claim of injury or damage related to this Lease or the Premises.

[The remainder of this page is intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Lease on the day and year first above written.

LANDLORD:

IIP-IL 1 LLC,
a Delaware limited liability company

By: /s/ Catherine Hastings
Name: Catherine Hastings
Title: Chief Financial Officer, Chief Accounting Officer and Treasurer

TENANT:

ASCEND ILLINOIS, LLC,
a Illinois limited liability company

By: /s/ Abner Kurtin
Name: Abner Kurtin
Title: Manager

EXHIBIT A

PREMISES

PARCEL 1:

A TRACT OF LAND LYING IN AND BEING PART OF THE NORTHWEST QUARTER OF SECTION 24, TOWNSHIP 4 SOUTH, RANGE 6 WEST OF THE FOURTH PRINCIPAL MERIDIAN, PIKE COUNTY, ILLINOIS AND BEING MORE FULLY DESCRIBED AS FOLLOWS: COMMENCING AT A POINT MARKING THE NORTHWEST CORNER OF THE AFOREMENTIONED NORTHWEST QUARTER OF SECTION 24; THENCE SOUTH 88 DEGREES 13 MINUTES 48 SECONDS EAST ALONG THE NORTH LINE OF SAID NORTHWEST QUARTER A DISTANCE OF 176.80 FEET TO THE POINT OF BEGINNING; THENCE CONTINUING SOUTH 88 DEGREES 13 MINUTES 48 SECONDS EAST ALONG SAID NORTH LINE A DISTANCE OF 1150.20 FEET; THENCE SOUTH 00 DEGREES 42 MINUTES 02 SECONDS WEST LEAVING SAID NORTH LINE A DISTANCE OF 380.07 FEET; THENCE NORTH 88 DEGREES 13 MINUTES 48 SECONDS WEST A DISTANCE OF 1150.20 FEET; THENCE NORTH 00 DEGREES 42 MINUTES 02 SECONDS EAST A DISTANCE OF 380.07 FEET TO THE POINT OF BEGINNING; CONTAINING 10.0 ACRES MORE OR LESS; WITH THE ABOVE DESCRIBED SUBJECT TO THAT PORTION NOW BEING USED FOR PUBLIC ROAD PURPOSES AND SUBJECT TO ANY EASEMENT OR RIGHT OF WAYS OF RECORD OR NOT OF RECORD, IF ANY.

PARCEL 2:

A TRACT OF LAND LYING IN AND BEING PART OF THE NORTHWEST QUARTER OF SECTION 24, TOWNSHIP 4 SOUTH, RANGE 6 WEST OF THE FOURTH PRINCIPAL MERIDIAN, PIKE COUNTY, ILLINOIS, AND BEING MORE FULLY DESCRIBED AS FOLLOWS: COMMENCING AT A POINT MARKING THE NORTHWEST CORNER OF THE NORTHWEST QUARTER OF THE AFOREMENTIONED SECTION 24; THENCE SOUTH 88 DEGREES 13 MINUTES 48 SECONDS EAST ALONG THE NORTH LINE OF SAID NORTHWEST QUARTER A DISTANCE OF 1327.00 FEET TO THE POINT OF BEGINNING; THENCE CONTINUING SOUTH 88 DEGREES 13 MINUTES 48 SECONDS EAST ALONG SAID NORTH LINE A DISTANCE OF 30.00 FEET; THENCE SOUTH 00 DEGREES 42 MINUTES 02 SECONDS WEST LEAVING SAID NORTH LINE A DISTANCE OF 380.07 FEET; THENCE NORTH 88 DEGREES 13 MINUTES 48 SECONDS WEST A DISTANCE OF 30.00 FEET; THENCE NORTH 00 DEGREES 42 MINUTES 02 SECONDS EAST A DISTANCE OF 380.07 FEET TO THE POINT OF BEGINNING; WITH THE ABOVE DESCRIBED SUBJECT TO THAT PORTION NOW BEING USED FOR PUBLIC ROAD PURPOSES AND SUBJECT TO ANY EASEMENT OR RIGHT OF WAYS OF RECORD OR NOT OF RECORDS IF ANY; THE PARENT TRACT FOR THE ABOVE DESCRIBED IS RECORDED IN BOOK 826 AT PAGE 325 IN THE PIKE COUNTY RECORDER OF DEEDS OFFICE.

COMMONLY KNOWN AS: ONE 310TH AVENUE, BARRY, IL 62312

PERMANENT INDEX NUMBER: 46-027-07G

46-0127-07H

EXHIBIT B

TENANT'S PERSONAL PROPERTY

See the items on the Excluded Property Schedule 3.0 in the Purchase Agreement, incorporated by reference herein.

EXHIBIT C

FORM OF TENANT ESTOPPEL CERTIFICATE

To: IIP-IL 1 LLC
11440 West Bernardo Court, Suite 220
San Diego, California 92127
Attention: General Counsel

Re: [PREMISES ADDRESS] (the "Premises") at 420 Revolution Road, Barry, Illinois (the "Property")

The undersigned tenant ("Tenant") hereby certifies to you as follows:

1. Tenant is a tenant at the Property under a lease (the "Lease") for the Premises dated as of [____], 20[___]. The Lease has not been cancelled, modified, assigned, extended or amended [except as follows: [____]], and there are no other agreements, written or oral, affecting or relating to Tenant's lease of the Premises or any other space at the Property. The lease term expires on [____], 20[___].
2. Tenant took possession of the Premises, currently consisting of [____] square feet, on [____], 20[___], and commenced to pay rent on [____], 20[___]. Tenant has full possession of the Premises, has not assigned the Lease or sublet any part of the Premises, and does not hold the Premises under an assignment or sublease[, except as follows: [____]].
3. All base rent, rent escalations and additional rent under the Lease have been paid through [____], 20[___]. There is no prepaid rent[, except \$[____]], and the amount of security deposit is \$[____] [in cash][OR][in the form of a letter of credit]]. Tenant currently has no right to any future rent abatement under the Lease.
4. Base rent is currently payable in the amount of \$[____] per month.
5. All work to be performed for Tenant under the Lease has been performed as required under the Lease and has been accepted by Tenant[, except [____]], and all allowances to be paid to Tenant, including allowances for tenant improvements, moving expenses or other items, have been paid.
6. The Lease is in full force and effect, free from default and free from any event that could become a default under the Lease, and Tenant has no claims against the landlord or offsets or defenses against rent, and there are no disputes with the landlord. Tenant has received no notice of prior sale, transfer, assignment, hypothecation or pledge of the Lease or of the rents payable thereunder[, except [____]].
7. Tenant has no rights or options to purchase the Property.
8. To Tenant's knowledge, no hazardous wastes have been generated, treated, stored or disposed of by or on behalf of Tenant in, on or around the Premises in violation of any environmental laws.
9. The undersigned has executed this Estoppel Certificate with the knowledge and understanding that [INSERT NAME OF LANDLORD, PURCHASER OR LENDER, AS APPROPRIATE] or its assignee is [acquiring the Property/making a loan secured by the Property] in reliance on this certificate and that the undersigned shall be bound by this certificate. The statements contained herein may be relied upon by [INSERT NAME OF PURCHASER OR LENDER, AS APPROPRIATE], IIP-IL 1 LLC, IIP Operating Partnership, LP, Innovative Industrial Properties, Inc., and any [other] mortgagee of the Property and their respective successors and assigns.

[Signature page follows]

Any capitalized terms not defined herein shall have the respective meanings given in the Lease.

Dated this [____] day of [____], 20[____].

[____],
a [____]

By: _____
Name: _____
Title: _____

EXHIBIT D
FORM OF
GUARANTY OF LEASE

This Guaranty of Lease ("**Guaranty**") is executed effective on the ____ day of December, 2018, by [____], a [____] ("**Guarantors**"), in favor of IIP-IL 1 LLC, a Delaware limited liability company ("**Landlord**"), whose address for notices is 11440 West Bernardo Court, Suite 220, San Diego, California 92127, Attn: General Counsel.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor covenants and agrees as follows:

1. **Recitals.** This Guaranty is made with reference to the following recitals of facts which constitute a material part of this Guaranty:

(a) Landlord, as Landlord, and Ascend Illinois, LLC, an Illinois limited liability company, as Tenant ("**Tenant**"), entered into that certain Lease dated as of December 20, 2018 (the "**Lease**"), with respect to certain space in the building located at 420 Revolution Road, Barry, Illinois, as more particularly described in the Lease (the "**Leased Premises**").

(b) Guarantor is [DESCRIBE RELATIONSHIP OF GUARANTOR TO TENANT] and is therefore receiving a substantial benefit for executing this Guaranty.

(c) Landlord would not have entered into the Lease with Tenant without having received the Guaranty executed by Guarantor as an inducement to Landlord.

(d) By this Guaranty, Guarantor intends to absolutely, unconditionally and irrevocably guarantee the full, timely, and complete (i) payment of all rent and other sums required to be paid by Tenant under the Lease and any other indebtedness of Tenant, (ii) performance of all other terms, covenants, conditions and obligations of Tenant arising out of the Lease and all foreseeable and unforeseeable damages that may arise as a foreseeable or unforeseeable consequence of any non-payment, non-performance or non-observance of, or non-compliance with, any of the terms, covenants, conditions or other obligations described in the Lease (including, without limitation, all attorneys' fees and disbursements and all litigation costs and expenses incurred or payable by Landlord or for which Landlord may be responsible or liable, or caused by any such default), and (iii) payment of any and all expenses (including reasonable attorneys' fees and expenses and litigation expenses) incurred by Landlord in enforcing any of the rights under the Lease or this Guaranty within five (5) days after Landlord's demand thereafter (collectively, the "**Guaranteed Obligations**").

2. **Guaranty.** From and after the Execution Date (as such term is defined under the Lease), Guarantor absolutely, unconditionally and irrevocably guarantees, as principal obligor and not merely as surety, to Landlord, the full, timely and unconditional payment and performance, of the Guaranteed Obligations strictly in accordance with the terms of the Lease, as such Guaranteed Obligations may be modified, amended, extended or renewed from time to time. This is a Guaranty of payment and performance and not merely of collection. Guarantor agrees that Guarantor is primarily liable for and responsible for the payment and performance of the Guaranteed Obligations. Guarantor shall be bound by all of the provisions, terms, conditions, restrictions and limitations contained in the Lease which are to be observed or performed by Tenant, the same as if Guarantor was named therein as Tenant with joint and several liability with Tenant, and any remedies that Landlord has under the Lease against Tenant shall apply to Guarantor as well. If Tenant defaults in any Guaranteed Obligation under the Lease, Guarantor shall in lawful money of the United States, pay to Landlord on demand the amount due and owing under the Lease. Guarantor waives any rights to notices of acceptance, modifications, amendment, extension or breach of the Lease. If Guarantor is a natural person, it is expressly agreed that this guaranty shall survive the death of such guarantor and shall continue in effect. The obligations of Guarantor under this Guaranty are independent of the obligations of

Tenant or any other guarantor. Guarantor acknowledges that this Guaranty and Guarantor's obligations and liabilities under this Guaranty are and shall at all times continue to be absolute and unconditional in all respects and shall be the separate and independent undertaking of Guarantor without regard to the genuineness, validity, legality or enforceability of the Lease, and shall at all times be valid and enforceable irrespective of any other agreements or circumstances of any nature whatsoever which might otherwise constitute a defense to this Guaranty and the obligations and liabilities of Guarantor under this Guaranty or the obligations or liabilities of any other person or entity (including, without limitation, Tenant) relating to this Guaranty or the obligations or liabilities of Guarantor hereunder or otherwise with respect to the Lease or to Tenant. Guarantor hereby absolutely, unconditionally and irrevocably waives any and all rights it may have to assert any defense, set-off, counterclaim or cross-claim of any nature whatsoever with respect to this Guaranty or the obligations or liabilities of Guarantor under this Guaranty or the obligations or liabilities of any other person or entity (including, without limitation, Tenant) relating to this Guaranty or the obligations or liabilities of Guarantor under this Guaranty or otherwise with respect to the Lease, in any action or proceeding brought by the holder hereof to enforce the obligations or liabilities of Guarantor under this Guaranty. This Guaranty sets forth the entire agreement and understanding of Landlord and Guarantor, and Guarantor acknowledges that no oral or other agreements, understandings, representations or warranties exist with respect to this Guaranty or with respect to the obligations or liabilities of Guarantor under this Guaranty. The obligations of Guarantor under this Guaranty shall be continuing and irrevocable (a) during any period of time when the liability of Tenant under the Lease continues, and (b) until all of the Guaranteed Obligations have been fully discharged by payment, performance or compliance. If at any time all or any part of any payment received by Landlord from Tenant or Guarantor or any other person under or with respect to the Lease or this Guaranty has been refunded or rescinded pursuant to any court order, or declared to be fraudulent or preferential, or are set aside or otherwise are required to be repaid to Tenant, its estate, trustee, receiver or any other party, including as a result of the insolvency, bankruptcy or reorganization of Tenant or any other party (an "**Invalidated Payment**"), then Guarantor's obligations under the Guaranty shall, to the extent of such Invalidated Payment be reinstated and deemed to have continued in existence as of the date that the original payment occurred. This Guaranty shall not be affected or limited in any manner by whether Tenant may be liable, with respect to the Guaranteed Obligations individually, jointly with other primarily, or secondarily.

3. **No Impairment of Guaranteed Obligations.** Guarantor further agrees that Guarantor's liability for the Guaranteed Obligations shall in no way be released, discharged, impaired or affected or subject to any counterclaim, setoff or deduction by (a) any waiver, consent, extension, indulgence, compromise, release, departure from or other action or inaction of Landlord under or in respect of the Lease or this Guaranty, or any obligation or liability of Tenant, or any exercise or non-exercise of any right, remedy, power or privilege under or in respect to the Lease or this Guaranty, (b) any change in the time, manner or place of payment or performance of the Guaranteed Obligations, (c) the acceptance by Landlord of any additional security or any increase, substitution or change therein, (d) the release by Landlord of any security or any withdrawal thereof or decrease therein, (e) any assignment of the Lease or any subletting of all or any portion of the Leased Premises (with or without Landlord's consent), (f) any holdover by Tenant beyond the term of the Lease (g) any termination of the Lease, (h) any release or discharge of Tenant in any bankruptcy, receivership or other similar proceedings, (i) the impairment, limitation or modification of the liability of Tenant or the estate of Tenant in bankruptcy or of any remedy for the enforcement of Tenant's liability under the Lease resulting from the operation of any present or future provisions of any bankruptcy code or other statute or from the decision in any court, or the rejection or disaffirmance of the Lease in any such proceedings, (j) any merger, consolidation, reorganization or similar transaction involving Tenant, even if Tenant ceases to exist as a result of such transaction, (k) the change in the corporate relationship between Tenant and Guarantor or any termination of such relationship, (l) any change in the direct or indirect ownership of all or any part of the shares in Tenant, or (m) to the extent permitted under applicable law, any other occurrence or circumstance whatsoever, whether similar or dissimilar to the foregoing, which might otherwise constitute a legal or equitable defense or discharge of the liabilities of Guarantor or which might otherwise limit recourse against Guarantor. Guarantor further understands and agrees that Landlord may at any time enter into agreements with Tenant to amend and modify the Lease, and may waive or release any provision or provisions of the Lease, and, with reference to such instruments, may make and enter into any such agreement or agreements as Landlord and Tenant may deem proper and desirable, without in any manner impairing or affecting this Guaranty or any of Landlord's rights hereunder or Guarantor's obligations hereunder, unless otherwise agreed in writing thereunder or under the Lease.

4. **Remedies.**

(a) If Tenant defaults with respect to the Guaranteed Obligations, and if Guarantor does not fulfill Tenant's obligations immediately upon its receipt of written notice of such default from Landlord, Landlord may at its election proceed immediately against Guarantor, Tenant, or any combination of Tenant, Guarantor, and/or any other guarantor. It is not necessary for Landlord, in order to enforce payment and performance by Guarantor under this Guaranty, first or contemporaneously to institute suit or exhaust remedies against Tenant or other liable for any of the Guaranteed Obligations or to enforce rights against any collateral securing any of it. Guarantor hereby waives any right to require Landlord to join Tenant in any action brought hereunder or to commence any action against or obtain any judgment against Tenant or to pursue any other remedy or enforce any other right. If any portion of the Guaranteed Obligations terminates and Landlord continues to have any rights that it may enforce against Tenant under the Lease after such termination, then Landlord may at its election enforce such rights against Guarantor. Unless and until all Guaranteed Obligations have been fully satisfied, Guarantor shall not be released from its obligations under this Guaranty irrespective of: (i) the exercise (or failure to exercise) by Landlord of any of Landlord's rights or remedies (including, without limitation, compromise or adjustment of the Guaranteed Obligations or any part thereof); or (ii) any release by Landlord in favor of Tenant regarding the fulfillment by Tenant of any obligation under the Lease.

(b) Notwithstanding anything in the foregoing to the contrary, Guarantor hereby covenants and agrees to and with Landlord that Guarantor may be joined in any action by or against Tenant in connection with the Lease. Guarantor also agrees that, in any jurisdiction, it will be conclusively bound by the judgment in any such action by or against Tenant (wherever brought) as if Guarantor were a party to such action even though Guarantor is not joined as a party in such action.

5. **Waivers.** With the exception of the defense of prior payment, performance or compliance by Tenant or Guarantor of or with the Guaranteed Obligations which Guarantor is called upon to pay or perform, or the defense that Landlord's claim against Guarantor is barred by the applicable statute of limitations, Guarantor hereby waives and releases all defenses of the law of guaranty or suretyship to the extent permitted by law.

6. **Rights Cumulative.** All rights, powers and remedies of Landlord under this Guaranty shall be cumulative and in addition to all rights, powers and remedies given to Landlord by law.

7. **Representations and Warranties.** Guarantor hereby represents and warrants that (a) Guarantor has goods and net worth that are sufficient to enable Guarantor to promptly perform all of the Guaranteed Obligations as and when they are due; (b) Landlord has made no representation to Guarantor as to the creditworthiness or financial condition of Tenant; (c) Guarantor has full power to execute, deliver and carry out the terms and provisions of this Guaranty and has taken all necessary action to authorize the execution, delivery and performance of this Guaranty; (d) Guarantor's execution and delivery of, and the performance of its obligations under, this Guaranty does not conflict with or violate any of Guarantor's organizational documents, or any contract, agreement or decree which Guarantor is a party to or which is binding on Guarantor; (e) the individual executing this Guaranty on behalf of Guarantor has the authority to bind Guarantor to the terms and conditions of this Guaranty; (f) Guarantor has been represented by counsel of its choice in connection with this Guaranty; (g) this Guaranty when executed and delivered shall constitute the legal, valid and binding obligations of Guarantor enforceable against Guarantor in accordance with its terms; and (h) there is no action, suit, or proceeding pending or, to the knowledge of Guarantor, threatened against Guarantor before or by any governmental authority which questions the validity or enforceability of, or Guarantor's ability to perform under, this Guaranty.

8. **Subordination.** In the event of Tenant's insolvency or the disposition of the assets of Tenant, through bankruptcy, by an assignment for the benefit of creditors, by voluntary liquidation, or otherwise, the assets of Tenant applicable to the payment of all claims of Landlord and/or Guarantor shall be paid to Landlord and shall be first applied by Landlord to the Guaranteed Obligations. Any indebtedness of Tenant now or hereafter held by Guarantor, whether as original creditor or assignee or by way of subrogation, restitution, reimbursement, indemnification or otherwise, is hereby subordinated in right of payment to the Guaranteed Obligations. So long as an uncured event of default exists under the Lease, (a) at Landlord's written request, Guarantor shall cause Tenant to

pay to Landlord all or any part of any funds invested in or loaned to Tenant by Guarantor which Guarantor is entitled to withdraw or collect and (b) any such indebtedness or other amount collected or received by Guarantor shall be held in trust for Landlord and shall forthwith be paid over to Landlord to be credited and applied against the Guaranteed Obligations. Subject to the foregoing, Guarantor shall be entitled to receive from Landlord any amounts that are, from time to time, due to Guarantor in the ordinary course of business. Until all of Tenant's obligations under the Lease are fully performed, Guarantor shall have no right of subrogation against Tenant by reason of any payments, acts or performance by Guarantor under this Guaranty.

9. **Governing Law.** This Guaranty shall be governed by and construed in accordance with the laws of the State of Illinois, United States of America, without regard to principles of conflicts of laws. TO THE FULLEST EXTENT PERMITTED BY LAW, GUARANTOR HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS GUARANTY.

10. **Attorneys' Fees.** In the event any litigation or other proceeding ("**Proceeding**") is initiated by any party against any other party to enforce this Guaranty, the prevailing party in such Proceeding shall be entitled to recover from the unsuccessful party all costs, expenses, and actual reasonable attorneys' fees relating to or arising out of such Proceeding.

11. **Modification.** This Guaranty may be modified only by a contract in writing executed by Guarantor and Landlord.

12. **Invalidity.** If any provision of the Guaranty shall be invalid or unenforceable, the remainder of this Guaranty shall not be affected by such invalidity or unenforceability. In the event, and to the extent, that this Guaranty shall be held ineffective or unenforceable by any court of competent jurisdiction, then Guarantor shall be deemed to be a tenant under the Lease with the same force and effect as if Guarantor were expressly named as a co-tenant therein with joint and several liability.

13. **Successors and Assigns.** Unless otherwise agreed in writing or under the Lease, this Guaranty shall be binding upon and shall inure to the benefit of the successors-in-interest and assigns of each party to this Guaranty.

14. **Notices.** Any notice, consent, demand, invoice, statement or other communication required or permitted to be given hereunder shall be in writing and shall be given by (a) personal delivery, (b) overnight delivery with a reputable international overnight delivery service, such as FedEx, or (c) facsimile or email transmission, so long as such transmission is followed within one (1) business day by delivery utilizing one of the methods described in subsections (a) or (b). Any such notice, consent, demand, invoice, statement or other communication shall be deemed delivered (x) upon receipt, if given in accordance with subsection (a); (y) one business (1) day after deposit with a reputable international overnight delivery service, if given if given in accordance with subsection (b); or (z) upon transmission, if given in accordance with subsection (c). Except as otherwise stated in this Guaranty, any notice, consent, demand, invoice, statement or other communication required or permitted to be given pursuant to this Guaranty shall be addressed to Guarantor or Landlord at the address set forth above in the introductory paragraph of this Guaranty. Either party may, by notice to the other given pursuant to this Section, specify additional or different addresses for notice purposes.

15. **Waiver.** Any waiver of a breach or default under this Guaranty must be in a writing that is duly executed by Landlord and shall not be a waiver of any other default concerning the same or any other provision of this Guaranty. No delay or omission in the exercise of any right or remedy shall impair such right or remedy or be construed as a waiver.

16. **Withholding.** Unless otherwise agreed in the Lease, any and all payments by Guarantor to Landlord under this Guaranty shall be made free and clear of and without deduction for any and all present or future taxes, duties, levies, imposts, deductions, assessments, fees, withholdings or similar charges, and all liabilities with respect thereto (collectively, "**Taxes**"). If Guarantor shall be required by any applicable laws to deduct any Taxes from or in respect of any sum payable under this Guaranty to Landlord: (a) the sum payable shall be increased as necessary so that

after making all required deductions, the Landlord receives an amount equal to the sum it would have received had no such deductions been made; (b) Guarantor shall make such deductions; and (c) Guarantor shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable laws.

17. **Financial Condition of Tenant.** Landlord shall have no obligation to disclose or discuss with Guarantor Landlord's assessment of the financial condition of Tenant. Guarantor has adequate means to obtain information from Tenant on a continuing basis concerning the financial condition of Tenant and its ability to perform its Guaranteed Obligations, and Guarantor assumes responsibility for being and keeping informed of Tenant's financial condition and of all circumstances bearing upon the risk of Tenant's failure to perform the Guaranteed Obligations.

18. **Bankruptcy.** So long as the Guaranteed Obligations remain outstanding, Guarantor shall not, without Landlord's prior written consent, commence or join with any other person in commencing any bankruptcy or similar proceeding of or against Tenant. Guarantor's obligations hereunder shall not be reduced, limited, impaired, discharged, deferred, suspended or terminated by any bankruptcy or similar proceeding (voluntary or involuntary) involving Tenant or by any defense that Tenant may have by reason of an order, decree or decision of any court or administrative body resulting from any such proceeding. To the fullest extent permitted by law, Guarantor will permit any trustee in bankruptcy, receiver, debtor in possession, assignee for the benefit of creditors or similar person to pay to Landlord or allow the claim of Landlord in respect of any interest, fees, costs, expenses or other Guaranteed Obligations accruing or arising after the date on which such case or proceeding is commenced.

19. **Conveyance or Transfer.** Without Landlord's written consent, Guarantor shall not convey, sell, lease or transfer any of its properties or assets to any person or entity to the extent that such conveyance, sale, lease or transfer could have a material adverse effect on Guarantor's ability to fulfill any of the Guaranteed Obligations.

20. **[NOTE: ONLY WHERE GUARANTOR IS NOT A DIRECT OR INDIRECT PARENT OF TENANT: [Limitation on Obligations Guaranteed.]**

(a) Notwithstanding any other provision hereof, the right of recovery against Guarantor under Section 2 shall not exceed \$1.00 less than the lowest amount that would render Guarantor's obligations under Section 2 void or voidable under applicable law, including, without limitation, the Uniform Fraudulent Conveyance Act, Uniform Fraudulent Transfer Act or any similar foreign, federal or state law to the extent applicable to the guaranty set forth herein and the obligations of Guarantor hereunder. To effectuate the foregoing, the Guaranteed Obligations in respect of the guarantee set forth in Section 2 at any time shall be limited to the maximum amount as would result in the Guaranteed Obligations with respect thereto not constituting a fraudulent transfer or conveyance after giving full effect to the liability under such guarantee set forth in Section 2 and its related contribution rights, but before taking into account any liabilities under any other guarantee by Guarantor. For purposes of the foregoing, all guarantees of Guarantor other than the guarantee under Section 2 will be deemed to be enforceable and payable after the guaranty under Section 2. To the fullest extent permitted by applicable law, this Section shall be for the benefit solely of creditors and representatives of creditors of Guarantor and not for the benefit of Guarantor or the holders of any equity interest in Guarantor.

(b) Guarantor agrees that obligations may at any time and from time to time be incurred or permitted in an amount exceeding the maximum liability of Guarantor under Section 2 without impairing the guarantee contained in Section 2 or affecting Landlord's rights and remedies hereunder.]]

21. **Financials.** To induce Landlord to enter into the Lease, Guarantor (to the extent applicable) shall provide to Landlord all information as required to be provided by Tenant and/or Guarantor pursuant to Section 35.1 of the Lease, subject to all conditions set forth in that Section.

22. **Joint and Several Liability.** Guarantor's liability under this Guaranty shall be joint and several with any and all other Guarantors in accordance with the terms and conditions of the Lease.

[REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be signed by its respective officer thereunto duly authorized, all as of the date first written above.

GUARANTOR

[_____] ,
a [_____]

By: _____
Name: _____
Title: _____

EXHIBIT E

WORK LETTER

This Work Letter (this "**Work Letter**") is made and entered into as of the 20th day of December, 2018, by and between IIP-IL 1 LLC, a Delaware limited liability company ("**Landlord**"), and Ascend Illinois, LLC, an Illinois limited liability company ("**Tenant**"), and is attached to and made a part of that certain Lease dated as of December [], 2018 (as the same may be amended, amended and restated, supplemented or otherwise modified from time to time, the "**Lease**"), by and between Landlord and Tenant for the Premises located at 420 Revolution Road, Barry, Illinois. All capitalized terms used but not otherwise defined herein shall have the meanings given them in the Lease.

1. General Requirements.

1.1. Authorized Representatives.

(a) Landlord designates, as Landlord's authorized representative ("**Landlord's Authorized Representative**"), (i) Catherine Hastings as the person authorized to initial plans, drawings, approvals and to sign change orders pursuant to this Work Letter and (ii) an officer of Landlord as the person authorized to sign any amendments to this Work Letter or the Lease. Tenant shall not be obligated to respond to or act upon any such item until such item has been initialed or signed (as applicable) by the appropriate Landlord's Authorized Representative. Landlord may change either Landlord's Authorized Representative upon one (1) business day's prior written notice to Tenant.

(b) Tenant designates Ray Thek ("**Tenant's Authorized Representative**") as the person authorized to initial and sign all plans, drawings, change orders and approvals pursuant to this Work Letter. Landlord shall not be obligated to respond to or act upon any such item until such item has been initialed or signed (as applicable) by Tenant's Authorized Representative. Tenant may change Tenant's Authorized Representative upon one (1) business day's prior written notice to Landlord.

1.2. Schedule. The schedule for design and development of the Tenant Improvements, including the time periods for preparation and review of construction documents, approvals and performance, shall be in accordance with a schedule to be prepared by Tenant (the "**Schedule**"). Tenant shall prepare the Schedule so that it is a reasonable schedule for the completion of the Tenant Improvements. The Schedule shall clearly identify all activities requiring Landlord participation. As soon as the Schedule is completed, Tenant shall deliver the same to Landlord for Landlord's approval, which approval shall not be unreasonably withheld, conditioned or delayed. Such Schedule shall be approved or disapproved by Landlord within ten (10) business days after delivery to Landlord. Landlord's failure to respond within such ten (10) business day period shall be deemed approval by Landlord. If Landlord disapproves the Schedule, then Landlord shall notify Tenant in writing of its objections to such Schedule, and the parties shall confer and negotiate in good faith to reach agreement on the Schedule. The Schedule shall be subject to adjustment as mutually agreed upon in writing by the parties, or as provided in this Work Letter.

1.3. Tenant's Architects, Contractors and Consultants. The architect, engineering consultants, design team, general contractor and subcontractors responsible for the construction of the Tenant Improvements shall be selected by Tenant and approved by Landlord, which approval Landlord shall not unreasonably withhold, condition or delay. All Tenant contracts related to the Tenant Improvements shall provide that Tenant may assign such contracts and any warranties with respect to the Tenant Improvements to Landlord at any time.

2. Tenant Improvements. All Tenant Improvements shall be performed by Tenant's contractor, at Tenant's sole cost and expense (subject to Landlord's obligations with respect to any portion of the TI Allowance) and in accordance with the Approved Plans (as defined below), the Lease and this Work Letter. All material and equipment furnished by Tenant or its contractors as the Tenant Improvements shall be new or "like new;" the Tenant

Improvements shall be performed in a first-class, workmanlike manner. Tenant shall take, and shall require its contractors to take, commercially reasonable steps to protect the Premises during the performance of any Tenant Improvements, including covering or temporarily removing any window coverings so as to guard against dust, debris or damage.

2.1. Work Plans. Tenant shall prepare and submit to Landlord for approval schematics covering the Tenant Improvements prepared in conformity with the applicable provisions of this Work Letter (the "**Draft Schematic Plans**"). The Draft Schematic Plans shall contain sufficient information and detail to accurately describe the proposed design to Landlord and such other information as Landlord may reasonably request. Landlord shall notify Tenant in writing within ten (10) business days after receipt of the Draft Schematic Plans whether Landlord approves or objects to the Draft Schematic Plans and of the manner, if any, in which the Draft Schematic Plans are unacceptable. Landlord's failure to respond within such ten (10) business day period shall be deemed approval by Landlord. If Landlord reasonably objects to the Draft Schematic Plans, then Tenant shall revise the Draft Schematic Plans and cause Landlord's objections to be remedied in the revised Draft Schematic Plans. Tenant shall then resubmit the revised Draft Schematic Plans to Landlord for approval, such approval not to be unreasonably withheld, conditioned or delayed. Landlord's approval of or objection to revised Draft Schematic Plans and Tenant's correction of the same shall be in accordance with this Section until Landlord has approved the Draft Schematic Plans in writing or been deemed to have approved them. The iteration of the Draft Schematic Plans that is approved or deemed approved by Landlord without objection shall be referred to herein as the "**Approved Schematic Plans.**"

2.2. Construction Plans. Tenant shall prepare final plans and specifications for the Tenant Improvements that (a) are consistent with and are logical evolutions of the Approved Schematic Plans and (b) incorporate any other Tenant-requested (and Landlord-approved) Changes (as defined below). As soon as such final plans and specifications ("**Construction Plans**") are completed, Tenant shall deliver the same to Landlord for Landlord's approval, which approval shall not be unreasonably withheld, conditioned or delayed. All such Construction Plans shall be submitted by Tenant to Landlord in electronic .pdf, CADD and full-size hard copy formats, and shall be approved or disapproved by Landlord within ten (10) business days after delivery to Landlord. Landlord's failure to respond within such ten (10) business day period shall be deemed approval by Landlord. If the Construction Plans are disapproved by Landlord, then Landlord shall notify Tenant in writing of its objections to such Construction Plans, and the parties shall confer and negotiate in good faith to reach agreement on the Construction Plans. Promptly after the Construction Plans are approved by Landlord and Tenant, two (2) copies of such Construction Plans shall be initialed and dated by Landlord and Tenant, and Tenant shall promptly submit such Construction Plans to all appropriate Governmental Authorities for approval. The Construction Plans so approved, and all change orders approved (to the extent required) by Landlord, are referred to herein as the "**Approved Plans.**"

2.3. Changes to the Tenant Improvements. Any material changes to the Approved Plans (each, a "**Change**") requested by Tenant shall be subject to the prior written approval of Landlord, not to be unreasonably withheld, conditioned or delayed. Any such Change request shall detail the nature and extent of any requested Changes, including any modification of the Approved Plans and the Schedule, as applicable, necessitated by the Change. In the event that Landlord fails to respond to any such Change request within five (5) business days of receipt, such Change shall be deemed approved.

3. Completion of Tenant Improvements. Tenant, at its sole cost and expense (except for the TI Allowance), shall perform and complete the Tenant Improvements in all respects (a) in substantial conformance with the Approved Plans, (b) otherwise in compliance with provisions of the Lease and this Work Letter and (c) in accordance with Applicable Laws, the requirements of Tenant's insurance carriers, the requirements of Landlord's insurance carriers (to the extent Landlord provides its insurance carriers' requirements to Tenant) and the board of fire underwriters having jurisdiction over the Premises. The Tenant Improvements shall be deemed completed at such time as Tenant shall furnish to Landlord (t) evidence satisfactory to Landlord that (i) all Tenant Improvements have been completed and paid for in full (which shall be evidenced by the architect's certificate of completion and the general contractor's and each subcontractor's and material supplier's final unconditional waivers and releases of liens, each in a form acceptable to Landlord and complying with Applicable Laws, and a Certificate of Substantial Completion in the form of the American Institute of Architects document G704, executed by the project architect and the general contractor, together with a statutory notice of substantial completion from the general contractor),

(ii) all Tenant Improvements have been accepted by Landlord, (iii) any and all liens related to the Tenant Improvements have either been discharged of record (by payment, bond, order of a court of competent jurisdiction or otherwise) or waived by the party filing such lien and (iv) no security interests relating to the Tenant Improvements are outstanding, (u) all certifications and approvals with respect to the Tenant Improvements that may be required from any Governmental Authority and any board of fire underwriters or similar body for the use and occupancy of the Premises (including a certificate of occupancy for the Premises for the Permitted Use), (v) certificates of insurance required by the Lease to be purchased and maintained by Tenant, (w) an affidavit from Tenant's architect certifying that all work performed in, on or about the Premises is in accordance with the Approved Plans, (x) complete "as built" drawing print sets, project specifications and shop drawings and electronic CADD files on disc (showing the Tenant Improvements as an overlay on the Building "as built" plans for work performed by their architect and engineers in relation to the Tenant Improvements, (y) a commissioning report prepared by a licensed, qualified commissioning agent hired by Tenant and approved by Landlord for all new or affected mechanical, electrical and plumbing systems (which report Landlord may hire a licensed, qualified commissioning agent to peer review, and whose reasonable recommendations Tenant's commissioning agent shall perform and incorporate into a revised report) and (z) such other "close out" materials as Landlord reasonably requests, such as copies of manufacturers' warranties, operation and maintenance manuals and the like.

4. Insurance.

4.1. Property Insurance. At all times during the period beginning with commencement of construction of the Tenant Improvements and ending with final completion of the Tenant Improvements, Tenant shall maintain, or cause to be maintained (in addition to the insurance required of Tenant pursuant to the Lease), property insurance insuring Landlord and the Landlord Parties, as their interests may appear. Such policy shall, on a completed values basis for the full insurable value at all times, insure against loss or damage by fire, vandalism and malicious mischief and other such risks as are customarily covered by the so-called "broad form extended coverage endorsement" upon all Tenant Improvements and the general contractor's and any subcontractors' machinery, tools and equipment, all while each forms a part of, or is contained in, the Tenant Improvements or any temporary structures on the Premises, or is adjacent thereto; provided that, for the avoidance of doubt, insurance coverage with respect to the general contractor's and any subcontractors' machinery, tools and equipment shall be carried on a primary basis by such general contractor or the applicable subcontractor(s). Tenant agrees to pay any deductible, and Landlord is not responsible for any deductible, for a claim under such insurance. Such property insurance shall contain an express waiver of any right of subrogation by the insurer against Landlord and the Landlord Parties, and shall name Landlord and its affiliates as loss payees as their interests may appear.

4.2. Workers' Compensation Insurance. At all times during the period of construction of the Tenant Improvements, Tenant shall, or shall cause its contractors or subcontractors to, maintain statutory workers' compensation insurance as required by Applicable Laws.

5. Liability. Tenant assumes sole responsibility and liability for any and all injuries or the death of any persons, including Tenant's contractors and subcontractors and their respective employees, agents and invitees, and for any and all damages to property caused by, resulting from or arising out of any act or omission on the part of Tenant, Tenant's contractors or subcontractors, or their respective employees, agents and invitees in the prosecution of the Tenant Improvements. Tenant agrees to indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnitees harmless from and against all Claims due to, because of or arising out of any and all such injuries, death or damage, whether real or alleged, and Tenant and Tenant's contractors and subcontractors shall assume and defend at their sole cost and expense all such Claims; provided, however, that nothing contained in this Work Letter shall be deemed to indemnify or otherwise hold Landlord harmless from or against liability caused by Landlord's gross negligence or willful misconduct. Any deficiency in design or construction of the Tenant Improvements shall be solely the responsibility of Tenant, notwithstanding the fact that Landlord may have approved of the same in writing.

6. TI Allowance.

6.1. Application of TI Allowance. Subject to the provisions of Section 5 of the Lease, Landlord shall contribute the TI Allowance toward the costs and expenses incurred in connection with the performance of the Tenant Improvements, in accordance with Section 5 of the Lease. If the entire TI Allowance is not applied toward or reserved for the costs of the Tenant Improvements, then Tenant shall not be entitled to a credit of such unused portion of the TI Allowance. Tenant may apply the TI Allowance for the payment of construction and other costs in accordance with the terms and provisions of the Lease.

6.2. Approval of Budget for the Tenant Improvements. Notwithstanding anything to the contrary set forth elsewhere in this Work Letter or the Lease, Landlord shall not have any obligation to expend any portion of the TI Allowance until Landlord and Tenant shall have approved in writing the budget for the Tenant Improvements (the "**Approved Budget**"). Prior to Landlord's approval of the Approved Budget, Tenant shall pay all of the costs and expenses incurred in connection with the Tenant Improvements as they become due. Landlord shall not be obligated to reimburse Tenant for costs or expenses relating to the Tenant Improvements that exceed the amount of the TI Allowance. Landlord shall not unreasonably withhold, condition or delay its approval of any budget for Tenant Improvements that is proposed by Tenant.

6.3. Fund Requests. Subject to Section 5 of the Lease, Upon submission by Tenant to Landlord of (a) a statement (a "**Fund Request**") setting forth the total amount of the TI Allowance requested, (b) a summary of the Tenant Improvements performed using AIA standard form Application for Payment (G 702) executed by the general contractor and by the architect, (c) invoices from the general contractor, the architect, and any subcontractors, material suppliers and other parties in the amount of the TI Allowance requested by Tenant for reimbursement, (d) unconditional lien releases from the general contractor and each subcontractor and material supplier with respect to all payments made by Tenant for the Tenant Improvements in a form acceptable to Landlord and complying with Applicable Laws; and (e) the items required to be delivered by Tenant pursuant to Section 5 of the Lease, then Landlord shall, within fifteen (15) days following receipt by Landlord of the Fund Request and all accompanying materials required by this Section, pay to Tenant the amount of the TI Allowance requested.

7. Miscellaneous.

7.1. Incorporation of Lease Provisions. Sections 35.2 through 35.18 of the Lease are incorporated into this Work Letter by reference, and shall apply to this Work Letter in the same way that they apply to the Lease.

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IN WITNESS WHEREOF, Landlord and Tenant have executed this Work Letter to be effective on the date first above written.

LANDLORD:

IIP-IL 1 LLC,
a Delaware limited liability company

By: _____
Name: Catherine Hastings
Title: Chief Financial Officer, Chief Accounting Officer and Treasurer

TENANT:

ASCEND ILLINOIS, LLC,
a Illinois limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT E-1

TENANT WORK INSURANCE SCHEDULE

Tenant shall be responsible for requiring all of Tenant contractors doing construction or renovation work to purchase and maintain such insurance as shall protect it from the claims set forth below which may arise out of or result from any Tenant Work whether such Tenant Work is completed by Tenant or by any Tenant contractors or by any person directly or indirectly employed by Tenant or any Tenant contractors, or by any person for whose acts Tenant or any Tenant contractors may be liable:

1. Claims under workers' compensation, disability benefit and other similar employee benefit acts which are applicable to the Tenant Work to be performed.
2. Claims for damages because of bodily injury, occupational sickness or disease, or death of employees under any applicable employer's liability law.
3. Claims for damages because of bodily injury, or death of any person other than Tenant's or any Tenant contractors' employees.
4. Claims for damages insured by usual personal injury liability coverage which are sustained (a) by any person as a result of an offense directly or indirectly related to the employment of such person by Tenant or any Tenant contractors or (b) by any other person.
5. Claims for damages, other than to the Tenant Work itself, because of injury to or destruction of tangible property, including loss of use therefrom.
6. Claims for damages because of bodily injury or death of any person or property damage arising out of the ownership, maintenance or use of any motor vehicle.

Tenant contractors' Commercial General Liability Insurance shall include premises/operations (including explosion, collapse and underground coverage if such Tenant Work involves any underground work), elevators, independent contractors, products and completed operations, and blanket contractual liability on all written contracts, all including broad form property damage coverage.

Tenant contractors' Commercial General, Automobile, Employers and Umbrella Liability Insurance shall be written for not less than limits of liability as follows:

- | | |
|--|--|
| a. Commercial General Liability:
Bodily Injury and Property Damage | Commercially reasonable amounts, but in any event no less than [***] per occurrence and [***] general aggregate, with [***] products and completed operations aggregate. |
| b. Commercial Automobile Liability:
Bodily Injury and Property Damage | [***] per accident |
| c. Employer's Liability:
Each Accident
Disease – Policy Limit
Disease – Each Employee | [***]
[***]
[***] |
| d. Umbrella Liability:
Bodily Injury and Property Damage | Commercially reasonable amounts (excess of coverages a, b and c above), but in any event no less than [***] per occurrence / aggregate. |

All subcontractors for Tenant contractors shall carry the same coverages and limits as specified above, unless different limits are reasonably approved by Landlord. The foregoing policies shall contain a provision that coverages afforded under the policies shall not be canceled or not renewed until at least thirty (30) days' prior written notice has been given to the Landlord. Certificates of insurance including required endorsements showing such coverages to be in force shall be filed with Landlord prior to the commencement of any Tenant Work and prior to each renewal. Coverage for completed operations must be maintained for the lesser of ten (10) years and the applicable statute of repose following completion of the Tenant Work, and certificates evidencing this coverage must

be provided to Landlord. The minimum A.M. Best's rating of each insurer shall be A- VII. Landlord and its mortgagees shall be named as an additional insureds under Tenant contractors' Commercial General Liability, Commercial Automobile Liability and Umbrella Liability Insurance policies as respects liability arising from work or operations performed, or ownership, maintenance or use of autos, by or on behalf of such contractors. Each contractor and its insurers shall provide waivers of subrogation with respect to any claims covered or that should have been covered by valid and collectible insurance, including any deductibles or self-insurance maintained thereunder.

If any contractor's work involves the handling or removal of asbestos (as determined by Landlord in its sole and absolute discretion), such contractor shall also carry Pollution Legal Liability insurance. Such coverage shall include bodily injury, sickness, disease, death or mental anguish or shock sustained by any person; property damage, including physical injury to or destruction of tangible property (including the resulting loss of use thereof), clean-up costs and the loss of use of tangible property that has not been physically injured or destroyed; and defense costs, charges and expenses incurred in the investigation, adjustment or defense of claims for such damages. Coverage shall apply to both sudden and non-sudden pollution conditions including the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water. Claims-made coverage is permitted, provided the policy retroactive date is continuously maintained prior to the Commencement Date, and coverage is continuously maintained during all periods in which Tenant occupies the Premises. Coverage shall be maintained with limits of not less than [***] per incident with a [***] policy aggregate.

CONFIDENTIAL TREATMENT REQUESTED - REDACTED COPY**FIRST AMENDMENT TO LEASE AGREEMENT**

THIS FIRST AMENDMENT TO LEASE AGREEMENT (this "Amendment") is entered into as of this 5th day of September, 2019, by and between IIP-IL 1 LLC, a Delaware limited liability company ("Landlord"), and Revolution Cannabis – Barry, LLC, an Illinois limited liability company (as successor-in-interest to Ascend Illinois, LLC, "Tenant").

RECITALS

A. WHEREAS, Landlord and Tenant are parties to that certain Lease Agreement dated as of December 21, 2018, as assigned (as so assigned, the "Existing Lease"), whereby Tenant leases the premises from Landlord located at 420 Revolution Road in Barry, Illinois; and

B. WHEREAS, Landlord and Tenant desire to modify and amend the Existing Lease only in the respects and on the conditions hereinafter stated.

AGREEMENT

NOW, THEREFORE, Landlord and Tenant, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, agree as follows:

1. Definitions. For purposes of this Amendment, capitalized terms shall have the meanings ascribed to them in the Existing Lease unless otherwise defined herein. The Existing Lease, as amended by this Amendment, is referred to collectively herein as the "Lease." From and after the date hereof, the term "Lease," as used in the Existing Lease, shall mean the Existing Lease, as amended by this Amendment.

2. Term. Section 3.1 of the Existing Lease is hereby amended and restated in its entirety as follows:

"3.1. Term. The actual term of this Lease (as the same may be extended or earlier terminated in accordance with this Lease, the "**Term**") commenced on December 21, 2018 (the "**Commencement Date**") and shall end on December 21, 2036, subject to extension or earlier termination of this Lease as provided herein."

3. TI Allowance. The first sentence of Section 5.1 of the Existing Lease is hereby amended and restated in its entirety as follows:

"Tenant shall cause appropriate improvements consistent with the Permitted Use (the "**Tenant Improvements**") to be constructed in the Premises pursuant to the Work Letter attached hereto as Exhibit E (the "**Work Letter**") at a cost to Landlord not to exceed Fourteen Million Dollars (\$14,000,000.00) (the "**TI Allowance**")."

*Certain identified information has been omitted from this exhibit because it is not material and would likely cause competitive harm to the registrant if publicly disclosed. [***] indicates that information has been omitted.*

In addition, Section 5.2 of the Existing Lease is hereby amended and restated in its entirety as follows:

“5.2. Tenant shall have until December 21, 2034 to request disbursement for the final installment of the TI Allowance, and may request no more than ten (10) disbursements of the TI Allowance, with each disbursement (other than the final disbursement) being no less than [***] Dollars (\$[***]). Landlord’s obligation to disburse any of the TI Allowance shall be conditional upon Tenant’s satisfaction of the conditions precedent to funding of the TI Allowance set forth in Section 6.3 of the Work Letter. In addition, Landlord’s obligation to disburse any of the TI Allowance in excess of [***] Dollars (\$[***]) shall be conditional upon the satisfaction of the following: (a) Tenant’s delivery to Landlord of a certificate of occupancy for the Premises suitable for the Permitted Use, as applicable; (b) Tenant’s delivery to Landlord of a Certificate of Substantial Completion in the form of the American Institute of Architects document G704, executed by the project architect and the general contractor or such other form or certification as may be reasonably acceptable to Landlord; (c) Tenant’s satisfaction of the conditions precedent to funding of the TI Allowance set forth in Section 6.3 of the Work Letter; and (d) there shall be no uncured event of default by Tenant under this Lease.”

4. Effective as of the date hereof, the monthly Base Rent shall equal Three Hundred Seventy-One Thousand Two Hundred Fifty Dollars (\$371,250), and be subject to the Base Rent adjustments on each anniversary of the Commencement Date, as set forth in the Existing Lease.

5. Broker. Each of Tenant and Landlord represents and warrants that it has not dealt with any broker or agent in the negotiation for or the obtaining of this Amendment and agrees to reimburse, indemnify, save, defend (at the other party’s option and with counsel reasonably acceptable to the other party, at the indemnifying party’s sole cost and expense) and hold harmless the other party for, from and against any and all cost or liability for compensation claimed by any such broker or agent employed or engaged by it or claiming to have been employed or engaged by it.

6. No Default. Each of Tenant and Landlord represents, warrants and covenants that, to the best of such party’s knowledge, Landlord and Tenant are not in default of any of their respective obligations under the Existing Lease and no event has occurred that, with the passage of time or the giving of notice (or both) would constitute a default by either Landlord or Tenant thereunder.

7. Effect of Amendment. Except as modified by this Amendment, the Existing Lease and all the covenants, agreements, terms, provisions and conditions thereof shall remain in full force and effect and are hereby ratified and affirmed. In the event of any conflict between the terms contained in this Amendment and the Existing Lease, the terms herein contained shall supersede and control the obligations and liabilities of the parties.

8. Successors and Assigns. Each of the covenants, conditions and agreements contained in this Amendment shall inure to the benefit of and shall apply to and be binding upon the parties hereto and their respective heirs, legatees, devisees, executors, administrators and

permitted successors and assigns and sublessees. Nothing in this section shall in any way alter the provisions of the Lease restricting assignment or subletting.

9. Miscellaneous. This Amendment becomes effective only upon execution and delivery hereof by Landlord and Tenant. The captions of the paragraphs and subparagraphs in this Amendment are inserted and included solely for convenience and shall not be considered or given any effect in construing the provisions hereof. All exhibits hereto are incorporated herein by reference. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for a lease, and shall not be effective as a lease, lease amendment or otherwise until execution by and delivery to both Landlord and Tenant.

10. Authority. Each of Tenant and Landlord guarantees, warrants and represents that the individual or individuals signing this Amendment have the power, authority and legal capacity to sign this Amendment on behalf of and to bind all entities, corporations, partnerships, limited liability companies, joint venturers or other organizations and entities on whose behalf such individual or individuals have signed.

11. Counterparts; Facsimile and PDF Signatures. This Amendment may be executed in one or more counterparts, each of which, when taken together, shall constitute one and the same document. A facsimile or portable document format (PDF) signature on this Amendment shall be equivalent to, and have the same force and effect as, an original signature.

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IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date and year first above written.

LANDLORD:

IIP-IL 1 LLC,
a Delaware limited liability company

By: /s/ Catherine Hastings
Name: Catherine Hastings
Title: CFO, CAO & Treasurer

TENANT:

REVOLUTION CANNABIS – BARRY, LLC,
an Illinois limited liability company

By: /s/ Abner Kurtin
Name: Abner Kurtin
Title: Manager

CONFIDENTIAL TREATMENT REQUESTED - REDACTED COPY

SECOND AMENDMENT TO LEASE AGREEMENT

THIS SECOND AMENDMENT TO LEASE AGREEMENT (this "Amendment") is entered into as of this 18th day of August, 2020 (the "Amendment Effective Date"), by and between IIP-IL 1 LLC, a Delaware limited liability company ("Landlord"), and Revolution Cannabis – Barry, LLC, an Illinois limited liability company (as successor-in-interest to Ascend Illinois, LLC, "Tenant").

RECITALS

A. WHEREAS, Landlord and Tenant are parties to that certain Lease Agreement dated as of December 21, 2018, as assigned by Ascend Illinois, LLC to Tenant pursuant to an Assignment and Assumption of Lease Agreement dated January 11, 2019 and as amended pursuant to a First Amendment to Lease Agreement dated September 5, 2019 (as assigned and amended, the "Existing Lease"), whereby Tenant leases the premises from Landlord located at 420 Revolution Road in Barry, Illinois; and

B. WHEREAS, Landlord and Tenant desire to modify and amend the Existing Lease only in the respects and on the conditions hereinafter stated.

AGREEMENT

NOW, THEREFORE, Landlord and Tenant, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, agree as follows:

1. Definitions. For purposes of this Amendment, capitalized terms shall have the meanings ascribed to them in the Existing Lease unless otherwise defined herein. The Existing Lease, as amended by this Amendment, is referred to collectively herein as the "Lease." From and after the date hereof, the term "Lease," as used in the Existing Lease, shall mean the Existing Lease, as amended by this Amendment.

2. TI Allowance. Subject to the terms and conditions set forth in the Lease, Landlord has agreed to increase the TI Allowance available to Tenant by Eighteen Million Dollars (\$18,000,000.00) (the "Additional TI Allowance") for the construction of a new greenhouse and additional improvements to the existing Building. Accordingly, the first sentence of Section 5.1 of the Existing Lease is hereby amended and restated in its entirety as follows:

"Tenant shall cause appropriate improvements consistent with the Permitted Use (the "**Tenant Improvements**") to be constructed in the Premises pursuant to the Work Letter attached hereto as Exhibit E (the "**Work Letter**") at a cost to Landlord not to exceed Thirty-Two Million Dollars (\$32,000,000.00) (the "**TI Allowance**")."

In addition, the second sentence of Section 5.2 of the Existing Lease is hereby amended and restated in its entirety as follows:

"5.2. Landlord's obligation to disburse any of the TI Allowance shall be conditional upon Tenant's satisfaction of the conditions precedent to funding of the TI Allowance set forth in Section 6.3 of the Work Letter. In addition, Landlord's obligation to disburse any of the TI Allowance in excess of [***] Dollars (\$[***]) shall be conditional upon the satisfaction of the following: (a) Tenant's delivery to Landlord of a certificate of occupancy for the Premises suitable for the Permitted Use, as applicable; (b) Tenant's delivery to Landlord of a Certificate of Substantial Completion in the form of the American Institute of Architects document G704, executed by the project architect and the general contractor or such other form or certification as may be reasonably acceptable to Landlord; (c) Tenant's satisfaction of the conditions precedent to funding of the TI Allowance set forth in Section 6.3 of the Work Letter; and (d) there shall be no uncured event of default by Tenant under this Lease."

*Certain identified information has been omitted from this exhibit because it is not material and would likely cause competitive harm to the registrant if publicly disclosed. [***] indicates that information has been omitted.*

3. Monthly Base Rent. Notwithstanding anything in the Existing Lease to the contrary, in consideration of the Additional TI Allowance, commencing on the Amendment Effective Date, the monthly Base Rent shall increase by Thirty-Three Thousand Seven Hundred Fifty Dollars (\$33,750.00) each month for the six (6) month period following the Amendment Effective Date (the "Base Rent Adjustment Period") for an aggregate increase to Base Rent in the amount of Two Hundred Two Thousand Five Hundred Dollars (\$202,500.00) (the "Additional Base Rent"), subject to the adjustments to Base Rent set forth in the Lease, including the Base Rent adjustments set forth in Section 6.5 of the Existing Lease on each anniversary of the Commencement Date. For illustrative purposes, the chart below sets forth the incremental increases to Base Rent to account for the Additional Base Rent to be phased in during the Base Rent Adjustment Period, as adjusted pursuant to Section 6.5 of the Existing Lease.

<u>Base Rent Adjustment Period:</u>	<u>Amount of Additional Base Rent:</u>
8/18/20 - 9/17/20	\$33,750.00
9/18/20 – 10/17/20	\$67,500.00
10/18/20 – 11/17/20	\$101,250.00
11/18/20 – 12/17/20	\$135,000.00
12/18/20 – 1/17/21	\$173,322.58
1/18/21 – 2/17/21	\$208,575.00

4. Security Deposit. The Security Deposit under the Lease shall be increased to One Million Seven Hundred Fifty-Four Thousand Six Hundred Sixty-Two and 50/100 Dollars (\$1,754,662.50). Accordingly, within two (2) business days after the Amendment Effective Date, Tenant shall deposit with Landlord the cash difference between the amount of the Security Deposit currently held by Landlord and the amount of the Security Deposit required per this Amendment, which upon receipt shall be held as part of the Security Deposit pursuant to Section 6.4 of the Existing Lease. Accordingly, Section 2.2 of the Existing Lease is hereby amended and restated in its entirety as follows:

"2.2. Security Deposit: One Million Seven Hundred Fifty-Four Thousand Six Hundred Sixty-Two and 50/100 Dollars (\$1,754,662.50)"

Furthermore, Section 6.4 of the Existing Lease is hereby amended and restated in its entirety as follows:

"6.4. Security Deposit. On or before the Execution Date of this Lease, Tenant shall deposit the sum in cash set forth in Section 2.2 (the "**Security Deposit**"), which sum shall be held by Landlord as security for the faithful performance by Tenant of all of the terms, covenants and conditions of this Lease to be kept and performed by Tenant during the Term. Landlord shall not be required to maintain a separate account for the Security Deposit, but may intermingle it with other funds of Landlord. If Tenant defaults with respect to any provision of this Lease, then without notice to Tenant, Landlord may (but shall not be required to) apply all or any part of the Security Deposit for the payment of any Rent or any other sum in default. If any portion of the Security Deposit is so used or applied, then Tenant shall, upon demand therefor, restore the Security Deposit to its original amount. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, then the unapplied portion of the Security Deposit shall be returned to Tenant, or, at Landlord's option, to the last assignee of Tenant's interest hereunder, within sixty (60) days following the expiration of the Term. Tenant shall not be entitled to any interest on the Security Deposit. Tenant hereby irrevocably waives and relinquishes any and all rights, benefits, or protections, if any, Tenant now has, or in the future may have under any provision of law which (i) establishes the time frame by

which a landlord must refund a security deposit under a lease, or (ii) provides that a landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by a tenant, or to clean the subject premises. Tenant acknowledges and agrees that (A) any statutory time frames for the return of a security deposit are superseded by the express period identified in this Section 6.4, and (B) rather than be so limited, Landlord may claim from the Security Deposit (i) any and all sums expressly identified in this Section 6.4, and (ii) any additional sums reasonably necessary to compensate Landlord for any and all losses or damages caused by Tenant's default of this Lease, including, but not limited to, all damages or rent due upon termination of this Lease. In the event of bankruptcy or other debtor-creditor proceedings against Tenant, the Security Deposit shall be deemed to be applied first to the payment of Rent and other charges due Landlord for all periods prior to the filing of such proceedings."

5. Permitted Transfer. The first sentence of Section 16.8 of the Existing Lease is hereby amended and restated in its entirety as follows:

"Tenant may assign its entire interest under this Lease or sublease all or a portion of the Premises without the consent of Landlord to: (i) an affiliate, subsidiary or parent of Tenant; (ii) any entity into which that Tenant or an affiliated party may merge or consolidate; (iii) any entity that acquires all or substantially all of the assets of Tenant; each a "**Permitted Transfer**" and such transferee a "**Permitted Transferee**", provided that (a) Tenant notifies Landlord at least twenty (20) days prior to the effective date of any such Permitted Transfer, (b) Tenant is not in default and such assignment or sublease is not a subterfuge by Tenant to avoid its obligations under this Lease, (c) such Permitted Transferee shall have a tangible net worth (not including goodwill as an asset) computed in accordance with generally accepted accounting principles ("**Net Worth**") at least equal to the Net Worth of the original Tenant on the day immediately preceding the effective date of such assignment or sublease and reasonably sufficient to comply with the obligations under this Lease, (d) no assignment or sublease relating to this Lease, whether with or without Landlord's consent, shall relieve Tenant from any liability under this Lease, (e) the liability of such Permitted Transferee under either an assignment or sublease shall be joint and several with Tenant and each Guarantor; and (f) the ultimate parent company of any Permitted Transferee executes a Guaranty in favor of Landlord substantially in the form attached hereto as Exhibit D."

6. Tenant Work Insurance Schedule. Exhibit E-1 of the Existing Lease is hereby deleted in its entirety and replaced with Exhibit E-1 attached to this Amendment.

7. Broker. Each of Tenant and Landlord represents and warrants that it has not dealt with any broker or agent in the negotiation for or the obtaining of this Amendment and agrees to reimburse, indemnify, save, defend (at the other party's option and with counsel reasonably acceptable to the other party, at the indemnifying party's sole cost and expense) and hold harmless the other party for, from and against any and all cost or liability for compensation claimed by any such broker or agent employed or engaged by it or claiming to have been employed or engaged by it.

8. No Default. Each of Tenant and Landlord represents, warrants and covenants that, to the best of such party's knowledge, Landlord and Tenant are not in default of any of their respective obligations under the Existing Lease and no event has occurred that, with the passage of time or the giving of notice (or both) would constitute a default by either Landlord or Tenant thereunder.

9. Effect of Amendment. Except as modified by this Amendment, the Existing Lease and all the covenants, agreements, terms, provisions and conditions thereof shall remain in full force and effect and are hereby ratified and affirmed. In the event of any conflict between the terms contained in this Amendment and the Existing Lease, the terms herein contained shall supersede and control the obligations and liabilities of the parties.

10. Successors and Assigns. Each of the covenants, conditions and agreements contained in this Amendment shall inure to the benefit of and shall apply to and be binding upon the parties hereto and their respective heirs, legatees, devisees, executors, administrators and permitted successors and assigns and sublessees. Nothing in this section shall in any way alter the provisions of the Lease restricting assignment or subletting.

11. Miscellaneous. This Amendment becomes effective only upon execution and delivery hereof by Landlord and Tenant. The captions of the paragraphs and subparagraphs in this Amendment are inserted and included solely for convenience and shall not be considered or given any effect in construing the provisions hereof. All exhibits hereto are incorporated herein by reference. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for a lease, and shall not be effective as a lease, lease amendment or otherwise until execution by and delivery to both Landlord and Tenant.

12. Authority. Each of Tenant and Landlord guarantees, warrants and represents that the individual or individuals signing this Amendment have the power, authority and legal capacity to sign this Amendment on behalf of and to bind all entities, corporations, partnerships, limited liability companies, joint venturers or other organizations and entities on whose behalf such individual or individuals have signed.

13. Counterparts; Facsimile and PDF Signatures. This Amendment may be executed in one or more counterparts, each of which, when taken together, shall constitute one and the same document. A facsimile or portable document format (PDF) signature on this Amendment shall be equivalent to, and have the same force and effect as, an original signature.

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EXHIBIT E-1

TENANT WORK INSURANCE SCHEDULE

Tenant shall be responsible for requiring all of Tenant contractors doing construction or renovation work to purchase and maintain such insurance as shall protect it from the claims set forth below which may arise out of or result from any Tenant Work whether such Tenant Work is completed by Tenant or by any Tenant contractors or by any person directly or indirectly employed by Tenant or any Tenant contractors, or by any person for whose acts Tenant or any Tenant contractors may be liable:

1. Claims under workers' compensation, disability benefit and other similar employee benefit acts which are applicable to the Tenant Work to be performed.
2. Claims for damages because of bodily injury, occupational sickness or disease, or death of employees under any applicable employer's liability law.
3. Claims for damages because of bodily injury, or death of any person other than Tenant's or any Tenant contractors' employees.
4. Claims for damages insured by usual personal injury liability coverage which are sustained (a) by any person as a result of an offense directly or indirectly related to the employment of such person by Tenant or any Tenant contractors or (b) by any other person.
5. Claims for damages, other than to the Tenant Work itself, because of injury to or destruction of tangible property, including loss of use therefrom.
6. Claims for damages because of bodily injury or death of any person or property damage arising out of the ownership, maintenance or use of any motor vehicle.

Tenant contractors' Commercial General Liability Insurance shall include premises/operations (including explosion, collapse and underground coverage if such Tenant Work involves any underground work), elevators, independent contractors, products and completed operations, and blanket contractual liability on all written contracts, all including broad form property damage coverage. The policy form shall be the most current ISO form CG001, or its equivalent.

Tenant contractors' Commercial General, Automobile, Employers and Umbrella Liability Insurance shall be written for not less than limits of liability as follows:

- | | | |
|----|---|--|
| a. | Commercial General Liability:
Bodily Injury and Property Damage | Commercially reasonable amounts, but in any event no less than [***] per occurrence and [***] general aggregate, with [***] products and completed operations aggregate. |
| b. | Commercial Automobile Liability:
Bodily Injury and Property Damage | [***] per accident |
| c. | Employer's Liability:
Each Accident
Disease – Policy Limit
Disease – Each Employee | [***]
[***]
[***] |
| d. | Excess/Umbrella Liability:
Bodily Injury and Property Damage | Commercially reasonable amounts (excess of coverages a, b and c above), but in any event no less than [***] per occurrence / aggregate. |
| e. | Professional Liability | [***] per claim
[***] aggregate |

All subcontractors for Tenant contractors shall carry the same coverages and limits as specified above, unless different limits are reasonably approved by Landlord. The foregoing policies shall contain a provision that coverages afforded under the policies shall not be canceled or not renewed until at least thirty (30) days' prior written notice has been given to the Landlord. Certificates of insurance including required endorsements showing such coverages to be in force shall be filed with Landlord prior to the commencement of any Tenant Work and prior to each renewal. Coverage for completed operations must be maintained for the lesser of ten (10) years and the applicable statute of repose following completion of the Tenant Work, and certificates evidencing this coverage must be provided to Landlord. The minimum A.M. Best's rating of each insurer shall be A- VII. Landlord and its mortgagees shall be named as an additional insureds under Tenant contractors' Commercial General Liability, Commercial Automobile Liability and Umbrella Liability Insurance policies on a primary and non-contributory basis as respects liability arising from work or operations performed, or ownership, maintenance or use of autos, by or on behalf of such contractors. Each contractor and its insurers shall provide waivers of subrogation with respect to any claims covered or that should have been covered by valid and collectible insurance, including any deductibles or self-insurance maintained thereunder.

If any contractor's work involves the handling or removal of asbestos (as determined by Landlord in its sole and absolute discretion), such contractor shall also carry Contractors Pollution Legal Liability insurance. Such coverage shall include bodily injury, sickness, disease, death or mental anguish or shock sustained by any person; property damage, including physical injury to or destruction of tangible property (including the resulting loss of use thereof), clean-up costs and the loss of use of tangible property that has not been physically injured or destroyed; and defense costs, charges and expenses incurred in the investigation, adjustment or defense of claims for such damages. Coverage shall apply to both sudden and non-sudden pollution conditions including the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water. Claims-made coverage is permitted, provided the policy retroactive date is continuously maintained prior to the Commencement Date, and coverage is continuously maintained during all periods in which Tenant occupies the Premises. Coverage shall be maintained with limits of not less than [***] per incident with a [***] policy aggregate.

CONFIDENTIAL TREATMENT REQUESTED - REDACTED COPY

LEASE

DATED

July 2, 2019

by and between

IIP-MI 3 LLC,

a Delaware limited liability company

and

FPAW MICHIGAN LLC,

a Michigan limited liability company

*Certain identified information has been omitted from this exhibit because it is not material and would likely cause competitive harm to the registrant if publicly disclosed. [***] indicates that information has been omitted.*

LEASE AGREEMENT

This Lease Agreement (this "**Lease**"), dated July 2, 2019 (the "**Execution Date**"), is made between IIP-MI 3 LLC, a Delaware limited liability company ("**Landlord**"), and FPAW MICHIGAN LLC, a Michigan limited liability company ("**Tenant**").

RECITALS

A. WHEREAS, concurrent with the execution of this Lease, Landlord closed on the purchase of certain real property (the "**Property**") and the improvements on the Property located at 735 E. Hazel Street, Lansing, Michigan, including the building located thereon (the "**Building**" and, together with the Property, the "**Project**"), pursuant to that certain Purchase and Sale Agreement and Joint Escrow Instructions, dated May 23, 2019 (the "**Purchase Agreement**"), by and between Landlord and Tenant;

B. WHEREAS, Landlord wishes to lease to Tenant, and Tenant desires to lease from Landlord, the Premises (as defined below), pursuant to the terms and conditions of this Lease, as detailed below; and

C. WHEREAS, each of Ascend Illinois, LLC, Ascend Illinois, Inc., Ascend Wellness Holdings, LLC, MassGrow, Inc., MassGrow, LLC, Ascend Mass, Inc., Ascend Mass, LLC, Ascend Friend Street RE LLC, Ascend Athol RE LLC, Revolution Cannabis – Barry, LLC, Ascend Ohio, LLC, Ascend Michigan, LLC, Springfield Partners II, LLC, Health Central, LLC and Health Central Illinois Holdings, LLC ("**Guarantors**") is an affiliate of Tenant that is deriving a benefit from Landlord and Tenant entering into this Lease, and has agreed to enter into a guaranty in the form attached as Exhibit D hereto (the "**Guaranty**"), without which Landlord would not agree to enter into this Lease.

AGREEMENT

NOW, THEREFORE, Landlord and Tenant, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, agree as follows:

1. Lease of Premises. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the premises described on Exhibit A attached hereto, including shafts, cable runs, mechanical spaces, rooftop areas, landscaping, parking facilities, private drives and other improvements and appurtenances related thereto (including the Building), for use by Tenant in accordance with the Permitted Use (as defined below) and no other uses (collectively, the "**Premises**").

2. Basic Lease Provisions. For convenience of the parties, certain basic provisions of this Lease are set forth herein. The provisions set forth herein are subject to the remaining terms and conditions of this Lease and are to be interpreted in light of such remaining terms and conditions.

2.1. The monthly Base Rent for the first twelve (12) months of the Term of the Lease shall be equal to Two Hundred Twenty-Two Thousand One Hundred Eighty-Seven and 50/100 Dollars (\$222,187.50), subject to subsequent adjustment under this Lease.

2.2. Security Deposit: The initial Security Deposit shall be One Million One Hundred Ten Thousand Nine Hundred Thirty-Seven and 50/100 Dollars (\$1,110,937.50), subject to subsequent adjustment under this Lease.

2.3. "**Permitted Use**": Agricultural growth, processing and dispensing of agricultural materials, including cannabis, industrial and office space, in accordance with current zoning for the Premises and in conformity with all Applicable Laws (as defined below). The Permitted Use shall include the cultivation and processing of cannabis plant parts and resins into products, and the storage of same for transport, and such other related use or uses permitted under Applicable Laws.

2.4. Address for Rent Payment: IIP-MI 3 LLC
[REDACTED]
[REDACTED]
[REDACTED]
ABA [***]
Account [***]

2.5. Address for Notices to Landlord:

IIP-MI 3 LLC
[REDACTED]
[REDACTED]
Attn: General Counsel

2.6. Address for Notices and Invoices to Tenant:

FPAW MICHIGAN LLC
137 Lewis Wharf
Boston, MA 02110
Attn: Abner Kurtin

2.7. The following Exhibits are attached hereto and incorporated herein by reference:

- Exhibit A Premises
- Exhibit B Tenant's Personal Property
- Exhibit C Form of Estoppel Certificate
- Exhibit D Form of Guaranty
- Exhibit E Work Letter
- Exhibit E-1 Tenant Work Insurance Requirements

3. Term and Extension Options.

3.1. Term. The actual term of this Lease (as the same may be extended or earlier terminated in accordance with this Lease, the "**Term**") shall commence on the Execution Date (the "**Commencement Date**") and end on June 30, 2039, subject to extension or earlier termination of this Lease as provided herein.

3.2. Options to Extend Term. Tenant shall have two (2) options (each an "**Extension Option**") to extend the Term of this Lease for a period of five (5) years each (each an "**Extension Period**"), on the same terms and conditions in effect under this Lease immediately prior to the commencement of the Extension Period, except that (a) Tenant shall have no further right to extend the Term of this Lease after the second Extension Period, (b) the Base Rent payable during the Extension Period shall be an amount equal to Base Rent in effect immediately prior to the Extension Period, increased by [***] percent ([***]%) on an annual basis.

3.2.1. If Tenant exercises an Extension Option, such Extension Option shall apply to the entire Premises (and no less than the entire Premises). Tenant may exercise an Extension Option only by giving Landlord irrevocable and unconditional written notice thereof (the "**Extension Notice**") not later than fifteen (15) months prior to the commencement date of the Extension Period. Upon delivery of the Extension Notice, Tenant shall be irrevocably bound to lease the Premises for the Extension Period.

3.2.2. Notwithstanding the foregoing, Tenant shall not have the right to exercise an Extension Option (i) during the time commencing from the date Landlord delivers to Tenant a written notice that Tenant is in default under any provisions of this Lease and continuing until Tenant has cured the specified default to Landlord's reasonable satisfaction; (ii) at any time after any Default (provided, however, that, for purposes of this Section 3.2(ii), Landlord shall not be required to provide Tenant with a notice of such Default) and continuing until Tenant

cures any such Default, if such Default is susceptible to being cured; or (iii) in the event that Tenant has defaulted in the performance of its obligations under this Lease three (3) or more separate times during the six (6)-month period immediately prior to the date that Tenant intends to exercise an Extension Option, whether or not Tenant has cured such defaults.

3.2.3. If Tenant shall fail to timely exercise the Extension Option in accordance with the provisions of this Section 3.2, then the Extension Option shall terminate, and shall be null and void and of no further force and effect. If this Lease or Tenant's right to possession of the Premises shall terminate in any manner whatsoever before Tenant shall exercise the Extension Option, or if Tenant shall have assigned or transferred any interest in this Lease or sublet any part of the Premises (other than in the case of a Permitted Transfer as set forth in Section 16.8 below, then immediately upon such termination, assignment, transfer or sublease, the Extension Option shall simultaneously terminate and become null and void. Time is of the essence with regard to this Section 3.2.

3.2.4. The Extension Options are conditioned upon each Guarantor executing an amendment to such Guarantor's Guaranty that explicitly extends such Guarantor's obligations so that each Guarantor guarantees Tenant's Lease obligations incurred pursuant to Tenant's timely and proper exercise of an Extension Option.

4. Possession.

4.1. Possession. Tenant hereby acknowledges that immediately prior to the Commencement Date, Tenant was in possession of the Premises, and is familiar with the condition thereof and accepts the Premises in its "as is" condition with all faults, and Landlord makes no representation or warranty of any kind with respect the Premises, and Landlord will have no obligation to improve, alter or repair the Premises. It is understood and agreed that Landlord is not obligated to install any equipment, or make any repairs, improvements or alterations to the Premises. Tenant's continued occupancy and possession of the Premises following the Closing (as defined in the Purchase Agreement) shall conclusively establish that the Premises, the Building and the Project were at such time in good, sanitary and satisfactory condition and repair.

4.2. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT LANDLORD IS LEASING THE PREMISES "AS IS" AND "WHERE IS," AND WITH ALL FAULTS, AND THAT LANDLORD IS MAKING NO REPRESENTATIONS AND WARRANTIES WHETHER EXPRESS OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE, WITH RESPECT TO THE QUALITY OR PHYSICAL CONDITION OF THE PREMISES, THE INCOME OR EXPENSES FROM OR OF THE PREMISES, OR THE COMPLIANCE OF THE PREMISES WITH APPLICABLE BUILDING OR FIRE CODES, ENVIRONMENTAL LAWS OR OTHER LAWS, RULES, ORDERS OR REGULATIONS. WITHOUT LIMITING THE FOREGOING, IT IS UNDERSTOOD AND AGREED THAT LANDLORD MAKES NO WARRANTY WITH RESPECT TO THE HABITABILITY, SUITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. TENANT AGREES THAT IT ASSUMES FULL RESPONSIBILITY FOR, AND THAT IT HAS PERFORMED EXAMINATIONS AND INVESTIGATIONS OF THE PREMISES, INCLUDING SPECIFICALLY, WITHOUT LIMITATION, EXAMINATIONS AND INVESTIGATIONS FOR THE PRESENCE OF ASBESTOS, PCBS AND OTHER HAZARDOUS SUBSTANCES, MATERIALS AND WASTES (AS THOSE TERMS MAY BE DEFINED HEREIN OR BY APPLICABLE FEDERAL OR STATE LAWS, RULES OR REGULATIONS) ON OR IN THE PREMISES. WITHOUT LIMITING THE FOREGOING, TENANT IRREVOCABLY WAIVES ALL CLAIMS AGAINST LANDLORD WITH RESPECT TO ANY ENVIRONMENTAL CONDITION, INCLUDING CONTRIBUTION AND INDEMNITY CLAIMS, WHETHER STATUTORY OR OTHERWISE. TENANT ASSUMES FULL RESPONSIBILITY FOR ALL COSTS AND EXPENSES REQUIRED TO CAUSE THE

PREMISES TO COMPLY WITH ALL APPLICABLE BUILDING AND FIRE CODES, MUNICIPAL ORDINANCES, ENVIRONMENTAL LAWS AND OTHER LAWS, RULES, ORDERS, AND REGULATIONS.

4.3. Holding Over.

4.3.1. If, with Landlord's prior written consent, Tenant holds possession of all or any part of the Premises after the Term, Tenant shall become a tenant from month-to-month after the expiration or earlier termination of the Term, and in such case Tenant shall continue to pay (a) Base Rent, as adjusted in accordance with Section 6, (b) Additional Rent, and (c) any amounts for which Tenant would otherwise be liable under this Lease if the Lease were still in effect. Any such month-to-month tenancy shall be subject to every other term, covenant and agreement contained herein.

4.3.2. If Tenant retains possession of any portion of the Premises after the Term without Landlord's prior written consent, then (a) Tenant shall be a tenant at sufferance subject to the terms and conditions of this Lease, except that the monthly rent shall be equal to [***] percent ([***]%) of the monthly Rent in effect during the last thirty (30) days of the Term, and (b) Tenant shall be liable to Landlord for any and all damages suffered by Landlord directly as a result of such holdover, including any lost rent (offset by any rent actually paid by Tenant) or consequential, special and indirect damages (in each case, regardless of whether such damages are foreseeable).

4.3.3. Acceptance by Landlord of Rent after the expiration or earlier termination of the Term shall not result in an extension, renewal or reinstatement of this Lease. The foregoing provisions of this Section 4 are in addition to and do not affect Landlord's right of reentry or any other rights of Landlord hereunder or as otherwise provided by Applicable Laws. The provisions of this Section 4 shall survive the expiration or earlier termination of this Lease.

5. Tenant Improvements.

5.1. Tenant shall cause appropriate improvements consistent with the Permitted Use (the "**Tenant Improvements**") to be constructed in the Premises pursuant to the Work Letter attached hereto as Exhibit E (the "**Work Letter**") at a cost to Landlord not to exceed Fifteen Million Dollars (\$15,000,000.00) (the "**TI Allowance**"). The TI Allowance may be applied to the costs of (a) construction, (b) project review by Landlord (which fee shall equal [***] percent ([***]%) of the cost of the Tenant Improvements, including the TI Allowance), (c) commissioning of mechanical, electrical and plumbing systems by a licensed, qualified commissioning agent hired by Tenant, and review of such party's commissioning report by a licensed, qualified commissioning agent hired by Landlord, (d) space planning, architect, engineering and other related services performed by third parties unaffiliated with Tenant, (e) building permits and other taxes, fees, charges and levies by governmental authorities for permits or for inspections of the Tenant Improvements, and (f) costs and expenses for labor, material, equipment and fixtures. In no event shall the TI Allowance be used for (m) the cost of work that is not authorized by the Approved Plans (as defined in the Work Letter) or otherwise approved in writing by Landlord, (n) payments to Tenant or any affiliates of Tenant, (o) the purchase of any furniture, personal property or other non-building system equipment, (p) costs resulting from any default by Tenant of its obligations under this Lease or (q) costs that are recoverable by Tenant from a third party (e.g., insurers, warrantors, or tortfeasors).

5.2. Tenant shall have until June 30, 2037 to request disbursement for the final installment of the TI Allowance, and may request no more than fifteen (15) disbursements of the TI Allowance, with each disbursement (other than the final disbursement) being no less than [***] Dollars (\$[***]). Landlord's obligation to disburse any of the TI Allowance shall be conditional upon Tenant's satisfaction of the conditions precedent to funding of the TI Allowance set forth in Section 6.3 of the Work Letter. In addition, Landlord's obligation to disburse any of the TI Allowance in excess of Fourteen Million Five Hundred Thousand Dollars (\$14,500,000.00) shall be conditioned upon the satisfaction of the following: (a) Tenant's delivery to Landlord of a certificate of occupancy for the Premises suitable for the Permitted Use, as applicable; (b) Tenant's delivery to Landlord of a Certificate of Substantial Completion in the form of the American Institute of Architects document G704, executed by the project architect and the general contractor or such other form or certification as may be reasonably acceptable to Landlord;

(c) Tenant's satisfaction of the conditions precedent to funding of the TI Allowance set forth in Section 6.3 of the Work Letter; and (d) there shall be no uncured event of default by Tenant under this Lease.

6. Rent.

6.1. Rent. Base Rent and Additional Rent (as defined below) shall together be denominated "**Rent**." Rent shall be paid by ACH, wire transfer or check (but in no event may Rent be payable in cash unless Landlord provides its consent to such form of payment, in Landlord's sole and absolute discretion) to Landlord, without abatement, deduction or offset, in lawful money of the United States of America to the address set forth in Section 2 or to such other person or at such other place as Landlord may from time designate in writing. In the event the Term commences on a day other than the first day of a calendar month or ends on a day other than the last day of a calendar month, then the Rent for such fraction of a month shall be prorated for such period on the basis of the number of days in the month and shall be paid at the then-current rate for such fractional month.

6.2. Base Rent. Tenant shall pay to Landlord as Base Rent for the Premises, commencing on the Commencement Date, the sums set forth in Section 2, subject to the rental adjustments provided in Section 6.5. Base Rent shall be paid in equal monthly installments, subject to the rental adjustments provided in Section 6.5, each in advance on, or before, the first day of each and every calendar month during the Term.

6.3. Additional Rent. In addition to Base Rent, Tenant shall pay to Landlord as additional rent ("**Additional Rent**") at times hereinafter specified in this Lease (a) amounts related to Operating Expenses and Taxes (each as defined below), unless paid directly by Tenant to third parties to whom such amounts are owed, (b) the Property Management Fee (as defined below) and (c) any other amounts that Tenant assumes or agrees to pay under the provisions of this Lease that are owed to Landlord (whether or not such amounts are referred to herein as "Additional Rent"), including any and all other sums that may become due by reason of any default of Tenant or failure on Tenant's part to comply with the agreements, terms, covenants and conditions of this Lease to be performed by Tenant.

6.3.1. Operating Expenses. Tenant will pay directly all Operating Expenses of the Premises in a timely manner and prior to delinquency, unless otherwise specified herein that Landlord shall pay directly such Operating Expenses and receive reimbursement from Tenant. In the event that Tenant fails to pay any Operating Expense within ten (10) days after written notice by Landlord to Tenant, and without being under any obligation to do so and without hereby waiving any default by Tenant, Landlord may pay any delinquent Operating Expenses. Any Operating Expense paid by Landlord and any expenses reasonably incurred by Landlord in connection with the payment of the delinquent Operating Expense may be billed immediately to Tenant, or at Landlord's option and upon written notice to Tenant, may be deducted from the Security Deposit. "**Operating Expenses**" means all costs and expenses incurred by Landlord with respect to the ownership, maintenance and operation of the Premises including, but not limited to: insurance, maintenance, repair and replacement of the foundation, roof, walls, heating, ventilation, air conditioning, plumbing, electrical, mechanical, utility and safety systems, paving and parking areas, roads and driveways; maintenance of exterior areas such as gardening and landscaping, snow removal and signage; maintenance and repair of roof membrane, flashings, gutters, downspouts, roof drains, skylights and waterproofing; painting; lighting; cleaning; refuse removal; security; utilities for, or the maintenance of, outside areas; building personnel costs; personal property taxes; rentals or lease payments paid by Landlord for rented or leased personal property used in the operation or maintenance of the Premises; and fees for required licenses and permits. Operating Expenses shall exclude (a) legal fees, brokerage commissions, advertising costs and other related expenses incurred in connection with the leasing of the Building; (b) wages, salaries benefits, perquisites and compensation paid or given to (i) executives, shareholders, officers, directors or partners of Landlord, (ii) any principal or partner of the entity from time to time comprising Landlord, or (iii) off-site employees and employees at the Building above the level of Building manager; (c) Landlord's general overhead and administrative expenses not related to the Building; (d) payments of principal or interest on any mortgage or other encumbrance including ground lease payments and points, commissions and legal fees associated with financing; (e) non-cash items, such as deductions for depreciation and amortization of the Building and the Building equipment, or interest on capital invested; and (f) costs incurred in connection with the actual or contemplated sales, financing, refinancing, mortgaging, syndicating,

selling, or change of ownership interest of the Building, including brokerage commissions, attorneys, and accountants' fees, closing costs, title insurance premiums, transfer taxes and interest charges.

6.3.2. Taxes. Tenant will promptly pay to Landlord upon Landlord's written request the amount of all Taxes levied and assessed for any such year upon the Premises. "**Taxes**" means any and all real estate taxes, fees, assessments and other charges of any kind or nature, whether general, special, ordinary or extraordinary, that Landlord shall pay or accrue (without regard to any different fiscal year used by such governmental authority) that are levied in respect of the Premises, or in respect of any improvement, fixture, equipment or other property of Landlord, real or personal, located at the Premises, or used in connection with the operation of the Premises, and all fees, expenses, and costs incurred by Landlord in investigating, protesting, contesting, or in any way seeking to reduce or avoid increases in any assessments, levies, or the tax rate pertaining to the Taxes. Taxes shall not include Landlord's corporate franchise taxes, estate taxes, inheritance taxes or federal or state income taxes.

6.3.3. Estimated Costs. If and to the extent applicable, within sixty (60) days after the Commencement Date, and within sixty (60) days after the beginning of each calendar year, Landlord shall give Tenant a written estimate, for such calendar year, of the cost of Taxes and Operating Expenses payable by Landlord. Tenant shall pay such estimated amount to Landlord in equal monthly installments, in advance. Within ninety (90) days after the end of each calendar year, Landlord shall furnish to Tenant a statement showing in reasonable detail the cost of Taxes and Operating Expenses paid or payable by Landlord (the "**Annual Statement**"), and Tenant shall pay to Landlord the cost incurred by Landlord in excess of the payments made by Tenant within thirty (30) days of receipt of such Annual Statement. In the event that the payments made by Tenant to Landlord for the estimated Taxes and Operating Expenses exceed the aggregate amount set forth in the Annual Statement, such excess amount shall be credited by Landlord to the Rent or other charges next due and owing, provided that, if the Term has expired, Landlord shall accompany said statement with the amount due Tenant.

6.3.4. Property Management Fee. Tenant shall pay to Landlord on, or before, the first day of each calendar month of the Term, as Additional Rent, the Property Management Fee. The "**Property Management Fee**" shall equal [***] percent ([***]%) of the then-current Base Rent due from Tenant. Tenant shall pay the Property Management Fee with respect to the entire Term, including any extensions thereof or any holdover periods, regardless of whether Tenant is obligated to pay Base Rent or any other Rent with respect to any such period or portion thereof.

6.3.5. Absolute Net Lease. This Lease shall be deemed and construed to be an "absolute net lease" and, except as herein expressly provided, the Landlord shall receive all payments required to be made by Tenant, free from all charges, assessments, impositions, expenses, deductions of any and every kind or nature whatsoever. Tenant shall, at Tenant's sole cost and expense, maintain the landscaping and parking lot, and make all additional repairs and alterations as required to maintain the Premises consistent with industry best practices.

6.4. Security Deposit. On or before the Execution Date of this Lease, Tenant shall deposit the sum in cash set forth in Section 2.2 (the "**Security Deposit**"), which sum shall be held by Landlord as security for the faithful performance by Tenant of all of the terms, covenants and conditions of this Lease to be kept and performed by Tenant during the Term. Landlord shall not be required to maintain a separate account for the Security Deposit, but may intermingle it with other funds of Landlord. If Tenant defaults with respect to any provision of this Lease beyond applicable notice and cure periods, then without notice to Tenant, Landlord may (but shall not be required to) apply all or any part of the Security Deposit for the payment of any Rent or any other sum in default. If any portion of the Security Deposit is so used or applied, then Tenant shall, upon demand therefor, restore the Security Deposit to its original amount. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, then the unapplied portion of the Security Deposit shall be returned to Tenant, or, at Landlord's option, to the last assignee of Tenant's interest hereunder, within sixty (60) days following the expiration of the Term. Tenant shall not be entitled to any interest on the Security Deposit. Tenant hereby irrevocably waives and relinquishes any and all rights, benefits, or protections, if any, Tenant now has, or in the future may have under any provision of law which (i) establishes the time frame by which a landlord must refund a security deposit under a lease, or (ii) provides that a landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by a tenant, or to clean the subject premises.

Tenant acknowledges and agrees that (A) any statutory time frames for the return of a security deposit are superseded by the express period identified in this Section 6.4, and (B) rather than be so limited, Landlord may claim from the Security Deposit (i) any and all sums expressly identified in this Section 6.4, and (ii) any additional sums reasonably necessary to compensate Landlord for any and all losses or damages caused by Tenant's default of this Lease, including, but not limited to, all damages or rent due upon termination of this Lease. In the event of bankruptcy or other debtor-creditor proceedings against Tenant, the Security Deposit shall be deemed to be applied first to the payment of Rent and other charges due Landlord for all periods prior to the filing of such proceedings. Provided that (a) no default by Tenant under this Lease has occurred and is continuing and (b) Tenant has achieved an EBITDA (as defined below) for the immediately preceding six (6) month period that is equal to two times the then-current Base Rent for such time period (the "**EBITDA Condition**"), the Security Deposit shall be reduced to Five Hundred Fifty-Five Thousand Four Hundred Sixty-Eight and 75/100 Dollars (\$555,468.75) (the "**Reduced Security Deposit**"). For purposes of the foregoing, the term "**EBITDA**" shall mean net income before interest, taxes, depreciation and amortization. Landlord shall be required to deliver to Tenant the portion of the Security Deposit retained by Landlord that is in excess of the Reduced Security Deposit within thirty (30) days after (x) Tenant has delivered to Landlord reasonable supporting documentation that Tenant has satisfied the conditions set forth in Subsections (a) and (b) above, including a certification from the principal financial officer of Tenant confirming that such conditions have been satisfied and that the documentation provided to Landlord evidencing satisfaction of the EBITDA Condition is true, correct and complete in all material respects and does not contain any misrepresentations or omissions of facts, and (y) Landlord reasonably has approved such documentation and agrees that such conditions have been satisfied. If the Tenant subsequently fails to meet the EBITDA Condition at any time during the Term, then Tenant shall be required to promptly deliver to Landlord an amount sufficient to increase the Security Deposit held by Landlord back to the sum of One Million One Hundred Ten Thousand Nine Hundred Thirty-Seven and 50/100 Dollars (\$1,110,937.50). Following the reduction of the Security Deposit to the Reduced Security Deposit, upon Landlord's request, Tenant shall promptly deliver to Landlord such documentation as may be reasonably required by Landlord to assess whether the EBITDA Condition remains satisfied.

6.5. Base Rent Adjustments. Base Rent shall be subject to an annual upward adjustment of [***] percent ([***]%) of the then-current Base Rent. The first such adjustment shall become effective commencing on the first annual anniversary of the Commencement Date, and subsequent adjustments shall become effective on every successive annual anniversary for so long as this Lease continues in effect.

6.6. No Discharge of Rent Obligations. Tenant's obligation to pay Rent shall not be discharged or otherwise affected by (a) any Applicable Laws now or hereafter applicable to the Premises, (b) any other restriction on Tenant's use, (c) except as expressly provided herein, any casualty or taking or (d) any other occurrence; and Tenant waives all rights now or hereafter existing to terminate or cancel this Lease or quit or surrender the Premises or any part thereof, or to assert any defense in the nature of constructive eviction to any action seeking to recover rent. Tenant's obligation to pay Rent with respect to any period or obligations arising, existing or pertaining to the period prior to the date of the expiration or earlier termination of the Term or this Lease shall survive any such expiration or earlier termination; provided, however, that nothing in this sentence shall in any way affect Tenant's obligations with respect to any other period. Except as expressly provided in this Lease, Tenant, to the extent now or hereafter permitted by Applicable Laws, waives all rights now or hereafter conferred by statute or otherwise to quit, terminate or surrender this Lease or to any diminution, abatement or reduction of Rent payable hereunder.

7. Use.

7.1. Use. Tenant shall use the Premises solely for the Permitted Use, and shall not use the Premises, or permit or suffer the Premises to be used, for any other purpose without Landlord's prior written consent, which consent Landlord may withhold in its sole but reasonable discretion. Tenant shall comply, and cause Tenant Parties to comply, with all Applicable Laws, zoning ordinances and certificates of occupancy issued for the Premises or any portion thereof. Tenant shall not make any penetrations in the roof of the Building without the consent of Landlord, and any work on the roof shall be undertaken by contractors approved by the company providing the warranty for the roof and shall otherwise be performed in such a manner so as not to violate any roof warranty and, if there is no roof warranty, to the standards which the company previously providing the roof warranty would require if there was a roof warranty. Tenant shall not commit, or allow Tenant Parties to commit, any waste of the Premises. Tenant

shall not do, or permit Tenant Parties to do, anything on or about the Premises that in any way invalidates or prevents the procuring, of any insurance protecting against loss or damage to any portion of the Premises or its contents, or against liability for damage to property or injury to persons in or about any portion of the Premises. For purposes hereof, "**Tenant Parties**" means Tenant's agents, contractors, subcontractors, employees, customers, licensees, invitees, assignees and subtenants; and the term "**Applicable Laws**" means all federal (to the extent not in direct conflict with applicable state, municipal or local cannabis licensing and program laws, rules and regulations), state, municipal and local laws, codes, ordinances, rules and regulations of governmental authorities, committees, associations, or other regulatory committees, agencies or governing bodies having jurisdiction over the Premises or any portion thereof, Landlord or Tenant, including both statutory and common law, hazardous waste rules and regulations, and state cannabis licensing and program laws, rules and regulations. Tenant may only place equipment within the Premises with floor loading consistent with the Building's structural design unless Tenant obtains Landlord's prior written approval. Tenant may place such equipment only in a location designed to carry the weight of such equipment.

7.2. Legal Compliance. Notwithstanding any other provision herein to the contrary, Tenant shall be responsible for all improvements or alterations required to be made and all liabilities, costs and expenses arising out of or in connection with the compliance of the Premises with Applicable Laws, including, without limitation, the Americans with Disabilities Act, 42 U.S.C. § 12101, et seq., and any state and local accessibility laws, codes, ordinances and rules (collectively, and together with regulations promulgated pursuant thereto, the "**ADA**"), and Tenant shall indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnitees harmless from and against any Claims arising out of any such failure of the Premises to comply with Applicable Laws, including, without limitation, the ADA.

7.3. Indemnification. Tenant shall indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold Landlord and its affiliates, lenders, employees, agents and contractors (collectively, the "**Landlord Indemnitees**") harmless from and against any and all demands, claims, liabilities, losses, costs, expenses, criminal or civil actions, forfeiture seizures, causes of action, damages, suits or judgments, and all reasonable expenses (including reasonable attorneys' fees, charges and disbursements, regardless of whether the applicable demand, claim, action, cause of action or suit is voluntarily withdrawn or dismissed) incurred in investigating or resisting the same (collectively, "**Claims**") of any kind or nature that arise before, during or after the Term as a result of Tenant's breach of this Section 7.

8. Hazardous Materials.

8.1. Tenant shall not cause or permit any Hazardous Materials (as defined below) to be brought upon, kept or used in or about the Premises in violation of Applicable Laws by Tenant or any Tenant Party. If (a) Tenant breaches such obligation, (b) the presence of Hazardous Materials as a result of such a breach results in contamination of the Premises, any portion thereof, or any adjacent property, (c) contamination of the Premises otherwise occurs during the Term or any extension or renewal hereof or holding over hereunder or (d) contamination of the Premises occurs as a result of Hazardous Materials that are placed on or under or are released into the Premises by a Tenant Party, then Tenant shall indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnitees harmless from and against any and all Claims of any kind or nature, including (w) diminution in value of the Premises or any portion thereof, (x) damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises, (y) damages arising from any adverse impact on marketing of space in the Premises or any portion thereof and (z) sums paid in settlement of Claims that arise before, during or after the Term as a result of such breach or contamination. This indemnification by Tenant includes costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work required by any governmental authority because of Hazardous Materials present in the air, soil or groundwater above, on, under or about the Premises. Without limiting the foregoing, if the presence of any Hazardous Materials in, on, under or about the Premises, any portion thereof or any adjacent property caused or permitted by any Tenant Party results in any contamination of the Premises, any portion thereof or any adjacent property, then Tenant shall promptly take all actions at its sole cost and expense as are necessary to return the Premises, any portion thereof or any adjacent property to its respective condition existing prior to the time of such contamination; provided that Landlord's written approval of such action shall first be obtained, which approval

Landlord shall not unreasonably withhold; and provided, further, that it shall be reasonable for Landlord to withhold its consent if such actions could have a material adverse long-term or short-term effect on the Premises, any portion thereof or any adjacent property. Tenant's obligations under this Section shall not be limited by any limitation on the amount or type of damages, compensation or benefits payable by or for Tenant under workers' compensation acts, disability benefit acts, employee benefit acts or similar legislation.

8.2. Landlord acknowledges that it is not the intent of this Section 8 to prohibit Tenant from operating its business for the Permitted Use. Tenant may operate its business according to the custom of Tenant's industry so long as the use or presence of Hazardous Materials is strictly and properly monitored in accordance with Applicable Laws. As a material inducement to Landlord to allow Tenant to use Hazardous Materials in connection with its business, Tenant agrees to deliver to Landlord (a) a list identifying each type of Hazardous Material to be present at the Premises that is subject to regulation under any environmental Applicable Laws in the form of a Tier II form pursuant to Section 312 of the Emergency Planning and Community Right-to-Know Act of 1986 (or any successor statute) or any other form reasonably requested by Landlord, (b) a list of any and all approvals or permits from governmental authorities required in connection with the presence of such Hazardous Material at the Premises and (c) correct and complete copies of notices of violations of Applicable Laws related to Hazardous Materials (collectively, "**Hazardous Materials Documents**"). Tenant shall deliver to Landlord updated Hazardous Materials Documents, within fourteen (14) days after receipt of a written request therefor from Landlord, not more often than once per year, unless (m) there are any changes to the Hazardous Materials Documents or (n) Tenant initiates any Tenant Improvements or Alterations or changes its business, in either case in a way that involves any material increase in the types or amounts of Hazardous Materials. In the event that a review of the Hazardous Materials Documents indicates non-compliance with this Lease or Applicable Laws, Tenant shall, at its expense, diligently take steps to bring its storage and use of Hazardous Materials into compliance. Notwithstanding anything in this Lease to the contrary or Landlord's review into Tenant's Hazardous Materials Documents or use or disposal of hazardous materials, however, Landlord shall not have and expressly disclaims any liability related to Tenant's or other tenants' use or disposal of Hazardous Materials, it being acknowledged by Tenant that Tenant is best suited to evaluate the safety and efficacy of its Hazardous Materials usage and procedures.

8.3. Tenant represents and warrants to Landlord that Tenant is not, nor has it been, in connection with the use, disposal or storage of Hazardous Materials, (a) subject to a material enforcement order issued by any governmental authority or (b) required to take any remedial action.

8.4. At any time, and from time to time, prior to the expiration of the Term, Landlord shall have the right to conduct appropriate tests of the Premises or any portion thereof to demonstrate that Hazardous Materials are present or that contamination has occurred due to the acts or omissions of a Tenant Party, the cost of which shall be an Operating Expense. Such inspections shall be made only after Landlord provides notice to and receives approval from the relevant regulatory authorities regarding the testing.

8.5. If underground or other storage tanks storing Hazardous Materials installed or utilized by Tenant are located on the Premises, or are hereafter placed on the Premises by Tenant (or by any other party, if such storage tanks are utilized by Tenant), then Tenant shall monitor the storage tanks, maintain appropriate records, implement reporting procedures, properly close any underground storage tanks, and take or cause to be taken all other steps necessary or required under the Applicable Laws.

8.6. Tenant shall promptly report to Landlord any actual or suspected presence of mold or water intrusion at the Premises.

8.7. Tenant's obligations under this Section 8 shall survive the expiration or earlier termination of the Lease. During any period of time needed by Tenant or Landlord after the termination of this Lease to complete the removal from the Premises of any such Hazardous Materials, Tenant shall be deemed a holdover tenant and subject to the provisions of Section 4.

8.8. As used herein, the term "**Hazardous Material**" means any toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous substance, material or waste that is or becomes regulated by Applicable Laws or any governmental authority.

9. Alterations.

9.1. Tenant shall not make any alterations, additions or improvements in or to the Premises or engage in any construction, demolition, reconstruction, renovation or other work (whether major or minor) of any kind in, at or serving the Premises ("**Alterations**"), without obtaining Landlord's prior written consent, which shall not be unreasonably withheld, except Tenant may make non-structural Alterations to the interior of the Premises (excluding the roof) without such consent but upon at least ten (10) days' prior notice to Landlord, provided that the cost thereof does not exceed [***] Dollars (\$[***]) per occurrence or an aggregate amount of [***] Dollars (\$[***]) annually. Notwithstanding the foregoing, Tenant will not do anything that could have a material adverse effect on the Building or life safety systems, without obtaining Landlord's prior written consent. Any such improvements, excepting movable furniture, trade fixtures and equipment, shall become part of the realty and belong to Landlord. All alterations and improvements shall be properly permitted and installed at Tenant's sole cost, by a licensed contractor, in a good and workmanlike manner, and in conformity with all Applicable Laws. Any alterations that Tenant shall desire to make and which require the consent of Landlord shall be presented to Landlord in written form with detailed plans. Tenant shall: (i) acquire all applicable governmental permits; (ii) furnish Landlord with copies of both the permits and the plans and specifications at least thirty (30) days before the commencement of the work, and (iii) comply with all conditions of said permits in a prompt and expeditious manner. Any alterations shall be performed in a workmanlike manner with good and sufficient materials. Upon completion of any Alterations, Tenant shall promptly upon completion furnish Landlord with a reproducible copy of as-built drawings and specifications for any Alterations.

9.2. At least twenty (20) days prior to commencing any work relating to any Alterations requiring the approval of Landlord that have been so approved, Tenant shall notify Landlord in writing of the expected date of commencement. Tenant shall pay, when due, all claims for labor or materials furnished to or for Tenant for use in improving the Premises. Tenant shall not permit any mechanics' or materialmen's liens to be levied against the Premises arising out of work performed, materials furnished, or obligations to have been performed on the Premises by or at the request of Tenant. Tenant shall indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold Landlord Indemnitees from and against any and all Claims of any kind or nature that arise before, during or after the Term on account of claims of lien of laborers or materialmen or others for work performed or materials or supplies furnished for Tenant or its contractors, agents or employees. If Tenant fails to discharge or undertake to defend against such liability, upon receipt of written notice from Landlord of such failure, Tenant shall have thirty (30) days (the "**Defense Cure Period**") to cure such failure by prosecuting such a defense. If Tenant fails to do so within the Defense Cure Period, then Landlord may settle the same and Tenant's liability to Landlord shall be conclusively established by such settlement provided that such settlement is entered into on commercially reasonable terms and conditions, the amount of such liability to include both the settlement consideration and the costs and expenses (including attorneys' fees) incurred by Landlord in effecting such settlement. In the event any contractor, agent or employee notifies Tenant of its intent to file a mechanics' or materialmen's lien against the Premises, Tenant shall immediately notify Landlord of such intention to file a lien or a lawsuit with respect to such lien.

9.3. Tenant shall repair any damage to the Premises caused by Tenant's removal of any property from the Premises. During any such restoration period, Tenant shall pay Rent to Landlord as provided herein as if such space were otherwise occupied by Tenant. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

9.4. The Premises plus any Alterations, Tenant Improvements, attached equipment, decorations, fixtures and trade fixtures; movable casework and related appliances; and other additions and improvements attached to or built into the Premises made by either of the parties (including all floor and wall coverings; paneling; sinks and related plumbing fixtures; attached benches; production equipment; walk-in refrigerators; ductwork; conduits; electrical panels and circuits; attached machinery and equipment; and built-in furniture and cabinets, in

each case, together with all additions and accessories thereto), shall (unless, prior to such construction or installation, Landlord elects otherwise in writing) at all times remain the property of Landlord, shall remain in the Premises and shall (unless, prior to construction or installation thereof, Landlord elects otherwise in writing) be surrendered to Landlord upon the expiration or earlier termination of this Lease. For the avoidance of doubt, the items listed on Exhibit B attached hereto (which Exhibit B may be updated by Tenant from and after the Commencement Date, subject to Landlord's written consent) constitute Tenant's property and shall be removed by Tenant upon the expiration or earlier termination of the Lease.

9.5. If Tenant shall fail to remove any of its property from the Premises prior to the expiration of the Term, then Landlord may, at its option, remove the same in any manner that Landlord shall choose and store such effects without liability to Tenant for loss thereof or damage thereto, and Tenant shall pay Landlord, upon demand, any costs and expenses incurred due to such removal and storage or Landlord may, at its sole option, without notice to Tenant and subject to approval from Michigan cannabis regulatory authorities as required for certain items, sell such property or any portion thereof at private sale and without legal process for such price as Landlord may obtain and apply the proceeds of such sale against any (a) amounts due by Tenant to Landlord under this Lease and (b) any expenses incident to the removal, storage and sale of such personal property.

9.6. Tenant shall pay to Landlord an amount equal to [***] percent ([***]%) of the cost to Tenant of all Alterations to cover Landlord's overhead and expenses for plan review, engineering review, coordination, scheduling and supervision thereof. For purposes of payment of such sum, Tenant shall submit to Landlord copies of all bills, invoices and statements covering the costs of such charges, accompanied by payment to Landlord of the fee set forth in this Section. In addition, Tenant shall reimburse Landlord for all thirdparty costs actually incurred by Landlord in connection with any Alterations, including any non-structural Alterations that do not require Landlord's prior consent.

9.7. Tenant shall require its contractors and subcontractors performing work on the Premises to name Landlord and its affiliates and any lender as additional insureds on their respective insurance policies, except to the extent that the same is not permitted by Michigan law or regulation.

10. Odors and Fumes. Tenant shall not cause or permit (or conduct any activities that would cause) any release of any odors or fumes of any kind from the Premises in excess of quantities prohibited by Applicable Law or any applicable CC&Rs. Tenant shall, at Tenant's sole cost and expense, provide odor eliminators and other devices (such as filters, air cleaners, scrubbers and whatever other equipment may in Landlord's judgment be necessary or appropriate from time to time) to abate any odors, fumes or other substances in Tenant's exhaust stream that, in Landlord's reasonable judgment, emanate from Tenant's Premises. Any work Tenant performs under this Section shall constitute Alterations. Tenant's responsibility to abate odors, fumes and exhaust shall continue throughout the Term. If Tenant fails to install satisfactory odor control equipment within thirty (30) days after Landlord's written demand made at any time, then Landlord may, without limiting Landlord's other rights and remedies, require Tenant to cease and suspend any operations in the Premises that, in Landlord's reasonable determination, cause odors, fumes or exhaust in violation of quantities allowed under Applicable Laws or any applicable CC&Rs.

11. Repairs and Maintenance.

11.1. Care of Premises. This Lease shall be deemed and construed to be an "absolute net lease." Tenant shall, at its sole cost and expense, keep the Premises in a working, neat, clean, sanitary, safe condition and repair, and shall keep the Premises free from trash. Tenant shall make all repairs or replacements thereon or thereto, whether ordinary or extraordinary. Without limiting the foregoing, Tenant's obligations hereunder shall include the maintenance, repair and replacement of the Building foundation, roof (including roof membrane), walls and all other structural components of the Building; all heating, ventilation, air conditioning, plumbing, electrical, mechanical, utility and safety systems serving the Building or Premises; the parking areas, roads and driveways located on the Premises; maintenance of exterior areas such as gardening and landscaping; snow removal and signage; maintenance and repair of flashings, gutters, downspouts, roof drains, skylights and waterproofing; and painting. Landlord shall not be required to furnish any services or facilities or to make any repairs, replacements or alterations of any kind in or on the Premises. Tenant shall receive all invoices and bills relative to the Premises and, except as otherwise

provided herein, shall pay for all expenses directly to the person or company submitting a bill without first having to forward payment for the expenses to Landlord. Tenant hereby expressly waives the right to make repairs at the expense of Landlord as provided for in any Applicable Laws in effect at the time of execution of this Lease, or in any other Applicable Laws that may hereafter be enacted, and waives its rights under Applicable Laws relating to a landlord's duty to maintain its premises in a tenantable condition.

11.2. Service Contracts and Invoices. Tenant shall, promptly upon Landlord's written request therefor, provide Landlord with copies of all service contracts relating to the Tenant's maintenance of the Premises and invoices received from Tenant from such service providers.

11.3. Action by Landlord if Tenant Fails to Maintain. If Tenant refuses or neglects to repair or maintain the Premises as required hereunder to the reasonable satisfaction of Landlord, Landlord, at any time following ten (10) business days from the date on which Landlord shall make written demand on Tenant to affect such repair or maintenance, may, but shall not have the obligation to, make such repair and/or maintenance (without liability to Tenant for any loss or damage which may occur to Tenant's merchandise, fixtures or other personal property, or to Tenant's business by reason thereof unless caused by Landlord's active gross negligence or intentional misconduct) and upon completion thereof, Tenant shall pay to Landlord as Landlord Additional Rent Landlord's reasonable costs for making such repairs, plus interest at the Default Rate from the date of expenditure by Landlord upon demand therefor. Moreover, Tenant's failure to pay any of the charges in connection with the performance of its maintenance and repair obligations under this Lease will constitute a material default under the Lease.

11.4. No Rent Abatement. There shall be no abatement of Rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the Premises, or in or to improvements, fixtures, equipment and personal property therein unless caused by Landlord's active gross negligence or intentional misconduct.

11.5. Right of Entry. After providing the required notice to and receiving required approval from the relevant Michigan regulatory agencies, Landlord and Landlord's agents shall have the right to enter upon the Premises or any portion thereof for the purposes of performing any repairs or maintenance Landlord is permitted to make pursuant to this Lease, and of ascertaining the condition of the Premises or whether Tenant is observing and performing Tenant's obligations hereunder, all without unreasonable interference from Tenant or Tenant Parties. Except for emergency maintenance or repairs, the right of entry contained in this paragraph shall be exercisable at reasonable times, at reasonable hours and on reasonable notice of not less than twenty-four (24) hours, subject to Tenant's authorized personnel accompanying Landlord's agents in sensitive areas of the Premises and conditioned upon the required approval and consent from Michigan cannabis regulatory agencies. For the absence of doubt, all subsequent references to Landlord's right of entry contained herein are subject to the same approval by the Michigan cannabis regulatory agencies. Landlord shall use commercially reasonable efforts to minimize interference with Tenant's use and operations.

12. Liens. Tenant shall keep the Premises free from any liens arising out of work or services performed, materials furnished to or obligations incurred by Tenant. Tenant further covenants and agrees that any mechanic's or materialman's lien filed against the Premises for work or services claimed to have been done for, or materials claimed to have been furnished to, or obligations incurred by Tenant shall be discharged or bonded by Tenant within twenty (20) days after the filing thereof, at Tenant's sole cost and expense. Should Tenant fail to discharge or bond against any lien of the nature described in this Section, Landlord may, at Landlord's election, pay such claim or otherwise provide security to eliminate the lien as a claim against title, and Tenant shall promptly reimburse Landlord for the costs thereof as Additional Rent. Tenant shall indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnitees harmless from and against any Claims arising from any such liens, including any administrative, court or other legal proceedings related to such liens. In the event that Tenant leases or finances the acquisition of office equipment, furnishings or other personal property of a removable nature utilized by Tenant in the operation of Tenant's business, Tenant warrants that any Uniform Commercial Code financing statement shall, upon its face or by exhibit thereto, indicate that such financing statement is applicable only to removable personal property of Tenant located within the Premises.

13. Rules and Regulations and CC&Rs and Parking Facilities. Tenant shall faithfully observe and comply with and shall ensure that its contractors, subcontractors, employees, subtenants and invitees faithfully observe and comply with such reasonable and nondiscriminatory rules and regulations as are hereafter promulgated by Landlord provided that the same do not prohibit the Permitted Use or otherwise significantly interfere with Tenant's use and access to the Premises. This Lease is subject to any recorded covenants, conditions or restrictions on the Property or Premises, as the same may be amended, amended and restated, supplemented or otherwise modified from time to time (the "**CC&Rs**"). Tenant shall, at its sole cost and expense, comply with the CC&Rs.

14. Utilities and Services. Tenant shall make all arrangements for and pay for all water, sewer, gas, heat, light, power, telephone service and any other service or utility Tenant requires at the Premises. Landlord shall not be liable for any failure or interruption of any utility service being furnished to the Premises, and no such failure or interruption shall entitle Tenant to any abatement or right to terminate this Lease. In the event that any utilities are furnished by Landlord, Tenant shall pay to Landlord the cost thereof as an Operating Expense.

15. Estoppel Certificate. Tenant shall, within ten (10) business days after receipt of written notice from Landlord, execute, acknowledge and deliver a statement in writing substantially in the form attached to this Lease as Exhibit C, or on any other form reasonably requested by a current or proposed lender or encumbrancer or proposed purchaser, (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect) and the dates to which rental and other charges are paid in advance, if any, (b) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed, and (c) setting forth such further information with respect to this Lease or the Premises as may be requested thereon. Each Guarantor shall, within ten (10) days after receipt of written notice from Landlord, execute, acknowledge and deliver a statement in writing in the same form. Tenant's or any Guarantor's failure to deliver any such statement within such the prescribed time shall be binding upon Tenant or such Guarantor (as applicable) that the Lease and such Guaranty are in full force and effect and without modification except as may be represented by Landlord in any certificate prepared by Landlord and delivered to Tenant or such Guarantor (as applicable) for execution.

16. Assignment or Subletting.

16.1. None of the following (each, a "**Transfer**"), either voluntarily or by operation of Applicable Laws, shall be directly or indirectly performed without Landlord's prior written consent: (a) Tenant selling, hypothecating, assigning, pledging, encumbering or otherwise transferring this Lease or subletting the Premises or (b) a controlling interest in Tenant being sold, assigned or otherwise transferred (other than as a result of shares in Tenant being sold on a public stock exchange or a Permitted Transfer as defined below). For purposes of the preceding sentence, "control" means (a) owning (directly or indirectly) more than fifty percent (50%) of the stock or other equity interests of another person or (b) possessing, directly or indirectly, the power to direct or cause the direction of the management and policies of such person.

16.2. In the event Tenant desires to effect a Transfer, then, at least thirty (30) but not more than ninety (90) days prior to the date when Tenant desires the Transfer to be effective (the "**Transfer Date**"), Tenant shall provide written notice to Landlord (the "**Transfer Notice**") containing information (including references) concerning the character of the proposed transferee, assignee or sublessee; the proposed Transfer Date; the most recent unconsolidated financial statements of Tenant and of the proposed transferee, assignee or sublessee ("**Required Financials**"); any ownership or commercial relationship between Tenant and the proposed transferee, assignee or sublessee; and the consideration and all other material terms and conditions of the proposed Transfer, all in such detail as Landlord shall reasonably require. In no event shall Landlord be deemed to be unreasonable for declining to consent to a Transfer to a transferee, assignee or sublessee of poor reputation, lacking financial qualifications or seeking a change in the Permitted Use, or jeopardizing directly or indirectly the status of Landlord

or any of Landlord's affiliates as a Real Estate Investment Trust under the Internal Revenue Code of 1986, as amended from time to time.

16.3. The following are conditions precedent to a Transfer or to Landlord considering a request by Tenant to a Transfer:

16.3.1. Tenant shall remain fully liable under this Lease and each Guarantor shall continue to remain fully liable under such Guarantor's Guaranty, including with respect to the Term after the Transfer Date. Tenant agrees that it shall not be (and shall not be deemed to be) a guarantor or surety of this Lease, however, and waives its right to claim that it is a guarantor or surety or to raise in any legal proceeding any guarantor or surety defenses permitted by this Lease or by Applicable Laws;

16.3.2. Tenant shall provide Landlord with evidence reasonably satisfactory to Landlord that the value of Landlord's interest under this Lease shall not be diminished or reduced by the proposed Transfer. Such evidence shall include evidence respecting the relevant business experience and financial responsibility and status of the proposed transferee, assignee or sublessee;

16.3.3. Tenant shall reimburse Landlord for Landlord's actual out of pocket costs and expenses, including reasonable attorneys' fees, charges and disbursements incurred in connection with the review, processing and documentation of such request;

16.3.4. If Tenant's transfer of rights or sharing of the Premises provides for the receipt by, on behalf of or on account of Tenant of any consideration of any kind whatsoever (including a premium rental for a sublease or lump sum payment for an assignment, but excluding Tenant's reasonable costs in marketing and subleasing the Premises) in excess of the rental and other charges due to Landlord under this Lease, Tenant shall pay [***] percent ([***]%) of all of such excess to Landlord, after making deductions for any reasonable marketing expenses, tenant improvement funds expended by Tenant, alterations, cash concessions, brokerage commissions, attorneys' fees and free rent actually paid by Tenant. If such consideration consists of cash paid to Tenant, payment to Landlord shall be made upon receipt by Tenant of such cash payment;

16.3.5. The proposed transferee, assignee or sublessee shall agree that, in the event Landlord gives such proposed transferee, assignee or sublessee notice that Tenant is in default under this Lease, such proposed transferee, assignee or sublessee shall thereafter make all payments otherwise due Tenant directly to Landlord, which payments shall be received by Landlord without any liability being incurred by Landlord, except to credit such payment against those due by Tenant under this Lease, and any such proposed transferee, assignee or sublessee shall agree to attorn to Landlord or its successors and assigns should this Lease be terminated for any reason; provided, however, that in no event shall Landlord or its Lenders, successors or assigns be obligated to accept such attornment;

16.3.6. Tenant shall not then be in default hereunder in any respect;

16.3.7. Such proposed transferee, assignee or sublessee's use of the Premises shall be the same as the Permitted Use;

16.3.8. Landlord shall not be bound by any provision of any agreement pertaining to the Transfer, except for Landlord's written consent to the same;

16.3.9. Tenant shall pay all transfer and other taxes (including interest and penalties) assessed or payable for any Transfer;

16.3.10. Landlord's consent (or waiver of its rights) for any Transfer shall not waive Landlord's right to consent or refuse consent to any later Transfer; and

16.3.11. Tenant shall deliver to Landlord a list of Hazardous Materials (as defined below), certified by the proposed transferee, assignee or sublessee to be true and correct, that the proposed transferee, assignee or sublessee intends to use or store in the Premises. Additionally, Tenant shall deliver to Landlord, on or before the date any proposed transferee, assignee or sublessee takes occupancy of the Premises, all of the items relating to Hazardous Materials of such proposed transferee, assignee or sublessee as described in Section 8.

16.4. Any Transfer that is not in compliance with the provisions of this Section or with respect to which Tenant does not fulfill its obligations pursuant to this Section shall be void and shall, at the option of Landlord, terminate this Lease.

16.5. Notwithstanding any Transfer, Tenant shall remain fully and primarily liable for the payment of all Rent and other sums due or to become due hereunder, and for the full performance of all other terms, conditions and covenants to be kept and performed by Tenant. The acceptance of Rent or any other sum due hereunder, or the acceptance of performance of any other term, covenant or condition thereof, from any person or entity other than Tenant shall not be deemed a waiver of any of the provisions of this Lease or a consent to any Transfer.

16.6. If Tenant delivers to Landlord a Transfer Notice indicating a desire to transfer this Lease to a proposed transferee, assignee or sublessee other than a Permitted Transferee, then Landlord shall have the option, exercisable by giving notice to Tenant within ten (10) days after Landlord's receipt of such Transfer Notice, to terminate this Lease as of the date specified in the Transfer Notice as the Transfer Date, except for those provisions that, by their express terms, survive the expiration or earlier termination hereof. If Landlord exercises such option, then Tenant shall have the right to withdraw such Transfer Notice by delivering to Landlord written notice of such election within five (5) business days after Landlord's delivery of notice electing to exercise Landlord's option to terminate this Lease. In the event Tenant withdraws the Transfer Notice as provided in this Section, this Lease shall continue in full force and effect. No failure of Landlord to exercise its option to terminate this Lease shall be deemed to be Landlord's consent to a proposed Transfer.

16.7. If Tenant sublets the Premises or any portion thereof, Tenant hereby immediately and irrevocably assigns to Landlord, as security for Tenant's obligations under this Lease, all rent from any such subletting, and appoints Landlord as assignee and attorney-in-fact for Tenant, and Landlord (or a receiver for Tenant appointed on Landlord's application) may collect such rent and apply it toward Tenant's obligations under this Lease; provided that, until the occurrence of a Default (as defined below) by Tenant, Tenant shall have the right to collect such rent.

16.8. Permitted Transfers. Notwithstanding the above, Tenant may assign its entire interest under this Lease or sublease all or a portion of the Premises without the consent of Landlord to: (i) an affiliate, subsidiary or parent of Tenant; (ii) any entity into which that Tenant or an affiliated party may merge or consolidate; (iii) any entity that acquires all or substantially all of the assets of Tenant; each a "Permitted Transfer" and such transferee a "Permitted Transferee", provided that (a) Tenant notifies Landlord at least twenty (20) days prior to the effective date of any such Permitted Transfer, (b) Tenant is not in default and such assignment or sublease is not a subterfuge by Tenant to avoid its obligations under this Lease, (c) such Permitted Transferee shall have a tangible net worth (not including goodwill as an asset) computed in accordance with generally accepted accounting principles ("Net Worth") at least equal to the Net Worth of the original Tenant on the day immediately preceding the effective date of such assignment or sublease and reasonably sufficient to comply with the obligations under this Lease, (d) no assignment or sublease relating to this Lease, whether with or without Landlord's consent, shall relieve Tenant from any liability under this Lease, and (e) the liability of such Permitted Transferee under either an assignment or sublease shall be joint and several with Tenant and each Guarantor. Tenant's notice to Landlord shall include information and documentation showing that each of the above conditions has been satisfied. As used in this Section 16.8, (w) "parent" shall mean a company which owns a majority of Tenant's voting equity; (x) "subsidiary" shall mean an entity wholly owned by Tenant or at least fifty-one percent (51%) of whose voting equity is owned by Tenant; (y) "affiliate" shall mean an entity controlled by, controlling or under common control with Tenant; and (z) "control" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity.

17. Indemnification and Exculpation.

17.1. Tenant agrees to indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnitees harmless from and against any and all Claims of any kind or nature, real or alleged, arising from (a) injury to or death of any person or damage to any property occurring within or about the Premises arising directly or indirectly out of the presence at or use or occupancy of the Premises or Project by a Tenant Party, (b) an act or omission on the part of any Tenant Party; (c) a breach or default by Tenant in the performance of any of its obligations hereunder or (d) injury to or death of persons or damage to or loss of any property, real or alleged, arising from the serving of any intoxicating substances at the Premises or Project, except to the extent any of the foregoing are directly caused by Landlord's gross negligence or willful misconduct. Tenant's obligations under this Section shall not be affected, reduced or limited by any limitation on the amount or type of damages, compensation or benefits payable by or for Tenant under workers' compensation acts, disability benefit acts, employee benefit acts or similar legislation. Tenant's obligations under this Section shall survive the expiration or earlier termination of this Lease.

17.2. Notwithstanding anything in this Lease to the contrary, and except to the extent any of the foregoing are directly caused by Landlord's active gross negligence or willful misconduct, Landlord shall not be liable to Tenant for and Tenant assumes all risk of (a) damage or losses caused by fire, electrical malfunction, gas explosion or water damage of any type (including broken water lines, malfunctioning fire sprinkler systems, roof leaks or stoppages of lines), and (b) damage to personal property (in each case, regardless of whether such damages are foreseeable). Tenant further waives any claim for injury to Tenant's business or loss of income relating to any such damage or destruction of personal property as described in this Section. Notwithstanding anything in the foregoing or this Lease to the contrary, except as otherwise provided herein or as may be required by Applicable Laws, in no event shall Landlord be liable to Tenant for any consequential, special or indirect damages arising out of this Lease, including lost profits.

17.3. Landlord shall not be liable for any damages arising from any act, omission or neglect of any third party.

17.4. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

18. Insurance; Waiver of Subrogation.

18.1. Landlord shall maintain a policy or policies of insurance protecting Landlord against the following (all of which shall be payable by Tenant as Operating Expenses):

18.1.1. Fire and other perils normally included within the classification of fire and extended coverage, together with insurance against vandalism and malicious mischief, to the extent of the full replacement cost of the Premises, including, at Landlord's option, flood coverage, exclusive of trade fixtures, equipment and improvements insured by Tenant, with agreed value, full replacement and other endorsements which Landlord may elect to maintain;

18.1.2. Twenty-four (24) months of rental loss insurance and to the extent of 100% of the gross rentals from the Premises;

18.1.3. Comprehensive general liability insurance with a single limit of not less than \$[***] for bodily injury or death and property damage with respect to the Premises, a general aggregate not less than \$[***] for bodily injury or death and property damage with respect to the Premises, and not less than \$[***] of excess umbrella liability insurance; and

18.1.4. At Landlord's sole option, environmental liability or environmental clean-up/remediation insurance in such amounts and with such deductibles and other provisions as Landlord may determine in its sole and absolute discretion.

Notwithstanding the foregoing, Landlord may, at Landlord's option, request that Tenant procure and/or maintain, and pay directly, for one or more the foregoing policies of insurance, and Tenant shall exercise reasonable efforts to promptly procure such policies of insurance (or maintain such policies of insurance, as the case may be), and Landlord may require Tenant to name Landlord and Landlord's related parties as loss payees, in addition to other customary provisions related to Landlord's status as the owner of the Property.

18.2. Tenant shall, at its own cost and expense, procure and maintain during the Term the following insurance for the benefit of Tenant and Landlord (as their interests may appear) with insurers financially acceptable and lawfully authorized to do business in the state where the Premises are located:

18.2.1. Commercial General Liability insurance on a broad-based occurrence coverage form, with coverages including but not limited to bodily injury (including death), property damage (including loss of use resulting therefrom), premises/operations, personal & advertising injury, and contractual liability with limits of liability of not less than \$[***] for bodily injury and property damage per occurrence, \$[***] general aggregate, which limits may be met by use of excess and/or umbrella liability insurance provided that such coverage is at least as broad as the primary coverages required herein.

18.2.2. Commercial Automobile Liability insurance covering liability arising from the use or operation of any auto, including those owned, hired or otherwise operated or used by or on behalf of the Tenant. The coverage shall be on a broad-based occurrence form with combined single limits of not less than \$[***] per accident for bodily injury and property damage.

18.2.3. Commercial Property insurance covering property damage to the full replacement cost value and business interruption. Covered property shall include all tenant improvements in the Premises (to the extent not insured by Landlord) and Tenant's property including personal property, furniture, fixtures, machinery, equipment, stock, inventory and improvements and betterments, which may be owned by Tenant or Landlord and required to be insured hereunder, or which may be leased, rented, borrowed or in the care custody or control of Tenant, or Tenant's agents, employees or subcontractors. Such insurance, with respect only to all Alterations, Tenant Improvements or other work performed on the Premises by Tenant (collectively, "**Tenant Work**"), shall name Landlord and Landlord's current and future mortgagees as loss payees as their interests may appear. Such insurance shall be written on an "all risk" of physical loss or damage basis including the perils of fire, extended coverage, electrical injury, mechanical breakdown, windstorm, vandalism, malicious mischief, sprinkler leakage, back-up of sewers or drains, flood, earthquake, terrorism and such other risks Landlord may from time to time designate, for the full replacement cost value of the covered items with an agreed amount endorsement with no co-insurance. Business interruption coverage shall have limits sufficient to cover Tenant's lost profits and necessary continuing expenses, including rents due Landlord under the Lease. The minimum period of indemnity for business interruption coverage shall be twelve (12) months plus twelve (12) months' extended period of indemnity.

18.2.4. Workers' Compensation insurance as is required by statute or law, or as may be available on a voluntary basis and Employers' Liability insurance with limits of not less than the following: each accident, [***] Dollars (\$[***]); disease, [***] Dollars (\$[***]); disease (each employee), [***] Dollars (\$[***]).

18.2.5. Pollution Legal Liability insurance is required if Tenant stores, handles, generates or treats Hazardous Materials, as determined by Landlord, on or about the Premises. Such coverage shall include bodily injury, sickness, disease, death or mental anguish or shock sustained by any person; property damage including physical injury to or destruction of tangible property including the resulting loss of use thereof, clean-up costs, and the loss of use of tangible property that has not been physically injured or destroyed; and defense costs, charges and expenses incurred in the investigation, adjustment or defense of claims for such compensatory damages. Coverage shall apply to both sudden and non-sudden pollution conditions including the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water. Claims-made coverage is permitted, provided the policy retroactive date is continuously maintained prior to the commencement date of this Lease, and coverage is continuously maintained during all periods in which Tenant

occupies the Premises. Coverage shall be maintained with limits of not less than \$[***] per incident with a \$[***] policy aggregate and for a period of two (2) years thereafter.

18.3. During all construction by Tenant at the Premises, with respect to tenant improvements being constructed (including the Tenant Improvements and any Alterations), Tenant shall cause the insurance required in Exhibit E-1 to be in place.

18.4. The insurance required of Tenant by this Section shall be with companies at all times having a current rating of not less than A- and financial category rating of at least Class VII in "A.M. Best's Insurance Guide" current edition. Tenant shall obtain for Landlord from the insurance companies/broker or cause the insurance companies/broker to furnish certificates of insurance evidencing all coverages required herein to Landlord. Landlord reserves the right to require complete, certified copies of all required insurance policies including any endorsements. To the extent such provision is available from the insurance company, no such policy shall be cancelable or subject to reduction of coverage or other modification or cancellation except after twenty (20) days' prior written notice to Landlord from Tenant or its insurers (except in the event of non-payment of premium, in which case ten (10) days' written notice shall be given). All such policies shall be written as primary policies, not contributing with and not in excess of the coverage that Landlord may carry. Tenant's required policies shall contain severability of interests clauses stating that, except with respect to limits of insurance, coverage shall apply separately to each insured or additional insured. Tenant shall, at least twenty-five (25) days prior to the expiration of such policies, furnish Landlord with renewal certificates of insurance or binders. Tenant agrees that if Tenant does not take out and maintain such insurance, Landlord may (but shall not be required to) procure such insurance on Tenant's behalf and at its cost to be paid by Tenant as Additional Rent. Commercial General Liability, Commercial Automobile Liability, Umbrella Liability and Pollution Legal Liability insurance as required above shall name Landlord, IIP Operating Partnership, LP and Innovative Industrial Properties, Inc. and their respective officers, employees, agents, general partners, members, subsidiaries, affiliates and Lenders ("**Landlord Parties**") as additional insureds as respects liability arising from work or operations performed by or on behalf of Tenant, Tenant's use or occupancy of Premises, and ownership, maintenance or use of vehicles by or on behalf of Tenant.

18.5. Tenant assumes the risk of damage to any fixtures, goods, inventory, merchandise, equipment and leasehold improvements, and Landlord shall not be liable for injury to Tenant's business or any loss of income therefrom, relative to such damage, all as more particularly set forth within this Lease. Tenant shall, at Tenant's sole cost and expense, carry such insurance as Tenant desires for Tenant's protection with respect to personal property of Tenant or business interruption.

18.6. Each party and its insurers hereby waive any and all rights of recovery or subrogation against the other party with respect to any loss, damage, claims, suits or demands, howsoever caused, that are covered, or should have been covered, by valid and collectible insurance, including any deductibles or self-insurance maintained thereunder. If necessary, either party agrees to endorse the required insurance policies to permit waivers of subrogation as required hereunder and hold harmless and indemnify the other party for any loss or expense incurred as a result of a failure to obtain such waivers of subrogation from insurers. Such waivers shall continue so long as the parties' insurers so permit. Any termination of such a waiver shall be by written notice to the other, containing a description of the circumstances hereinafter set forth in this Section. Each party, upon obtaining the policies of insurance required or permitted under this Lease, shall give notice to its insurance carriers that the foregoing waiver of subrogation is contained in this Lease. If such policies shall not be obtainable with such waiver or shall be so obtainable only at a premium over that chargeable without such waiver, then Tenant shall notify Landlord of such conditions.

18.7. Landlord may require insurance policy limits required under this Lease to be raised to conform with requirements of Landlord's lender, if any.

18.8. Any costs incurred by Landlord pursuant to this Section shall be included as Operating Expenses payable by Tenant pursuant to this Lease.

18.9. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

19. Subordination and Attornment.

19.1. This Lease shall be subject and subordinate to the lien of any mortgage, deed of trust, or lease in which Landlord is tenant now or hereafter in force against the Premises or any portion thereof and to all advances made or hereafter to be made upon the security thereof without the necessity of the execution and delivery of any further instruments on the part of Tenant to effectuate such subordination.

19.2. Notwithstanding the foregoing, Tenant shall execute and deliver upon demand such further instrument or instruments evidencing such subordination of this Lease to the lien of any such mortgage or mortgages or deeds of trust or lease in which Landlord is tenant as may be required by Landlord provided such party recognizes Tenant's rights under the Lease. If any such mortgagee, beneficiary or landlord under a lease wherein Landlord is tenant (each, a "**Mortgagee**") so elects, however, this Lease shall be deemed prior in lien to any such lease, mortgage, or deed of trust upon or including the Premises regardless of date and Tenant shall execute a statement in writing to such effect at Landlord's request. If Tenant fails to execute any document required from Tenant under this Section within ten (10) business days after written request therefor, Tenant hereby constitutes and appoints Landlord or its special attorney-in-fact to execute and deliver any such document or documents in the name of Tenant. Such power is coupled with an interest and is irrevocable.

19.3. Upon written request of Landlord and opportunity for Tenant to review, Tenant agrees to execute any Lease amendments not materially altering the terms of this Lease, if reasonably required by a Mortgagee incident to the financing of the real property of which the Premises constitute a part.

19.4. In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by Landlord covering the Premises, Tenant shall at the election of the purchaser at such foreclosure or sale attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as Landlord under this Lease provided Tenant's rights under the Lease are not disturbed so long as Tenant is not default of its obligations hereunder.

20. Defaults and Remedies.

20.1. Late payment by Tenant to Landlord of Rent and other sums due shall cause Landlord to incur costs not contemplated by this Lease, the exact amount of which shall be extremely difficult and impracticable to ascertain. Such costs include processing and accounting charges and late charges that may be imposed on Landlord by the terms of any mortgage or trust deed covering the Premises. Therefore, if any installment of Rent due from Tenant is not received by Landlord within five (5) days after the date such payment is due, Tenant shall pay to Landlord (a) an additional sum of [***] percent ([***]%) of the overdue Rent as a late charge plus (b) interest at an annual rate (the "**Default Rate**") equal to the lesser of (a) [***] percent ([***]%) and (b) the highest rate permitted by Applicable Laws. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Landlord shall incur by reason of late payment by Tenant and shall be payable as Additional Rent to Landlord due with the next installment of Rent. Landlord's acceptance of any Additional Rent (including a late charge or any other amount hereunder) shall not be deemed an extension of the date that Rent is due or prevent Landlord from pursuing any other rights or remedies under this Lease, at law or in equity.

20.2. No payment by Tenant or receipt by Landlord of a lesser amount than the Rent payment herein stipulated shall be deemed to be other than on account of the Rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as Rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or pursue any other remedy provided in this Lease or in equity or at law.

20.3. If Tenant fails to pay any sum of money required to be paid by it hereunder or perform any other act on its part to be performed hereunder, in each case within the applicable cure period (if any) described herein, then Landlord may (but shall not be obligated to), without waiving or releasing Tenant from any obligations of Tenant, make such payment or perform such act. Notwithstanding the foregoing, in the event of an emergency, Landlord shall have the right to enter the Premises and act in accordance with its rights as provided elsewhere in this

Lease. Tenant shall pay to Landlord as Additional Rent all sums so paid or incurred by Landlord, together with interest at the Default Rate, computed from the date such sums were paid or incurred.

20.4. The occurrence of any one or more of the following events shall constitute a "**Default**" hereunder by Tenant:

20.4.1. Tenant abandons or vacates the Premises;

20.4.2. Tenant fails to make any payment of Rent, as and when due, where such failure shall continue for a period of five (5) days after written notice thereof from Landlord to Tenant;

20.4.3. Tenant fails to observe or perform any obligation or covenant contained herein that is not otherwise described in this Section 20.4, and such failure (if susceptible to cure) is not cured within thirty (30) days after Tenant's receipt of written notice from Landlord of such default, provided that if such default cannot reasonably be cured within thirty (30) days, then Tenant shall not be in Default so long as Tenant commences to cure such default within such thirty (30) day period and thereafter pursues such cure to completion, provided such cure period shall in no event exceed ninety (90) days;

20.4.4. Tenant makes an assignment for the benefit of creditors, or a receiver, trustee or custodian is appointed to or does take title, possession or control of all or substantially all of Tenant's or any Guarantor's assets;

20.4.5. Tenant or any Guarantor files a voluntary petition under the United States Bankruptcy Code or any successor statute (as the same may be amended from time to time, the "**Bankruptcy Code**") or an order for relief is entered against Tenant or any Guarantor (as applicable) pursuant to a voluntary or involuntary proceeding commenced under any chapter of the Bankruptcy Code;

20.4.6. Any involuntary petition is filed against Tenant or any Guarantor under any chapter of the Bankruptcy Code and is not dismissed within one hundred twenty (120) days;

20.4.7. A default exists under any Guaranty executed by a Guarantor in favor of Landlord, after the expiration of any applicable notice and cure periods;

20.4.8. Tenant's interest in this Lease is attached, executed upon or otherwise judicially seized and such action is not released within one hundred twenty (120) days of the action;

20.4.9. A governmental authority seizes any part of the Property seeking forfeiture, whether or not a judicial forfeiture proceeding has commenced;

20.4.10. A final, appealable judgment having the effect of establishing that Tenant's operation violates Landlord's contractual obligations (i) pursuant to any private covenants of record restricting Landlord's Building containing the Premises or (ii) of good faith and fair dealing to any third party, including other tenants of the Building containing the Premises or occupants or owners of any other building within the Project; or

20.4.11. An event occurs that results in any insurance carrier that provides insurance coverage with respect to any aspect of the Project providing notice to the Landlord of its intent to cancel such insurance coverage, and Landlord, exercising commercially reasonable efforts, is not able to procure comparable replacement insurance coverage that is reasonably acceptable to Landlord prior to the actual cancellation date specified in the notice from the cancelling insurance carrier.

20.5. Notices given under this Section shall specify the alleged default and shall demand that Tenant perform the provisions of this Lease or pay the Rent that is in arrears, as the case may be, within the applicable period of time, or quit the Premises. No such notice shall be deemed a forfeiture or a termination of this Lease unless Landlord elects otherwise in such notice.

20.6. In the event of a Default by Tenant, and at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of any right or remedy that Landlord may have under Applicable Laws or this Lease, Landlord has the right to do any or all of the following:

20.6.1. Halt any Tenant Improvements or Alterations and order Tenant's contractors to stop work;

20.6.2. Terminate Tenant's right to possession of the Premises by written notice to Tenant or by any lawful means, in which case Tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall have the immediate right to re-enter and remove all persons and property, and such property may be removed and stored elsewhere at the cost and for the account of Tenant, all without service of notice or resort to legal process and without being deemed guilty of trespass or becoming liable for any loss or damage; and

20.6.3. Terminate this Lease, in which event Tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall have the immediate right to re-enter and remove all persons and property, and such property may be removed and stored elsewhere at the cost and for the account of Tenant, pursuant to legal process and without being deemed guilty of trespass or becoming liable for any loss or damage. In the event that Landlord shall elect to so terminate this Lease, then Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default, including:

20.6.3.1. The sum of: (i) the worth at the time of award (computed by allowing interest at the Default Rate) of any unpaid Rent that had accrued at the time of such termination; plus (ii) the worth at the time of award of the amount by which the unpaid Rent that would have accrued during the period commencing with termination of the Lease and ending at the time of award exceeds that portion of the loss of Landlord's rental income from the Premises that Tenant proves to Landlord's reasonable satisfaction could have been reasonably avoided; plus; (iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds that portion of the loss of Landlord's rental income from the Premises that Tenant proves to Landlord's reasonable satisfaction could have been reasonably avoided; plus (iv) any other amount necessary to compensate Landlord for all the detriment caused by Tenant's failure to perform its obligations under this Lease or that in the ordinary course of things would be likely to result therefrom, including the cost of restoring the Premises to the condition required under the terms of this Lease, including any rent payments not otherwise chargeable to Tenant (e.g., during any "free" rent period or rent holiday); plus (v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by Applicable Laws; or

20.6.3.2. At Landlord's election, as minimum liquidated damages in addition to any (A) amounts paid or payable to Landlord pursuant to Section 20.6.3.1(i) prior to such election and (B) costs of restoring the Premises to the condition required under the terms of this Lease, an amount (the "**Election Amount**") equal to either (Y) the positive difference (if any, and measured at the time of such termination) between (1) the then-present value of the total Rent and other benefits that would have accrued to Landlord under this Lease for the remainder of the Term if Tenant had fully complied with the Lease minus (2) the then-present cash rental value of the Premises as determined by Landlord for what would be the then-unexpired Term if the Lease remained in effect, computed using the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one (1) percentage point (the "**Discount Rate**") or (Z) twelve (12) months (or such lesser number of months as may then be remaining in the Term) of Base Rent and Additional Rent at the rate last payable by Tenant pursuant to this Lease, in either case as Landlord specifies in such election. Landlord and Tenant agree that the Election Amount represents a reasonable forecast of the minimum damages expected to occur in the event of a breach, taking into account the uncertainty, time and cost of determining elements relevant to actual damages, such as fair market rent, time and costs that may be required to re-lease the Premises, and other factors; and that the Election Amount is not a penalty.

20.7. In addition to any other remedies available to Landlord at law or in equity and under this Lease, Landlord may continue this Lease in effect after Tenant's Default or abandonment and recover Rent as it becomes due. In addition, Landlord shall not be liable in any way whatsoever for its failure or refusal to relet the Premises. For purposes of this Section, the following acts by Landlord will not constitute the termination of Tenant's right to

possession of the Premises: Acts of maintenance or preservation or efforts to relet the Premises, including alterations, remodeling, redecorating, repairs, replacements or painting as Landlord shall consider advisable for the purpose of reletting the Premises or any part thereof; or the appointment of a receiver upon the initiative of Landlord to protect Landlord's interest under this Lease or in the Premises.

20.8. Notwithstanding the foregoing, in the event of a Default by Tenant, Landlord may elect at any time to terminate this Lease and to recover damages to which Landlord is entitled.

20.9. If Landlord does not elect to terminate this Lease as provided in this Section 20, then Landlord may, from time to time, recover all Rent as it becomes due under this Lease. At any time thereafter, Landlord may elect to terminate this Lease and to recover damages to which Landlord is entitled.

20.10. All of Landlord's rights, options and remedies hereunder shall be construed and held to be nonexclusive and cumulative. Notwithstanding any provision of this Lease to the contrary, in no event shall Landlord be required to mitigate its damages with respect to any default by Tenant, except as required by Applicable Laws. Any such obligation imposed by Applicable Laws upon Landlord to relet the Premises after any termination of this Lease shall be subject to the reasonable requirements of Landlord to lease to high quality tenants on such terms as Landlord may from time to time deem appropriate in its discretion. Landlord shall not be obligated to relet the Premises to any party (i) reasonably unacceptable to a Lender, (ii) that desires to change the Permitted Use, or (iii) that desires to lease the Premises for less than the remaining Term.

20.11. To the extent permitted by Applicable Laws, Tenant waives any and all rights of redemption granted by or under any present or future Applicable Laws if Tenant is evicted or dispossessed for any cause, or if Landlord obtains possession of the Premises due to Tenant's default hereunder or otherwise.

20.12. Landlord shall not be in default or liable for damages under this Lease unless Landlord fails to perform obligations required of Landlord within thirty (30) days after written notice from Tenant, or if the failure to perform such obligation cannot be reasonably cured within thirty (30) days, within such time as may be reasonably required to perform such obligation provided that Landlord commences and diligently pursues such cure within the first thirty (30) days. In no event shall Tenant have the right to terminate or cancel this Lease or to withhold or abate rent or to set off any Claims against Rent as a result of any default or breach by Landlord of any of its covenants, obligations, representations, warranties or promises hereunder, except as may otherwise be expressly set forth in this Lease.

20.13. In the event of any default by Landlord, Tenant shall give notice by registered or certified mail to any (a) beneficiary of a deed of trust or (b) mortgagee under a mortgage covering the Premises or any portion thereof and to any landlord of any lease of land upon or within which the Premises are located, and shall offer such beneficiary, mortgagee or landlord a reasonable opportunity to cure the default, including time to obtain possession of the Premises by power of sale or a judicial action if such should prove necessary to effect a cure; provided that Landlord shall furnish to Tenant in writing, upon written request by Tenant, the names and addresses of all such persons who are to receive such notices.

21. Damage or Destruction.

21.1. Tenant's Obligation to Rebuild. If the Premises are damaged or destroyed, Tenant shall immediately provide notice thereof to Landlord, and shall promptly thereafter deliver to Landlord Tenant's good faith estimate of the time it will take to repair and rebuild the Premises (the "Estimated Time For Repair"). Subject to the other provisions of this Section 21, Tenant shall promptly and diligently repair and rebuild the Premises in accordance with this Section 21 unless Landlord or Tenant terminates this Lease in accordance with Section 21.2.

21.2. Termination.

21.2.1. Landlord's Right to Terminate.

21.2.1.1. Landlord shall have the right to terminate this Lease following damage to or destruction of all or a substantial portion of the Premises if any of the following occurs (each, a "**Termination Condition**"): (i) insurance proceeds, together with additional amounts Tenant agrees to contribute under this Section 21, are not confirmed to be available to Landlord, within 90 days following the date of damage, to pay 100% of the cost to fully repair the damaged Premises, excluding the deductible for which Tenant shall also be responsible for paying as an Operating Expense; (ii) based upon the Estimated Time For Repair, the Premises cannot, with reasonable diligence, be fully repaired by Tenant within eighteen (18) months after the date of the damage or destruction; (iii) the Premises cannot be safely repaired because of the presence of hazardous factors, including, but not limited to, earthquake faults, chemical waste and other similar dangers; (iv) subject to the terms and conditions of Section 21.2.1.1, hereof, all or a substantial portion of the Premises are destroyed or damaged during the last 24 months of the Term; or (v) Tenant is in Default at the time of such damage or destruction past any period of notice and cure as elsewhere provided in this Lease. For purposes of this Section 21.2, a "substantial portion" of the Premises shall be deemed to be damaged or destroyed if the Premises is rendered unsuitable for the continued use and occupancy of Tenant's business substantially in the same manner conducted prior to the event causing the damage or destruction.

21.2.1.2. If all or a substantial portion of the Premises are destroyed or damaged within the last twenty-four (24) months of the initial Term, or within the last twenty-four (24) months of the first Extension Period under this Lease, and Landlord desires to terminate this Lease under Section 21.2.1.1, hereof, Landlord shall deliver a Termination Notice to Tenant pursuant to Section 21.2.3 below and Tenant shall have a period of thirty (30) days after receipt of the Termination Notice ("**Tenant's Early Option Period**") to exercise its option to extend the initial Term or the first Extension Period, as applicable, by providing Landlord with written notice of Tenant's exercise of its respective option prior to the expiration of Tenant's Early Option Period. If Tenant exercises its option rights under the immediately preceding sentence, the Termination Notice shall be deemed rescinded and Tenant shall proceed to repair and rebuild the Premises in accordance with the other provisions of this Section 21. If Tenant fails to deliver such written notice to Landlord prior to the end of Tenant's Early Option Period, then Tenant shall be deemed to have waived its option to extend the Term, and the last day of Tenant's Early Option Period shall be deemed to be the date of the occurrence of the Termination Condition under Section 21.2.1.1.

21.2.2. Tenant's Right to Terminate. Tenant shall have the right to terminate this Lease following damage to or destruction of all or a substantial portion of the Premises if the Premises are destroyed or damaged during the last twenty-four (24) months of the Term or any Extension, which termination shall be deemed to constitute a Termination Condition.

21.2.3. Exercise of Termination Right. If a party elects to terminate this Lease and has the right to so terminate, such party will give the other party written notice of its election to terminate ("**Termination Notice**") within thirty (30) days after the occurrence of the applicable Termination Condition, and this Lease will terminate fifteen (15) days after the receiving party's receipt of such Termination Notice, except in the case of a termination by Landlord under Section 21.2.1.1, in which case this Lease will terminate fifteen (15) days after expiration of the Tenant Early Option Period if Tenant timely fails to exercise timely Tenant's option to extend the Term. If this Lease is terminated pursuant to Section 21.2, Landlord shall, subject to the rights of its lender(s), be entitled to receive and retain all the insurance proceeds resulting from such damage, including rental loss insurance, except for those proceeds payable under policies obtained by Tenant which specifically insure Tenant's personal property, trade fixtures and machinery.

21.3. Tenant's Obligation to Repair. If Tenant is required to repair or rebuild any damage or destruction of the Premises under Section 21.1, then Tenant shall (a) submit its plans to repair such damage and reconstruct the Premises to Landlord for review and approval, which approval shall not be unreasonably withheld; (b) diligently repair and rebuild the Premises in the same or better condition and with the same or better quality of materials as the condition of the Premises as of the Commencement Date, and in a manner that is consistent with the plans and

specifications approved by Landlord; (c) obtain all permits and governmental approvals necessary to repair or reconstruct the Premises (which permits shall not contain any conditions that are materially more restrictive than the permits in existence on the date hereof); (d) cause all work to be performed only by qualified contractors that are reasonably approved by Landlord; (e) allow Landlord and its consultants and agents to enter the Premises at all reasonable times to inspect the Premises and Tenant's ongoing work and cooperate reasonably in good faith with their effort to ensure that the work is proceeding in a manner that is consistent with this Lease; (f) comply with all applicable laws and permits in connection with the performance of such work; (g) timely pay all of its consultants, suppliers and other contractors in connection with the performance of such work; (h) notify Landlord if Tenant receives any notice of any default or any violation of any applicable law or any permit or similar notice in connection with such work; (i) deliver as-built plans for the Premises within thirty (30) days after the completion of such repair and restoration; (j) ensure that Landlord has fee simple title to the Premises during such work without any claim by any contractor or other party; (k) maintain such insurance as Landlord may reasonably require (including insurance in the nature of builders' risk insurance) and (l) comply with such other conditions as Landlord may reasonably require. In addition, Tenant shall, at its expense, replace or fully repair all of Tenant's personal property and any alterations installed by Tenant existing at the time of such damage or destruction that are not otherwise covered by landlord's insurance for the Building. To the fullest extent permitted by law, Tenant shall indemnify, protect, defend and hold Landlord (and its employees and agents) harmless from and against any and all claims, costs, expenses, suits, judgments, actions, investigations, proceedings and liabilities arising out of or in connection with Tenant's obligations under this Section 21, including, without limitation, any acts, omissions or negligence in the making or performance of any such repairs or replacements. In the event Tenant does not repair and rebuild the Premises pursuant to this Section 21, Tenant shall be in breach, and Landlord shall have the right to retain all casualty insurance proceeds and condemnation proceeds.

21.4. Application of Insurance Proceeds for Repair and Rebuilding. Landlord shall cause the insurance proceeds (the "**Insurance Proceeds**") on account of such damage or destruction to be held by Landlord and disbursed as follows:

21.4.1. Minor Restorations. If (i) the estimated cost of restoration is less than [***] Dollars (\$[***]), (ii) prior to commencement of restoration, no Default shall exist and no mechanics' or materialmen's liens shall have been filed and remain undischarged, (iii) the architects, contracts, contractors, plans and specifications for the restoration shall have been approved by Landlord (which approval shall not be unreasonably withheld or delayed), and (iv) Landlord shall be provided with reasonable assurance against mechanics' liens, accrued or incurred, as Landlord or its lenders may reasonably require and such other documents and instruments as Landlord or its lenders may reasonably require, then Landlord shall make available that portion of the Insurance Proceeds to Tenant for application to pay the costs of restoration incurred by Tenant and Tenant shall promptly complete such restoration.

21.4.2. Other Than Minor Restorations. If the estimated cost of restoration is equal to or exceeds [***] Dollars (\$[***]), and if Tenant provides evidence satisfactory to Landlord that sufficient funds are available to restore the Premises, Landlord shall make disbursements from the available Insurance Proceeds from time to time in an amount not exceeding the cost of the work completed since the date covered by the last disbursement, upon receipt of (a) satisfactory evidence, including architect's certificates, of the stage of completion, of the estimated cost of completion and of performance of the work to date in a good and workmanlike manner in accordance with the contracts, plans and specifications, (b) reasonable assurance against mechanics' or materialmen's liens, accrued or incurred, as Landlord or its lenders may reasonably require, (c) contractors' and subcontractors' sworn statements, (d) a satisfactory bring-to-date of title insurance, (e) performance and payment bonds reasonably acceptable to Landlord in an amount and form, and from a surety, reasonably acceptable to Landlord, and naming Landlord as an additional obligee, (f) such other documents and instruments as Landlord or its lenders may reasonably require, and (g) other evidence of cost and payment so that Landlord can verify that the amounts disbursed from time to time are represented by work that is completed, in place and free and clear of mechanics' lien claims.

21.4.3. Requests for Disbursements. Requests for disbursement shall be made no more frequently than monthly and shall be accompanied by a certificate of Tenant describing in detail the work for which payment is requested, stating the cost incurred in connection therewith and stating that Tenant has not previously received

payment for such work; the certificate to be delivered by Tenant upon completion of the work shall, in addition, state that the work has been completed and complies with the applicable requirements of this Lease. Landlord may retain 5% of each requisition until the restoration is fully completed, provided that Landlord shall release retainage as to specific trades once their portion of the restoration work is completed. In addition, Landlord may withhold from amounts otherwise to be paid to Tenant, any amount that is necessary in Landlord's reasonable judgment to protect Landlord from any potential loss due to work that is improperly performed or claims by Tenant's contractors and consultants.

21.4.4. Costs in Excess of Insurance Proceeds. In addition, prior to commencement of restoration and at any time during restoration, if the estimated cost of restoration, as determined by the evaluation of an independent engineer acceptable to Landlord and Tenant, exceeds the amount of the Insurance Proceeds, Tenant will provide evidence satisfactory to Landlord that the amount of such excess will be available to restore the Premises. Any Insurance Proceeds remaining upon completion of restoration shall be refunded to Tenant up to the amount of Tenant's payments pursuant to the immediately preceding sentence. If no such refund is required, any sum of Insurance Proceeds remaining upon completion of restoration shall be paid to Landlord. In the event Landlord and Tenant cannot agree on an independent engineer, an independent engineer designated by Tenant and an independent engineer designated by Landlord shall within five (5) business days select an independent engineer licensed to practice in Michigan who shall resolve such dispute within ten (10) business days after being retained by Landlord. All fees, costs and expenses of such third engineer so selected shall be shared equally by Landlord and Tenant.

21.5. Abatement of Rent. In the event of repair, reconstruction and restoration as provided in this Section, all Rent to be paid by Tenant under this Lease shall be abated proportionately based on the extent to which Tenant's use of the Premises is impaired during the period of such repair, reconstruction or restoration, unless Landlord provides Tenant with other space during the period of repair, reconstruction and restoration that, in Tenant's reasonable opinion, is suitable for the temporary conduct of Tenant's business; provided, however, that the amount of such abatement shall be reduced by the amount of Rent that is received by Tenant as part of the business interruption or loss of rental income with respect to the Premises from the proceeds of business interruption or loss of rental income insurance. Tenant shall not otherwise be entitled to any compensation or damages from Landlord for loss of the use of the Premises, damage to Tenant's personal property or any inconvenience occasioned by such damage, repair or restoration.

21.6. Replacement Cost. The determination in good faith by Landlord of the estimated cost of repair of any damage, of the replacement cost, or of the time period required for repair, based upon written quotes or estimates from applicable insurance adjusters, architects or general contractors after an independent bidding process shall be conclusive for purposes of this Section 21.

21.7. This Section 21 sets forth the terms and conditions upon which this Lease may terminate in the event of any damage or destruction. Accordingly, the parties hereby waive the provisions of any Applicable Laws (and any successor statutes) permitting the parties to terminate this Lease as a result of any damage or destruction.

22. Eminent Domain.

22.1. In the event (a) the whole of the Premises or (b) such part thereof as shall substantially interfere with Tenant's use and occupancy of the Premises for the Permitted Use shall be taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking, Tenant or Landlord may terminate this Lease effective as of the date possession is required to be surrendered to such authority, except with regard to (y) items occurring prior to the taking and (z) provisions of this Lease that, by their express terms, survive the expiration or earlier termination hereof.

22.2. In the event of a partial taking of the Premises for any public or quasi-public purpose by any lawful power or authority by exercise of right of appropriation, condemnation, or eminent domain, or sold to prevent such taking, then, without regard to whether any portion of the Premises occupied by Tenant was so taken, Landlord may elect to terminate this Lease (except with regard to (a) items occurring prior to the taking and (b) provisions of

this Lease that, by their express terms, survive the expiration or earlier termination hereof) as of such taking if such taking is, in Landlord's sole but reasonable opinion, of a material nature such as to make it uneconomical to continue use of the unappropriated portion for purposes of renting space for the Permitted Use.

22.3. Tenant shall be entitled to any award that is specifically awarded as compensation for (a) the taking of Tenant's personal property that was installed at Tenant's expense and (b) the costs of Tenant moving to a new location. Except as set forth in the previous sentence, any award for such taking shall be the property of Landlord.

22.4. If, upon any taking of the nature described in this Section, this Lease continues in effect, then Landlord shall promptly proceed to restore the Premises to substantially their same condition prior to such partial taking. To the extent such restoration is infeasible, as determined by Landlord in its sole and absolute discretion, the Rent shall be decreased proportionately to reflect the loss of any portion of the Premises no longer available to Tenant.

22.5. This Section 22 sets forth the terms and conditions upon which this Lease may terminate in the event of any damage or destruction. Accordingly, the parties hereby waive the provisions of any Applicable Laws (and any successor statutes) permitting the parties to terminate this Lease as a result of any damage or destruction.

23. Surrender. At least thirty (30) days prior to Tenant's surrender of possession of any part of the Premises, Tenant shall provide Landlord with a facility decommissioning and Hazardous Materials closure plan for the Premises ("**Exit Survey**") prepared by an independent third party state-certified professional with appropriate expertise, which Exit Survey must be reasonably acceptable to Landlord. In addition, at least ten (10) days prior to Tenant's surrender of possession of any part of the Premises, Tenant shall (a) provide Landlord with written evidence of all appropriate governmental releases if so required to be obtained by Tenant in accordance with Applicable Laws, including laws pertaining to the surrender of the Premises, and (b) conduct a site inspection with Landlord. In addition, Tenant agrees to remain responsible after the surrender of the Premises for the remediation of any recognized environmental conditions set forth in the Exit Survey and comply with any recommendations set forth in the Exit Survey. Tenant's obligations under this Section shall survive the expiration or earlier termination of the Lease. The provisions of this Section 23 shall survive the termination or expiration of this Lease, and no surrender of possession of any part of the Premises shall release Tenant from any of its obligations hereunder, unless such surrender is accepted in writing by Landlord.

24. Bankruptcy. In the event a debtor, trustee or debtor in possession under the Bankruptcy Code, or another person with similar rights, duties and powers under any other Applicable Laws, proposes to cure any default under this Lease or to assume or assign this Lease and is obliged to provide adequate assurance to Landlord that (a) a default shall be cured, (b) Landlord shall be compensated for its damages arising from any breach of this Lease and (c) future performance of Tenant's obligations under this Lease shall occur, then such adequate assurances shall include any or all of the following, as designated by Landlord in its sole and absolute discretion: (i) those acts specified in the Bankruptcy Code or other Applicable Laws as included within the meaning of "adequate assurance," even if this Lease does not concern a facility described in such Applicable Laws; (ii) a prompt cash payment to compensate Landlord for any monetary defaults or actual damages arising directly from a breach of this Lease; (iii) a cash deposit in an amount at least equal to the then-current amount of the Security Deposit; or (iv) the assumption or assignment of all of Tenant's interest and obligations under this Lease.

25. Brokers. Landlord and Tenant mutually represent and warrant that neither has had any dealings with any real estate broker or agent in connection with the negotiation of this Lease and that neither knows of any real estate broker or agent that is or might be entitled to a commission in connection with this Lease. Landlord and Tenant mutually agree to indemnify, save, defend (at the indemnified party's option and with counsel reasonably acceptable to the indemnified party) and hold the indemnified party harmless from any and all cost or liability for compensation claimed by any broker or agent employed or engaged by Landlord or Tenant or claiming to have been employed or engaged by Landlord or Tenant. The provisions of this Section 25 shall survive the expiration or termination of this Lease.

27. Definition of Landlord. With regard to obligations imposed upon Landlord pursuant to this Lease, the term "**Landlord**," as used in this Lease, shall refer only to Landlord or Landlord's then-current successor-in-interest. In the event of any transfer, assignment or conveyance of Landlord's interest in this Lease or in Landlord's fee title to or leasehold interest in the Property, as applicable, Landlord herein named (and in case of any subsequent transfers or conveyances, the subsequent Landlord) shall be automatically freed and relieved, from and after the date of such transfer, assignment or conveyance, from all liability for the performance of any covenants or obligations contained in this Lease arising after the date of conveyance to be performed by Landlord and, without further agreement, the transferee, assignee or conveyee of Landlord's in this Lease or in Landlord's fee title to or leasehold interest in the Property, as applicable, shall be deemed to have assumed and agreed to observe and perform any and all covenants and obligations of Landlord hereunder during the tenure of its interest in the Lease or the Property. Landlord or any subsequent Landlord may transfer its interest in the Premises or this Lease without Tenant's consent.

28. Limitation of Landlord's Liability. If Landlord is in default under this Lease and, as a consequence, Tenant recovers a monetary judgment against Landlord, the judgment shall be satisfied only out of (a) the proceeds of sale received on execution of the judgment and levy against the right, title and interest of Landlord in the Premises, (b) rent or other income from such real property receivable by Landlord or (c) the consideration received by Landlord from the sale, financing, refinancing or other disposition of all or any part of Landlord's right, title or interest in the Premises. Neither Landlord nor any of its affiliates, nor any of their respective partners, shareholders, directors, officers, employees, members or agents shall be personally liable for Landlord's obligations or any deficiency under this Lease. No partner, shareholder, director, officer, employee, member or agent of Landlord or any of its affiliates shall be sued or named as a party in any suit or action. No partner, shareholder, director, officer, employee, member or agent of Landlord or any of its affiliates shall be required to answer or otherwise plead to any service of process, and no judgment shall be taken or writ of execution levied against any partner, shareholder, director, officer, employee, member or agent of Landlord or any of its affiliates. Each of the covenants and agreements of this Section 28 shall be applicable to any covenant or agreement either expressly contained in this Lease or imposed by Applicable Laws and shall survive the expiration or earlier termination of this Lease.

29. Control by Landlord. Landlord reserves full control over the Premises to the extent not inconsistent Michigan law and regulation or with Tenant's enjoyment of the same as provided by this Lease; provided, however, that such rights shall be exercised in a way that does not materially adversely affect Tenant's beneficial use and occupancy of the Premises, including the Permitted Use and Tenant's access to the Premises. Tenant shall, at Landlord's request, promptly execute such further documents as may be reasonably appropriate to assist Landlord in the performance of its obligations hereunder; provided that Tenant need not execute any document that creates additional liability for Tenant or that deprives Tenant of the quiet enjoyment and use of the Premises as provided for in this Lease. Landlord may, upon twenty-four (24) hours' prior notice (which may be oral or by email to the office manager or other Tenant-designated individual at the Premises; but provided that no time restrictions shall apply or advance notice be required if an emergency necessitates immediate entry), enter the Premises to (v) inspect the same and to determine whether Tenant is in compliance with its obligations hereunder, (w) supply any service Landlord is required to provide hereunder, (x) post notices of nonresponsibility and (y) show the Premises to prospective tenants during the final year of the Term and current and prospective purchasers and lenders at any time (in all situations provided that Landlord's personnel are accompanied by Tenants' authorized personnel in sensitive areas of the Premises). In no event shall Tenant's Rent abate as a result of Landlord's activities pursuant to this Section 29; provided, however, that all such activities shall be conducted in such a manner so as to cause as little interference to Tenant as is reasonably possible. If an emergency necessitates immediate access to the Premises, Landlord may use whatever force is necessary to enter the Premises, and any such entry to the Premises shall not constitute a forcible or unlawful entry to the Premises, a detainer of the Premises, or an eviction of Tenant from the Premises or any portion thereof.

30. Joint and Several Obligations. If more than one person or entity executes this Lease as Tenant, then (i) each of them is jointly and severally liable for the keeping, observing and performing of all of the terms, covenants, conditions, provisions and agreements of this Lease to be kept, observed or performed by Tenant, and such terms, covenants, conditions, provisions and agreements shall be binding with the same force and effect upon each and all of the persons executing this Lease as Tenant; and (ii) the term "**Tenant**," as used in this Lease, shall mean and include each of them, jointly and severally. The act of, notice from/to, refund to, or signature of any one or more of

them with respect to the tenancy under this Lease, including any renewal, extension, expiration, termination or modification of this Lease, shall be binding upon each and all of the persons executing this Lease as Tenant with the same force and effect as if each and all of them had so acted, so given or received such notice or refund, or so signed.

31. **Representations.** Each of Tenant and Landlord guarantees, warrants and represents that (a) such party is duly incorporated or otherwise established or formed and validly existing under the laws of its state of incorporation, establishment or formation, (b) such party is duly qualified to do business in the state in which the Property is located, (c) such party has full corporate, partnership, trust, association or other appropriate power and authority to enter into this Lease and to perform its obligations hereunder, (d) each person (and all of the persons if more than one signs) signing this Lease on behalf of such party is duly and validly authorized to do so and (e) neither (i) the execution, delivery or performance of this Lease nor (ii) the consummation of the transactions contemplated hereby will violate or conflict with any provision of documents or instruments under which such party is constituted or to which such party is a party. In addition, Tenant guarantees, warrants and represents that none of (x) it, (y) its affiliates or partners nor (z) to the best of its knowledge, its members, shareholders or other equity owners or any of their respective employees, officers, directors, representatives or agents is a person or entity with whom U.S. persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism) or other similar governmental action.

32. **Confidentiality.** Tenant shall keep the terms and conditions of this Lease confidential and shall not (a) disclose to any third party any terms or conditions of this Lease or any other Lease-related document (including subleases, assignments, work letters, construction contracts, letters of credit, subordination agreements, non-disturbance agreements, brokerage agreements or estoppels) or (b) provide to any third party an original or copy of this Lease (or any Lease-related document) other than to its attorneys, accountants and other professionals. Notwithstanding the foregoing, confidential information under this Section may be released by Landlord or Tenant under the following circumstances: (x) if required by Applicable Laws or in any judicial proceeding, including with respect to Tenant's permits and licenses required for the Permitted Use; provided that the releasing party has given the other party reasonable notice of such requirement, if feasible, (y) to a party's attorneys, investors, accountants, brokers and other bona fide consultants or advisers; provided such third parties agree to be bound by this Section or (z) to bona fide prospective assignees or subtenants of this Lease; provided they agree in writing to be bound by this Section.

33. **Notices.** Except as otherwise stated in this Lease, any notice, consent, demand, invoice, statement or other communication required or permitted to be given hereunder shall be in writing and shall be given by (a) personal delivery, (b) overnight delivery with a reputable international overnight delivery service, such as FedEx, or (c) facsimile or email transmission, so long as such transmission is followed within one (1) business day by delivery utilizing one of the methods described in Subsection 33(a) or (b). Any such notice, consent, demand, invoice, statement or other communication shall be deemed delivered (x) upon receipt, if given in accordance with Subsection 33(a); (y) one (1) business day after deposit with a reputable international overnight delivery service, if given in accordance with Subsection 33(b); or (z) upon transmission, if given in accordance with Subsection 33(c). Except as otherwise stated in this Lease, any notice, consent, demand, invoice, statement or other communication required or permitted to be given pursuant to this Lease shall be addressed to Tenant at the Premises, or to Landlord or Tenant at the addresses shown in Section 2. Either party may, by notice to the other given pursuant to this Section, specify additional or different addresses for notice purposes.

34. **Guaranties.** In the event that any entity affiliated with Tenant is formed after the Execution Date which entity conducts business in the cannabis industry (each, a "New Guarantor"), Tenant shall promptly cause such New Guarantor to execute a Guaranty in the form attached hereto as Exhibit D and deliver such executed Guaranty to Landlord. Any failure by Tenant to provide such Guaranty within thirty (30) days following the formation of such New Guarantor shall be deemed a material default under this Lease. The obligations of each Guarantor shall be joint and several and Tenant shall cause each Guarantor to execute and deliver such further documentation as may

be reasonably required to confirm such Guarantor's full and unconditional guaranty of Tenant's obligations under this Lease.

35. Miscellaneous.

35.1. To induce Landlord to enter into this Lease, Tenant agrees that it shall, upon Landlord's written request and within one-hundred and twenty (120) days after the end of Tenant's financial year, furnish Landlord with a certified copy of Tenant's and Ascend Wellness Holdings, LLC's (or any successor entity thereto, "**Holdco Guarantor**") year-end financial statements for the previous year. Tenant also agrees that it shall, upon Landlord's written request and within forty-five (45) days after the end of Tenant's fiscal quarter, furnish to Landlord compiled financial statements for the quarter of Tenant and Holdco Guarantor. Tenant represents and warrants that all financial statements, records and information furnished by Tenant to Landlord in connection with this Lease are true, correct and complete in all respects and that all financial statements, records and information furnished by Holdco Guarantor to Landlord in connection with this Lease are true, correct and complete in all respects. The provisions of this Section shall not apply at any time while Tenant or Holdco Guarantor (as applicable) is a corporation whose shares are traded on any nationally recognized stock exchange.

35.2. The terms of this Lease are intended by the parties as a final, complete and exclusive expression of their agreement with respect to the terms that are included herein, and may not be contradicted or supplemented by evidence of any other prior or contemporaneous agreement except to the extent that modification is necessary to comply with Michigan law and/or regulation. To the extent that such modification is required, Landlord and Tenant agree to be bound by the terms of this Lease that are compliant and work in good faith, and within a reasonable period of time, to modify the non-compliant terms so that they may be brought into compliance.

35.3. Neither party shall record this Lease.

35.4. Landlord and Tenant have each participated in the drafting and negotiation of this Lease, and the language in all parts of this Lease shall be in all cases construed as a whole according to its fair meaning and not strictly for or against either Landlord or Tenant.

35.5. Except as otherwise expressly set forth in this Lease, each party shall pay its own costs and expenses incurred in connection with this Lease and such party's performance under this Lease; provided that, if either party commences an action, proceeding, demand, claim, action, cause of action or suit against the other party arising out of or in connection with this Lease, then the substantially prevailing party shall be reimbursed by the other party for all reasonable costs and expenses, including reasonable attorneys' fees and expenses, incurred by the substantially prevailing party in such action, proceeding, demand, claim, action, cause of action or suit, and in any appeal in connection therewith (regardless of whether the applicable action, proceeding, demand, claim, action, cause of action, suit or appeal is voluntarily withdrawn or dismissed).

35.6. Time is of the essence with respect to the performance of every provision of this Lease.

35.7. Each provision of this Lease performable by Tenant shall be deemed both a covenant and a condition.

35.8. Notwithstanding anything to the contrary contained in this Lease, Tenant's obligations under this Lease are independent and shall not be conditioned upon performance by Landlord.

35.9. Whenever consent or approval of either party is required, that party shall not unreasonably withhold, condition or delay such consent or approval, except as may be expressly set forth to the contrary.

35.10. Any provision of this Lease that shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof, and all other provisions of this Lease shall remain in full force and effect and shall be interpreted as if the invalid, void or illegal provision did not exist.

35.11. Each of the covenants, conditions and agreements herein contained shall inure to the benefit of and shall apply to and be binding upon the parties hereto and their respective heirs; legatees; devisees; executors; administrators; and permitted successors and assigns. This Lease is for the sole benefit of the parties and their respective heirs, legatees, devisees, executors, administrators and permitted successors and assigns, and nothing in this Lease shall give or be construed to give any other person or entity any legal or equitable rights. Nothing in this Section shall in any way alter the provisions of this Lease restricting assignment or subletting.

35.12. This Lease shall be governed by, construed and enforced in accordance with the laws of the state in which the Premises are located, without regard to such state's conflict of law principles.

35.13. Landlord covenants that Tenant, upon paying the Rent and performing its obligations contained in this Lease, may peacefully and quietly have, hold and enjoy the Premises, free from any claim by Landlord or persons claiming under Landlord, but subject to all of the terms and provisions hereof, provisions of Applicable Laws and rights of record to which this Lease is or may become subordinate. This covenant is in lieu of any other quiet enjoyment covenant, either express or implied.

35.14. Each of Tenant and Landlord guarantees, warrants and represents to the other party that the individual or individuals signing this Lease have the power, authority and legal capacity to sign this Lease on behalf of and to bind all entities, corporations, partnerships, limited liability companies, joint venturers or other organizations and entities on whose behalf such individual or individuals have signed.

35.15. This Lease may be executed in one or more counterparts, each of which, when taken together, shall constitute one and the same document.

35.16. No provision of this Lease may be modified, amended or supplemented except by an agreement in writing signed by Landlord and Tenant.

35.17. No waiver of any term, covenant or condition of this Lease shall be binding upon Landlord unless executed in writing by Landlord. The waiver by Landlord of any breach or default of any term, covenant or condition contained in this Lease shall not be deemed to be a waiver of any preceding or subsequent breach or default of such term, covenant or condition or any other term, covenant or condition of this Lease.

35.18. To the extent permitted by Applicable Laws, the parties waive trial by jury in any action, proceeding or counterclaim brought by the other party hereto related to matters arising out of or in any way connected with this Lease; the relationship between Landlord and Tenant; Tenant's use or occupancy of the Premises; or any claim of injury or damage related to this Lease or the Premises.

[The remainder of this page is intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Lease on the day and year first above written.

LANDLORD:

IIP-MI 3 LLC,
a Delaware limited liability company

By: /s/ Brian Wolfe
Name: Brian Wolfe
Title: Vice President, General Counsel and Secretary

TENANT:

FPAW MICHIGAN LLC,
a Michigan limited liability company

By: /s/ Francis Perullo
Name: Francis Perullo
Title: Manager

EXHIBIT A

PREMISES

Lot 3 and the South 10 feet of Lot 2, also commencing at the Southwest corner of Lot 3, thence North 395.5 feet along the West line of said Lot 3 and 2; thence West 15.65 feet; thence South 395.5 feet parallel with the West line of Lots 2 and 3; thence East 15.65 feet to beginning, Assessor's Plat No. 26, City of Lansing, Ingham County, Michigan, according to the recorded Plat thereof, as recorded in Liber 10, Page(s) 31, Ingham County Records.

ADDRESS: 735 E. Hazel
 Lansing, Michigan

EXHIBIT B

TENANT'S PERSONAL PROPERTY

See the items on the Excluded Property Schedule 3.0 in the Purchase Agreement, incorporated by reference herein.

EXHIBIT C

FORM OF TENANT ESTOPPEL CERTIFICATE

To: IIP-MI 3 LLC
11440 West Bernardo Court, Suite 220
San Diego, California 92127
Attention: General Counsel

Re: [PREMISES ADDRESS] (the "Premises") at 735 E. Hazel Street, Lansing, Michigan (the "Property")

The undersigned tenant ("Tenant") hereby certifies to you as follows:

1. Tenant is a tenant at the Property under a lease (the "Lease") for the Premises dated as of [____], 20[___]. The Lease has not been cancelled, modified, assigned, extended or amended [except as follows: [____]], and there are no other agreements, written or oral, affecting or relating to Tenant's lease of the Premises or any other space at the Property. The lease term expires on [____], 20[___].
2. Tenant took possession of the Premises, currently consisting of [____] square feet, on [____], 20[___], and commenced to pay rent on [____], 20[___]. Tenant has full possession of the Premises, has not assigned the Lease or sublet any part of the Premises, and does not hold the Premises under an assignment or sublease[, except as follows: [____]].
3. All base rent, rent escalations and additional rent under the Lease have been paid through [____], 20[___]. There is no prepaid rent[, except \$[____]][, and the amount of security deposit is \$[____] [in cash][OR][in the form of a letter of credit]]. Tenant currently has no right to any future rent abatement under the Lease.
4. Base rent is currently payable in the amount of \$[____] per month.
5. All work to be performed for Tenant under the Lease has been performed as required under the Lease and has been accepted by Tenant[, except [____]], and all allowances to be paid to Tenant, including allowances for tenant improvements, moving expenses or other items, have been paid, except that Tenant has \$_____ of Tenant Improvement Allowance remaining.
6. The Lease is in full force and effect, free from default and free from any event that could become a default under the Lease, and Tenant has no claims against the landlord or offsets or defenses against rent, and there are no disputes with the landlord. Tenant has received no notice of prior sale, transfer, assignment, hypothecation or pledge of the Lease or of the rents payable thereunder[, except [____]].
7. Tenant has no rights or options to purchase the Property.
8. To Tenant's knowledge, no hazardous wastes have been generated, treated, stored or disposed of by or on behalf of Tenant in, on or around the Premises in violation of any environmental laws.
9. The undersigned has executed this Estoppel Certificate with the knowledge and understanding that [INSERT NAME OF LANDLORD, PURCHASER OR LENDER, AS APPROPRIATE] or its assignee is [acquiring the Property/making a loan secured by the Property] in reliance on this certificate and that the undersigned shall be bound by this certificate. The statements contained herein may be relied upon by [INSERT NAME OF PURCHASER OR LENDER, AS APPROPRIATE], IIP-MI 3 LLC, IIP Operating Partnership, LP, Innovative Industrial Properties, Inc., and any [other] mortgagee of the Property and their respective successors and assigns.

[Signature page follows]

Any capitalized terms not defined herein shall have the respective meanings given in the Lease.

Dated this [_____] day of [_____] 20[____].

[_____] ,
a [_____]

By: _____
Name: _____
Title: _____

EXHIBIT D
FORM OF
GUARANTY OF LEASE

This Guaranty of Lease ("**Guaranty**") is executed effective on the ____ day of [____], 20[___], by [____], a [____] ("**Guarantors**"), in favor of IIP-MI 3 LLC, a Delaware limited liability company ("**Landlord**"), whose address for notices is 11440 West Bernardo Court, Suite 220, San Diego, California 92127, Attn: General Counsel.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor covenants and agrees as follows:

1. **Recitals.** This Guaranty is made with reference to the following recitals of facts which constitute a material part of this Guaranty:

(a) Landlord, as Landlord, and FPAW MICHIGAN LLC, a Michigan limited liability company, as Tenant ("**Tenant**"), entered into that certain Lease dated as of July 2, 2019 (the "**Lease**"), with respect to certain space in the building located at 735 E. Hazel Street, Lansing, Michigan, as more particularly described in the Lease (the "**Leased Premises**").

(b) Guarantor is [DESCRIBE RELATIONSHIP OF GUARANTOR TO TENANT] and is therefore receiving a substantial benefit for executing this Guaranty.

(c) Landlord would not have entered into the Lease with Tenant without having received the Guaranty executed by Guarantor as an inducement to Landlord.

(d) By this Guaranty, Guarantor intends to absolutely, unconditionally and irrevocably guarantee the full, timely, and complete (i) payment of all rent and other sums required to be paid by Tenant under the Lease and any other indebtedness of Tenant, (ii) performance of all other terms, covenants, conditions and obligations of Tenant arising out of the Lease and all damages that may arise as a consequence of any non-payment, non-performance or non-observance of, or non-compliance with, any of the terms, covenants, conditions or other obligations described in the Lease (including, without limitation, all attorneys' fees and disbursements and all litigation costs and expenses reasonably incurred or payable by Landlord or for which Landlord may be responsible or liable, or caused by any such default), and (iii) payment of any and all expenses (including reasonable attorneys' fees and expenses and litigation expenses) incurred by Landlord in enforcing any of the rights under the Lease or this Guaranty within five (5) days after Landlord's demand thereafter (collectively, the "**Guaranteed Obligations**").

2. **Guaranty.** From and after the Execution Date (as such term is defined under the Lease), Guarantor absolutely, unconditionally and irrevocably guarantees, as principal obligor and not merely as surety, to Landlord, the full, timely and unconditional payment and performance, of the Guaranteed Obligations strictly in accordance with the terms of the Lease, as such Guaranteed Obligations may be modified, amended, extended or renewed from time to time. This is a Guaranty of payment and performance and not merely of collection. Guarantor agrees that Guarantor is primarily liable for and responsible for the payment and performance of the Guaranteed Obligations. Guarantor shall be bound by all of the provisions, terms, conditions, restrictions and limitations contained in the Lease which are to be observed or performed by Tenant, the same as if Guarantor was named therein as Tenant with joint and several liability with Tenant, and any remedies that Landlord has under the Lease against Tenant shall apply to Guarantor as well. If Tenant defaults in any Guaranteed Obligation under the Lease, Guarantor shall in lawful money of the United States, pay to Landlord on demand the amount due and owing under the Lease. Guarantor waives any rights to notices of acceptance, modifications, amendment, extension or breach of the Lease. If Guarantor is a natural person, it is expressly agreed that this guaranty shall survive the death of such guarantor and shall continue in effect. The obligations of Guarantor under this Guaranty are independent of the obligations of Tenant or any other guarantor. Guarantor acknowledges that this Guaranty and Guarantor's obligations and liabilities under this Guaranty are and shall at all times continue to be absolute and unconditional in all respects and shall be the separate and independent undertaking of Guarantor without regard to the genuineness, validity, legality

or enforceability of the Lease, and shall at all times be valid and enforceable irrespective of any other agreements or circumstances of any nature whatsoever which might otherwise constitute a defense to this Guaranty and the obligations and liabilities of Guarantor under this Guaranty or the obligations or liabilities of any other person or entity (including, without limitation, Tenant) relating to this Guaranty or the obligations or liabilities of Guarantor hereunder or otherwise with respect to the Lease or to Tenant. Guarantor hereby absolutely, unconditionally and irrevocably waives any and all rights it may have to assert any defense, set-off, counterclaim or cross-claim of any nature whatsoever with respect to this Guaranty or the obligations or liabilities of Guarantor under this Guaranty or the obligations or liabilities of any other person or entity (including, without limitation, Tenant) relating to this Guaranty or the obligations or liabilities of Guarantor under this Guaranty or otherwise with respect to the Lease, in any action or proceeding brought by the holder hereof to enforce the obligations or liabilities of Guarantor under this Guaranty. This Guaranty sets forth the entire agreement and understanding of Landlord and Guarantor, and Guarantor acknowledges that no oral or other agreements, understandings, representations or warranties exist with respect to this Guaranty or with respect to the obligations or liabilities of Guarantor under this Guaranty. The obligations of Guarantor under this Guaranty shall be continuing and irrevocable (a) during any period of time when the liability of Tenant under the Lease continues, and (b) until all of the Guaranteed Obligations have been fully discharged by payment, performance or compliance. If at any time all or any part of any payment received by Landlord from Tenant or Guarantor or any other person under or with respect to the Lease or this Guaranty has been refunded or rescinded pursuant to any court order, or declared to be fraudulent or preferential, or are set aside or otherwise are required to be repaid to Tenant, its estate, trustee, receiver or any other party, including as a result of the insolvency, bankruptcy or reorganization of Tenant or any other party (an "**Invalidated Payment**"), then Guarantor's obligations under the Guaranty shall, to the extent of such Invalidated Payment be reinstated and deemed to have continued in existence as of the date that the original payment occurred. This Guaranty shall not be affected or limited in any manner by whether Tenant may be liable, with respect to the Guaranteed Obligations individually, jointly with other primarily, or secondarily.

3. **No Impairment of Guaranteed Obligations.** Guarantor further agrees that Guarantor's liability for the Guaranteed Obligations shall in no way be released, discharged, impaired or affected or subject to any counterclaim, setoff or deduction by (a) any waiver, consent, extension, indulgence, compromise, release, departure from or other action or inaction of Landlord under or in respect of the Lease or this Guaranty, or any obligation or liability of Tenant, or any exercise or non-exercise of any right, remedy, power or privilege under or in respect to the Lease or this Guaranty, (b) any change in the time, manner or place of payment or performance of the Guaranteed Obligations, (c) the acceptance by Landlord of any additional security or any increase, substitution or change therein, (d) the release by Landlord of any security or any withdrawal thereof or decrease therein, (e) any assignment of the Lease or any subletting of all or any portion of the Leased Premises (with or without Landlord's consent), (f) any holdover by Tenant beyond the term of the Lease (g) any termination of the Lease, (h) any release or discharge of Tenant in any bankruptcy, receivership or other similar proceedings, (i) the impairment, limitation or modification of the liability of Tenant or the estate of Tenant in bankruptcy or of any remedy for the enforcement of Tenant's liability under the Lease resulting from the operation of any present or future provisions of any bankruptcy code or other statute or from the decision in any court, or the rejection or disaffirmance of the Lease in any such proceedings, (j) any merger, consolidation, reorganization or similar transaction involving Tenant, even if Tenant ceases to exist as a result of such transaction, (k) the change in the corporate relationship between Tenant and Guarantor or any termination of such relationship, (l) any change in the direct or indirect ownership of all or any part of the shares in Tenant, or (m) to the extent permitted under applicable law, any other occurrence or circumstance whatsoever, whether similar or dissimilar to the foregoing, which might otherwise constitute a legal or equitable defense or discharge of the liabilities of Guarantor or which might otherwise limit recourse against Guarantor. Guarantor further understands and agrees that Landlord may at any time enter into agreements with Tenant to amend and modify the Lease, and may waive or release any provision or provisions of the Lease, and, with reference to such instruments, may make and enter into any such agreement or agreements as Landlord and Tenant may deem proper and desirable, without in any manner impairing or affecting this Guaranty or any of Landlord's rights hereunder or Guarantor's obligations hereunder, unless otherwise agreed in writing thereunder or under the Lease.

4. **Remedies.**

If Tenant defaults with respect to the Guaranteed Obligations, and if Guarantor does not fulfill Tenant's obligations within a reasonable time period (not to exceed five (5) days with respect to any monetary obligation and thirty (30) days with respect to any non-monetary obligation) upon its receipt of written notice of such default from Landlord, Landlord may at its election proceed immediately against Guarantor, Tenant, or any combination of Tenant, Guarantor, and/or any other guarantor. It is not necessary for Landlord, in order to enforce payment and performance by Guarantor under this Guaranty, first or contemporaneously to institute suit or exhaust remedies against Tenant or other liable for any of the Guaranteed Obligations or to enforce rights against any collateral securing any of it. Guarantor hereby waives any right to require Landlord to join Tenant in any action brought hereunder or to commence any action against or obtain any judgment against Tenant or to pursue any other remedy or enforce any other right. If any portion of the Guaranteed Obligations terminates and Landlord continues to have any rights that it may enforce against Tenant under the Lease after such termination, then Landlord may at its election enforce such rights against Guarantor. Unless and until all Guaranteed Obligations have been fully satisfied, Guarantor shall not be released from its obligations under this Guaranty irrespective of: (i) the exercise (or failure to exercise) by Landlord of any of Landlord's rights or remedies (including, without limitation, compromise or adjustment of the Guaranteed Obligations or any part thereof); or (ii) any release by Landlord in favor of Tenant regarding the fulfillment by Tenant of any obligation under the Lease.

Notwithstanding anything in the foregoing to the contrary, Guarantor hereby covenants and agrees to and with Landlord that Guarantor may be joined in any action by or against Tenant in connection with the Lease. Guarantor also agrees that, in any jurisdiction, it will be conclusively bound by the judgment in any such action by or against Tenant (wherever brought) as if Guarantor were a party to such action even though Guarantor is not joined as a party in such action.

5. **Waivers.** With the exception of the defense of prior payment, performance or compliance by Tenant or Guarantor of or with the Guaranteed Obligations which Guarantor is called upon to pay or perform, or the defense that Landlord's claim against Guarantor is barred by the applicable statute of limitations, Guarantor hereby waives and releases all defenses of the law of guaranty or suretyship to the extent permitted by law.

6. **Rights Cumulative.** All rights, powers and remedies of Landlord under this Guaranty shall be cumulative and in addition to all rights, powers and remedies given to Landlord by law.

7. **Representations and Warranties.** Guarantor hereby represents and warrants that (a) Guarantor has a net worth sufficient to enable Guarantor to promptly perform all of the Guaranteed Obligations as and when they are due; (b) Landlord has made no representation to Guarantor as to the creditworthiness or financial condition of Tenant; (c) Guarantor has full power to execute, deliver and carry out the terms and provisions of this Guaranty and has taken all necessary action to authorize the execution, delivery and performance of this Guaranty; (d) Guarantor's execution and delivery of, and the performance of its obligations under, this Guaranty does not conflict with or violate any of Guarantor's organizational documents, or any contract, agreement or decree which Guarantor is a party to or which is binding on Guarantor; (e) the individual executing this Guaranty on behalf of Guarantor has the authority to bind Guarantor to the terms and conditions of this Guaranty; (f) Guarantor has been represented by counsel of its choice in connection with this Guaranty; (g) this Guaranty when executed and delivered shall constitute the legal, valid and binding obligations of Guarantor enforceable against Guarantor in accordance with its terms; and (h) there is no action, suit, or proceeding pending or, to the knowledge of Guarantor, threatened against Guarantor before or by any governmental authority which questions the validity or enforceability of, or Guarantor's ability to perform under, this Guaranty.

8. **Subordination.** In the event of Tenant's insolvency or the disposition of the assets of Tenant, through bankruptcy, by an assignment for the benefit of creditors, by voluntary liquidation, or otherwise, the assets of Tenant applicable to the payment of all claims of Landlord and/or Guarantor shall be paid to Landlord and shall be first applied by Landlord to the Guaranteed Obligations. Any indebtedness of Tenant now or hereafter held by Guarantor, whether as original creditor or assignee or by way of subrogation, restitution, reimbursement, indemnification or otherwise, is hereby subordinated in right of payment to the Guaranteed Obligations. So long as an uncured event of default exists under the Lease, (a) at Landlord's written request, Guarantor shall cause Tenant to

pay to Landlord all or any part of any funds invested in or loaned to Tenant by Guarantor which Guarantor is entitled to withdraw or collect and (b) any such indebtedness or other amount collected or received by Guarantor shall be held in trust for Landlord and shall forthwith be paid over to Landlord to be credited and applied against the Guaranteed Obligations. Subject to the foregoing, Guarantor shall be entitled to receive from Landlord any amounts that are, from time to time, due to Guarantor in the ordinary course of business. Until all of Tenant's obligations under the Lease are fully performed, Guarantor's right of subrogation against Tenant by reason of any payments, acts or performance by Guarantor under this Guaranty shall be subordinate to the Lease.

9. **Governing Law.** This Guaranty shall be governed by and construed in accordance with the laws of the State of Michigan, United States of America, without regard to principles of conflicts of laws. TO THE FULLEST EXTENT PERMITTED BY LAW, GUARANTOR HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS GUARANTY.

10. **Attorneys' Fees.** In the event any litigation or other proceeding ("**Proceeding**") is initiated by any party against any other party to enforce this Guaranty, the prevailing party in such Proceeding shall be entitled to recover from the unsuccessful party all costs, expenses, and actual reasonable attorneys' fees relating to or arising out of such Proceeding.

11. **Modification.** This Guaranty may be modified only by a contract in writing executed by Guarantor and Landlord.

12. **Invalidity.** If any provision of the Guaranty shall be invalid or unenforceable, the remainder of this Guaranty shall not be affected by such invalidity or unenforceability. In the event, and to the extent, that this Guaranty shall be held ineffective or unenforceable by any court of competent jurisdiction, then Guarantor shall be deemed to be a tenant under the Lease with the same force and effect as if Guarantor were expressly named as a co-tenant therein with joint and several liability.

13. **Successors and Assigns.** Unless otherwise agreed in writing or under the Lease, this Guaranty shall be binding upon and shall inure to the benefit of the successors-in-interest and assigns of each party to this Guaranty.

14. **Notices.** Any notice, consent, demand, invoice, statement or other communication required or permitted to be given hereunder shall be in writing and shall be given by (a) personal delivery, (b) overnight delivery with a reputable international overnight delivery service, such as FedEx, or (c) facsimile or email transmission, so long as such transmission is followed within one (1) business day by delivery utilizing one of the methods described in subsections (a) or (b). Any such notice, consent, demand, invoice, statement or other communication shall be deemed delivered (x) upon receipt, if given in accordance with subsection (a); (y) one business (1) day after deposit with a reputable international overnight delivery service, if given if given in accordance with subsection (b); or (z) upon transmission, if given in accordance with subsection (c). Except as otherwise stated in this Guaranty, any notice, consent, demand, invoice, statement or other communication required or permitted to be given pursuant to this Guaranty shall be addressed to Guarantor or Landlord at the address set forth above in the introductory paragraph of this Guaranty. Either party may, by notice to the other given pursuant to this Section, specify additional or different addresses for notice purposes.

15. **Waiver.** Any waiver of a breach or default under this Guaranty must be in a writing that is duly executed by Landlord and shall not be a waiver of any other default concerning the same or any other provision of this Guaranty. No delay or omission in the exercise of any right or remedy shall impair such right or remedy or be construed as a waiver.

16. **Withholding.** Unless otherwise agreed in the Lease, any and all payments by Guarantor to Landlord under this Guaranty shall be made free and clear of and without deduction for any and all present or future taxes, duties, levies, imposts, deductions, assessments, fees, withholdings or similar charges, and all liabilities with respect thereto (collectively, "**Taxes**"). If Guarantor shall be required by any applicable laws to deduct any Taxes from or in respect of any sum payable under this Guaranty to Landlord: (a) the sum payable shall be increased as necessary so that after making all required deductions, the Landlord receives an amount equal to the sum it would have received had

no such deductions been made; (b) Guarantor shall make such deductions; and (c) Guarantor shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable laws.

17. **Financial Condition of Tenant.** Landlord shall have no obligation to disclose or discuss with Guarantor Landlord's assessment of the financial condition of Tenant. Guarantor has adequate means to obtain information from Tenant on a continuing basis concerning the financial condition of Tenant and its ability to perform its Guaranteed Obligations, and Guarantor assumes responsibility for being and keeping informed of Tenant's financial condition and of all circumstances bearing upon the risk of Tenant's failure to perform the Guaranteed Obligations.

18. **Bankruptcy.** So long as the Guaranteed Obligations remain outstanding, Guarantor shall not, without Landlord's prior written consent, commence or join with any other person in commencing any bankruptcy or similar proceeding of or against Tenant. Guarantor's obligations hereunder shall not be reduced, limited, impaired, discharged, deferred, suspended or terminated by any bankruptcy or similar proceeding (voluntary or involuntary) involving Tenant or by any defense that Tenant may have by reason of an order, decree or decision of any court or administrative body resulting from any such proceeding. To the fullest extent permitted by law, Guarantor will permit any trustee in bankruptcy, receiver, debtor in possession, assignee for the benefit of creditors or similar person to pay to Landlord or allow the claim of Landlord in respect of any interest, fees, costs, expenses or other Guaranteed Obligations accruing or arising after the date on which such case or proceeding is commenced.

19. **Conveyance or Transfer.** Without Landlord's written consent, Guarantor shall not convey, sell, lease or transfer any of its properties or assets to any person or entity to the extent that such conveyance, sale, lease or transfer could have a material adverse effect on Guarantor's ability to fulfill any of the Guaranteed Obligations.

20. **[NOTE: ONLY WHERE GUARANTOR IS NOT A DIRECT OR INDIRECT PARENT OF TENANT: [Limitation on Obligations Guaranteed.]**

(a) Notwithstanding any other provision hereof, the right of recovery against Guarantor under Section 2 shall not exceed \$1.00 less than the lowest amount that would render Guarantor's obligations under Section 2 void or voidable under applicable law, including, without limitation, the Uniform Fraudulent Conveyance Act, Uniform Fraudulent Transfer Act or any similar foreign, federal or state law to the extent applicable to the guaranty set forth herein and the obligations of Guarantor hereunder. To effectuate the foregoing, the Guaranteed Obligations in respect of the guarantee set forth in Section 2 at any time shall be limited to the maximum amount as would result in the Guaranteed Obligations with respect thereto not constituting a fraudulent transfer or conveyance after giving full effect to the liability under such guarantee set forth in Section 2 and its related contribution rights, but before taking into account any liabilities under any other guarantee by Guarantor. For purposes of the foregoing, all guarantees of Guarantor other than the guarantee under Section 2 will be deemed to be enforceable and payable after the guaranty under Section 2. To the fullest extent permitted by applicable law, this Section shall be for the benefit solely of creditors and representatives of creditors of Guarantor and not for the benefit of Guarantor or the holders of any equity interest in Guarantor.

(b) Guarantor agrees that obligations may at any time and from time to time be incurred or permitted in an amount exceeding the maximum liability of Guarantor under Section 2 without impairing the guarantee contained in Section 2 or affecting Landlord's rights and remedies hereunder.]]

21. **Financials.** To induce Landlord to enter into the Lease, Guarantor (to the extent applicable) shall provide to Landlord all information as required to be provided by Tenant and/or Guarantor pursuant to Section 35.1 of the Lease, subject to all conditions set forth in that Section.

22. **Joint and Several Liability.** Guarantor's liability under this Guaranty shall be joint and several with any and all other Guarantors in accordance with the terms and conditions of the Lease.

23. **Release.** Upon full payment and performance of all of Guarantor's obligations under the Lease, this Guaranty shall automatically terminate and be released.

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IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be signed by its respective officer thereunto duly authorized, all as of the date first written above.

GUARANTOR

[_____] ,
a [_____]

By: _____
Name: _____
Title: _____

EXHIBIT E
WORK LETTER

This Work Letter (this "**Work Letter**") is made and entered into as of the 2nd day of July, 2019, by and between IIP-MI 3 LLC, a Delaware limited liability company ("**Landlord**"), and FPAW MICHIGAN LLC, a Michigan limited liability company ("**Tenant**"), and is attached to and made a part of that certain Lease dated as of July 2, 2019 (as the same may be amended, amended and restated, supplemented or otherwise modified from time to time, the "**Lease**"), by and between Landlord and Tenant for the Premises located at 735 E. Hazel Street, Lansing, Michigan. All capitalized terms used but not otherwise defined herein shall have the meanings given them in the Lease.

1. General Requirements.

1.1. Authorized Representatives.

(a) Landlord designates, as Landlord's authorized representative ("**Landlord's Authorized Representative**"), (i) Catherine Hastings as the person authorized to initial plans, drawings, approvals and to sign change orders pursuant to this Work Letter and (ii) an officer of Landlord as the person authorized to sign any amendments to this Work Letter or the Lease. Tenant shall not be obligated to respond to or act upon any such item until such item has been initialed or signed (as applicable) by the appropriate Landlord's Authorized Representative. Landlord may change either Landlord's Authorized Representative upon one (1) business day's prior written notice to Tenant.

(b) Tenant designates Ray Thek ("**Tenant's Authorized Representative**") as the person authorized to initial and sign all plans, drawings, change orders and approvals pursuant to this Work Letter. Landlord shall not be obligated to respond to or act upon any such item until such item has been initialed or signed (as applicable) by Tenant's Authorized Representative. Tenant may change Tenant's Authorized Representative upon one (1) business day's prior written notice to Landlord.

1.2. Schedule. The schedule for design and development of the Tenant Improvements, including the time periods for preparation and review of construction documents, approvals and performance, shall be in accordance with a schedule to be prepared by Tenant (the "**Schedule**"). Tenant shall prepare the Schedule so that it is a reasonable schedule for the completion of the Tenant Improvements. The Schedule shall clearly identify all activities requiring Landlord participation. As soon as the Schedule is completed, Tenant shall deliver the same to Landlord for Landlord's approval, which approval shall not be unreasonably withheld, conditioned or delayed. Such Schedule shall be approved or disapproved by Landlord within ten (10) business days after delivery to Landlord. Landlord's failure to respond within such ten (10) business day period shall be deemed approval by Landlord. If Landlord disapproves the Schedule, then Landlord shall notify Tenant in writing of its objections to such Schedule, and the parties shall confer and negotiate in good faith to reach agreement on the Schedule. The Schedule shall be subject to adjustment as mutually agreed upon in writing by the parties, or as provided in this Work Letter.

1.3. Tenant's Architects, Contractors and Consultants. The architect, engineering consultants, design team, general contractor and subcontractors responsible for the construction of the Tenant Improvements shall be selected by Tenant and approved by Landlord, which approval Landlord shall not unreasonably withhold, condition or delay. All Tenant contracts related to the Tenant Improvements shall provide that Tenant may assign such contracts and any warranties with respect to the Tenant Improvements to Landlord at any time.

2. Tenant Improvements. All Tenant Improvements shall be performed by Tenant's contractor, at Tenant's sole cost and expense (subject to Landlord's obligations with respect to any portion of the TI Allowance) and in accordance with the Approved Plans (as defined below), the Lease and this Work Letter. All material and equipment furnished by Tenant or its contractors as the Tenant Improvements shall be new or "like new;" the Tenant Improvements shall be performed in a first-class, workmanlike manner. Tenant shall take, and shall require its contractors to take, commercially reasonable steps to protect the Premises during the performance of any Tenant

Improvements, including covering or temporarily removing any window coverings so as to guard against dust, debris or damage.

2.1. Work Plans. Tenant shall prepare and submit to Landlord for approval schematics covering the Tenant Improvements prepared in conformity with the applicable provisions of this Work Letter (the "**Draft Schematic Plans**"). The Draft Schematic Plans shall contain sufficient information and detail to accurately describe the proposed design to Landlord and such other information as Landlord may reasonably request. Landlord shall notify Tenant in writing within ten (10) business days after receipt of the Draft Schematic Plans whether Landlord approves or objects to the Draft Schematic Plans and of the manner, if any, in which the Draft Schematic Plans are unacceptable. Landlord's failure to respond within such ten (10) business day period shall be deemed approval by Landlord. If Landlord reasonably objects to the Draft Schematic Plans, then Tenant shall revise the Draft Schematic Plans and cause Landlord's objections to be remedied in the revised Draft Schematic Plans. Tenant shall then resubmit the revised Draft Schematic Plans to Landlord for approval, such approval not to be unreasonably withheld, conditioned or delayed. Landlord's approval of or objection to revised Draft Schematic Plans and Tenant's correction of the same shall be in accordance with this Section until Landlord has approved the Draft Schematic Plans in writing or been deemed to have approved them. The iteration of the Draft Schematic Plans that is approved or deemed approved by Landlord without objection shall be referred to herein as the "**Approved Schematic Plans**."

2.2. Construction Plans. Tenant shall prepare final plans and specifications for the Tenant Improvements that (a) are consistent with and are logical evolutions of the Approved Schematic Plans and (b) incorporate any other Tenant-requested (and Landlord-approved) Changes (as defined below). As soon as such final plans and specifications ("**Construction Plans**") are completed, Tenant shall deliver the same to Landlord for Landlord's approval, which approval shall not be unreasonably withheld, conditioned or delayed. All such Construction Plans shall be submitted by Tenant to Landlord in electronic .pdf, CADD and full-size hard copy formats, and shall be approved or disapproved by Landlord within ten (10) business days after delivery to Landlord. Landlord's failure to respond within such ten (10) business day period shall be deemed approval by Landlord. If the Construction Plans are disapproved by Landlord, then Landlord shall notify Tenant in writing of its objections to such Construction Plans, and the parties shall confer and negotiate in good faith to reach agreement on the Construction Plans. Promptly after the Construction Plans are approved by Landlord and Tenant, two (2) copies of such Construction Plans shall be initialed and dated by Landlord and Tenant, and Tenant shall promptly submit such Construction Plans to all appropriate Governmental Authorities for approval. The Construction Plans so approved, and all change orders approved (to the extent required) by Landlord, are referred to herein as the "**Approved Plans**."

2.3. Changes to the Tenant Improvements. Any material changes to the Approved Plans (each, a "**Change**") requested by Tenant shall be subject to the prior written approval of Landlord, not to be unreasonably withheld, conditioned or delayed. Any such Change request shall detail the nature and extent of any requested Changes, including any modification of the Approved Plans and the Schedule, as applicable, necessitated by the Change. In the event that Landlord fails to respond to any such Change request within five (5) business days of receipt, such Change shall be deemed approved.

3. Completion of Tenant Improvements. Tenant, at its sole cost and expense (except for the TI Allowance), shall perform and complete the Tenant Improvements in all respects (a) in substantial conformance with the Approved Plans, (b) otherwise in compliance with provisions of the Lease and this Work Letter and (c) in accordance with Applicable Laws, the requirements of Tenant's insurance carriers, the requirements of Landlord's insurance carriers (to the extent Landlord provides its insurance carriers' requirements to Tenant) and the board of fire underwriters having jurisdiction over the Premises. The Tenant Improvements shall be deemed completed at such time as Tenant shall furnish to Landlord (t) evidence satisfactory to Landlord that (i) all Tenant Improvements have been completed and paid for in full (which shall be evidenced by the architect's certificate of completion and the general contractor's and each subcontractor's and material supplier's final unconditional waivers and releases of liens, each in a form acceptable to Landlord and complying with Applicable Laws, and a Certificate of Substantial Completion in the form of the American Institute of Architects document G704, executed by the project architect and the general contractor, together with a statutory notice of substantial completion from the general contractor), (ii) all Tenant Improvements have been accepted by Landlord, (iii) any and all liens related to the Tenant Improvements have either been discharged of record (by payment, bond, order of a court of competent jurisdiction or otherwise) or waived by the party filing such lien and (iv) no security interests relating to the Tenant

Improvements are outstanding, (u) all certifications and approvals with respect to the Tenant Improvements that may be required from any Governmental Authority and any board of fire underwriters or similar body for the use and occupancy of the Premises (including a certificate of occupancy for the Premises for the Permitted Use), (v) certificates of insurance required by the Lease to be purchased and maintained by Tenant, (w) an affidavit from Tenant's architect certifying that all work performed in, on or about the Premises is in accordance with the Approved Plans, (x) complete "as built" drawing print sets, project specifications and shop drawings and electronic CADD files on disc (showing the Tenant Improvements as an overlay on the Building "as built" plans for work performed by their architect and engineers in relation to the Tenant Improvements, (y) a commissioning report prepared by a licensed, qualified commissioning agent hired by Tenant and approved by Landlord for all new or affected mechanical, electrical and plumbing systems (which report Landlord may hire a licensed, qualified commissioning agent to peer review, and whose reasonable recommendations Tenant's commissioning agent shall perform and incorporate into a revised report) and (z) such other "close out" materials as Landlord reasonably requests, such as copies of manufacturers' warranties, operation and maintenance manuals and the like.

4. Insurance.

4.1. Property Insurance. At all times during the period beginning with commencement of construction of the Tenant Improvements and ending with final completion of the Tenant Improvements, Tenant shall maintain, or cause to be maintained (in addition to the insurance required of Tenant pursuant to the Lease), property insurance insuring Landlord and the Landlord Parties, as their interests may appear. Such policy shall, on a completed values basis for the full insurable value at all times, insure against loss or damage by fire, vandalism and malicious mischief and other such risks as are customarily covered by the so-called "broad form extended coverage endorsement" upon all Tenant Improvements and the general contractor's and any subcontractors' machinery, tools and equipment, all while each forms a part of, or is contained in, the Tenant Improvements or any temporary structures on the Premises, or is adjacent thereto; provided that, for the avoidance of doubt, insurance coverage with respect to the general contractor's and any subcontractors' machinery, tools and equipment shall be carried on a primary basis by such general contractor or the applicable subcontractor(s). Tenant agrees to pay any deductible, and Landlord is not responsible for any deductible, for a claim under such insurance. Such property insurance shall contain an express waiver of any right of subrogation by the insurer against Landlord and the Landlord Parties, and shall name Landlord and its affiliates as loss payees as their interests may appear.

4.2. Workers' Compensation Insurance. At all times during the period of construction of the Tenant Improvements, Tenant shall, or shall cause its contractors or subcontractors to, maintain statutory workers' compensation insurance as required by Applicable Laws.

5. Liability. Tenant assumes sole responsibility and liability for any and all injuries or the death of any persons, including Tenant's contractors and subcontractors and their respective employees, agents and invitees, and for any and all damages to property caused by, resulting from or arising out of any act or omission on the part of Tenant, Tenant's contractors or subcontractors, or their respective employees, agents and invitees in the prosecution of the Tenant Improvements. Tenant agrees to indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnitees harmless from and against all Claims due to, because of or arising out of any and all such injuries, death or damage, whether real or alleged, and Tenant and Tenant's contractors and subcontractors shall assume and defend at their sole cost and expense all such Claims; provided, however, that nothing contained in this Work Letter shall be deemed to indemnify or otherwise hold Landlord harmless from or against liability caused by Landlord's gross negligence or willful misconduct. Any deficiency in design or construction of the Tenant Improvements shall be solely the responsibility of Tenant (or its architect or contractor), notwithstanding the fact that Landlord may have approved of the same in writing.

6. TI Allowance.

6.1. Application of TI Allowance. Subject to the provisions of Section 5 of the Lease, Landlord shall contribute the TI Allowance toward the costs and expenses incurred in connection with the performance of the Tenant Improvements, in accordance with Section 5 of the Lease. If the entire TI Allowance is not applied toward or reserved for the costs of the Tenant Improvements, then Tenant shall not be entitled to a credit of such unused

portion of the TI Allowance. Tenant may apply the TI Allowance for the payment of construction and other costs in accordance with the terms and provisions of the Lease.

6.2. Approval of Budget for the Tenant Improvements. Notwithstanding anything to the contrary set forth elsewhere in this Work Letter or the Lease, Landlord shall not have any obligation to expend any portion of the TI Allowance until Landlord and Tenant shall have approved in writing the budget for the Tenant Improvements (the "**Approved Budget**"). Prior to Landlord's approval of the Approved Budget, Tenant shall pay all of the costs and expenses incurred in connection with the Tenant Improvements as they become due. Landlord shall not be obligated to reimburse Tenant for costs or expenses relating to the Tenant Improvements that exceed the amount of the TI Allowance. Landlord shall not unreasonably withhold, condition or delay its approval of any budget for Tenant Improvements that is proposed by Tenant.

6.3. Fund Requests. Subject to Section 5 of the Lease, Upon submission by Tenant to Landlord of (a) a statement (a "**Fund Request**") setting forth the total amount of the TI Allowance requested, (b) a summary of the Tenant Improvements performed using AIA standard form Application for Payment (G 702) executed by the general contractor and by the architect, (c) invoices from the general contractor, the architect, and any subcontractors, material suppliers and other parties in the amount of the TI Allowance requested by Tenant for reimbursement, (d) unconditional lien releases from the general contractor and each subcontractor and material supplier with respect to all payments made by Tenant for the Tenant Improvements in a form acceptable to Landlord and complying with Applicable Laws; and (e) the items required to be delivered by Tenant pursuant to Section 5 of the Lease, then Landlord shall, within fifteen (15) days following receipt by Landlord of the Fund Request and all accompanying materials required by this Section, pay to Tenant the amount of the TI Allowance requested.

7. Miscellaneous.

7.1. Incorporation of Lease Provisions. Sections 35.2 through 35.18 of the Lease are incorporated into this Work Letter by reference, and shall apply to this Work Letter in the same way that they apply to the Lease.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Work Letter to be effective on the date first above written.

LANDLORD:

IIP-MI 3 LLC,
a Delaware limited liability company

By: _____
Name: Brian Wolfe
Title: Vice President, General Counsel and Secretary

TENANT:

FPAW MICHIGAN LLC,
a Michigan limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT E-1

TENANT WORK INSURANCE SCHEDULE

Tenant shall be responsible for requiring all of Tenant contractors doing construction or renovation work to purchase and maintain such insurance as shall protect it from the claims set forth below which may arise out of or result from any Tenant Work whether such Tenant Work is completed by Tenant or by any Tenant contractors or by any person directly or indirectly employed by Tenant or any Tenant contractors, or by any person for whose acts Tenant or any Tenant contractors may be liable:

1. Claims under workers' compensation, disability benefit and other similar employee benefit acts which are applicable to the Tenant Work to be performed.
2. Claims for damages because of bodily injury, occupational sickness or disease, or death of employees under any applicable employer's liability law.
3. Claims for damages because of bodily injury, or death of any person other than Tenant's or any Tenant contractors' employees.
4. Claims for damages insured by usual personal injury liability coverage which are sustained (a) by any person as a result of an offense directly or indirectly related to the employment of such person by Tenant or any Tenant contractors or (b) by any other person.
5. Claims for damages, other than to the Tenant Work itself, because of injury to or destruction of tangible property, including loss of use therefrom.
6. Claims for damages because of bodily injury or death of any person or property damage arising out of the ownership, maintenance or use of any motor vehicle.

Tenant contractors' Commercial General Liability Insurance shall include premises/operations (including explosion, collapse and underground coverage if such Tenant Work involves any underground work), elevators, independent contractors, products and completed operations, and blanket contractual liability on all written contracts, all including broad form property damage coverage.

Tenant contractors' Commercial General, Automobile, Employers and Umbrella Liability Insurance shall be written for not less than limits of liability as follows:

- | | | |
|----|---|--|
| a. | Commercial General Liability:
Bodily Injury and Property Damage | Commercially reasonable amounts, but in any event no less than \$[***] per occurrence and \$[***] general aggregate, with \$[***] products and completed operations aggregate. |
| b. | Commercial Automobile Liability:
Bodily Injury and Property Damage | \$[***] per accident |
| c. | Employer's Liability:
Each Accident
Disease – Policy Limit
Disease – Each Employee | \$[***]
\$[***]
\$[***] |
| d. | Umbrella Liability:
Bodily Injury and Property Damage | Commercially reasonable amounts (excess of coverages a, b and c above), but in any event no less than \$[***] per occurrence / aggregate. |

All subcontractors for Tenant contractors shall carry the same coverages and limits as specified above, unless different limits are reasonably approved by Landlord. The foregoing policies shall contain a provision that coverages afforded under the policies shall not be canceled or not renewed until at least thirty (30) days' prior written notice has been given to the Landlord. Certificates of insurance including required endorsements showing

such coverages to be in force shall be filed with Landlord prior to the commencement of any Tenant Work and prior to each renewal. Coverage for completed operations must be maintained for the lesser of ten (10) years and the applicable statute of repose following completion of the Tenant Work, and certificates evidencing this coverage must be provided to Landlord. The minimum A.M. Best's rating of each insurer shall be A- VII. Landlord and its mortgagees shall be named as an additional insureds under Tenant contractors' Commercial General Liability, Commercial Automobile Liability and Umbrella Liability Insurance policies as respects liability arising from work or operations performed, or ownership, maintenance or use of autos, by or on behalf of such contractors. Each contractor and its insurers shall provide waivers of subrogation with respect to any claims covered or that should have been covered by valid and collectible insurance, including any deductibles or self-insurance maintained thereunder.

If any contractor's work involves the handling or removal of asbestos (as determined by Landlord in its sole and absolute discretion), such contractor shall also carry Pollution Legal Liability insurance. Such coverage shall include bodily injury, sickness, disease, death or mental anguish or shock sustained by any person; property damage, including physical injury to or destruction of tangible property (including the resulting loss of use thereof), clean-up costs and the loss of use of tangible property that has not been physically injured or destroyed; and defense costs, charges and expenses incurred in the investigation, adjustment or defense of claims for such damages. Coverage shall apply to both sudden and non-sudden pollution conditions including the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water. Claims-made coverage is permitted, provided the policy retroactive date is continuously maintained prior to the Commencement Date, and coverage is continuously maintained during all periods in which Tenant occupies the Premises. Coverage shall be maintained with limits of not less than \$[***] per incident with a \$[***] policy aggregate.

CONFIDENTIAL TREATMENT REQUESTED - REDACTED COPY

LEASE

DATED

April 2, 2020

by and between

IIP-MA 4 LLC,
a Delaware limited liability company

and

MASSGROW, LLC,
a Massachusetts limited liability company

*Certain identified information has been omitted from this exhibit because it is not material and would likely cause competitive harm to the registrant if publicly disclosed. [***] indicates that information has been omitted.*

LEASE AGREEMENT

This Lease Agreement (this "**Lease**"), dated April 2, 2020 (the "**Execution Date**"), is made between IIP-MA 4 LLC, a Delaware limited liability company ("**Landlord**"), and MassGrow, LLC, a Massachusetts limited liability company ("**Tenant**").

RECITALS

A. WHEREAS, concurrent with the execution of this Lease, Landlord closed on the purchase of certain real property in Athol, Massachusetts (the "**Property**"), including the one (1) building comprising Unit 1 of the Project (as defined below) and the five (5) buildings comprising Unit 2 of the Project located at 134 Chestnut Hill Avenue in Athol, Massachusetts (collectively, the "**Buildings**"), pursuant to that certain Purchase and Sale Agreement and Joint Escrow Instructions, dated January 13, 2020 (as amended and assigned, the "**Purchase Agreement**"), by and between Landlord and Ascend Athol RE LLC, a Massachusetts limited liability company;

B. The Premises (as defined below) is part of the condominium project known as "Chestnut Hill Avenue Primary Condominium" created by Master Deed recorded with the Worcester County Registry of Deeds in Book 62139, Page 61 (the "**Project**");

C. WHEREAS, Landlord wishes to lease to Tenant, and Tenant desires to lease from Landlord, the Premises (as defined below), pursuant to the terms and conditions of this Lease, as detailed below; and

D. WHEREAS, Ascend Wellness Holdings, LLC (the "**Guarantor**") is an affiliate of Tenant that is deriving a benefit from Landlord and Tenant entering into this Lease, and has agreed to enter into a guaranty in the form attached as Exhibit D hereto (the "**Guaranty**"), without which Landlord would not agree to enter into this Lease.

AGREEMENT

NOW, THEREFORE, Landlord and Tenant, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, agree as follows:

1. Lease of Premises. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the premises described on Exhibit A attached hereto, including shafts, cable runs, mechanical spaces, rooftop areas, landscaping, parking facilities, private drives and other improvements and appurtenances related thereto (including the Buildings), for use by Tenant in accordance with the Permitted Use (as defined below) and no other uses (collectively, the "**Premises**").

2. Basic Lease Provisions. For convenience of the parties, certain basic provisions of this Lease are set forth herein. The provisions set forth herein are subject to the remaining terms and conditions of this Lease and are to be interpreted in light of such remaining terms and conditions.

2.1. The monthly Base Rent for the first twelve (12) months of the Term of the Lease shall be as set forth below, subject to subsequent adjustment under this Lease.

Month of Lease Term	Monthly Base Rent
1	\$321,796.88
2	\$342,656.25
3	\$363,515.63
4	\$384,375.00
5	\$405,234.38
6	\$426,093.75
7	\$446,953.13

8	\$467,812.50
9	\$488,671.88
10	\$509,531.25
11	\$530,390.63
12	\$551,250.00

2.2. Security Deposit: The initial Security Deposit shall be Two Million Seven Hundred Fifty-Six Thousand Two Hundred Fifty Dollars (\$2,756,250.00) (the "Security Deposit"), which shall be funded in installments as set forth below, with the first installment due from Tenant upon execution of this Lease and all subsequent installments to be made by Tenant to Landlord concurrently with monthly payments of Base Rent for the remainder of the initial twelve (12) months of the Term of the Lease, subject to subsequent adjustment under this Lease.

Month of Lease Term	Security Deposit Installment
1	\$1,608,984.38
2	\$104,296.88
3	\$104,296.88
4	\$104,296.88
5	\$104,296.88
6	\$104,296.88
7	\$104,296.88
8	\$104,296.88
9	\$104,296.88
10	\$104,296.88
11	\$104,296.88
12	\$104,296.88

2.3. "Permitted Use": Agricultural growth, processing and dispensing of agricultural materials, including cannabis, industrial and office space, in accordance with current zoning for the Premises and in conformity with all Applicable Laws (as defined below). The Permitted Use shall include the cultivation and processing of cannabis plant parts and resins into products, and the storage of same for transport, and such other related use or uses permitted under Applicable Laws.

2.4. Address for Rent Payment: IIP-MA 4 LLC

[REDACTED]
[REDACTED]
[REDACTED]
ABA: [***]
Account: [***]

2.5. Address for Notices to Landlord:

IIP-MA 4 LLC
[REDACTED]
[REDACTED]
Attn: General Counsel

2.6. Address for Notices and Invoices to Tenant:

MassGrow, LLC

c/o Ascend Wellness Holdings, LLC
137 Lewis Wharf
Boston, MA 02110
Attn: Abner Kurtin

2.7. The following Exhibits are attached hereto and incorporated herein by reference:

Exhibit A	Premises
Exhibit B	Tenant's Personal Property
Exhibit C	Form of Estoppel Certificate
Exhibit D	Form of Guaranty
Exhibit E	Work Letter
Exhibit E-1	Tenant Work Insurance Requirements

3. Term and Extension Options.

3.1. Term. The actual term of this Lease (as the same may be extended or earlier terminated in accordance with this Lease, the "**Term**") shall commence on the Execution Date (the "**Commencement Date**") and end on April 1, 2040, subject to extension or earlier termination of this Lease as provided herein.

3.2. Options to Extend Term. Tenant shall have two (2) options (each an "**Extension Option**") to extend the Term of this Lease for a period of five (5) years each (each an "**Extension Period**"), on the same terms and conditions in effect under this Lease immediately prior to the commencement of the Extension Period, except that (a) Tenant shall have no further right to extend the Term of this Lease after the second Extension Period, (b) the Base Rent payable during the Extension Period shall be an amount equal to Base Rent in effect immediately prior to the Extension Period, increased by [***] percent ([***]%) on an annual basis.

3.2.1. If Tenant exercises an Extension Option, such Extension Option shall apply to the entire Premises (and no less than the entire Premises). Tenant may exercise an Extension Option only by giving Landlord irrevocable and unconditional written notice thereof (the "**Extension Notice**") not later than fifteen (15) months prior to the commencement date of the Extension Period. Upon delivery of the Extension Notice, Tenant shall be irrevocably bound to lease the Premises for the Extension Period.

3.2.2. Notwithstanding the foregoing, Tenant shall not have the right to exercise an Extension Option (i) during the time commencing from the date Landlord delivers to Tenant a written notice that Tenant is in default under any provisions of this Lease and continuing until Tenant has cured the specified default to Landlord's reasonable satisfaction; (ii) at any time after any Default (provided, however, that, for purposes of this Section 3.2(ii), Landlord shall not be required to provide Tenant with a notice of such Default) and continuing until Tenant cures any such Default, if such Default is susceptible to being cured; or (iii) in the event that Tenant has defaulted in the performance of its obligations under this Lease three (3) or more separate times during the six (6)-month period immediately prior to the date that Tenant intends to exercise an Extension Option, whether or not Tenant has cured such defaults.

3.2.3. If Tenant shall fail to timely exercise the Extension Option in accordance with the provisions of this Section 3.2, then the Extension Option shall terminate, and shall be null and void and of no further force and effect. If this Lease or Tenant's right to possession of the Premises shall terminate in any manner whatsoever before Tenant shall exercise the Extension Option, or if Tenant shall have assigned or transferred any interest in this Lease or sublet any part of the Premises (other than in the case of a Permitted Transfer as set forth in Section 16.8 below, then immediately upon such termination, assignment, transfer or sublease, the Extension Option shall simultaneously terminate and become null and void. Time is of the essence with regard to this Section 3.2.

3.2.4. The Extension Options are conditioned upon each Guarantor executing an amendment to such Guarantor's Guaranty that explicitly extends such Guarantor's obligations so that each Guarantor guarantees Tenant's Lease obligations incurred pursuant to Tenant's timely and proper exercise of an Extension Option.

4. Possession.

4.1. Possession. Tenant hereby acknowledges that immediately prior to the Commencement Date, Tenant was in possession of the Premises, and is familiar with the condition thereof and accepts the Premises in its "as is" condition with all faults, and Landlord makes no representation or warranty of any kind with respect to the Premises, and Landlord will have no obligation to improve, alter or repair the Premises. It is understood and agreed that Landlord is not obligated to install any equipment, or make any repairs, improvements or alterations to the Premises. Tenant's continued occupancy and possession of the Premises following the Closing (as defined in the Purchase Agreement) shall conclusively establish that the Premises, the Buildings and the common areas of the Project were at such time in good, sanitary and satisfactory condition and repair.

4.2. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT LANDLORD IS LEASING THE PREMISES "AS IS" AND "WHERE IS," AND WITH ALL FAULTS, AND THAT LANDLORD IS MAKING NO REPRESENTATIONS AND WARRANTIES WHETHER EXPRESS OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE, WITH RESPECT TO THE QUALITY OR PHYSICAL CONDITION OF THE PREMISES, THE INCOME OR EXPENSES FROM OR OF THE PREMISES, OR THE COMPLIANCE OF THE PREMISES WITH APPLICABLE BUILDING OR FIRE CODES, ENVIRONMENTAL LAWS OR OTHER LAWS, RULES, ORDERS OR REGULATIONS. WITHOUT LIMITING THE FOREGOING, IT IS UNDERSTOOD AND AGREED THAT LANDLORD MAKES NO WARRANTY WITH RESPECT TO THE HABITABILITY, SUITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. TENANT AGREES THAT IT ASSUMES FULL RESPONSIBILITY FOR, AND THAT IT HAS PERFORMED EXAMINATIONS AND INVESTIGATIONS OF THE PREMISES, INCLUDING SPECIFICALLY, WITHOUT LIMITATION, EXAMINATIONS AND INVESTIGATIONS FOR THE PRESENCE OF ASBESTOS, PCBs AND OTHER HAZARDOUS SUBSTANCES, MATERIALS AND WASTES (AS THOSE TERMS MAY BE DEFINED HEREIN OR BY APPLICABLE FEDERAL OR STATE LAWS, RULES OR REGULATIONS) ON OR IN THE PREMISES. WITHOUT LIMITING THE FOREGOING, TENANT IRREVOCABLY WAIVES ALL CLAIMS AGAINST LANDLORD WITH RESPECT TO ANY ENVIRONMENTAL CONDITION, INCLUDING CONTRIBUTION AND INDEMNITY CLAIMS, WHETHER STATUTORY OR OTHERWISE. TENANT ASSUMES FULL RESPONSIBILITY FOR ALL COSTS AND EXPENSES REQUIRED TO CAUSE THE PREMISES TO COMPLY WITH ALL APPLICABLE BUILDING AND FIRE CODES, MUNICIPAL ORDINANCES, ENVIRONMENTAL LAWS AND OTHER LAWS, RULES, ORDERS, AND REGULATIONS.

4.3. Holding Over.

4.3.1. If, with Landlord's prior written consent, Tenant holds possession of all or any part of the Premises after the Term, Tenant shall become a tenant from month-to-month after the expiration or earlier termination of the Term, and in such case Tenant shall continue to pay (a) Base Rent, as adjusted in accordance with Section 6, (b) Additional Rent, and (c) any amounts for which Tenant would otherwise be liable under this Lease if the Lease were still in effect. Any such month-to-month tenancy shall be subject to every other term, covenant and agreement contained herein.

4.3.2. If Tenant retains possession of any portion of the Premises after the Term without Landlord's prior written consent, then (a) Tenant shall be a tenant at sufferance subject to the terms and conditions of this Lease, except that the monthly rent shall be equal to [***] percent ([***]%) of the monthly Rent in effect during the last thirty (30) days of the Term, and (b) Tenant shall be liable to Landlord for any and all damages suffered by Landlord directly as a result of such holdover, including any lost rent (offset by any rent actually paid by Tenant) or consequential, special and indirect damages (in each case, regardless of whether such damages are foreseeable).

4.3.3. Acceptance by Landlord of Rent after the expiration or earlier termination of the Term shall not result in an extension, renewal or reinstatement of this Lease. The foregoing provisions of this Section 4 are in addition to and do not affect Landlord's right of reentry or any other rights of Landlord hereunder or as otherwise provided by Applicable Laws. The provisions of this Section 4 shall survive the expiration or earlier termination of this Lease.

5. Tenant Improvements.

5.1. Tenant shall cause appropriate improvements consistent with the Permitted Use (the "**Tenant Improvements**") to be constructed in the Premises pursuant to the Work Letter attached hereto as Exhibit E (the "**Work Letter**") at a cost to Landlord not to exceed Twenty Two Million Two Hundred Fifty Thousand Dollars (\$22,250,000.00) (the "**TI Allowance**"). The TI Allowance may be applied to the costs of (a) construction, (b) project review by Landlord (which fee shall equal [***] percent ([***]%) of the cost of the Tenant Improvements, including the TI Allowance), (c) commissioning of mechanical, electrical and plumbing systems by a licensed, qualified commissioning agent hired by Tenant, and review of such party's commissioning report by a licensed, qualified commissioning agent hired by Landlord, (d) space planning, architect, engineering and other related services performed by third parties unaffiliated with Tenant, (e) building permits and other taxes, fees, charges and levies by governmental authorities for permits or for inspections of the Tenant Improvements, and (f) costs and expenses for labor, material, equipment and fixtures. In no event shall the TI Allowance be used for (m) the cost of work that is not authorized by the Approved Plans (as defined in the Work Letter) or otherwise approved in writing by Landlord, (n) payments to Tenant or any affiliates of Tenant, (o) the purchase of any furniture, personal property or other non-building system equipment, (p) costs resulting from any default by Tenant of its obligations under this Lease, (q) costs that are recoverable by Tenant from a third party (e.g., insurers, warrantors, or tortfeasors), (r) costs that were provided by Tenant and its representatives to Landlord as support for the acquisition and development costs included as the basis for the Purchase Price (as defined in the Purchase Agreement), or (s) costs incurred by or on behalf of Tenant prior to the Commencement Date, including costs relating to the construction of the Tenant Improvements.

5.2. Tenant shall have until April 2, 2038 to request disbursement for the final installment of the TI Allowance, and may request no more than fifteen (15) disbursements of the TI Allowance, with each disbursement (other than the final disbursement) being no less than [***] Dollars (\$[***]). Landlord's obligation to disburse any of the TI Allowance shall be conditional upon Tenant's satisfaction of the conditions precedent to funding of the TI Allowance set forth in Section 6.3 of the Work Letter. In addition, Landlord's obligation to disburse any of the TI Allowance in excess of Twenty-One Million Seven Hundred Fifty Thousand Dollars (\$21,750,000.00) shall be conditioned upon the satisfaction of the following: (a) Tenant's delivery to Landlord of a certificate of occupancy for the Premises suitable for the Permitted Use, as applicable; (b) Tenant's delivery to Landlord of a Certificate of Substantial Completion in the form of the American Institute of Architects document G704, executed by the project architect and the general contractor or such other form or certification as may be reasonably acceptable to Landlord; (c) Tenant's satisfaction of the conditions precedent to funding of the TI Allowance set forth in Section 6.3 of the Work Letter; and (d) there shall be no uncured event of default by Tenant under this Lease.

6. Rent.

6.1. Rent. Base Rent and Additional Rent (as defined below) shall together be denominated "**Rent.**" Rent shall be paid by ACH, wire transfer or check (but in no event may Rent be payable in cash unless Landlord provides its consent to such form of payment, in Landlord's sole and absolute discretion) to Landlord, without abatement, deduction or offset, in lawful money of the United States of America to the address set forth in Section 2 or to such other person or at such other place as Landlord may from time designate in writing. In the event the Term commences on a day other than the first day of a calendar month or ends on a day other than the last day of a calendar month, then the Rent for such fraction of a month shall be prorated for such period on the basis of the number of days in the month and shall be paid at the then-current rate for such fractional month.

6.2. Base Rent. Tenant shall pay to Landlord as Base Rent for the Premises, commencing on the Commencement Date, the sums set forth in Section 2, subject to the rental adjustments provided in Section 6.5. Base Rent shall be paid in equal monthly installments, subject to the rental adjustments provided in Section 6.5, each in advance on, or before, the first day of each and every calendar month during the Term.

6.3. Additional Rent. In addition to Base Rent, Tenant shall pay to Landlord as additional rent ("**Additional Rent**") at times hereinafter specified in this Lease (a) amounts related to Operating Expenses and Taxes (each as defined below), unless paid directly by Tenant to third parties to whom such amounts are owed, (b) the Property Management Fee (as defined below) and (c) any other amounts that Tenant assumes or agrees to pay

under the provisions of this Lease that are owed to Landlord (whether or not such amounts are referred to herein as "Additional Rent"), including any and all other sums that may become due by reason of any default of Tenant or failure on Tenant's part to comply with the agreements, terms, covenants and conditions of this Lease to be performed by Tenant.

6.3.1. Operating Expenses. Tenant will pay directly all Operating Expenses of the Premises in a timely manner and prior to delinquency, unless otherwise specified herein that Landlord shall pay directly such Operating Expenses and receive reimbursement from Tenant. In the event that Tenant fails to pay any Operating Expense within ten (10) days after written notice by Landlord to Tenant, and without being under any obligation to do so and without hereby waiving any default by Tenant, Landlord may pay any delinquent Operating Expenses. Any Operating Expense paid by Landlord and any expenses reasonably incurred by Landlord in connection with the payment of the delinquent Operating Expense may be billed immediately to Tenant, or at Landlord's option and upon written notice to Tenant, may be deducted from the Security Deposit. "**Operating Expenses**" means all costs and expenses incurred by Landlord with respect to the ownership, maintenance and operation of the Premises including, but not limited to: insurance, maintenance, repair and replacement of the foundation, roof, walls, heating, ventilation, air conditioning, plumbing, electrical, mechanical, utility and safety systems, maintenance and repair of roof membrane, flashings, gutters, downspouts, roof drains, skylights and waterproofing; painting; lighting; cleaning; refuse removal; security; utilities for, or the maintenance of, outside areas; building personnel costs; personal property taxes; rentals or lease payments paid by Landlord for rented or leased personal property used in the operation or maintenance of the Premises; and fees for required licenses and permits. Operating Expenses shall exclude (a) legal fees, brokerage commissions, advertising costs and other related expenses incurred in connection with the leasing of the Buildings (or any portion thereof); (b) wages, salaries benefits, perquisites and compensation paid or given to (i) executives, shareholders, officers, directors or partners of Landlord, (ii) any principal or partner of the entity from time to time comprising Landlord, or (iii) off-site employees and employees at the Buildings above the level of building manager; (c) Landlord's general overhead and administrative expenses not related to the Buildings; (d) payments of principal or interest on any mortgage or other encumbrance including ground lease payments and points, commissions and legal fees associated with financing; (e) non-cash items, such as deductions for depreciation and amortization of the Buildings and related equipment, or interest on capital invested; and (f) costs incurred in connection with the actual or contemplated sales, financing, refinancing, mortgaging, syndicating, selling, or change of ownership interest of the Buildings (or any portion thereof), including brokerage commissions, attorneys, and accountants' fees, closing costs, title insurance premiums, transfer taxes and interest charges. Notwithstanding the foregoing, Operating Expenses shall include all costs, expenses, charges, fees, interest and other amounts required to be paid pursuant to the CC&Rs (as hereinafter defined), including, without limitation, all costs and expenses levied against the Premises by the Chestnut Hill Avenue Primary Condominium Association (or its board on its behalf) (the "**Association**") in connection with the Project.

6.3.2. Taxes. Tenant will promptly pay to Landlord upon Landlord's written request the amount of all Taxes levied and assessed for any such year upon the Premises. "**Taxes**" means any and all real estate taxes, fees, assessments and other charges of any kind or nature, whether general, special, ordinary or extraordinary, that Landlord shall pay or accrue (without regard to any different fiscal year used by such governmental authority) that are levied in respect of the Premises, or in respect of any improvement, fixture, equipment or other property of Landlord, real or personal, located at the Premises, or used in connection with the operation of the Premises, and all fees, expenses, and costs incurred by Landlord in investigating, protesting, contesting, or in any way seeking to reduce or avoid increases in any assessments, levies, or the tax rate pertaining to the Taxes. Taxes shall not include Landlord's corporate franchise taxes, estate taxes, inheritance taxes or federal or state income taxes.

6.3.3. Estimated Costs. If and to the extent applicable, within sixty (60) days after the Commencement Date, and within sixty (60) days after the beginning of each calendar year, Landlord shall give Tenant a written estimate, for such calendar year, of the cost of Taxes and Operating Expenses payable by Landlord. Tenant shall pay such estimated amount to Landlord in equal monthly installments, in advance. Within ninety (90) days after the end of each calendar year, Landlord shall furnish to Tenant a statement showing in reasonable detail the cost of Taxes and Operating Expenses paid or payable by Landlord (the "**Annual Statement**"), and Tenant shall pay to Landlord the cost incurred by Landlord in excess of the payments made by Tenant within thirty (30) days of receipt of such Annual Statement. In the event that the payments made by Tenant to Landlord for the

estimated Taxes and Operating Expenses exceed the aggregate amount set forth in the Annual Statement, such excess amount shall be credited by Landlord to the Rent or other charges next due and owing, provided that, if the Term has expired, Landlord shall accompany said statement with the amount due Tenant.

6.3.4. Property Management Fee. Tenant shall pay to Landlord on, or before, the first day of each calendar month of the Term, as Additional Rent, the Property Management Fee. The "**Property Management Fee**" shall equal [***] percent ([***]%) of the then-current Base Rent due from Tenant. Tenant shall pay the Property Management Fee with respect to the entire Term, including any extensions thereof or any holdover periods, regardless of whether Tenant is obligated to pay Base Rent or any other Rent with respect to any such period or portion thereof.

6.3.5. Absolute Net Lease. This Lease shall be deemed and construed to be an "absolute net lease" and, except as herein expressly provided, the Landlord shall receive all payments required to be made by Tenant, free from all charges, assessments, impositions, expenses, deductions of any and every kind or nature whatsoever. Tenant shall, at Tenant's sole cost and expense, maintain the landscaping and parking lot, and make all additional repairs and alterations as required to maintain the Premises consistent with industry best practices.

6.4. Security Deposit. On or before the Execution Date of this Lease, Tenant shall deposit with Landlord the initial installment of the Security Deposit as set forth in Section 2.2 and shall thereafter deposit installments of the Security Deposit with Landlord as set forth in Section 2.2, which sums shall be held by Landlord as security for the faithful performance by Tenant of all of the terms, covenants and conditions of this Lease to be kept and performed by Tenant during the Term. Landlord shall not be required to maintain a separate account for the Security Deposit, but may intermingle it with other funds of Landlord. If Tenant defaults with respect to any provision of this Lease beyond applicable notice and cure periods, then without notice to Tenant, Landlord may (but shall not be required to) apply all or any part of the Security Deposit for the payment of any Rent or any other sum in default. If any portion of the Security Deposit is so used or applied, then Tenant shall, upon demand therefor, restore the Security Deposit to its original amount. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, then the unapplied portion of the Security Deposit shall be returned to Tenant, or, at Landlord's option, to the last assignee of Tenant's interest hereunder, within sixty (60) days following the expiration of the Term. Tenant shall not be entitled to any interest on the Security Deposit. Tenant hereby irrevocably waives and relinquishes any and all rights, benefits, or protections, if any, Tenant now has, or in the future may have under any provision of law which (i) establishes the time frame by which a landlord must refund a security deposit under a lease, or (ii) provides that a landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by a tenant, or to clean the subject premises. Tenant acknowledges and agrees that (A) any statutory time frames for the return of a security deposit are superseded by the express period identified in this Section 6.4, and (B) rather than be so limited, Landlord may claim from the Security Deposit (i) any and all sums expressly identified in this Section 6.4, and (ii) any additional sums reasonably necessary to compensate Landlord for any and all losses or damages caused by Tenant's default of this Lease, including, but not limited to, all damages or rent due upon termination of this Lease. In the event of bankruptcy or other debtor-creditor proceedings against Tenant, the Security Deposit shall be deemed to be applied first to the payment of Rent and other charges due Landlord for all periods prior to the filing of such proceedings. Provided that (a) no default by Tenant under this Lease has occurred and is continuing and (b) Tenant has achieved an EBITDA (as defined below) for the immediately preceding six (6) month period that is equal to two times the then-current Base Rent (which Base Rent shall be deemed to be \$551,250.00 per month for the first twelve (12) months of the Term) for such time period (the "**EBITDA Condition**"), the Security Deposit shall be reduced to One Million Three Hundred Seventy-Eight Thousand One Hundred Twenty-Five Dollars (\$1,378,125.00) (the "**Reduced Security Deposit**"). For purposes of the foregoing, the term "**EBITDA**" shall mean net income before interest, taxes, depreciation and amortization. Landlord shall be required to deliver to Tenant the portion of the Security Deposit retained by Landlord that is in excess of the Reduced Security Deposit within thirty (30) days after (x) Tenant has delivered to Landlord reasonable supporting documentation that Tenant has satisfied the conditions set forth in Subsections (a) and (b) above, including a certification from the principal financial officer of Tenant confirming that such conditions have been satisfied and that the documentation provided to Landlord evidencing satisfaction of the EBITDA Condition is true, correct and complete in all material respects and does not contain any misrepresentations or omissions of facts, and (y) Landlord reasonably has approved such documentation and agrees

that such conditions have been satisfied. If the Tenant subsequently fails to meet the EBITDA Condition at any time during the Term, then Tenant shall be required to promptly deliver to Landlord an amount sufficient to increase the Security Deposit held by Landlord back to the sum of Two Million Seven Hundred Fifty-Six Thousand Two Hundred Fifty Dollars (\$2,756,250.00). Following the reduction of the Security Deposit to the Reduced Security Deposit, upon Landlord's request, Tenant shall promptly deliver to Landlord such documentation as may be reasonably required by Landlord to assess whether the EBITDA Condition remains satisfied.

6.5. Base Rent Adjustments. Base Rent shall be subject to an annual upward adjustment of [***] percent ([***]%) of the then-current Base Rent. The first such adjustment shall become effective commencing on the first annual anniversary of the Commencement Date, and subsequent adjustments shall become effective on every successive annual anniversary for so long as this Lease continues in effect.

6.6. No Discharge of Rent Obligations. Tenant's obligation to pay Rent shall not be discharged or otherwise affected by (a) any Applicable Laws now or hereafter applicable to the Premises, (b) any other restriction on Tenant's use, (c) except as expressly provided herein, any casualty or taking or (d) any other occurrence; and Tenant waives all rights now or hereafter existing to terminate or cancel this Lease or quit or surrender the Premises or any part thereof, or to assert any defense in the nature of constructive eviction to any action seeking to recover rent. Tenant's obligation to pay Rent with respect to any period or obligations arising, existing or pertaining to the period prior to the date of the expiration or earlier termination of the Term or this Lease shall survive any such expiration or earlier termination; provided, however, that nothing in this sentence shall in any way affect Tenant's obligations with respect to any other period. Except as expressly provided in this Lease, Tenant, to the extent now or hereafter permitted by Applicable Laws, waives all rights now or hereafter conferred by statute or otherwise to quit, terminate or surrender this Lease or to any diminution, abatement or reduction of Rent payable hereunder.

7. Use.

7.1. Use. Tenant shall use the Premises solely for the Permitted Use, and shall not use the Premises, or permit or suffer the Premises to be used, for any other purpose without Landlord's prior written consent, which consent Landlord may withhold in its sole but reasonable discretion. Tenant shall comply, and cause Tenant Parties to comply, with all Applicable Laws, zoning ordinances and certificates of occupancy issued for the Premises or any portion thereof. Tenant shall not make any penetrations in the roof of any Building without the consent of Landlord, and any work on the roof shall be undertaken by contractors approved by the company providing the warranty for the roof and shall otherwise be performed in such a manner so as not to violate any roof warranty and, if there is no roof warranty, to the standards which the company previously providing the roof warranty would require if there was a roof warranty. Tenant shall not commit, or allow Tenant Parties to commit, any waste of the Premises. Tenant shall not do, or permit Tenant Parties to do, anything on or about the Premises that in any way invalidates or prevents the procuring, of any insurance protecting against loss or damage to any portion of the Premises or its contents, or against liability for damage to property or injury to persons in or about any portion of the Premises. For purposes hereof, "**Tenant Parties**" means Tenant's agents, contractors, subcontractors, employees, customers, licensees, invitees, assignees and subtenants; and the term "**Applicable Laws**" means all federal (to the extent not in direct conflict with applicable state, municipal or local cannabis licensing and program laws, rules and regulations), state, municipal and local laws, codes, ordinances, rules and regulations of governmental authorities, committees, associations, or other regulatory committees, agencies or governing bodies having jurisdiction over the Premises or any portion thereof, Landlord or Tenant, including both statutory and common law, hazardous waste rules and regulations, and state cannabis licensing and program laws, rules and regulations. Tenant may only place equipment within the Premises with floor loading consistent with the applicable Building's structural design unless Tenant obtains Landlord's prior written approval. Tenant may place such equipment only in a location designed to carry the weight of such equipment.

7.2. Legal Compliance. Notwithstanding any other provision herein to the contrary, Tenant shall be responsible for all improvements or alterations required to be made and all liabilities, costs and expenses arising out of or in connection with the compliance of the Premises with Applicable Laws, including, without limitation, the Americans with Disabilities Act, 42 U.S.C. § 12101, et seq., and any state and local accessibility laws, codes, ordinances and rules (collectively, and together with regulations promulgated pursuant thereto, the "**ADA**"), and Tenant shall indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and

hold the Landlord Indemnitees harmless from and against any Claims arising out of any such failure of the Premises to comply with Applicable Laws, including, without limitation, the ADA.

7.3. **Indemnification.** Tenant shall indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold Landlord and its affiliates, lenders, employees, agents and contractors (collectively, the "**Landlord Indemnitees**") harmless from and against any and all demands, claims, liabilities, losses, costs, expenses, criminal or civil actions, forfeiture seizures, causes of action, damages, suits or judgments, and all reasonable expenses (including reasonable attorneys' fees, charges and disbursements, regardless of whether the applicable demand, claim, action, cause of action or suit is voluntarily withdrawn or dismissed) incurred in investigating or resisting the same (collectively, "**Claims**") of any kind or nature that arise before, during or after the Term as a result of Tenant's breach of this Section 7.

8. **Hazardous Materials.**

8.1. Tenant shall not cause or permit any Hazardous Materials (as defined below) to be brought upon, kept or used in or about the Premises in violation of Applicable Laws by Tenant or any Tenant Party. If (a) Tenant breaches such obligation, (b) the presence of Hazardous Materials as a result of such a breach results in contamination of the Premises, any portion thereof, or any adjacent property, (c) contamination of the Premises otherwise occurs during the Term or any extension or renewal hereof or holding over hereunder or (d) contamination of the Premises occurs as a result of Hazardous Materials that are placed on or under or are released into the Premises by a Tenant Party, then Tenant shall indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnitees harmless from and against any and all Claims of any kind or nature, including (w) diminution in value of the Premises or any portion thereof, (x) damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises, (y) damages arising from any adverse impact on marketing of space in the Premises or any portion thereof and (z) sums paid in settlement of Claims that arise before, during or after the Term as a result of such breach or contamination. This indemnification by Tenant includes costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work required by any governmental authority because of Hazardous Materials present in the air, soil or groundwater above, on, under or about the Premises. Without limiting the foregoing, if the presence of any Hazardous Materials in, on, under or about the Premises, any portion thereof or any adjacent property caused or permitted by any Tenant Party results in any contamination of the Premises, any portion thereof or any adjacent property, then Tenant shall promptly take all actions at its sole cost and expense as are necessary to return the Premises, any portion thereof or any adjacent property to its respective condition existing prior to the time of such contamination; provided that Landlord's written approval of such action shall first be obtained, which approval Landlord shall not unreasonably withhold; and provided, further, that it shall be reasonable for Landlord to withhold its consent if such actions could have a material adverse long-term or short-term effect on the Premises, any portion thereof or any adjacent property. Tenant's obligations under this Section shall not be limited by any limitation on the amount or type of damages, compensation or benefits payable by or for Tenant under workers' compensation acts, disability benefit acts, employee benefit acts or similar legislation.

8.2. Landlord acknowledges that it is not the intent of this Section 8 to prohibit Tenant from operating its business for the Permitted Use. Tenant may operate its business according to the custom of Tenant's industry so long as the use or presence of Hazardous Materials is strictly and properly monitored in accordance with Applicable Laws. As a material inducement to Landlord to allow Tenant to use Hazardous Materials in connection with its business, Tenant agrees to deliver to Landlord (a) a list identifying each type of Hazardous Material to be present at the Premises that is subject to regulation under any environmental Applicable Laws in the form of a Tier II form pursuant to Section 312 of the Emergency Planning and Community Right-to-Know Act of 1986 (or any successor statute) or any other form reasonably requested by Landlord, (b) a list of any and all approvals or permits from governmental authorities required in connection with the presence of such Hazardous Material at the Premises and (c) correct and complete copies of notices of violations of Applicable Laws related to Hazardous Materials (collectively, "**Hazardous Materials Documents**"). Tenant shall deliver to Landlord updated Hazardous Materials Documents, within fourteen (14) days after receipt of a written request therefor from Landlord, not more often than once per year, unless (m) there are any changes to the Hazardous Materials Documents or (n) Tenant initiates any Tenant Improvements or Alterations or changes its business, in either case in a way that involves any material increase in the types or amounts of Hazardous Materials. In the event that a review of the Hazardous Materials

Documents indicates non-compliance with this Lease or Applicable Laws, Tenant shall, at its expense, diligently take steps to bring its storage and use of Hazardous Materials into compliance. Notwithstanding anything in this Lease to the contrary or Landlord's review into Tenant's Hazardous Materials Documents or use or disposal of hazardous materials, however, Landlord shall not have and expressly disclaims any liability related to Tenant's or other tenants' use or disposal of Hazardous Materials, it being acknowledged by Tenant that Tenant is best suited to evaluate the safety and efficacy of its Hazardous Materials usage and procedures.

8.3. Tenant represents and warrants to Landlord that Tenant is not, nor has it been, in connection with the use, disposal or storage of Hazardous Materials, (a) subject to a material enforcement order issued by any governmental authority or (b) required to take any remedial action.

8.4. At any time, and from time to time, prior to the expiration of the Term, Landlord shall have the right to conduct appropriate tests of the Premises or any portion thereof to demonstrate that Hazardous Materials are present or that contamination has occurred due to the acts or omissions of a Tenant Party, the cost of which shall be an Operating Expense. Such inspections shall be made only after Landlord provides notice to and receives approval from the relevant regulatory authorities regarding the testing.

8.5. If underground or other storage tanks storing Hazardous Materials installed or utilized by Tenant are located on the Premises, or are hereafter placed on the Premises by Tenant (or by any other party, if such storage tanks are utilized by Tenant), then Tenant shall monitor the storage tanks, maintain appropriate records, implement reporting procedures, properly close any underground storage tanks, and take or cause to be taken all other steps necessary or required under the Applicable Laws.

8.6. Tenant shall promptly report to Landlord any actual or suspected presence of mold or water intrusion at the Premises.

8.7. Tenant's obligations under this Section 8 shall survive the expiration or earlier termination of the Lease. During any period of time needed by Tenant or Landlord after the termination of this Lease to complete the removal from the Premises of any such Hazardous Materials, Tenant shall be deemed a holdover tenant and subject to the provisions of Section 4.

8.8. As used herein, the term "**Hazardous Material**" means any toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous substance, material or waste that is or becomes regulated by Applicable Laws or any governmental authority.

9. Alterations.

9.1. Tenant shall not make any alterations, additions or improvements in or to the Premises or engage in any construction, demolition, reconstruction, renovation or other work (whether major or minor) of any kind in, at or serving the Premises ("**Alterations**"), without obtaining Landlord's prior written consent, which shall not be unreasonably withheld, except Tenant may make non-structural Alterations to the interior of the Premises (excluding the roof) without such consent but upon at least ten (10) days' prior notice to Landlord, provided that the cost thereof does not exceed [***] Dollars (\$[***]) per occurrence or an aggregate amount of [***] Dollars (\$[***]) annually. Notwithstanding the foregoing, Tenant will not do anything that could have a material adverse effect on any Building or life safety systems, without obtaining Landlord's prior written consent. Any such improvements, excepting movable furniture, trade fixtures and equipment, shall become part of the realty and belong to Landlord. All alterations and improvements shall be properly permitted and installed at Tenant's sole cost, by a licensed contractor, in a good and workmanlike manner, and in conformity with all Applicable Laws. Any alterations that Tenant shall desire to make and which require the consent of Landlord shall be presented to Landlord in written form with detailed plans. Tenant shall: (i) acquire all applicable governmental permits; (ii) furnish Landlord with copies of both the permits and the plans and specifications at least thirty (30) days before the commencement of the work, and (iii) comply with all conditions of said permits in a prompt and expeditious manner. Any alterations shall be performed in a workmanlike manner with good and sufficient materials. Upon completion of any Alterations, Tenant shall promptly upon completion furnish Landlord with a reproducible copy of as-built drawings and specifications for any Alterations.

9.2. At least twenty (20) days prior to commencing any work relating to any Alterations requiring the approval of Landlord that have been so approved, Tenant shall notify Landlord in writing of the expected date of commencement. Tenant shall pay, when due, all claims for labor or materials furnished to or for Tenant for use in improving the Premises. Tenant shall not permit any mechanics' or materialmen's liens to be levied against the Premises arising out of work performed, materials furnished, or obligations to have been performed on the Premises by or at the request of Tenant. Tenant shall indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold Landlord Indemnitees from and against any and all Claims of any kind or nature that arise before, during or after the Term on account of claims of lien of laborers or materialmen or others for work performed or materials or supplies furnished for Tenant or its contractors, agents or employees. If Tenant fails to discharge or undertake to defend against such liability, upon receipt of written notice from Landlord of such failure, Tenant shall have thirty (30) days (the "**Defense Cure Period**") to cure such failure by prosecuting such a defense. If Tenant fails to do so within the Defense Cure Period, then Landlord may settle the same and Tenant's liability to Landlord shall be conclusively established by such settlement provided that such settlement is entered into on commercially reasonable terms and conditions, the amount of such liability to include both the settlement consideration and the costs and expenses (including attorneys' fees) incurred by Landlord in effecting such settlement. In the event any contractor, agent or employee notifies Tenant of its intent to file a mechanics' or materialmen's lien against the Premises, Tenant shall immediately notify Landlord of such intention to file a lien or a lawsuit with respect to such lien.

9.3. Tenant shall repair any damage to the Premises caused by Tenant's removal of any property from the Premises. During any such restoration period, Tenant shall pay Rent to Landlord as provided herein as if such space were otherwise occupied by Tenant. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

9.4. The Premises plus any Alterations, Tenant Improvements, attached equipment, decorations, fixtures and trade fixtures; movable casework and related appliances; and other additions and improvements attached to or built into the Premises made by either of the parties (including all floor and wall coverings; paneling; sinks and related plumbing fixtures; attached benches; production equipment; walk-in refrigerators; ductwork; conduits; electrical panels and circuits; attached machinery and equipment; and built-in furniture and cabinets, in each case, together with all additions and accessories thereto), shall (unless, prior to such construction or installation, Landlord elects otherwise in writing) at all times remain the property of Landlord, shall remain in the Premises and shall (unless, prior to construction or installation thereof, Landlord elects otherwise in writing) be surrendered to Landlord upon the expiration or earlier termination of this Lease. For the avoidance of doubt, the items listed on Exhibit B attached hereto (which Exhibit B may be updated by Tenant from and after the Commencement Date, subject to Landlord's written consent) constitute Tenant's property and shall be removed by Tenant upon the expiration or earlier termination of the Lease.

9.5. If Tenant shall fail to remove any of its property from the Premises prior to the expiration of the Term, then Landlord may, at its option, remove the same in any manner that Landlord shall choose and store such effects without liability to Tenant for loss thereof or damage thereto, and Tenant shall pay Landlord, upon demand, any costs and expenses incurred due to such removal and storage or Landlord may, at its sole option, without notice to Tenant and subject to approval from Massachusetts cannabis regulatory authorities as required for certain items, sell such property or any portion thereof at private sale and without legal process for such price as Landlord may obtain and apply the proceeds of such sale against any (a) amounts due by Tenant to Landlord under this Lease and (b) any expenses incident to the removal, storage and sale of such personal property.

9.6. Tenant shall reimburse Landlord for all third party costs actually incurred by Landlord in connection with any Alterations, including any non-structural Alterations that do not require Landlord's prior consent.

9.7. Tenant shall require its contractors and subcontractors performing work on the Premises to name Landlord and its affiliates and any lender as additional insureds on their respective insurance policies, except to the extent that the same is not permitted by Massachusetts law or regulation.

10. Odors and Fumes. Tenant shall not cause or permit (or conduct any activities that would cause) any release of any odors or fumes of any kind from the Premises in excess of quantities prohibited by Applicable Law or any applicable CC&Rs. Tenant shall, at Tenant's sole cost and expense, provide odor eliminators and other devices (such as filters, air cleaners, scrubbers and whatever other equipment may in Landlord's judgment be necessary or appropriate from time to time) to abate any odors, fumes or other substances in Tenant's exhaust stream that, in Landlord's reasonable judgment, emanate from Tenant's Premises. Any work Tenant performs under this Section shall constitute Alterations. Tenant's responsibility to abate odors, fumes and exhaust shall continue throughout the Term. If Tenant fails to install satisfactory odor control equipment within thirty (30) days after Landlord's written demand made at any time, then Landlord may, without limiting Landlord's other rights and remedies, require Tenant to cease and suspend any operations in the Premises that, in Landlord's reasonable determination, cause odors, fumes or exhaust in violation of quantities allowed under Applicable Laws or any applicable CC&Rs.

11. Repairs and Maintenance.

11.1. Care of Premises. This Lease shall be deemed and construed to be an "absolute net lease." Tenant shall, at its sole cost and expense, keep the Premises in a working, neat, clean, sanitary, safe condition and repair, and shall keep the Premises free from trash. Tenant shall make all repairs or replacements thereon or thereto, whether ordinary or extraordinary. Without limiting the foregoing, Tenant's obligations hereunder shall include the maintenance, repair and replacement of the foundation, roof (including roof membrane), walls and all other structural components of any Building; all heating, ventilation, air conditioning, plumbing, electrical, mechanical, utility and safety systems serving any Building or the Premises; the parking areas, roads and driveways located on the Premises; maintenance of exterior areas such as gardening and landscaping; snow removal and signage; maintenance and repair of flashings, gutters, downspouts, roof drains, skylights and waterproofing; and painting. Landlord shall not be required to furnish any services or facilities or to make any repairs, replacements or alterations of any kind in or on the Premises. Tenant shall receive all invoices and bills relative to the Premises and, except as otherwise provided herein, shall pay for all expenses directly to the person or company submitting a bill without first having to forward payment for the expenses to Landlord. Tenant hereby expressly waives the right to make repairs at the expense of Landlord as provided for in any Applicable Laws in effect at the time of execution of this Lease, or in any other Applicable Laws that may hereafter be enacted, and waives its rights under Applicable Laws relating to a landlord's duty to maintain its premises in a tenable condition.

11.2. Service Contracts and Invoices. Tenant shall, promptly upon Landlord's written request therefor, provide Landlord with copies of all service contracts relating to the Tenant's maintenance of the Premises and invoices received from Tenant from such service providers.

11.3. Action by Landlord if Tenant Fails to Maintain. If Tenant refuses or neglects to repair or maintain the Premises as required hereunder to the reasonable satisfaction of Landlord, Landlord, at any time following ten (10) business days from the date on which Landlord shall make written demand on Tenant to affect such repair or maintenance, may, but shall not have the obligation to, make such repair and/or maintenance (without liability to Tenant for any loss or damage which may occur to Tenant's merchandise, fixtures or other personal property, or to Tenant's business by reason thereof unless caused by Landlord's active gross negligence or intentional misconduct) and upon completion thereof, Tenant shall pay to Landlord as Landlord's reasonable costs for making such repairs, plus interest at the Default Rate from the date of expenditure by Landlord upon demand therefor. Moreover, Tenant's failure to pay any of the charges in connection with the performance of its maintenance and repair obligations under this Lease will constitute a material default under the Lease.

11.4. No Rent Abatement. There shall be no abatement of Rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the Premises, or in or to improvements, fixtures, equipment and personal property therein unless caused by Landlord's active gross negligence or intentional misconduct.

11.5. Right of Entry. After providing the required notice to and receiving required approval from the relevant Massachusetts regulatory agencies, Landlord and Landlord's agents shall have the right to enter upon the Premises or any portion thereof for the purposes of performing any repairs or maintenance Landlord is permitted to make pursuant to this Lease, and of ascertaining the condition of the Premises or whether Tenant is observing and

performing Tenant's obligations hereunder, all without unreasonable interference from Tenant or Tenant Parties. Except for emergency maintenance or repairs, the right of entry contained in this paragraph shall be exercisable at reasonable times, at reasonable hours and on reasonable notice of not less than twenty-four (24) hours, subject to Tenant's authorized personnel accompanying Landlord's agents in sensitive areas of the Premises and conditioned upon the required approval and consent from Massachusetts cannabis regulatory agencies. For the absence of doubt, all subsequent references to Landlord's right of entry contained herein are subject to the same approval by the Massachusetts cannabis regulatory agencies. Landlord shall use commercially reasonable efforts to minimize interference with Tenant's use and operations.

12. Liens. Tenant shall keep the Premises free from any liens arising out of work or services performed, materials furnished to or obligations incurred by Tenant. Tenant further covenants and agrees that any mechanic's or materialman's lien filed against the Premises for work or services claimed to have been done for, or materials claimed to have been furnished to, or obligations incurred by Tenant shall be discharged or bonded by Tenant within twenty (20) days after the filing thereof, at Tenant's sole cost and expense. Should Tenant fail to discharge or bond against any lien of the nature described in this Section, Landlord may, at Landlord's election, pay such claim or otherwise provide security to eliminate the lien as a claim against title, and Tenant shall promptly reimburse Landlord for the costs thereof as Additional Rent. Tenant shall indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnitees harmless from and against any Claims arising from any such liens, including any administrative, court or other legal proceedings related to such liens. In the event that Tenant leases or finances the acquisition of office equipment, furnishings or other personal property of a removable nature utilized by Tenant in the operation of Tenant's business, Tenant warrants that any Uniform Commercial Code financing statement shall, upon its face or by exhibit thereto, indicate that such financing statement is applicable only to removable personal property of Tenant located within the Premises.

13. Rules and Regulations and CC&Rs. Tenant shall faithfully observe and comply with and shall ensure that its contractors, subcontractors, employees, subtenants and invitees faithfully observe and comply with such reasonable and nondiscriminatory rules and regulations as are hereafter promulgated by Landlord provided that the same do not prohibit the Permitted Use or otherwise significantly interfere with Tenant's use and access to the Premises. This Lease is subject to any recorded covenants, conditions or restrictions on the Property or Premises, and any rules and regulations promulgated by the Association for the Project, in each case as the same may be amended, amended and restated, supplemented or otherwise modified from time to time (collectively, the "CC&Rs"). Tenant shall, at its sole cost and expense, comply with the CC&Rs.

14. Utilities and Services. Tenant shall make all arrangements for and pay for all water, sewer, gas, heat, light, power, telephone service and any other service or utility Tenant requires at the Premises. Landlord shall not be liable for any failure or interruption of any utility service being furnished to the Premises, and no such failure or interruption shall entitle Tenant to any abatement or right to terminate this Lease. In the event that any utilities are furnished by Landlord, Tenant shall pay to Landlord the cost thereof as an Operating Expense.

15. Estoppel Certificate. Tenant shall, within fifteen (15) business days after receipt of written notice from Landlord, execute, acknowledge and deliver a statement in writing substantially in the form attached to this Lease as Exhibit C, or on any other form reasonably requested by a current or proposed lender or encumbrancer or proposed purchaser, (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect) and the dates to which rental and other charges are paid in advance, if any, (b) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed, and (c) setting forth such further information with respect to this Lease or the Premises as may be requested thereon. Each Guarantor shall, within ten (10) days after receipt of written notice from Landlord, execute, acknowledge and deliver a statement in writing in the same form. Tenant's or any Guarantor's failure to deliver any such statement within such the prescribed time shall be binding upon Tenant or such Guarantor (as applicable) that the Lease and such Guaranty are in full force and effect and without modification except as may be represented by Landlord in any certificate prepared by Landlord and delivered to Tenant or such Guarantor (as applicable) for execution.

16. Assignment or Subletting.

16.1. None of the following (each, a "**Transfer**"), either voluntarily or by operation of Applicable Laws, shall be directly or indirectly performed without Landlord's prior written consent: (a) Tenant selling, hypothecating, assigning, pledging, encumbering or otherwise transferring this Lease or subletting the Premises or (b) a controlling interest in Tenant being sold, assigned or otherwise transferred (other than as a result of shares in Tenant being sold on a public stock exchange or a Permitted Transfer as defined below). For purposes of the preceding sentence, "control" means (a) owning (directly or indirectly) more than fifty percent (50%) of the stock or other equity interests of another person or (b) possessing, directly or indirectly, the power to direct or cause the direction of the management and policies of such person.

16.2. In the event Tenant desires to effect a Transfer, then, at least thirty (30) but not more than ninety (90) days prior to the date when Tenant desires the Transfer to be effective (the "**Transfer Date**"), Tenant shall provide written notice to Landlord (the "**Transfer Notice**") containing information (including references) concerning the character of the proposed transferee, assignee or sublessee; the proposed Transfer Date; the most recent unconsolidated financial statements of Tenant and of the proposed transferee, assignee or sublessee ("**Required Financials**"); any ownership or commercial relationship between Tenant and the proposed transferee, assignee or sublessee; and the consideration and all other material terms and conditions of the proposed Transfer, all in such detail as Landlord shall reasonably require. In no event shall Landlord be deemed to be unreasonable for declining to consent to a Transfer to a transferee, assignee or sublessee of poor reputation, lacking financial qualifications or seeking a change in the Permitted Use, or jeopardizing directly or indirectly the status of Landlord or any of Landlord's affiliates as a Real Estate Investment Trust under the Internal Revenue Code of 1986, as amended from time to time.

16.3. The following are conditions precedent to a Transfer or to Landlord considering a request by Tenant to a Transfer:

16.3.1. Tenant shall remain fully liable under this Lease and each Guarantor shall continue to remain fully liable under such Guarantor's Guaranty, including with respect to the Term after the Transfer Date. Tenant agrees that it shall not be (and shall not be deemed to be) a guarantor or surety of this Lease, however, and waives its right to claim that it is a guarantor or surety or to raise in any legal proceeding any guarantor or surety defenses permitted by this Lease or by Applicable Laws;

16.3.2. Tenant shall provide Landlord with evidence reasonably satisfactory to Landlord that the value of Landlord's interest under this Lease shall not be diminished or reduced by the proposed Transfer. Such evidence shall include evidence respecting the relevant business experience and financial responsibility and status of the proposed transferee, assignee or sublessee;

16.3.3. Tenant shall reimburse Landlord for Landlord's actual out of pocket costs and expenses, including reasonable attorneys' fees, charges and disbursements incurred in connection with the review, processing and documentation of such request;

16.3.4. If Tenant's transfer of rights or sharing of the Premises provides for the receipt by, on behalf of or on account of Tenant of any consideration of any kind whatsoever (including a premium rental for a sublease or lump sum payment for an assignment, but excluding Tenant's reasonable costs in marketing and subleasing the Premises) in excess of the rental and other charges due to Landlord under this Lease, Tenant shall pay [***] percent ([***]%) of all of such excess to Landlord, after making deductions for any reasonable marketing expenses, tenant improvement funds expended by Tenant, alterations, cash concessions, brokerage commissions, attorneys' fees and free rent actually paid by Tenant. If such consideration consists of cash paid to Tenant, payment to Landlord shall be made upon receipt by Tenant of such cash payment;

16.3.5. The proposed transferee, assignee or sublessee shall agree that, in the event Landlord gives such proposed transferee, assignee or sublessee notice that Tenant is in default under this Lease, such proposed transferee, assignee or sublessee shall thereafter make all payments otherwise due Tenant directly to Landlord, which payments shall be received by Landlord without any liability being incurred by Landlord, except to credit such payment against those due by Tenant under this Lease, and any such proposed transferee, assignee or sublessee

shall agree to attorn to Landlord or its successors and assigns should this Lease be terminated for any reason; provided, however, that in no event shall Landlord or its Lenders, successors or assigns be obligated to accept such attornment;

16.3.6. Tenant shall not then be in default hereunder in any respect;

16.3.7. Such proposed transferee, assignee or sublessee's use of the Premises shall be the same as the Permitted Use;

16.3.8. Landlord shall not be bound by any provision of any agreement pertaining to the Transfer, except for Landlord's written consent to the same;

16.3.9. Tenant shall pay all transfer and other taxes (including interest and penalties) assessed or payable for any Transfer;

16.3.10. Landlord's consent (or waiver of its rights) for any Transfer shall not waive Landlord's right to consent or refuse consent to any later Transfer; and

16.3.11. Tenant shall deliver to Landlord a list of Hazardous Materials (as defined below), certified by the proposed transferee, assignee or sublessee to be true and correct, that the proposed transferee, assignee or sublessee intends to use or store in the Premises. Additionally, Tenant shall deliver to Landlord, on or before the date any proposed transferee, assignee or sublessee takes occupancy of the Premises, all of the items relating to Hazardous Materials of such proposed transferee, assignee or sublessee as described in Section 8.

16.4. Any Transfer that is not in compliance with the provisions of this Section or with respect to which Tenant does not fulfill its obligations pursuant to this Section shall be void and shall, at the option of Landlord, terminate this Lease.

16.5. Notwithstanding any Transfer, Tenant shall remain fully and primarily liable for the payment of all Rent and other sums due or to become due hereunder, and for the full performance of all other terms, conditions and covenants to be kept and performed by Tenant. The acceptance of Rent or any other sum due hereunder, or the acceptance of performance of any other term, covenant or condition thereof, from any person or entity other than Tenant shall not be deemed a waiver of any of the provisions of this Lease or a consent to any Transfer.

16.6. If Tenant delivers to Landlord a Transfer Notice indicating a desire to transfer this Lease to a proposed transferee, assignee or sublessee other than a Permitted Transferee, then Landlord shall have the option, exercisable by giving notice to Tenant within ten (10) days after Landlord's receipt of such Transfer Notice, to terminate this Lease as of the date specified in the Transfer Notice as the Transfer Date, except for those provisions that, by their express terms, survive the expiration or earlier termination hereof. If Landlord exercises such option, then Tenant shall have the right to withdraw such Transfer Notice by delivering to Landlord written notice of such election within five (5) business days after Landlord's delivery of notice electing to exercise Landlord's option to terminate this Lease. In the event Tenant withdraws the Transfer Notice as provided in this Section, this Lease shall continue in full force and effect. No failure of Landlord to exercise its option to terminate this Lease shall be deemed to be Landlord's consent to a proposed Transfer.

16.7. If Tenant sublets the Premises or any portion thereof, Tenant hereby immediately and irrevocably assigns to Landlord, as security for Tenant's obligations under this Lease, all rent from any such subletting, and appoints Landlord as assignee and attorney-in-fact for Tenant, and Landlord (or a receiver for Tenant appointed on Landlord's application) may collect such rent and apply it toward Tenant's obligations under this Lease; provided that, until the occurrence of a Default (as defined below) by Tenant, Tenant shall have the right to collect such rent.

16.8. Permitted Transfers. Notwithstanding the above, Tenant may assign its entire interest under this Lease or sublease all or a portion of the Premises without the consent of Landlord to: (i) an affiliate, subsidiary or parent of Tenant; (ii) any entity into which that Tenant or an affiliated party may merge or consolidate; (iii) any entity that acquires all or substantially all of the assets of Tenant; each a "**Permitted Transfer**" and such transferee a "**Permitted Transferee**", provided that (a) Tenant notifies Landlord at least twenty (20) days prior to the effective

date of any such Permitted Transfer, (b) Tenant is not in default and such assignment or sublease is not a subterfuge by Tenant to avoid its obligations under this Lease, (c) such Permitted Transferee shall have a tangible net worth (not including goodwill as an asset) computed in accordance with generally accepted accounting principles (“**Net Worth**”) at least equal to the Net Worth of the original Tenant on the day immediately preceding the effective date of such assignment or sublease and reasonably sufficient to comply with the obligations under this Lease, (d) no assignment or sublease relating to this Lease, whether with or without Landlord’s consent, shall relieve Tenant from any liability under this Lease, (e) the liability of such Permitted Transferee under either an assignment or sublease shall be joint and several with Tenant and each Guarantor; and (f) the parent company of any Permitted Transferee executes a Guaranty in favor of Landlord substantially in the form attached hereto as Exhibit D. Tenant’s notice to Landlord shall include information and documentation showing that each of the above conditions has been satisfied. As used in this Section 16.8, (w) “parent” shall mean a company which owns a majority of Tenant’s voting equity; (x) “subsidiary” shall mean an entity wholly owned by Tenant or at least fifty-one percent (51%) of whose voting equity is owned by Tenant; (y) “affiliate” shall mean an entity controlled by, controlling or under common control with Tenant; and (z) “control” shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity.

17. Indemnification and Exculpation.

17.1. Tenant agrees to indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnitees harmless from and against any and all Claims of any kind or nature, real or alleged, arising from (a) injury to or death of any person or damage to any property occurring within or about the Premises arising directly or indirectly out of the presence at or use or occupancy of the Premises or Project by a Tenant Party, (b) an act or omission on the part of any Tenant Party; (c) a breach or default by Tenant in the performance of any of its obligations hereunder or (d) injury to or death of persons or damage to or loss of any property, real or alleged, arising from the serving of any intoxicating substances at the Premises or Project, except to the extent any of the foregoing are directly caused by Landlord's gross negligence or willful misconduct. Tenant's obligations under this Section shall not be affected, reduced or limited by any limitation on the amount or type of damages, compensation or benefits payable by or for Tenant under workers' compensation acts, disability benefit acts, employee benefit acts or similar legislation. Tenant's obligations under this Section shall survive the expiration or earlier termination of this Lease.

17.2. Notwithstanding anything in this Lease to the contrary, and except to the extent any of the foregoing are directly caused by Landlord's active gross negligence or willful misconduct, Landlord shall not be liable to Tenant for and Tenant assumes all risk of (a) damage or losses caused by fire, electrical malfunction, gas explosion or water damage of any type (including broken water lines, malfunctioning fire sprinkler systems, roof leaks or stoppages of lines), and (b) damage to personal property (in each case, regardless of whether such damages are foreseeable). Tenant further waives any claim for injury to Tenant's business or loss of income relating to any such damage or destruction of personal property as described in this Section. Notwithstanding anything in the foregoing or this Lease to the contrary, except as otherwise provided herein or as may be required by Applicable Laws, in no event shall Landlord be liable to Tenant for any consequential, special or indirect damages arising out of this Lease, including lost profits.

17.3. Landlord shall not be liable for any damages arising from any act, omission or neglect of any third party.

17.4. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

18. Insurance; Waiver of Subrogation.

18.1. Landlord shall maintain a policy or policies of insurance protecting Landlord against the following (all of which shall be payable by Tenant as Operating Expenses):

18.1.1. Fire and other perils normally included within the classification of fire and extended coverage, together with insurance against vandalism and malicious mischief, to the extent of the full replacement cost of the Premises, including, at Landlord's option, flood coverage, exclusive of trade fixtures, equipment and

improvements insured by Tenant, with agreed value, full replacement and other endorsements which Landlord may elect to maintain;

18.1.2. Fifteen (15) months of rental loss insurance and to the extent of 100% of the gross rentals from the Premises;

18.1.3. Comprehensive general liability insurance with a single limit of not less than \$[***] for bodily injury or death and property damage with respect to the Premises, a general aggregate not less than \$[***] for bodily injury or death and property damage with respect to the Premises, and not less than \$[***] of excess umbrella liability insurance; and

18.1.4. At Landlord's sole option, environmental liability or environmental clean-up/remediation insurance in such amounts and with such deductibles and other provisions as Landlord may determine in its sole and absolute discretion.

Notwithstanding the foregoing, Landlord may, at Landlord's option, forego procuring and/or maintaining one or more of the foregoing policies of insurance to the extent that such coverage is being maintained separately by the Association, and Landlord may, at Landlord's option, request that Tenant procure and/or maintain, and pay directly, for one or more the foregoing policies of insurance, in which case Tenant shall exercise reasonable efforts to promptly procure such policies of insurance (or maintain such policies of insurance, as the case may be), and Landlord may require Tenant to name Landlord and Landlord's related parties as loss payees, in addition to other customary provisions related to Landlord's status as the owner of the Property. Landlord and Tenant agree to reasonably cooperate with one another and the Association to ensure that the insurance policies procured and maintained by Landlord, Tenant and the Association, respectively, provide for the coverages outlined in this Section 18 without unnecessarily duplicating costs for such coverages.

18.2. Tenant shall, at its own cost and expense, procure and maintain during the Term the following insurance for the benefit of Tenant and Landlord (as their interests may appear) with insurers financially acceptable and lawfully authorized to do business in the state where the Premises are located:

18.2.1. Commercial General Liability insurance on a broad-based occurrence coverage form, with coverages including but not limited to bodily injury (including death), property damage (including loss of use resulting therefrom), premises/operations, personal & advertising injury, and contractual liability with limits of liability of not less than \$[***] for bodily injury and property damage per occurrence, \$[***] general aggregate, which limits may be met by use of excess and/or umbrella liability insurance provided that such coverage is at least as broad as the primary coverages required herein.

18.2.2. Commercial Automobile Liability insurance covering liability arising from the use or operation of any auto, including those owned, hired or otherwise operated or used by or on behalf of the Tenant. The coverage shall be on a broad-based occurrence form with combined single limits of not less than \$[***] per accident for bodily injury and property damage.

18.2.3. Commercial Property insurance covering property damage to the full replacement cost value and business interruption. Covered property shall include all tenant improvements in the Premises (to the extent not insured by Landlord or the Association) and Tenant's property including personal property, furniture, fixtures, machinery, equipment, stock, inventory and improvements and betterments, which may be owned by Tenant or Landlord and required to be insured hereunder, or which may be leased, rented, borrowed or in the care custody or control of Tenant, or Tenant's agents, employees or subcontractors. Such insurance, with respect only to all Alterations, Tenant Improvements or other work performed on the Premises by Tenant (collectively, "**Tenant Work**"), shall name Landlord and Landlord's current and future mortgagees as loss payees as their interests may appear. Such insurance shall be written on an "all risk" of physical loss or damage basis including the perils of fire, extended coverage, electrical injury, mechanical breakdown, windstorm, vandalism, malicious mischief, sprinkler leakage, back-up of sewers or drains, flood, earthquake, terrorism and such other risks Landlord may from time to time designate, for the full replacement cost value of the covered items with an agreed amount endorsement with no co-insurance. Business interruption coverage shall have limits sufficient to cover Tenant's lost profits and necessary

continuing expenses, including rents due Landlord under the Lease. The minimum period of indemnity for business interruption coverage shall be twelve (12) months plus twelve (12) months' extended period of indemnity.

18.2.4. Workers' Compensation insurance as is required by statute or law, or as may be available on a voluntary basis and Employers' Liability insurance with limits of not less than the following: each accident, [***] Dollars (\$[***]); disease, [***] Dollars (\$[***]); disease (each employee), [***] Dollars (\$[***]).

18.2.5. Pollution Legal Liability insurance is required (a) if Tenant stores, handles, generates or treats Hazardous Materials, as determined solely by Landlord, on or about the Premises, and (b) to the extent Landlord is not maintaining environmental insurance coverage pursuant to Section 18.1.4. Such coverage shall include bodily injury, sickness, disease, death or mental anguish or shock sustained by any person; property damage including physical injury to or destruction of tangible property including the resulting loss of use thereof, clean-up costs, and the loss of use of tangible property that has not been physically injured or destroyed; and defense costs, charges and expenses incurred in the investigation, adjustment or defense of claims for such compensatory damages. Coverage shall apply to both sudden and non-sudden pollution conditions including the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water. Claims-made coverage is permitted, provided the policy retroactive date is continuously maintained prior to the commencement date of this Lease, and coverage is continuously maintained during all periods in which Tenant occupies the Premises. Coverage shall be maintained with limits of not less than \$[***] per incident with a \$[***] policy aggregate and for a period of two (2) years thereafter.;

18.3. During all construction by Tenant at the Premises, with respect to tenant improvements being constructed (including the Tenant Improvements and any Alterations), Tenant shall cause the insurance required in Exhibit E-1 to be in place.

18.4. The insurance required of Tenant by this Section shall be with companies at all times having a current rating of not less than A- and financial category rating of at least Class VII in "A.M. Best's Insurance Guide" current edition. Tenant shall obtain for Landlord from the insurance companies/broker or cause the insurance companies/broker to furnish certificates of insurance evidencing all coverages required herein to Landlord. Landlord reserves the right to require complete, certified copies of all required insurance policies including any endorsements. To the extent such provision is available from the insurance company, no such policy shall be cancelable or subject to reduction of coverage or other modification or cancellation except after twenty (20) days' prior written notice to Landlord from Tenant or its insurers (except in the event of non-payment of premium, in which case ten (10) days' written notice shall be given). All such policies shall be written as primary policies, not contributing with and not in excess of the coverage that Landlord may carry. Tenant's required policies shall contain severability of interests clauses stating that, except with respect to limits of insurance, coverage shall apply separately to each insured or additional insured. Tenant shall, at least twenty-five (25) days prior to the expiration of such policies, furnish Landlord with renewal certificates of insurance or binders. Tenant agrees that if Tenant does not take out and maintain such insurance, Landlord may (but shall not be required to) procure such insurance on Tenant's behalf and at its cost to be paid by Tenant as Additional Rent. Commercial General Liability, Commercial Automobile Liability, Umbrella Liability and Pollution Legal Liability insurance as required above shall name Landlord, IIP Operating Partnership, LP and Innovative Industrial Properties, Inc. and their respective officers, employees, agents, general partners, members, subsidiaries, affiliates and Lenders ("**Landlord Parties**") as additional insureds as respects liability arising from work or operations performed by or on behalf of Tenant, Tenant's use or occupancy of Premises, and ownership, maintenance or use of vehicles by or on behalf of Tenant.

18.5. Tenant assumes the risk of damage to any fixtures, goods, inventory, merchandise, equipment and leasehold improvements, and Landlord shall not be liable for injury to Tenant's business or any loss of income therefrom, relative to such damage, all as more particularly set forth within this Lease. Tenant shall, at Tenant's sole cost and expense, carry such insurance as Tenant desires for Tenant's protection with respect to personal property of Tenant or business interruption.

18.6. Each party and its insurers hereby waive any and all rights of recovery or subrogation against the other party with respect to any loss, damage, claims, suits or demands, howsoever caused, that are covered, or

should have been covered, by valid and collectible insurance, including any deductibles or self-insurance maintained thereunder. If necessary, either party agrees to endorse the required insurance policies to permit waivers of subrogation as required hereunder and hold harmless and indemnify the other party for any loss or expense incurred as a result of a failure to obtain such waivers of subrogation from insurers. Such waivers shall continue so long as the parties' insurers so permit. Any termination of such a waiver shall be by written notice to the other, containing a description of the circumstances hereinafter set forth in this Section. Each party, upon obtaining the policies of insurance required or permitted under this Lease, shall give notice to its insurance carriers that the foregoing waiver of subrogation is contained in this Lease. If such policies shall not be obtainable with such waiver or shall be so obtainable only at a premium over that chargeable without such waiver, then Tenant shall notify Landlord of such conditions.

18.7. Landlord may require insurance policy limits required under this Lease to be raised to conform with requirements of Landlord's lender, if any.

18.8. Any costs incurred by Landlord pursuant to this Section shall be included as Operating Expenses payable by Tenant pursuant to this Lease.

18.9. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

19. Subordination and Attornment.

19.1. This Lease shall be subject and subordinate to the lien of any mortgage, deed of trust, or lease in which Landlord is tenant now or hereafter in force against the Premises or any portion thereof and to all advances made or hereafter to be made upon the security thereof without the necessity of the execution and delivery of any further instruments on the part of Tenant to effectuate such subordination.

19.2. Notwithstanding the foregoing, Tenant shall execute and deliver upon demand such further instrument or instruments evidencing such subordination of this Lease to the lien of any such mortgage or mortgages or deeds of trust or lease in which Landlord is tenant as may be required by Landlord provided such party recognizes Tenant's rights under the Lease. If any such mortgagee, beneficiary or landlord under a lease wherein Landlord is tenant (each, a "**Mortgagee**") so elects, however, this Lease shall be deemed prior in lien to any such lease, mortgage, or deed of trust upon or including the Premises regardless of date and Tenant shall execute a statement in writing to such effect at Landlord's request. If Tenant fails to execute any document required from Tenant under this Section within ten (10) business days after written request therefor, Tenant hereby constitutes and appoints Landlord or its special attorney-in-fact to execute and deliver any such document or documents in the name of Tenant. Such power is coupled with an interest and is irrevocable.

19.3. Upon written request of Landlord and opportunity for Tenant to review, Tenant agrees to execute any Lease amendments not materially altering the terms of this Lease, if reasonably required by a Mortgagee incident to the financing of the real property of which the Premises constitute a part.

19.4. In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by Landlord covering the Premises, Tenant shall at the election of the purchaser at such foreclosure or sale attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as Landlord under this Lease provided Tenant's rights under the Lease are not disturbed so long as Tenant is not default of its obligations hereunder.

20. Defaults and Remedies.

20.1. Late payment by Tenant to Landlord of Rent and other sums due shall cause Landlord to incur costs not contemplated by this Lease, the exact amount of which shall be extremely difficult and impracticable to ascertain. Such costs include processing and accounting charges and late charges that may be imposed on Landlord by the terms of any mortgage or trust deed covering the Premises. Therefore, if any installment of Rent due from Tenant is not received by Landlord within five (5) days after the date such payment is due, Tenant shall pay to Landlord (a) an additional sum of [***] percent ([***]%) of the overdue Rent as a late charge plus (b) interest at an annual rate (the "**Default Rate**") equal to the lesser of (a) [***] percent ([***]%) and (b) the highest rate permitted

by Applicable Laws. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Landlord shall incur by reason of late payment by Tenant and shall be payable as Additional Rent to Landlord due with the next installment of Rent. Landlord's acceptance of any Additional Rent (including a late charge or any other amount hereunder) shall not be deemed an extension of the date that Rent is due or prevent Landlord from pursuing any other rights or remedies under this Lease, at law or in equity.

20.2. No payment by Tenant or receipt by Landlord of a lesser amount than the Rent payment herein stipulated shall be deemed to be other than on account of the Rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as Rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or pursue any other remedy provided in this Lease or in equity or at law.

20.3. If Tenant fails to pay any sum of money required to be paid by it hereunder or perform any other act on its part to be performed hereunder, in each case within the applicable cure period (if any) described herein, then Landlord may (but shall not be obligated to), without waiving or releasing Tenant from any obligations of Tenant, make such payment or perform such act. Notwithstanding the foregoing, in the event of an emergency, Landlord shall have the right to enter the Premises and act in accordance with its rights as provided elsewhere in this Lease. Tenant shall pay to Landlord as Additional Rent all sums so paid or incurred by Landlord, together with interest at the Default Rate, computed from the date such sums were paid or incurred.

20.4. The occurrence of any one or more of the following events shall constitute a "**Default**" hereunder by Tenant:

20.4.1. Tenant abandons or vacates the Premises;

20.4.2. Tenant fails to make any payment of Rent, as and when due, where such failure shall continue for a period of five (5) days after written notice thereof from Landlord to Tenant;

20.4.3. Tenant fails to observe or perform any obligation or covenant contained herein that is not otherwise described in this Section 20.4, and such failure (if susceptible to cure) is not cured within thirty (30) days after Tenant's receipt of written notice from Landlord of such default, provided that if such default cannot reasonably be cured within thirty (30) days, then Tenant shall not be in Default so long as Tenant commences to cure such default within such thirty (30) day period and thereafter pursues such cure to completion, provided such cure period shall in no event exceed ninety (90) days;

20.4.4. Tenant makes an assignment for the benefit of creditors, or a receiver, trustee or custodian is appointed to or does take title, possession or control of all or substantially all of Tenant's or any Guarantor's assets;

20.4.5. Tenant or any Guarantor files a voluntary petition under the United States Bankruptcy Code or any successor statute (as the same may be amended from time to time, the "**Bankruptcy Code**") or an order for relief is entered against Tenant or any Guarantor (as applicable) pursuant to a voluntary or involuntary proceeding commenced under any chapter of the Bankruptcy Code;

20.4.6. Any involuntary petition is filed against Tenant or any Guarantor under any chapter of the Bankruptcy Code and is not dismissed within one hundred twenty (120) days;

20.4.7. A default exists under any Guaranty executed by a Guarantor in favor of Landlord, after the expiration of any applicable notice and cure periods;

20.4.8. Tenant's interest in this Lease is attached, executed upon or otherwise judicially seized and such action is not released within one hundred twenty (120) days of the action;

20.4.9. A governmental authority seizes any part of the Property seeking forfeiture, whether or not a judicial forfeiture proceeding has commenced;

20.4.10. A final, appealable judgment having the effect of establishing that Tenant's operation violates Landlord's contractual obligations (i) pursuant to any private covenants of record restricting Landlord's Buildings comprising the Premises or (ii) of good faith and fair dealing to any third party, including other occupants or owners of any other building within the Project; or

20.4.11. An event occurs that results in any insurance carrier that provides insurance coverage with respect to any aspect of the Property providing notice to the Landlord of its intent to cancel such insurance coverage, and Landlord, exercising commercially reasonable efforts, is not able to procure comparable replacement insurance coverage that is reasonably acceptable to Landlord prior to the actual cancellation date specified in the notice from the cancelling insurance carrier.

20.5. Notices given under this Section shall specify the alleged default and shall demand that Tenant perform the provisions of this Lease or pay the Rent that is in arrears, as the case may be, within the applicable period of time, or quit the Premises. No such notice shall be deemed a forfeiture or a termination of this Lease unless Landlord elects otherwise in such notice.

20.6. In the event of a Default by Tenant, and at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of any right or remedy that Landlord may have under Applicable Laws or this Lease, Landlord has the right to do any or all of the following:

20.6.1. Halt any Tenant Improvements or Alterations and order Tenant's contractors to stop work;

20.6.2. Terminate Tenant's right to possession of the Premises by written notice to Tenant or by any lawful means, in which case Tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall have the immediate right to re-enter and remove all persons and property, and such property may be removed and stored elsewhere at the cost and for the account of Tenant, all without service of notice or resort to legal process and without being deemed guilty of trespass or becoming liable for any loss or damage; and

20.6.3. Terminate this Lease, in which event Tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall have the immediate right to re-enter and remove all persons and property, and such property may be removed and stored elsewhere at the cost and for the account of Tenant, pursuant to legal process and without being deemed guilty of trespass or becoming liable for any loss or damage. In the event that Landlord shall elect to so terminate this Lease, then Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default, including:

20.6.3.1. The sum of: (i) the worth at the time of award (computed by allowing interest at the Default Rate) of any unpaid Rent that had accrued at the time of such termination; plus (ii) the worth at the time of award of the amount by which the unpaid Rent that would have accrued during the period commencing with termination of the Lease and ending at the time of award exceeds that portion of the loss of Landlord's rental income from the Premises that Tenant proves to Landlord's reasonable satisfaction could have been reasonably avoided; plus; (iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds that portion of the loss of Landlord's rental income from the Premises that Tenant proves to Landlord's reasonable satisfaction could have been reasonably avoided; plus (iv) any other amount necessary to compensate Landlord for all the detriment caused by Tenant's failure to perform its obligations under this Lease or that in the ordinary course of things would be likely to result therefrom, including the cost of restoring the Premises to the condition required under the terms of this Lease, including any rent payments not otherwise chargeable to Tenant (e.g., during any "free" rent period or rent holiday); plus (v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by Applicable Laws; or

20.6.3.2. At Landlord's election, as minimum liquidated damages in addition to any (A) amounts paid or payable to Landlord pursuant to Section 20.6.3.1(i) prior to such election and (B) costs of restoring the Premises to the condition required under the terms of this Lease, an amount (the "**Election Amount**") equal to either (Y) the positive difference (if any, and measured at the time of such termination) between (1) the then-present value of the total Rent and other benefits that would have accrued to Landlord under this Lease for the remainder of

the Term if Tenant had fully complied with the Lease minus (2) the then-present cash rental value of the Premises as determined by Landlord for what would be the then-unexpired Term if the Lease remained in effect, computed using the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one (1) percentage point (the "**Discount Rate**") or (Z) twelve (12) months (or such lesser number of months as may then be remaining in the Term) of Base Rent and Additional Rent at the rate last payable by Tenant pursuant to this Lease, in either case as Landlord specifies in such election. Landlord and Tenant agree that the Election Amount represents a reasonable forecast of the minimum damages expected to occur in the event of a breach, taking into account the uncertainty, time and cost of determining elements relevant to actual damages, such as fair market rent, time and costs that may be required to re-lease the Premises, and other factors; and that the Election Amount is not a penalty.

20.7. In addition to any other remedies available to Landlord at law or in equity and under this Lease, Landlord may continue this Lease in effect after Tenant's Default or abandonment and recover Rent as it becomes due. In addition, Landlord shall not be liable in any way whatsoever for its failure or refusal to relet the Premises. For purposes of this Section, the following acts by Landlord will not constitute the termination of Tenant's right to possession of the Premises: Acts of maintenance or preservation or efforts to relet the Premises, including alterations, remodeling, redecorating, repairs, replacements or painting as Landlord shall consider advisable for the purpose of reletting the Premises or any part thereof; or the appointment of a receiver upon the initiative of Landlord to protect Landlord's interest under this Lease or in the Premises.

20.8. Notwithstanding the foregoing, in the event of a Default by Tenant, Landlord may elect at any time to terminate this Lease and to recover damages to which Landlord is entitled.

20.9. If Landlord does not elect to terminate this Lease as provided in this Section 20, then Landlord may, from time to time, recover all Rent as it becomes due under this Lease. At any time thereafter, Landlord may elect to terminate this Lease and to recover damages to which Landlord is entitled.

20.10. All of Landlord's rights, options and remedies hereunder shall be construed and held to be nonexclusive and cumulative. Notwithstanding any provision of this Lease to the contrary, in no event shall Landlord be required to mitigate its damages with respect to any default by Tenant, except as required by Applicable Laws. Any such obligation imposed by Applicable Laws upon Landlord to relet the Premises after any termination of this Lease shall be subject to the reasonable requirements of Landlord to lease to high quality tenants on such terms as Landlord may from time to time deem appropriate in its discretion. Landlord shall not be obligated to relet the Premises to any party (i) reasonably unacceptable to a Lender, (ii) that desires to change the Permitted Use, or (iii) that desires to lease the Premises for less than the remaining Term.

20.11. To the extent permitted by Applicable Laws, Tenant waives any and all rights of redemption granted by or under any present or future Applicable Laws if Tenant is evicted or dispossessed for any cause, or if Landlord obtains possession of the Premises due to Tenant's default hereunder or otherwise.

20.12. Landlord shall not be in default or liable for damages under this Lease unless Landlord fails to perform obligations required of Landlord within thirty (30) days after written notice from Tenant, or if the failure to perform such obligation cannot be reasonably cured within thirty (30) days, within such time as may be reasonably required to perform such obligation provided that Landlord commences and diligently pursues such cure within the first thirty (30) days. In no event shall Tenant have the right to terminate or cancel this Lease or to withhold or abate rent or to set off any Claims against Rent as a result of any default or breach by Landlord of any of its covenants, obligations, representations, warranties or promises hereunder, except as may otherwise be expressly set forth in this Lease.

20.13. In the event of any default by Landlord, Tenant shall give notice by registered or certified mail to any (a) beneficiary of a deed of trust or (b) mortgagee under a mortgage covering the Premises or any portion thereof and to any landlord of any lease of land upon or within which the Premises are located, and shall offer such beneficiary, mortgagee or landlord a reasonable opportunity to cure the default, including time to obtain possession of the Premises by power of sale or a judicial action if such should prove necessary to effect a cure; provided that Landlord shall furnish to Tenant in writing, upon written request by Tenant, the names and addresses of all such persons who are to receive such notices.

21. Damage or Destruction.

21.1. Tenant's Obligation to Rebuild. If the Premises are damaged or destroyed, Tenant shall immediately provide notice thereof to Landlord, and shall promptly thereafter deliver to Landlord Tenant's good faith estimate of the time it will take to repair and rebuild the Premises (the "Estimated Time For Repair"). Subject to the other provisions of this Section 21, Tenant shall promptly and diligently repair and rebuild the Premises in accordance with this Section 21 unless Landlord or Tenant terminates this Lease in accordance with Section 21.2.

21.2. Termination.

21.2.1. Landlord's Right to Terminate.

21.2.1.1. Landlord shall have the right to terminate this Lease following damage to or destruction of all or a substantial portion of the Premises if any of the following occurs (each, a "**Termination Condition**"): (i) insurance proceeds, together with additional amounts Tenant agrees to contribute under this Section 21, are not confirmed to be available to Landlord, within 90 days following the date of damage, to pay 100% of the cost to fully repair the damaged Premises, excluding the deductible for which Tenant shall also be responsible for paying as an Operating Expense; (ii) based upon the Estimated Time For Repair, the Premises cannot, with reasonable diligence, be fully repaired by Tenant within eighteen (18) months after the date of the damage or destruction; (iii) the Premises cannot be safely repaired because of the presence of hazardous factors, including, but not limited to, earthquake faults, chemical waste and other similar dangers; (iv) subject to the terms and conditions of Section 21.2.1.1, hereof, all or a substantial portion of the Premises are destroyed or damaged during the last 24 months of the Term; or (v) Tenant is in Default at the time of such damage or destruction past any period of notice and cure as elsewhere provided in this Lease. For purposes of this Section 21.2, a "substantial portion" of the Premises shall be deemed to be damaged or destroyed if the Premises is rendered unsuitable for the continued use and occupancy of Tenant's business substantially in the same manner conducted prior to the event causing the damage or destruction.

21.2.1.2. If all or a substantial portion of the Premises are destroyed or damaged within the last twenty-four (24) months of the initial Term, or within the last twenty-four (24) months of the first Extension Period under this Lease, and Landlord desires to terminate this Lease under Section 21.2.1.1, hereof, Landlord shall deliver a Termination Notice to Tenant pursuant to Section 21.2.3 below and Tenant shall have a period of thirty (30) days after receipt of the Termination Notice ("**Tenant's Early Option Period**") to exercise its option to extend the initial Term or the first Extension Period, as applicable, by providing Landlord with written notice of Tenant's exercise of its respective option prior to the expiration of Tenant's Early Option Period. If Tenant exercises its option rights under the immediately preceding sentence, the Termination Notice shall be deemed rescinded and Tenant shall proceed to repair and rebuild the Premises in accordance with the other provisions of this Section 21. If Tenant fails to deliver such written notice to Landlord prior to the end of Tenant's Early Option Period, then Tenant shall be deemed to have waived its option to extend the Term, and the last day of Tenant's Early Option Period shall be deemed to be the date of the occurrence of the Termination Condition under Section 21.2.1.1.

21.2.2. Tenant's Right to Terminate. Tenant shall have the right to terminate this Lease following damage to or destruction of all or a substantial portion of the Premises if the Premises are destroyed or damaged during the last twenty-four (24) months of the Term or any Extension, which termination shall be deemed to constitute a Termination Condition.

21.2.3. Exercise of Termination Right. If a party elects to terminate this Lease and has the right to so terminate, such party will give the other party written notice of its election to terminate ("**Termination Notice**") within thirty (30) days after the occurrence of the applicable Termination Condition, and this Lease will terminate fifteen (15) days after the receiving party's receipt of such Termination Notice, except in the case of a termination by Landlord under Section 21.2.1.1, in which case this Lease will terminate fifteen (15) days after expiration of the Tenant Early Option Period if Tenant timely fails to exercise timely Tenant's option to extend the Term. If this Lease is terminated pursuant to Section 21.2, Landlord shall, subject to the rights of its lender(s), be entitled to receive and retain all the insurance proceeds resulting from such damage, including rental loss insurance,

except for those proceeds payable under policies obtained by Tenant which specifically insure Tenant's personal property, trade fixtures and machinery.

21.3. Tenant's Obligation to Repair. If Tenant is required to repair or rebuild any damage or destruction of the Premises under Section 21.1, then Tenant shall (a) submit its plans to repair such damage and reconstruct the Premises to Landlord for review and approval, which approval shall not be unreasonably withheld; (b) diligently repair and rebuild the Premises in the same or better condition and with the same or better quality of materials as the condition of the Premises as of the Commencement Date, and in a manner that is consistent with the plans and specifications approved by Landlord; (c) obtain all permits and governmental approvals necessary to repair or reconstruct the Premises (which permits shall not contain any conditions that are materially more restrictive than the permits in existence on the date hereof); (d) cause all work to be performed only by qualified contractors that are reasonably approved by Landlord; (e) allow Landlord and its consultants and agents to enter the Premises at all reasonable times to inspect the Premises and Tenant's ongoing work and cooperate reasonably in good faith with their effort to ensure that the work is proceeding in a manner that is consistent with this Lease; (f) comply with all applicable laws and permits in connection with the performance of such work; (g) timely pay all of its consultants, suppliers and other contractors in connection with the performance of such work; (h) notify Landlord if Tenant receives any notice of any default or any violation of any applicable law or any permit or similar notice in connection with such work; (i) deliver as-built plans for the Premises within thirty (30) days after the completion of such repair and restoration; (j) ensure that Landlord has fee simple title to the Premises during such work without any claim by any contractor or other party; (k) maintain such insurance as Landlord may reasonably require (including insurance in the nature of builders' risk insurance) and (l) comply with such other conditions as Landlord may reasonably require. In addition, Tenant shall, at its expense, replace or fully repair all of Tenant's personal property and any alterations installed by Tenant existing at the time of such damage or destruction that are not otherwise covered by landlord's insurance for the Buildings. To the fullest extent permitted by law, Tenant shall indemnify, protect, defend and hold Landlord (and its employees and agents) harmless from and against any and all claims, costs, expenses, suits, judgments, actions, investigations, proceedings and liabilities arising out of or in connection with Tenant's obligations under this Section 21, including, without limitation, any acts, omissions or negligence in the making or performance of any such repairs or replacements. In the event Tenant does not repair and rebuild the Premises pursuant to this Section 21, Tenant shall be in breach, and Landlord shall have the right to retain all casualty insurance proceeds and condemnation proceeds.

21.4. Application of Insurance Proceeds for Repair and Rebuilding. Landlord shall cause the insurance proceeds (the "**Insurance Proceeds**") on account of such damage or destruction to be held by Landlord and disbursed as follows:

21.4.1. Minor Restorations. If (i) the estimated cost of restoration is less than [***] Dollars (\$[***]), (ii) prior to commencement of restoration, no Default shall exist and no mechanics' or materialmen's liens shall have been filed and remain undischarged, (iii) the architects, contracts, contractors, plans and specifications for the restoration shall have been approved by Landlord (which approval shall not be unreasonably withheld or delayed), and (iv) Landlord shall be provided with reasonable assurance against mechanics' liens, accrued or incurred, as Landlord or its lenders may reasonably require and such other documents and instruments as Landlord or its lenders may reasonably require, then Landlord shall make available that portion of the Insurance Proceeds to Tenant for application to pay the costs of restoration incurred by Tenant and Tenant shall promptly complete such restoration.

21.4.2. Other Than Minor Restorations. If the estimated cost of restoration is equal to or exceeds [***] Dollars (\$[***]), and if Tenant provides evidence satisfactory to Landlord that sufficient funds are available to restore the Premises, Landlord shall make disbursements from the available Insurance Proceeds from time to time in an amount not exceeding the cost of the work completed since the date covered by the last disbursement, upon receipt of (a) satisfactory evidence, including architect's certificates, of the stage of completion, of the estimated cost of completion and of performance of the work to date in a good and workmanlike manner in accordance with the contracts, plans and specifications, (b) reasonable assurance against mechanics' or materialmen's liens, accrued or incurred, as Landlord or its lenders may reasonably require, (c) contractors' and subcontractors' sworn statements, (d) a satisfactory bring-to-date of title insurance, (e) performance and payment bonds reasonably acceptable to Landlord in an amount and form, and from a surety, reasonably acceptable to Landlord, and naming Landlord as an

additional obligee, (f) such other documents and instruments as Landlord or its lenders may reasonably require, and (g) other evidence of cost and payment so that Landlord can verify that the amounts disbursed from time to time are represented by work that is completed, in place and free and clear of mechanics' lien claims.

21.4.3. Requests for Disbursements. Requests for disbursement shall be made no more frequently than monthly and shall be accompanied by a certificate of Tenant describing in detail the work for which payment is requested, stating the cost incurred in connection therewith and stating that Tenant has not previously received payment for such work; the certificate to be delivered by Tenant upon completion of the work shall, in addition, state that the work has been completed and complies with the applicable requirements of this Lease. Landlord may retain 5% of each requisition until the restoration is fully completed, provided that Landlord shall release retainage as to specific trades once their portion of the restoration work is completed. In addition, Landlord may withhold from amounts otherwise to be paid to Tenant, any amount that is necessary in Landlord's reasonable judgment to protect Landlord from any potential loss due to work that is improperly performed or claims by Tenant's contractors and consultants.

21.4.4. Costs in Excess of Insurance Proceeds. In addition, prior to commencement of restoration and at any time during restoration, if the estimated cost of restoration, as determined by the evaluation of an independent engineer acceptable to Landlord and Tenant, exceeds the amount of the Insurance Proceeds, Tenant will provide evidence satisfactory to Landlord that the amount of such excess will be available to restore the Premises. Any Insurance Proceeds remaining upon completion of restoration shall be refunded to Tenant up to the amount of Tenant's payments pursuant to the immediately preceding sentence. If no such refund is required, any sum of Insurance Proceeds remaining upon completion of restoration shall be paid to Landlord. In the event Landlord and Tenant cannot agree on an independent engineer, an independent engineer designated by Tenant and an independent engineer designated by Landlord shall within five (5) business days select an independent engineer licensed to practice in Massachusetts who shall resolve such dispute within ten (10) business days after being retained by Landlord. All fees, costs and expenses of such third engineer so selected shall be shared equally by Landlord and Tenant.

21.5. Abatement of Rent. In the event of repair, reconstruction and restoration as provided in this Section, all Rent to be paid by Tenant under this Lease shall be abated proportionately based on the extent to which Tenant's use of the Premises is impaired during the period of such repair, reconstruction or restoration, unless Landlord provides Tenant with other space during the period of repair, reconstruction and restoration that, in Tenant's reasonable opinion, is suitable for the temporary conduct of Tenant's business; provided, however, that the amount of such abatement shall be reduced by the amount of Rent that is received by Tenant as part of the business interruption or loss of rental income with respect to the Premises from the proceeds of business interruption or loss of rental income insurance. Tenant shall not otherwise be entitled to any compensation or damages from Landlord for loss of the use of the Premises, damage to Tenant's personal property or any inconvenience occasioned by such damage, repair or restoration.

21.6. Replacement Cost. The determination in good faith by Landlord of the estimated cost of repair of any damage, of the replacement cost, or of the time period required for repair, based upon written quotes or estimates from applicable insurance adjusters, architects or general contractors after an independent bidding process shall be conclusive for purposes of this Section 21.

21.7. This Section 21 sets forth the terms and conditions upon which this Lease may terminate in the event of any damage or destruction. Accordingly, the parties hereby waive the provisions of any Applicable Laws (and any successor statutes) permitting the parties to terminate this Lease as a result of any damage or destruction.

22. Eminent Domain.

22.1. In the event (a) the whole of the Premises or (b) such part thereof as shall substantially interfere with Tenant's use and occupancy of the Premises for the Permitted Use shall be taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking, Tenant or Landlord may terminate this Lease effective as of the date possession is required to be surrendered to such authority, except with regard to (y) items occurring prior to the

taking and (z) provisions of this Lease that, by their express terms, survive the expiration or earlier termination hereof.

22.2. In the event of a partial taking of the Premises for any public or quasi-public purpose by any lawful power or authority by exercise of right of appropriation, condemnation, or eminent domain, or sold to prevent such taking, then, without regard to whether any portion of the Premises occupied by Tenant was so taken, Landlord may elect to terminate this Lease (except with regard to (a) items occurring prior to the taking and (b) provisions of this Lease that, by their express terms, survive the expiration or earlier termination hereof) as of such taking if such taking is, in Landlord's sole but reasonable opinion, of a material nature such as to make it uneconomical to continue use of the unappropriated portion for purposes of renting space for the Permitted Use.

22.3. Tenant shall be entitled to any award that is specifically awarded as compensation for (a) the taking of Tenant's personal property that was installed at Tenant's expense and (b) the costs of Tenant moving to a new location. Except as set forth in the previous sentence, any award for such taking shall be the property of Landlord.

22.4. If, upon any taking of the nature described in this Section, this Lease continues in effect, then Landlord shall promptly proceed to restore the Premises to substantially their same condition prior to such partial taking. To the extent such restoration is infeasible, as determined by Landlord in its sole and absolute discretion, the Rent shall be decreased proportionately to reflect the loss of any portion of the Premises no longer available to Tenant.

22.5. This Section 22 sets forth the terms and conditions upon which this Lease may terminate in the event of any damage or destruction. Accordingly, the parties hereby waive the provisions of any Applicable Laws (and any successor statutes) permitting the parties to terminate this Lease as a result of any damage or destruction.

23. Surrender. At least thirty (30) days prior to Tenant's surrender of possession of any part of the Premises, Tenant shall provide Landlord with a facility decommissioning and Hazardous Materials closure plan for the Premises ("**Exit Survey**") prepared by an independent third party state-certified professional with appropriate expertise, which Exit Survey must be reasonably acceptable to Landlord. In addition, at least ten (10) days prior to Tenant's surrender of possession of any part of the Premises, Tenant shall (a) provide Landlord with written evidence of all appropriate governmental releases if so required to be obtained by Tenant in accordance with Applicable Laws, including laws pertaining to the surrender of the Premises, and (b) conduct a site inspection with Landlord. In addition, Tenant agrees to remain responsible after the surrender of the Premises for the remediation of any recognized environmental conditions set forth in the Exit Survey and comply with any recommendations set forth in the Exit Survey. Tenant's obligations under this Section shall survive the expiration or earlier termination of the Lease. The provisions of this Section 23 shall survive the termination or expiration of this Lease, and no surrender of possession of any part of the Premises shall release Tenant from any of its obligations hereunder, unless such surrender is accepted in writing by Landlord.

24. Bankruptcy. In the event a debtor, trustee or debtor in possession under the Bankruptcy Code, or another person with similar rights, duties and powers under any other Applicable Laws, proposes to cure any default under this Lease or to assume or assign this Lease and is obliged to provide adequate assurance to Landlord that (a) a default shall be cured, (b) Landlord shall be compensated for its damages arising from any breach of this Lease and (c) future performance of Tenant's obligations under this Lease shall occur, then such adequate assurances shall include any or all of the following, as designated by Landlord in its sole and absolute discretion: (i) those acts specified in the Bankruptcy Code or other Applicable Laws as included within the meaning of "adequate assurance," even if this Lease does not concern a facility described in such Applicable Laws; (ii) a prompt cash payment to compensate Landlord for any monetary defaults or actual damages arising directly from a breach of this Lease; (iii) a cash deposit in an amount at least equal to the then-current amount of the Security Deposit; or (iv) the assumption or assignment of all of Tenant's interest and obligations under this Lease.

25. Brokers. Landlord and Tenant mutually represent and warrant that neither has had any dealings with any real estate broker or agent in connection with the negotiation of this Lease and that neither knows of any real estate broker or agent that is or might be entitled to a commission in connection with this Lease. Landlord and Tenant

mutually agree to indemnify, save, defend (at the indemnified party's option and with counsel reasonably acceptable to the indemnified party) and hold the indemnified party harmless from any and all cost or liability for compensation claimed by any broker or agent employed or engaged by Landlord or Tenant or claiming to have been employed or engaged by Landlord or Tenant. The provisions of this Section 25 shall survive the expiration or termination of this Lease.

27. Definition of Landlord. With regard to obligations imposed upon Landlord pursuant to this Lease, the term "**Landlord**," as used in this Lease, shall refer only to Landlord or Landlord's then-current successor-in-interest. In the event of any transfer, assignment or conveyance of Landlord's interest in this Lease or in Landlord's fee title to or leasehold interest in the Property, as applicable, Landlord herein named (and in case of any subsequent transfers or conveyances, the subsequent Landlord) shall be automatically freed and relieved, from and after the date of such transfer, assignment or conveyance, from all liability for the performance of any covenants or obligations contained in this Lease arising after the date of conveyance to be performed by Landlord and, without further agreement, the transferee, assignee or conveyee of Landlord's in this Lease or in Landlord's fee title to or leasehold interest in the Property, as applicable, shall be deemed to have assumed and agreed to observe and perform any and all covenants and obligations of Landlord hereunder during the tenure of its interest in the Lease or the Property. Landlord or any subsequent Landlord may transfer its interest in the Premises or this Lease without Tenant's consent.

28. Limitation of Landlord's Liability. If Landlord is in default under this Lease and, as a consequence, Tenant recovers a monetary judgment against Landlord, the judgment shall be satisfied only out of (a) the proceeds of sale received on execution of the judgment and levy against the right, title and interest of Landlord in the Premises, (b) rent or other income from such real property receivable by Landlord or (c) the consideration received by Landlord from the sale, financing, refinancing or other disposition of all or any part of Landlord's right, title or interest in the Premises. Neither Landlord nor any of its affiliates, nor any of their respective partners, shareholders, directors, officers, employees, members or agents shall be personally liable for Landlord's obligations or any deficiency under this Lease. No partner, shareholder, director, officer, employee, member or agent of Landlord or any of its affiliates shall be sued or named as a party in any suit or action. No partner, shareholder, director, officer, employee, member or agent of Landlord or any of its affiliates shall be required to answer or otherwise plead to any service of process, and no judgment shall be taken or writ of execution levied against any partner, shareholder, director, officer, employee, member or agent of Landlord or any of its affiliates. Each of the covenants and agreements of this Section 28 shall be applicable to any covenant or agreement either expressly contained in this Lease or imposed by Applicable Laws and shall survive the expiration or earlier termination of this Lease.

29. Control by Landlord. Landlord reserves full control over the Premises to the extent not inconsistent Massachusetts law and regulation or with Tenant's enjoyment of the same as provided by this Lease; provided, however, that such rights shall be exercised in a way that does not materially adversely affect Tenant's beneficial use and occupancy of the Premises, including the Permitted Use and Tenant's access to the Premises. Tenant shall, at Landlord's request, promptly execute such further documents as may be reasonably appropriate to assist Landlord in the performance of its obligations hereunder; provided that Tenant need not execute any document that creates additional liability for Tenant or that deprives Tenant of the quiet enjoyment and use of the Premises as provided for in this Lease. Landlord may, upon twenty-four (24) hours' prior notice (which may be oral or by email to the office manager or other Tenant-designated individual at the Premises; but provided that no time restrictions shall apply or advance notice be required if an emergency necessitates immediate entry), enter the Premises to (v) inspect the same and to determine whether Tenant is in compliance with its obligations hereunder, (w) supply any service Landlord is required to provide hereunder, (x) post notices of nonresponsibility and (y) show the Premises to prospective tenants during the final year of the Term and current and prospective purchasers and lenders at any time (in all situations provided that Landlord's personnel are accompanied by Tenants' authorized personnel in sensitive areas of the Premises). In no event shall Tenant's Rent abate as a result of Landlord's activities pursuant to this Section 29; provided, however, that all such activities shall be conducted in such a manner so as to cause as little interference to Tenant as is reasonably possible. If an emergency necessitates immediate access to the Premises, Landlord may use whatever force is necessary to enter the Premises, and any such entry to the Premises shall not constitute a forcible or unlawful entry to the Premises, a detainer of the Premises, or an eviction of Tenant from the Premises or any portion thereof.

30. Joint and Several Obligations. If more than one person or entity executes this Lease as Tenant, then (i) each of them is jointly and severally liable for the keeping, observing and performing of all of the terms, covenants, conditions, provisions and agreements of this Lease to be kept, observed or performed by Tenant, and such terms, covenants, conditions, provisions and agreements shall be binding with the same force and effect upon each and all of the persons executing this Lease as Tenant; and (ii) the term "**Tenant**," as used in this Lease, shall mean and include each of them, jointly and severally. The act of, notice from/to, refund to, or signature of any one or more of them with respect to the tenancy under this Lease, including any renewal, extension, expiration, termination or modification of this Lease, shall be binding upon each and all of the persons executing this Lease as Tenant with the same force and effect as if each and all of them had so acted, so given or received such notice or refund, or so signed.

31. Representations. Each of Tenant and Landlord guarantees, warrants and represents that (a) such party is duly incorporated or otherwise established or formed and validly existing under the laws of its state of incorporation, establishment or formation, (b) such party is duly qualified to do business in the state in which the Property is located, (c) such party has full corporate, partnership, trust, association or other appropriate power and authority to enter into this Lease and to perform its obligations hereunder, (d) each person (and all of the persons if more than one signs) signing this Lease on behalf of such party is duly and validly authorized to do so and (e) neither (i) the execution, delivery or performance of this Lease nor (ii) the consummation of the transactions contemplated hereby will violate or conflict with any provision of documents or instruments under which such party is constituted or to which such party is a party. In addition, Tenant guarantees, warrants and represents that none of (x) it, (y) its affiliates or partners nor (z) to the best of its knowledge, its members, shareholders or other equity owners or any of their respective employees, officers, directors, representatives or agents is a person or entity with whom U.S. persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control ("**OFAC**") of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism) or other similar governmental action.

32. Confidentiality. Tenant shall keep the terms and conditions of this Lease confidential and shall not (a) disclose to any third party any terms or conditions of this Lease or any other Lease-related document (including subleases, assignments, work letters, construction contracts, letters of credit, subordination agreements, non-disturbance agreements, brokerage agreements or estoppels) or (b) provide to any third party an original or copy of this Lease (or any Lease-related document) other than to its attorneys, accountants and other professionals. Notwithstanding the foregoing, confidential information under this Section may be released by Landlord or Tenant under the following circumstances: (x) if required by Applicable Laws or in any judicial proceeding, including with respect to Tenant's permits and licenses required for the Permitted Use; provided that the releasing party has given the other party reasonable notice of such requirement, if feasible, (y) to a party's attorneys, investors, accountants, brokers and other bona fide consultants or advisers; provided such third parties agree to be bound by this Section or (z) to bona fide prospective assignees or subtenants of this Lease; provided they agree in writing to be bound by this Section.

33. Notices. Except as otherwise stated in this Lease, any notice, consent, demand, invoice, statement or other communication required or permitted to be given hereunder shall be in writing and shall be given by (a) personal delivery, (b) overnight delivery with a reputable international overnight delivery service, such as FedEx, or (c) facsimile or email transmission, so long as such transmission is followed within one (1) business day by delivery utilizing one of the methods described in Subsection 33(a) or (b). Any such notice, consent, demand, invoice, statement or other communication shall be deemed delivered (x) upon receipt, if given in accordance with Subsection 33(a); (y) one (1) business day after deposit with a reputable international overnight delivery service, if given in accordance with Subsection 33(b); or (z) upon transmission, if given in accordance with Subsection 33(c). Except as otherwise stated in this Lease, any notice, consent, demand, invoice, statement or other communication required or permitted to be given pursuant to this Lease shall be addressed to Tenant at the Premises, or to Landlord or Tenant at the addresses shown in Section 2. Either party may, by notice to the other given pursuant to this Section, specify additional or different addresses for notice purposes.

34. Right of First Refusal. In the event the Tenant intends to enter into a transaction to sell one or more Units that comprise a part of the condominium project where the Premises is located (the "**ROFR Property**"), Tenant shall give Landlord written notice thereof (the "**Notice of Sale**"), which notice shall include the purchase price and other basic terms upon which Tenant is willing to purchase or sell such ROFR Property (the "**Proposed Transaction Terms**"). Landlord shall have a period of fifteen (15) business days from Landlord's receipt of a Notice of Sale to notify Tenant of its decision to purchase the ROFR Property from Tenant upon the Proposed Transaction Terms set forth in the Notice of Sale (the "**ROFR**"). If Landlord fails to notify Tenant of Landlord's intent to exercise the ROFR within fifteen (15) business days of receipt of the Notice of Sale, then Landlord shall be deemed to have waived the ROFR with respect to the transaction as described in the Notice of Sale. Should Landlord waive (or be deemed to have waived) the ROFR, Tenant shall be at liberty to proceed with the transaction described in the Notice of Sale so long as the economic terms of the transaction are not less favorable to Tenant than the Proposed Transaction Terms. If for any reason Tenant fails to sell the ROFR Property within six (6) months of the date Tenant first gives notice to Landlord pursuant to this Section 34, or if Tenant determines to enter into a sale transaction with respect to the ROFR Property upon terms that are substantially less favorable to Tenant than the Proposed Transaction Terms set forth in the Notice of Sale, then Landlord's ROFR rights pursuant to this Section 34 shall apply and Tenant must deliver a second Notice of Sale setting forth the same or revised Proposed Transaction Terms. For purposes of the preceding sentence, such terms shall be deemed to be substantially less favorable to Tenant if the overall economic benefits to be derived by Tenant from the transaction decrease by five percent (5%) or more. Landlord shall have a ten (10) business day period from Landlord's receipt of the second Notice of Sale to notify Tenant of its decision to purchase or not purchase the ROFR Property upon the Proposed Transaction Terms set forth in the second Notice of Sale. If Tenant either receives a notice from Landlord that Landlord does not desire to purchase the ROFR Property or Tenant fails to receive any notice from Landlord within the applicable time period, then Tenant shall have the right to proceed with the transaction described in the second Notice of Sale so long as the economic terms of the transaction are not less favorable to Tenant than the Proposed Transaction Terms set forth therein. In the event Landlord timely exercises its ROFR with respect to any transaction described in a Notice of Sale in accordance with the provisions of this Section 34, not later than thirty (30) days after the receipt by Tenant of Landlord's written notice of exercise of its ROFR, Landlord and Tenant shall enter into and execute a definitive purchase agreement, incorporating the Proposed Transaction Terms for the sale of the ROFR Property as reflected in the Notice of Sale.

35. Miscellaneous.

35.1. To induce Landlord to enter into this Lease, Tenant agrees that it shall, upon Landlord's written request and within one-hundred and twenty (120) days after the end of Tenant's financial year, furnish Landlord with a certified copy of Tenant's and Guarantor's year-end financial statements for the previous year. Tenant also agrees that it shall, upon Landlord's written request and within forty-five (45) days after the end of Tenant's fiscal quarter, furnish to Landlord compiled financial statements for the quarter of Tenant and Guarantor. Tenant represents and warrants that all financial statements, records and information furnished by Tenant to Landlord in connection with this Lease are true, correct and complete in all respects and that all financial statements, records and information furnished by Guarantor to Landlord in connection with this Lease are true, correct and complete in all respects. The provisions of this Section shall not apply at any time while Tenant or Guarantor (as applicable) is a corporation whose shares are traded on any nationally recognized stock exchange.

35.2. The terms of this Lease are intended by the parties as a final, complete and exclusive expression of their agreement with respect to the terms that are included herein, and may not be contradicted or supplemented by evidence of any other prior or contemporaneous agreement except to the extent that modification is necessary to comply with Massachusetts law and/or regulation. To the extent that such modification is required, Landlord and Tenant agree to be bound by the terms of this Lease that are compliant and work in good faith, and within a reasonable period of time, to modify the non-compliant terms so that they may be brought into compliance.

35.3. Neither party shall record this Lease.

35.4. Landlord and Tenant have each participated in the drafting and negotiation of this Lease, and the language in all parts of this Lease shall be in all cases construed as a whole according to its fair meaning and not strictly for or against either Landlord or Tenant.

35.5. Except as otherwise expressly set forth in this Lease, each party shall pay its own costs and expenses incurred in connection with this Lease and such party's performance under this Lease; provided that, if either party commences an action, proceeding, demand, claim, action, cause of action or suit against the other party arising out of or in connection with this Lease, then the substantially prevailing party shall be reimbursed by the other party for all reasonable costs and expenses, including reasonable attorneys' fees and expenses, incurred by the substantially prevailing party in such action, proceeding, demand, claim, action, cause of action or suit, and in any appeal in connection therewith (regardless of whether the applicable action, proceeding, demand, claim, action, cause of action, suit or appeal is voluntarily withdrawn or dismissed).

35.6. Time is of the essence with respect to the performance of every provision of this Lease.

35.7. Each provision of this Lease performable by Tenant shall be deemed both a covenant and a condition.

35.8. Notwithstanding anything to the contrary contained in this Lease, Tenant's obligations under this Lease are independent and shall not be conditioned upon performance by Landlord.

35.9. Whenever consent or approval of either party is required, that party shall not unreasonably withhold, condition or delay such consent or approval, except as may be expressly set forth to the contrary.

35.10. Any provision of this Lease that shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof, and all other provisions of this Lease shall remain in full force and effect and shall be interpreted as if the invalid, void or illegal provision did not exist.

35.11. Each of the covenants, conditions and agreements herein contained shall inure to the benefit of and shall apply to and be binding upon the parties hereto and their respective heirs; legatees; devisees; executors; administrators; and permitted successors and assigns. This Lease is for the sole benefit of the parties and their respective heirs, legatees, devisees, executors, administrators and permitted successors and assigns, and nothing in this Lease shall give or be construed to give any other person or entity any legal or equitable rights. Nothing in this Section shall in any way alter the provisions of this Lease restricting assignment or subletting.

35.12. This Lease shall be governed by, construed and enforced in accordance with the laws of the state in which the Premises are located, without regard to such state's conflict of law principles.

35.13. Landlord covenants that Tenant, upon paying the Rent and performing its obligations contained in this Lease, may peacefully and quietly have, hold and enjoy the Premises, free from any claim by Landlord or persons claiming under Landlord, but subject to all of the terms and provisions hereof, provisions of Applicable Laws and rights of record to which this Lease is or may become subordinate. This covenant is in lieu of any other quiet enjoyment covenant, either express or implied.

35.14. Each of Tenant and Landlord guarantees, warrants and represents to the other party that the individual or individuals signing this Lease have the power, authority and legal capacity to sign this Lease on behalf of and to bind all entities, corporations, partnerships, limited liability companies, joint venturers or other organizations and entities on whose behalf such individual or individuals have signed.

35.15. This Lease may be executed in one or more counterparts, each of which, when taken together, shall constitute one and the same document.

35.16. No provision of this Lease may be modified, amended or supplemented except by an agreement in writing signed by Landlord and Tenant.

35.17. No waiver of any term, covenant or condition of this Lease shall be binding upon Landlord unless executed in writing by Landlord. The waiver by Landlord of any breach or default of any term, covenant or condition contained in this Lease shall not be deemed to be a waiver of any preceding or subsequent breach or default of such term, covenant or condition or any other term, covenant or condition of this Lease.

35.18. To the extent permitted by Applicable Laws, the parties waive trial by jury in any action, proceeding or counterclaim brought by the other party hereto related to matters arising out of or in any way connected with this Lease; the relationship between Landlord and Tenant; Tenant's use or occupancy of the Premises; or any claim of injury or damage related to this Lease or the Premises.

[The remainder of this page is intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Lease on the day and year first above written.

LANDLORD:

IIP-MA 4 LLC,
a Delaware limited liability company

By: /s/ Brian Wolfe
Name: Brian Wolfe
Title: Vice President, General Counsel and Secretary

TENANT:

MASSGROW, LLC,
a Massachusetts limited liability company

By: /s/ Francis Perullo
Name: Francis Perullo
Title: Manager

EXHIBIT A

PREMISES

The Units known as Unit 1 and Unit 2 (collectively the “**Units**”) in the Chestnut Hill Avenue Primary Condominium (“**Condominium**”), a condominium established pursuant to Massachusetts General Laws, Chapter 183A, as the same may have been or may hereafter be amended (“**Chapter 183A**”) by Master Deed dated March 6, 2020 and recorded with the Worcester County Registry of Deeds in Book 62139, Page 61. Said Units are conveyed together with an undivided percentage interest in the common areas and facilities of the property (“**Common Elements**”) as described in said Master Deed as being attributed to the Units, as may from time to time be amended.

ADDRESS: 134 Chestnut Hill Avenue, Units 1 and 2
Athol, Massachusetts

EXHIBIT B
TENANT'S PERSONAL PROPERTY

None.

EXHIBIT C

FORM OF TENANT ESTOPPEL CERTIFICATE

To: IIP-MA 4 LLC
11440 West Bernardo Court, Suite 100
San Diego, California 92127
Attention: General Counsel

Re: [PREMISES ADDRESS] (the "Premises") 134 Chestnut Hill Avenue in Athol, Massachusetts (the "Property")

The undersigned tenant ("Tenant") hereby certifies to you as follows:

1. Tenant is a tenant at the Property under a lease (the "Lease") for the Premises dated as of [____], 20[___]. The Lease has not been cancelled, modified, assigned, extended or amended [except as follows: [____]], and there are no other agreements, written or oral, affecting or relating to Tenant's lease of the Premises or any other space at the Property. The lease term expires on [____], 20[___].
2. Tenant took possession of the Premises, currently consisting of [____] square feet, on [____], 20[___], and commenced to pay rent on [____], 20[___]. Tenant has full possession of the Premises, has not assigned the Lease or sublet any part of the Premises, and does not hold the Premises under an assignment or sublease[, except as follows: [____]].
3. All base rent, rent escalations and additional rent under the Lease have been paid through [____], 20[___]. There is no prepaid rent[, except \$[____]], and the amount of security deposit is \$[____] [in cash][OR][in the form of a letter of credit]]. Tenant currently has no right to any future rent abatement under the Lease.
4. Base rent is currently payable in the amount of \$[____] per month.
5. All work to be performed for Tenant under the Lease has been performed as required under the Lease and has been accepted by Tenant[, except [____]], and all allowances to be paid to Tenant, including allowances for tenant improvements, moving expenses or other items, have been paid, except that Tenant has \$_____ of Tenant Improvement Allowance remaining.
6. The Lease is in full force and effect, free from default and free from any event that could become a default under the Lease, and Tenant has no claims against the landlord or offsets or defenses against rent, and there are no disputes with the landlord. Tenant has received no notice of prior sale, transfer, assignment, hypothecation or pledge of the Lease or of the rents payable thereunder[, except [____]].
7. Tenant has no rights or options to purchase the Property.
8. To Tenant's knowledge, no hazardous wastes have been generated, treated, stored or disposed of by or on behalf of Tenant in, on or around the Premises in violation of any environmental laws.
9. The undersigned has executed this Estoppel Certificate with the knowledge and understanding that [INSERT NAME OF LANDLORD, PURCHASER OR LENDER, AS APPROPRIATE] or its assignee is [acquiring the Property/making a loan secured by the Property] in reliance on this certificate and that the undersigned shall be bound by this certificate. The statements contained herein may be relied upon by [INSERT NAME OF PURCHASER OR LENDER, AS APPROPRIATE], IIP-MA 4 LLC, IIP Operating Partnership, LP, Innovative Industrial Properties, Inc., and any [other] mortgagee of the Property and their respective successors and assigns.

[Signature page follows]

Any capitalized terms not defined herein shall have the respective meanings given in the Lease.

Dated this [____] day of [____], 20[____].

[____],
a [____]

By: _____
Name: _____
Title: _____

EXHIBIT D
FORM OF
GUARANTY OF LEASE

This Guaranty of Lease ("**Guaranty**") is executed effective on the ____ day of [____], 20[___], by [____], a [____] ("**Guarantor**"), in favor of IIP-MA 4 LLC, a Delaware limited liability company ("**Landlord**"), whose address for notices is 11440 West Bernardo Court, Suite 100, San Diego, California 92127, Attn: General Counsel.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor covenants and agrees as follows:

1. **Recitals.** This Guaranty is made with reference to the following recitals of facts which constitute a material part of this Guaranty:

(a) Landlord, as Landlord, and MassGrow, LLC, a Massachusetts limited liability company, as Tenant ("**Tenant**"), entered into that certain Lease dated as of [____], 2020 (the "**Lease**"), with respect to certain space in the buildings located at 134 Chestnut Hill Avenue, Units 1 & 2, in Athol, Massachusetts, as more particularly described in the Lease (the "**Leased Premises**").

(b) Guarantor is an affiliate of Tenant and is therefore receiving a substantial benefit for executing this Guaranty.

(c) Landlord would not have entered into the Lease with Tenant without having received the Guaranty executed by Guarantor as an inducement to Landlord.

(d) By this Guaranty, Guarantor intends to absolutely, unconditionally and irrevocably guarantee the full, timely, and complete (i) payment of all rent and other sums required to be paid by Tenant under the Lease and any other indebtedness of Tenant, (ii) performance of all other terms, covenants, conditions and obligations of Tenant arising out of the Lease and all damages that may arise as a consequence of any non-payment, non-performance or non-observance of, or non-compliance with, any of the terms, covenants, conditions or other obligations described in the Lease (including, without limitation, all attorneys' fees and disbursements and all litigation costs and expenses reasonably incurred or payable by Landlord or for which Landlord may be responsible or liable, or caused by any such default), and (iii) payment of any and all expenses (including reasonable attorneys' fees and expenses and litigation expenses) incurred by Landlord in enforcing any of the rights under the Lease or this Guaranty within five (5) days after Landlord's demand thereafter (collectively, the "**Guaranteed Obligations**").

2. **Guaranty.** From and after the Execution Date (as such term is defined under the Lease), Guarantor absolutely, unconditionally and irrevocably guarantees, as principal obligor and not merely as surety, to Landlord, the full, timely and unconditional payment and performance, of the Guaranteed Obligations strictly in accordance with the terms of the Lease, as such Guaranteed Obligations may be modified, amended, extended or renewed from time to time. This is a Guaranty of payment and performance and not merely of collection. Guarantor agrees that Guarantor is primarily liable for and responsible for the payment and performance of the Guaranteed Obligations. Guarantor shall be bound by all of the provisions, terms, conditions, restrictions and limitations contained in the Lease which are to be observed or performed by Tenant, the same as if Guarantor was named therein as Tenant with joint and several liability with Tenant, and any remedies that Landlord has under the Lease against Tenant shall apply to Guarantor as well. If Tenant defaults in any Guaranteed Obligation under the Lease, Guarantor shall in lawful money of the United States, pay to Landlord on demand the amount due and owing under the Lease. Guarantor waives any rights to notices of acceptance, modifications, amendment, extension or breach of the Lease. If Guarantor is a natural person, it is expressly agreed that this guaranty shall survive the death of such guarantor and shall continue in effect. The obligations of Guarantor under this Guaranty are independent of the obligations of Tenant or any other guarantor. Guarantor acknowledges that this Guaranty and Guarantor's obligations and liabilities under this Guaranty are and shall at all times continue to be absolute and unconditional in all respects and shall be the separate and independent undertaking of Guarantor without regard to the genuineness, validity, legality

or enforceability of the Lease, and shall at all times be valid and enforceable irrespective of any other agreements or circumstances of any nature whatsoever which might otherwise constitute a defense to this Guaranty and the obligations and liabilities of Guarantor under this Guaranty or the obligations or liabilities of any other person or entity (including, without limitation, Tenant) relating to this Guaranty or the obligations or liabilities of Guarantor hereunder or otherwise with respect to the Lease or to Tenant. Guarantor hereby absolutely, unconditionally and irrevocably waives any and all rights it may have to assert any defense, set-off, counterclaim or cross-claim of any nature whatsoever with respect to this Guaranty or the obligations or liabilities of Guarantor under this Guaranty or the obligations or liabilities of any other person or entity (including, without limitation, Tenant) relating to this Guaranty or the obligations or liabilities of Guarantor under this Guaranty or otherwise with respect to the Lease, in any action or proceeding brought by the holder hereof to enforce the obligations or liabilities of Guarantor under this Guaranty. This Guaranty sets forth the entire agreement and understanding of Landlord and Guarantor, and Guarantor acknowledges that no oral or other agreements, understandings, representations or warranties exist with respect to this Guaranty or with respect to the obligations or liabilities of Guarantor under this Guaranty. The obligations of Guarantor under this Guaranty shall be continuing and irrevocable (a) during any period of time when the liability of Tenant under the Lease continues, and (b) until all of the Guaranteed Obligations have been fully discharged by payment, performance or compliance. If at any time all or any part of any payment received by Landlord from Tenant or Guarantor or any other person under or with respect to the Lease or this Guaranty has been refunded or rescinded pursuant to any court order, or declared to be fraudulent or preferential, or are set aside or otherwise are required to be repaid to Tenant, its estate, trustee, receiver or any other party, including as a result of the insolvency, bankruptcy or reorganization of Tenant or any other party (an "**Invalidated Payment**"), then Guarantor's obligations under the Guaranty shall, to the extent of such Invalidated Payment be reinstated and deemed to have continued in existence as of the date that the original payment occurred. This Guaranty shall not be affected or limited in any manner by whether Tenant may be liable, with respect to the Guaranteed Obligations individually, jointly with other primarily, or secondarily.

3. **No Impairment of Guaranteed Obligations.** Guarantor further agrees that Guarantor's liability for the Guaranteed Obligations shall in no way be released, discharged, impaired or affected or subject to any counterclaim, setoff or deduction by (a) any waiver, consent, extension, indulgence, compromise, release, departure from or other action or inaction of Landlord under or in respect of the Lease or this Guaranty, or any obligation or liability of Tenant, or any exercise or non-exercise of any right, remedy, power or privilege under or in respect to the Lease or this Guaranty, (b) any change in the time, manner or place of payment or performance of the Guaranteed Obligations, (c) the acceptance by Landlord of any additional security or any increase, substitution or change therein, (d) the release by Landlord of any security or any withdrawal thereof or decrease therein, (e) any assignment of the Lease or any subletting of all or any portion of the Leased Premises (with or without Landlord's consent), (f) any holdover by Tenant beyond the term of the Lease (g) any termination of the Lease, (h) any release or discharge of Tenant in any bankruptcy, receivership or other similar proceedings, (i) the impairment, limitation or modification of the liability of Tenant or the estate of Tenant in bankruptcy or of any remedy for the enforcement of Tenant's liability under the Lease resulting from the operation of any present or future provisions of any bankruptcy code or other statute or from the decision in any court, or the rejection or disaffirmance of the Lease in any such proceedings, (j) any merger, consolidation, reorganization or similar transaction involving Tenant, even if Tenant ceases to exist as a result of such transaction, (k) the change in the corporate relationship between Tenant and Guarantor or any termination of such relationship, (l) any change in the direct or indirect ownership of all or any part of the shares in Tenant, or (m) to the extent permitted under applicable law, any other occurrence or circumstance whatsoever, whether similar or dissimilar to the foregoing, which might otherwise constitute a legal or equitable defense or discharge of the liabilities of Guarantor or which might otherwise limit recourse against Guarantor. Guarantor further understands and agrees that Landlord may at any time enter into agreements with Tenant to amend and modify the Lease, and may waive or release any provision or provisions of the Lease, and, with reference to such instruments, may make and enter into any such agreement or agreements as Landlord and Tenant may deem proper and desirable, without in any manner impairing or affecting this Guaranty or any of Landlord's rights hereunder or Guarantor's obligations hereunder, unless otherwise agreed in writing thereunder or under the Lease.

4. **Remedies.**

If Tenant defaults with respect to the Guaranteed Obligations, and if Guarantor does not fulfill Tenant's obligations within a reasonable time period (not to exceed five (5) days with respect to any monetary obligation and thirty (30) days with respect to any non-monetary obligation) upon its receipt of written notice of such default from Landlord, Landlord may at its election proceed immediately against Guarantor, Tenant, or any combination of Tenant, Guarantor, and/or any other guarantor. It is not necessary for Landlord, in order to enforce payment and performance by Guarantor under this Guaranty, first or contemporaneously to institute suit or exhaust remedies against Tenant or other liable for any of the Guaranteed Obligations or to enforce rights against any collateral securing any of it. Guarantor hereby waives any right to require Landlord to join Tenant in any action brought hereunder or to commence any action against or obtain any judgment against Tenant or to pursue any other remedy or enforce any other right. If any portion of the Guaranteed Obligations terminates and Landlord continues to have any rights that it may enforce against Tenant under the Lease after such termination, then Landlord may at its election enforce such rights against Guarantor. Unless and until all Guaranteed Obligations have been fully satisfied, Guarantor shall not be released from its obligations under this Guaranty irrespective of: (i) the exercise (or failure to exercise) by Landlord of any of Landlord's rights or remedies (including, without limitation, compromise or adjustment of the Guaranteed Obligations or any part thereof); or (ii) any release by Landlord in favor of Tenant regarding the fulfillment by Tenant of any obligation under the Lease.

Notwithstanding anything in the foregoing to the contrary, Guarantor hereby covenants and agrees to and with Landlord that Guarantor may be joined in any action by or against Tenant in connection with the Lease. Guarantor also agrees that, in any jurisdiction, it will be conclusively bound by the judgment in any such action by or against Tenant (wherever brought) as if Guarantor were a party to such action even though Guarantor is not joined as a party in such action.

5. **Waivers.** With the exception of the defense of prior payment, performance or compliance by Tenant or Guarantor of or with the Guaranteed Obligations which Guarantor is called upon to pay or perform, or the defense that Landlord's claim against Guarantor is barred by the applicable statute of limitations, Guarantor hereby waives and releases all defenses of the law of guaranty or suretyship to the extent permitted by law.

6. **Rights Cumulative.** All rights, powers and remedies of Landlord under this Guaranty shall be cumulative and in addition to all rights, powers and remedies given to Landlord by law.

7. **Representations and Warranties.** Guarantor hereby represents and warrants that (a) Guarantor has a net worth sufficient to enable Guarantor to promptly perform all of the Guaranteed Obligations as and when they are due; (b) Landlord has made no representation to Guarantor as to the creditworthiness or financial condition of Tenant; (c) Guarantor has full power to execute, deliver and carry out the terms and provisions of this Guaranty and has taken all necessary action to authorize the execution, delivery and performance of this Guaranty; (d) Guarantor's execution and delivery of, and the performance of its obligations under, this Guaranty does not conflict with or violate any of Guarantor's organizational documents, or any contract, agreement or decree which Guarantor is a party to or which is binding on Guarantor; (e) the individual executing this Guaranty on behalf of Guarantor has the authority to bind Guarantor to the terms and conditions of this Guaranty; (f) Guarantor has been represented by counsel of its choice in connection with this Guaranty; (g) this Guaranty when executed and delivered shall constitute the legal, valid and binding obligations of Guarantor enforceable against Guarantor in accordance with its terms; and (h) there is no action, suit, or proceeding pending or, to the knowledge of Guarantor, threatened against Guarantor before or by any governmental authority which questions the validity or enforceability of, or Guarantor's ability to perform under, this Guaranty.

8. **Subordination.** In the event of Tenant's insolvency or the disposition of the assets of Tenant, through bankruptcy, by an assignment for the benefit of creditors, by voluntary liquidation, or otherwise, the assets of Tenant applicable to the payment of all claims of Landlord and/or Guarantor shall be paid to Landlord and shall be first applied by Landlord to the Guaranteed Obligations. Any indebtedness of Tenant now or hereafter held by Guarantor, whether as original creditor or assignee or by way of subrogation, restitution, reimbursement, indemnification or otherwise, is hereby subordinated in right of payment to the Guaranteed Obligations. So long as an uncured event of default exists under the Lease, (a) at Landlord's written request, Guarantor shall cause Tenant to

pay to Landlord all or any part of any funds invested in or loaned to Tenant by Guarantor which Guarantor is entitled to withdraw or collect and (b) any such indebtedness or other amount collected or received by Guarantor shall be held in trust for Landlord and shall forthwith be paid over to Landlord to be credited and applied against the Guaranteed Obligations. Subject to the foregoing, Guarantor shall be entitled to receive from Landlord any amounts that are, from time to time, due to Guarantor in the ordinary course of business. Until all of Tenant's obligations under the Lease are fully performed, Guarantor's right of subrogation against Tenant by reason of any payments, acts or performance by Guarantor under this Guaranty shall be subordinate to the Lease.

9. **Governing Law.** This Guaranty shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, United States of America, without regard to principles of conflicts of laws. TO THE FULLEST EXTENT PERMITTED BY LAW, GUARANTOR HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS GUARANTY.

10. **Attorneys' Fees.** In the event any litigation or other proceeding ("**Proceeding**") is initiated by any party against any other party to enforce this Guaranty, the prevailing party in such Proceeding shall be entitled to recover from the unsuccessful party all costs, expenses, and actual reasonable attorneys' fees relating to or arising out of such Proceeding.

11. **Modification.** This Guaranty may be modified only by a contract in writing executed by Guarantor and Landlord.

12. **Invalidity.** If any provision of the Guaranty shall be invalid or unenforceable, the remainder of this Guaranty shall not be affected by such invalidity or unenforceability. In the event, and to the extent, that this Guaranty shall be held ineffective or unenforceable by any court of competent jurisdiction, then Guarantor shall be deemed to be a tenant under the Lease with the same force and effect as if Guarantor were expressly named as a co-tenant therein with joint and several liability.

13. **Successors and Assigns.** Unless otherwise agreed in writing or under the Lease, this Guaranty shall be binding upon and shall inure to the benefit of the successors-in-interest and assigns of each party to this Guaranty.

14. **Notices.** Any notice, consent, demand, invoice, statement or other communication required or permitted to be given hereunder shall be in writing and shall be given by (a) personal delivery, (b) overnight delivery with a reputable international overnight delivery service, such as FedEx, or (c) facsimile or email transmission, so long as such transmission is followed within one (1) business day by delivery utilizing one of the methods described in subsections (a) or (b). Any such notice, consent, demand, invoice, statement or other communication shall be deemed delivered (x) upon receipt, if given in accordance with subsection (a); (y) one business (1) day after deposit with a reputable international overnight delivery service, if given if given in accordance with subsection (b); or (z) upon transmission, if given in accordance with subsection (c). Except as otherwise stated in this Guaranty, any notice, consent, demand, invoice, statement or other communication required or permitted to be given pursuant to this Guaranty shall be addressed to Guarantor or Landlord at the address set forth above in the introductory paragraph of this Guaranty. Either party may, by notice to the other given pursuant to this Section, specify additional or different addresses for notice purposes.

15. **Waiver.** Any waiver of a breach or default under this Guaranty must be in a writing that is duly executed by Landlord and shall not be a waiver of any other default concerning the same or any other provision of this Guaranty. No delay or omission in the exercise of any right or remedy shall impair such right or remedy or be construed as a waiver.

16. **Withholding.** Unless otherwise agreed in the Lease, any and all payments by Guarantor to Landlord under this Guaranty shall be made free and clear of and without deduction for any and all present or future taxes, duties, levies, imposts, deductions, assessments, fees, withholdings or similar charges, and all liabilities with respect thereto (collectively, "**Taxes**"). If Guarantor shall be required by any applicable laws to deduct any Taxes from or in respect of any sum payable under this Guaranty to Landlord: (a) the sum payable shall be increased as necessary so that after making all required deductions, the Landlord receives an amount equal to the sum it would have received had

no such deductions been made; (b) Guarantor shall make such deductions; and (c) Guarantor shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable laws.

17. **Financial Condition of Tenant.** Landlord shall have no obligation to disclose or discuss with Guarantor Landlord's assessment of the financial condition of Tenant. Guarantor has adequate means to obtain information from Tenant on a continuing basis concerning the financial condition of Tenant and its ability to perform its Guaranteed Obligations, and Guarantor assumes responsibility for being and keeping informed of Tenant's financial condition and of all circumstances bearing upon the risk of Tenant's failure to perform the Guaranteed Obligations.

18. **Bankruptcy.** So long as the Guaranteed Obligations remain outstanding, Guarantor shall not, without Landlord's prior written consent, commence or join with any other person in commencing any bankruptcy or similar proceeding of or against Tenant. Guarantor's obligations hereunder shall not be reduced, limited, impaired, discharged, deferred, suspended or terminated by any bankruptcy or similar proceeding (voluntary or involuntary) involving Tenant or by any defense that Tenant may have by reason of an order, decree or decision of any court or administrative body resulting from any such proceeding. To the fullest extent permitted by law, Guarantor will permit any trustee in bankruptcy, receiver, debtor in possession, assignee for the benefit of creditors or similar person to pay to Landlord or allow the claim of Landlord in respect of any interest, fees, costs, expenses or other Guaranteed Obligations accruing or arising after the date on which such case or proceeding is commenced.

19. **Conveyance or Transfer.** Without Landlord's written consent, Guarantor shall not convey, sell, lease or transfer any of its properties or assets to any person or entity to the extent that such conveyance, sale, lease or transfer could have a material adverse effect on Guarantor's ability to fulfill any of the Guaranteed Obligations.

20. **Financials.** To induce Landlord to enter into the Lease, Guarantor (to the extent applicable) shall provide to Landlord all information as required to be provided by Tenant and/or Guarantor pursuant to Section 35.1 of the Lease, subject to all conditions set forth in that Section.

21. **Joint and Several Liability.** Guarantor's liability under this Guaranty shall be joint and several with any and all other Guarantors in accordance with the terms and conditions of the Lease.

22. **Release.** Upon full payment and performance of all of Guarantor's obligations under the Lease, this Guaranty shall automatically terminate and be released.

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IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be signed by its respective officer thereunto duly authorized, all as of the date first written above.

GUARANTOR

[____],
a [_____]

By: _____
Name: _____
Title: _____

EXHIBIT E
WORK LETTER

This Work Letter (this "**Work Letter**") is made and entered into as of the 2nd day of April, 2020, by and between IIP-MA 4 LLC, a Delaware limited liability company ("**Landlord**"), and MASSGROW, LLC, a Massachusetts limited liability company ("**Tenant**"), and is attached to and made a part of that certain Lease dated as of April 2, 2020 (as the same may be amended, amended and restated, supplemented or otherwise modified from time to time, the "**Lease**"), by and between Landlord and Tenant for the Premises located at 134 Chestnut Hill Avenue, Units 1 & 2, in Athol, Massachusetts. All capitalized terms used but not otherwise defined herein shall have the meanings given them in the Lease.

1. General Requirements.

1.1. Authorized Representatives.

(a) Landlord designates, as Landlord's authorized representative ("**Landlord's Authorized Representative**"), (i) Catherine Hastings as the person authorized to initial plans, drawings, approvals and to sign change orders pursuant to this Work Letter and (ii) an officer of Landlord as the person authorized to sign any amendments to this Work Letter or the Lease. Tenant shall not be obligated to respond to or act upon any such item until such item has been initialed or signed (as applicable) by the appropriate Landlord's Authorized Representative. Landlord may change either Landlord's Authorized Representative upon one (1) business day's prior written notice to Tenant.

(b) Tenant designates Ray Thek ("**Tenant's Authorized Representative**") as the person authorized to initial and sign all plans, drawings, change orders and approvals pursuant to this Work Letter. Landlord shall not be obligated to respond to or act upon any such item until such item has been initialed or signed (as applicable) by Tenant's Authorized Representative. Tenant may change Tenant's Authorized Representative upon one (1) business day's prior written notice to Landlord.

1.2. Schedule. The schedule for design and development of the Tenant Improvements, including the time periods for preparation and review of construction documents, approvals and performance, shall be in accordance with a schedule to be prepared by Tenant (the "**Schedule**"). Tenant shall prepare the Schedule so that it is a reasonable schedule for the completion of the Tenant Improvements. The Schedule shall clearly identify all activities requiring Landlord participation. As soon as the Schedule is completed, Tenant shall deliver the same to Landlord for Landlord's approval, which approval shall not be unreasonably withheld, conditioned or delayed. Such Schedule shall be approved or disapproved by Landlord within ten (10) business days after delivery to Landlord. Landlord's failure to respond within such ten (10) business day period shall be deemed approval by Landlord. If Landlord disapproves the Schedule, then Landlord shall notify Tenant in writing of its objections to such Schedule, and the parties shall confer and negotiate in good faith to reach agreement on the Schedule. The Schedule shall be subject to adjustment as mutually agreed upon in writing by the parties, or as provided in this Work Letter.

1.3. Tenant's Architects, Contractors and Consultants. The architect, engineering consultants, design team, general contractor and subcontractors responsible for the construction of the Tenant Improvements shall be selected by Tenant and approved by Landlord, which approval Landlord shall not unreasonably withhold, condition or delay. All Tenant contracts related to the Tenant Improvements shall provide that Tenant may assign such contracts and any warranties with respect to the Tenant Improvements to Landlord at any time.

2. Tenant Improvements. All Tenant Improvements shall be performed by Tenant's contractor, at Tenant's sole cost and expense (subject to Landlord's obligations with respect to any portion of the TI Allowance) and in accordance with the Approved Plans (as defined below), the Lease and this Work Letter. All material and equipment furnished by Tenant or its contractors as the Tenant Improvements shall be new or "like new;" the Tenant Improvements shall be performed in a first-class, workmanlike manner. Tenant shall take, and shall require its contractors to take, commercially reasonable steps to protect the Premises during the performance of any Tenant

Improvements, including covering or temporarily removing any window coverings so as to guard against dust, debris or damage.

2.1. Work Plans. Tenant shall prepare and submit to Landlord for approval schematics covering the Tenant Improvements prepared in conformity with the applicable provisions of this Work Letter (the "**Draft Schematic Plans**"). The Draft Schematic Plans shall contain sufficient information and detail to accurately describe the proposed design to Landlord and such other information as Landlord may reasonably request. Landlord shall notify Tenant in writing within ten (10) business days after receipt of the Draft Schematic Plans whether Landlord approves or objects to the Draft Schematic Plans and of the manner, if any, in which the Draft Schematic Plans are unacceptable. Landlord's failure to respond within such ten (10) business day period shall be deemed approval by Landlord. If Landlord reasonably objects to the Draft Schematic Plans, then Tenant shall revise the Draft Schematic Plans and cause Landlord's objections to be remedied in the revised Draft Schematic Plans. Tenant shall then resubmit the revised Draft Schematic Plans to Landlord for approval, such approval not to be unreasonably withheld, conditioned or delayed. Landlord's approval of or objection to revised Draft Schematic Plans and Tenant's correction of the same shall be in accordance with this Section until Landlord has approved the Draft Schematic Plans in writing or been deemed to have approved them. The iteration of the Draft Schematic Plans that is approved or deemed approved by Landlord without objection shall be referred to herein as the "**Approved Schematic Plans**."

2.2. Construction Plans. Tenant shall prepare final plans and specifications for the Tenant Improvements that (a) are consistent with and are logical evolutions of the Approved Schematic Plans and (b) incorporate any other Tenant-requested (and Landlord-approved) Changes (as defined below). As soon as such final plans and specifications ("**Construction Plans**") are completed, Tenant shall deliver the same to Landlord for Landlord's approval, which approval shall not be unreasonably withheld, conditioned or delayed. All such Construction Plans shall be submitted by Tenant to Landlord in electronic .pdf, CADD and full-size hard copy formats, and shall be approved or disapproved by Landlord within ten (10) business days after delivery to Landlord. Landlord's failure to respond within such ten (10) business day period shall be deemed approval by Landlord. If the Construction Plans are disapproved by Landlord, then Landlord shall notify Tenant in writing of its objections to such Construction Plans, and the parties shall confer and negotiate in good faith to reach agreement on the Construction Plans. Promptly after the Construction Plans are approved by Landlord and Tenant, two (2) copies of such Construction Plans shall be initialed and dated by Landlord and Tenant, and Tenant shall promptly submit such Construction Plans to all appropriate Governmental Authorities for approval. The Construction Plans so approved, and all change orders approved (to the extent required) by Landlord, are referred to herein as the "**Approved Plans**."

2.3. Changes to the Tenant Improvements. Any material changes to the Approved Plans (each, a "**Change**") requested by Tenant shall be subject to the prior written approval of Landlord, not to be unreasonably withheld, conditioned or delayed. Any such Change request shall detail the nature and extent of any requested Changes, including any modification of the Approved Plans and the Schedule, as applicable, necessitated by the Change. In the event that Landlord fails to respond to any such Change request within five (5) business days of receipt, such Change shall be deemed approved.

3. Completion of Tenant Improvements. Tenant, at its sole cost and expense (except for the TI Allowance), shall perform and complete the Tenant Improvements in all respects (a) in substantial conformance with the Approved Plans, (b) otherwise in compliance with provisions of the Lease and this Work Letter and (c) in accordance with Applicable Laws, the requirements of Tenant's insurance carriers, the requirements of Landlord's insurance carriers (to the extent Landlord provides its insurance carriers' requirements to Tenant) and the board of fire underwriters having jurisdiction over the Premises. The Tenant Improvements shall be deemed completed at such time as Tenant shall furnish to Landlord (t) evidence satisfactory to Landlord that (i) all Tenant Improvements have been completed and paid for in full (which shall be evidenced by the architect's certificate of completion and the general contractor's and each subcontractor's and material supplier's final unconditional waivers and releases of liens, each in a form acceptable to Landlord and complying with Applicable Laws, and a Certificate of Substantial Completion in the form of the American Institute of Architects document G704, executed by the project architect and the general contractor, together with a statutory notice of substantial completion from the general contractor), (ii) all Tenant Improvements have been accepted by Landlord, (iii) any and all liens related to the Tenant Improvements have either been discharged of record (by payment, bond, order of a court of competent jurisdiction or otherwise) or waived by the party filing such lien and (iv) no security interests relating to the Tenant

Improvements are outstanding, (u) all certifications and approvals with respect to the Tenant Improvements that may be required from any Governmental Authority and any board of fire underwriters or similar body for the use and occupancy of the Premises (including a certificate of occupancy for the Premises for the Permitted Use), (v) certificates of insurance required by the Lease to be purchased and maintained by Tenant, (w) an affidavit from Tenant's architect certifying that all work performed in, on or about the Premises is in accordance with the Approved Plans, (x) complete "as built" drawing print sets, project specifications and shop drawings and electronic CADD files on disc (showing the Tenant Improvements as an overlay on the applicable Building(s) "as built" plans for work performed by their architect and engineers in relation to the Tenant Improvements, (y) a commissioning report prepared by a licensed, qualified commissioning agent hired by Tenant and approved by Landlord for all new or affected mechanical, electrical and plumbing systems (which report Landlord may hire a licensed, qualified commissioning agent to peer review, and whose reasonable recommendations Tenant's commissioning agent shall perform and incorporate into a revised report) and (z) such other "close out" materials as Landlord reasonably requests, such as copies of manufacturers' warranties, operation and maintenance manuals and the like.

4. Insurance.

4.1. Property Insurance. At all times during the period beginning with commencement of construction of the Tenant Improvements and ending with final completion of the Tenant Improvements, Tenant shall maintain, or cause to be maintained (in addition to the insurance required of Tenant pursuant to the Lease), property insurance insuring Landlord and the Landlord Parties, as their interests may appear. Such policy shall, on a completed values basis for the full insurable value at all times, insure against loss or damage by fire, vandalism and malicious mischief and other such risks as are customarily covered by the so-called "broad form extended coverage endorsement" upon all Tenant Improvements and the general contractor's and any subcontractors' machinery, tools and equipment, all while each forms a part of, or is contained in, the Tenant Improvements or any temporary structures on the Premises, or is adjacent thereto; provided that, for the avoidance of doubt, insurance coverage with respect to the general contractor's and any subcontractors' machinery, tools and equipment shall be carried on a primary basis by such general contractor or the applicable subcontractor(s). Tenant agrees to pay any deductible, and Landlord is not responsible for any deductible, for a claim under such insurance. Such property insurance shall contain an express waiver of any right of subrogation by the insurer against Landlord and the Landlord Parties, and shall name Landlord and its affiliates as loss payees as their interests may appear.

4.2. Workers' Compensation Insurance. At all times during the period of construction of the Tenant Improvements, Tenant shall, or shall cause its contractors or subcontractors to, maintain statutory workers' compensation insurance as required by Applicable Laws.

5. Liability. Tenant assumes sole responsibility and liability for any and all injuries or the death of any persons, including Tenant's contractors and subcontractors and their respective employees, agents and invitees, and for any and all damages to property caused by, resulting from or arising out of any act or omission on the part of Tenant, Tenant's contractors or subcontractors, or their respective employees, agents and invitees in the prosecution of the Tenant Improvements. Tenant agrees to indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnitees harmless from and against all Claims due to, because of or arising out of any and all such injuries, death or damage, whether real or alleged, and Tenant and Tenant's contractors and subcontractors shall assume and defend at their sole cost and expense all such Claims; provided, however, that nothing contained in this Work Letter shall be deemed to indemnify or otherwise hold Landlord harmless from or against liability caused by Landlord's gross negligence or willful misconduct. Any deficiency in design or construction of the Tenant Improvements shall be solely the responsibility of Tenant (or its architect or contractor), notwithstanding the fact that Landlord may have approved of the same in writing.

6. TI Allowance.

6.1. Application of TI Allowance. Subject to the provisions of Section 5 of the Lease, Landlord shall contribute the TI Allowance toward the costs and expenses incurred in connection with the performance of the Tenant Improvements, in accordance with Section 5 of the Lease. If the entire TI Allowance is not applied toward or reserved for the costs of the Tenant Improvements, then Tenant shall not be entitled to a credit of such unused

portion of the TI Allowance. Tenant may apply the TI Allowance for the payment of construction and other costs in accordance with the terms and provisions of the Lease.

6.2. Approval of Budget for the Tenant Improvements. Notwithstanding anything to the contrary set forth elsewhere in this Work Letter or the Lease, Landlord shall not have any obligation to expend any portion of the TI Allowance until Landlord and Tenant shall have approved in writing the budget for the Tenant Improvements (the "**Approved Budget**"). Prior to Landlord's approval of the Approved Budget, Tenant shall pay all of the costs and expenses incurred in connection with the Tenant Improvements as they become due. Landlord shall not be obligated to reimburse Tenant for costs or expenses relating to the Tenant Improvements that exceed the amount of the TI Allowance. Landlord shall not unreasonably withhold, condition or delay its approval of any budget for Tenant Improvements that is proposed by Tenant.

6.3. Fund Requests. Subject to Section 5 of the Lease, Upon submission by Tenant to Landlord of (a) a statement (a "**Fund Request**") setting forth the total amount of the TI Allowance requested, (b) a summary of the Tenant Improvements performed using AIA standard form Application for Payment (G 702) executed by the general contractor and by the architect, (c) invoices from the general contractor, the architect, and any subcontractors, material suppliers and other parties in the amount of the TI Allowance requested by Tenant for reimbursement, (d) unconditional lien releases from the general contractor and each subcontractor and material supplier with respect to all payments made by Tenant for the Tenant Improvements in a form acceptable to Landlord and complying with Applicable Laws; and (e) the items required to be delivered by Tenant pursuant to Section 5 of the Lease, then Landlord shall, within fifteen (15) days following receipt by Landlord of the Fund Request and all accompanying materials required by this Section, pay to Tenant the amount of the TI Allowance requested.

7. Miscellaneous.

7.1. Incorporation of Lease Provisions. Sections 35.2 through 35.18 of the Lease are incorporated into this Work Letter by reference, and shall apply to this Work Letter in the same way that they apply to the Lease.

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IN WITNESS WHEREOF, Landlord and Tenant have executed this Work Letter to be effective on the date first above written.

LANDLORD:

IIP-MA 4 LLC,
a Delaware limited liability company

By: _____
Name: Brian Wolfe
Title: Vice President, General Counsel and Secretary

TENANT:

MASSGROW, LLC,
a Massachusetts limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT E-1

TENANT WORK INSURANCE SCHEDULE

Tenant shall be responsible for requiring all of Tenant contractors doing construction or renovation work to purchase and maintain such insurance as shall protect it from the claims set forth below which may arise out of or result from any Tenant Work whether such Tenant Work is completed by Tenant or by any Tenant contractors or by any person directly or indirectly employed by Tenant or any Tenant contractors, or by any person for whose acts Tenant or any Tenant contractors may be liable:

1. Claims under workers' compensation, disability benefit and other similar employee benefit acts which are applicable to the Tenant Work to be performed.
2. Claims for damages because of bodily injury, occupational sickness or disease, or death of employees under any applicable employer's liability law.
3. Claims for damages because of bodily injury, or death of any person other than Tenant's or any Tenant contractors' employees.
4. Claims for damages insured by usual personal injury liability coverage which are sustained (a) by any person as a result of an offense directly or indirectly related to the employment of such person by Tenant or any Tenant contractors or (b) by any other person.
5. Claims for damages, other than to the Tenant Work itself, because of injury to or destruction of tangible property, including loss of use therefrom.
6. Claims for damages because of bodily injury or death of any person or property damage arising out of the ownership, maintenance or use of any motor vehicle.

Tenant contractors' Commercial General Liability Insurance shall include premises/operations (including explosion, collapse and underground coverage if such Tenant Work involves any underground work), elevators, independent contractors, products and completed operations, and blanket contractual liability on all written contracts, all including broad form property damage coverage.

Tenant contractors' Commercial General, Automobile, Employers and Umbrella Liability Insurance shall be written for not less than limits of liability as follows:

- | | | |
|----|---|--|
| a. | Commercial General Liability:
Bodily Injury and Property Damage | Commercially reasonable amounts, but in any event no less than \$[***] per occurrence and \$[***] general aggregate, with \$[***] products and completed operations aggregate. |
| b. | Commercial Automobile Liability:
Bodily Injury and Property Damage | \$[***] per accident |
| c. | Employer's Liability:
Each Accident
Disease – Policy Limit
Disease – Each Employee | \$[***]
\$[***]
\$[***] |
| d. | Umbrella Liability:
Bodily Injury and Property Damage | Commercially reasonable amounts (excess of coverages a, b and c above), but in any event no less than \$[***] per occurrence / aggregate. |

All subcontractors for Tenant contractors shall carry the same coverages and limits as specified above, unless different limits are reasonably approved by Landlord. The foregoing policies shall contain a provision that coverages afforded under the policies shall not be canceled or not renewed until at least thirty (30) days' prior written notice has been given to the Landlord. Certificates of insurance including required endorsements showing

such coverages to be in force shall be filed with Landlord prior to the commencement of any Tenant Work and prior to each renewal. Coverage for completed operations must be maintained for the lesser of ten (10) years and the applicable statute of repose following completion of the Tenant Work, and certificates evidencing this coverage must be provided to Landlord. The minimum A.M. Best's rating of each insurer shall be A- VII. Landlord and its mortgagees shall be named as an additional insureds under Tenant contractors' Commercial General Liability, Commercial Automobile Liability and Umbrella Liability Insurance policies as respects liability arising from work or operations performed, or ownership, maintenance or use of autos, by or on behalf of such contractors. Each contractor and its insurers shall provide waivers of subrogation with respect to any claims covered or that should have been covered by valid and collectible insurance, including any deductibles or self-insurance maintained thereunder.

If any contractor's work involves the handling or removal of asbestos (as determined by Landlord in its sole and absolute discretion), such contractor shall also carry Pollution Legal Liability insurance. Such coverage shall include bodily injury, sickness, disease, death or mental anguish or shock sustained by any person; property damage, including physical injury to or destruction of tangible property (including the resulting loss of use thereof), clean-up costs and the loss of use of tangible property that has not been physically injured or destroyed; and defense costs, charges and expenses incurred in the investigation, adjustment or defense of claims for such damages. Coverage shall apply to both sudden and non-sudden pollution conditions including the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water. Claims-made coverage is permitted, provided the policy retroactive date is continuously maintained prior to the Commencement Date, and coverage is continuously maintained during all periods in which Tenant occupies the Premises. Coverage shall be maintained with limits of not less than \$[***] per incident with a \$[***] policy aggregate.

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COMMERCIAL LEASE

1. **Basic Provisions (“Basic Provisions”).**

1.1 **Parties.** This Commercial Lease (“**Lease**”), dated for reference purposes only July 5, 2019 is made by and between **LCR 1014 EASTPORT PLAZA, LLC**, a Delaware limited liability company (“**Lessor**”) and **healthcentral illinois holdings, llc**, an Illinois limited liability company (“**Lessee**”), (collectively the “**Parties**,” or individually a “**Party**”).

1.2 **Premises.** That certain real property, including all improvements therein, commonly known as 1014 Eastport Plaza Drive, Collinsville, Illinois (“**Premises**”). The Premises are located in the County of Madison, and are generally described as APN: 13-2-21-29-03-301-016. (See also Paragraph 2.)

1.3 **Term.** Ten (10) years and zero (0) months (“**Original Term**”) commencing upon the “Closing” as defined in that certain Purchase and Sale Agreement dated July __, 2019, as amended, by and between Lessor, as Purchaser, and HealthCentral Illinois Holdings, LLC, as Seller (“**Commencement Date**”) and ending on the last day of the one hundred twentieth (120th) following the Commencement Date (“**Expiration Date**”). (See also Paragraph 3.)

1.4 **Base Rent.** Eighty Two Thousand Five Hundred Dollars and Zero Cents (\$82,500.00) per month (“**Base Rent**”), payable on the first (1st) day of each month commencing on the Commencement Date. (See also Paragraph 4.)

If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted. See Paragraph 49.

1.5 **Base Rent and Other Monies Paid Upon Execution:**

- (a) Base Rent: \$82,500.00 for the first month following the Commencement Date.
- (b) Security Deposit: \$82,500.00 (“**Security Deposit**”). (See also Paragraph 5)
- (c) Total Due Upon Execution of this Lease: \$165,000.00.

1.6 **Agreed Use.** A cannabis dispensary, and any other related lawful use (“**Agreed Use**”). (See also Paragraph 6 and Paragraph 51)

1.7 **Insuring Party.** Lessee is the “Insuring Party” unless otherwise stated herein. (See also Paragraph 8)

1.8 **Real Estate Brokers.** None. (See also Paragraph 57).

1.9 **Guarantor.** The obligations of the Lessee under this Lease are to be guaranteed by Ascend Wellness Holdings, LLC, a Delaware limited liability company (“**Guarantor**”). (See also Paragraph 35)

2. **Premises.**

2.1 **Letting.** Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. While the approximate square footage of the Premises may have been used in the marketing of the Premises for purposes of comparison, the Base Rent stated herein is NOT tied to square footage and is not subject to adjustment should the actual size be determined to be different. NOTE: Lessee is advised to verify the actual size prior to executing this Lease.

2.2 **Condition.** Lessor shall deliver the Premises to Lessee in its AS IS condition. Lessor has made no representations or warranties relative to the condition of the Premises or its fitness for the Agreed Use or to its compliance with Applicable Requirements (as hereinafter defined) and Lessee has had the opportunity to make a full

and complete investigation of the Premises and accepts the Premises in their AS IS condition without any obligation on the Lessor's part to perform any work thereto.

2.3 **Compliance.** Lessee is responsible for determining whether or not the building codes, applicable laws, covenants and restrictions of record, regulations, laws and ordinances and zoning ("**Applicable Requirements**"), are appropriate for Lessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed. If the Applicable Requirements are hereafter changed so as to require during the term of this Lease the construction of an addition to or an alteration of the Premises, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Premises ("**Capital Expenditure**"), Lessor and Lessee shall allocate the cost of such work as follows:

(a) Subject to Paragraph 2.3(c) below, if such Capital Expenditures are required as a result of the specific and unique use of the Premises by Lessee as compared with uses by tenants in general, Lessee shall be fully responsible for the cost thereof.

(b) If such Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee (such as, governmentally mandated seismic modifications), then Lessor shall pay for such Capital Expenditure at Lessee's sole cost and expense, and the Capital Expenditure shall be amortized over a twelve (12) year period from the date when it is incurred and upon the expiration of this Lease, provided that the Lessee is not in default under this Lease, Lessor shall reimburse Lessee for the unamortized portion of such Capital Expenditure.

(c) Notwithstanding the above, the provisions concerning Capital Expenditures are intended to apply only to non-voluntary, unexpected, and new Applicable Requirements. If the Capital Expenditures are instead triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Lessee shall either: (i) immediately cease such changed use or intensity of use and/or take such other steps as may be necessary to eliminate the requirement for such Capital Expenditure, or (ii) complete such Capital Expenditure at its own expense. Lessee shall not, however, have any right to terminate this Lease.

2.4 **Acknowledgements.** Lessee acknowledges that: (a) it has been given an opportunity to inspect and measure the Premises, (b) it has been advised by Lessor and/or Brokers to satisfy itself with respect to the size and condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements and the Americans with Disabilities Act), and their suitability for Lessee's intended use, (c) Lessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, (d) it is not relying on any representation as to the size of the Premises made by Brokers or Lessor, (e) the square footage of the Premises was not material to Lessee's decision to lease the Premises and pay the Rent stated herein, and (f) neither Lessor, nor Lessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease.

3. **Term.**

3.1 **Term.** The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

3.2 **Possession.** Lessor shall deliver possession of the Premises to Lessee on the Commencement Date.

4. **Rent.**

4.1 **Rent Defined.** All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the Security Deposit) are deemed to be rent ("**Rent**"). Any and all other sums of money or charges to be paid by Lessee pursuant to the provisions of this Lease other than Base Rent are hereby designated as and included in the term "**Additional Rent**." A failure to pay Additional Rent shall be treated in all events as the failure to pay Rent.

4.2 **Payment.** Lessee shall cause payment of Rent to be received by Lessor in lawful money of the United States, without offset or deduction (except as specifically permitted in this Lease), on or before the day on

which it is due. All monetary amounts shall be rounded to the nearest whole dollar. In the event that any invoice prepared by Lessor is inaccurate such inaccuracy shall not constitute a waiver and Lessee shall be obligated to pay the amount set forth in this Lease. Rent for any period during the term hereof which is for less than one full calendar month shall be prorated based upon the actual number of days of said month. Payment of Rent shall be made to Lessor at its address stated herein or to such other persons or place as Lessor may from time to time designate in writing. Acceptance of a payment which is less than the amount then due shall not be a waiver of Lessor's rights to the balance of such Rent, regardless of Lessor's endorsement of any check so stating. In the event that any check, draft, or other instrument of payment given by Lessee to Lessor is dishonored for any reason, Lessee agrees to pay to Lessor the sum of \$25 in addition to any Late Charge and Lessor, at its option, may require all future Rent be paid by cashier's check. Payments will be applied first to accrued late charges and attorney's fees, second to accrued interest, then to Base Rent, and any remaining amount to any other outstanding charges or costs. All payments hereunder shall be made by check or wire transfer and may not be made in cash.

4.3 **Operating Costs Payment.** Lessee shall pay to Lessor the Operating Costs as set forth in Paragraph 62. Further, Lessee shall during each calendar year pay to Lessor an estimate of the Operating Costs as hereinafter set forth. Beginning on the Commencement Date, Lessee shall pay to Lessor each month on the first day of the month an amount equal to one-twelfth (1/12) of the Operating Costs for the calendar year in question as reasonably estimated by Lessor, with an adjustment to be made between the parties at a later date as hereinafter provided. If the Commencement Date is not the first day of a calendar month, Lessee shall pay a prorated portion of the Operating Costs for such partial month on the Commencement Date. Furthermore, Lessor may from time to time furnish Lessee with notice of a re-estimation of the amount of the Operating Costs and Lessee shall commence paying its re-estimated Operating Costs on the first day of the month following receipt of said notice. As soon as practicable following the end of any calendar year, Lessor shall submit to Lessee a statement setting forth the exact amount of the Operating Costs for the calendar year just completed and the difference, if any, between the actual Operating Costs for the calendar year just completed and the estimated amount of Operating Costs which were paid for such year. Such statement shall also set forth the amount of the estimated Operating Costs reimbursement for the new calendar year computed in accordance with the foregoing provisions. To the extent that the actual Operating Costs for the period covered by such statement is higher than the estimated payments which Lessee previously paid during the calendar year just completed, Lessee shall pay to Lessor the difference within thirty (30) days following receipt of said statement from Lessor. To the extent that the actual Operating Costs for the period covered by the applicable statement is less than the estimated payments which Lessee previously paid during the calendar year just completed, Lessor shall at its option either refund said amount to Lessee within thirty (30) days or credit the difference against Lessee's estimated reimbursement for such Operating Costs for the current year. In addition, with respect to the monthly reimbursement, until Lessee receives such statement, Lessee's monthly reimbursement for the new calendar year shall continue to be paid at the then current rate, but Lessee shall commence payment to Lessor of the monthly installments of reimbursement on the basis of the statement beginning on the first day of the month following the month in which Lessee receives such statement.

5. **Security Deposit.** Lessee shall deposit with Lessor upon execution hereof the Security Deposit as security for Lessee's faithful performance of its obligations under this Lease. If Lessee fails to pay Rent and such failure continues beyond all applicable notice and cure periods, or otherwise Defaults is in Breach under this Lease, Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount already due Lessor, for Rents which will be due in the future, and/ or to reimburse or compensate Lessor for any liability, expense, loss or damage which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of the Security Deposit, Lessee shall within ten (10) days after written request therefor deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. If the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional monies with Lessor so that the total amount of the Security Deposit shall at all times bear the same proportion to the increased Base Rent as the initial Security Deposit bore to the initial Base Rent. Should the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublessee or assignee, Lessor shall have the right to increase the Security Deposit to the extent necessary, in Lessor's reasonable judgment, to account for any increased wear and tear that the Premises may suffer as a result thereof. If a change in control of Lessee occurs during this Lease and following such change the financial condition of Lessee is, in Lessor's reasonable judgment, significantly reduced, Lessee shall deposit such additional monies with Lessor as shall be sufficient to

cause the Security Deposit to be at a commercially reasonable level based on such change in financial condition. Lessor shall not be required to keep the Security Deposit separate from its general accounts. Within thirty (30) days after the expiration or termination of this Lease, Lessor shall return that portion of the Security Deposit not used or applied by Lessor together with an itemized statement showing any deductions made by Lessor. Lessor shall upon written request provide Lessee with an accounting showing how that portion of the Security Deposit that was not returned was applied. No part of the Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Lessee under this Lease. **THE SECURITY DEPOSIT SHALL NOT BE USED BY LESSEE IN LIEU OF PAYMENT OF THE LAST MONTH'S RENT.** Any Lender shall not be responsible for the Security Deposit until it has received the same. Lessee waives the provisions of all provisions of law now in force or that become in force after the date of execution of this Lease, that provide that Lessor may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by Lessee, or to clean the Premises. Lessor and Lessee agree that Lessor may, in addition, claim those sums reasonably necessary to compensate Lessee for any other foreseeable or unforeseeable loss or damage caused by the act or omission of Lessee or Lessor's officers, agents, employees, independent contractors, or invitees.

6. Use.

6.1 **Use.** Lessee shall use and occupy the Premises only for the Agreed Use, or any other legal use which is reasonably comparable thereto, and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that is unlawful, creates damage, waste or a nuisance, or that disturbs occupants of or causes damage to neighboring premises or properties. Other than guide, signal and seeing eye dogs, Lessee shall not keep or allow in the Premises any pets, animals, birds, fish, or reptiles. Lessor shall not unreasonably withhold or delay its consent to any written request for a modification of the Agreed Use, so long as the same will not impair the structural integrity of the improvements on the premises or the mechanical or electrical systems therein, and/or is not significantly more burdensome to the Premises. If Lessor elects to withhold consent, Lessor shall within seven (7) days after such request give written notification of same, which notice shall include an explanation of Lessor's objections to the change in the Agreed Use.

Lessee shall use commercially reasonable efforts to ensure that patients, customers, employees, agents, and owners of Lessee and Lessee's dispensary neither loiter, nor use, smoke, vape, dab, consume, in any form or fashion, any marijuana product in the Premises or on any sidewalks, parking areas or walkways serving the same. Since marijuana products may cause odors that migrate off site, Lessee shall have the duty to reasonably mitigate odors.

Lessee agrees that no smoking of any kind shall be permitted by any of Lessee's employees, agents, customers or invitees in the Premises or on any sidewalks, parking areas or walkways serving the same.

Notwithstanding the foregoing, Lessor acknowledges that the sidewalks, parking areas and walkways referenced in the preceding paragraphs are public areas outside of Lessee's control and Lessor therefore agrees that Lessee's responsibility with respect to those spaces shall be limited to making commercially reasonable efforts within the Premises to request that patients, customers, employees, agents, and owners of Lessee refrain from loitering or using/consuming cannabis in any way in these areas.

As soon as reasonably possible after the Commencement Date, Lessee shall open for business at the Premises for the Agreed Use.

6.2 Hazardous Substances.

(a) **Reportable Uses Require Consent.** The term "**Hazardous Substance**" as used in this Lease shall mean any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Premises, (ii) regulated or monitored by any applicable state or local governmental authority, or (iii) a basis for potential liability of Lessor to any applicable state or local governmental agency or third party under any applicable statute or common law theory. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, by-products or fractions thereof. Notwithstanding anything to the contrary herein, Hazardous Substance shall not include cannabis/

marijuana or products derived therefrom. Except as otherwise provided herein, Lessee shall not engage in any activity in or on the Premises which constitutes a Reportable Use of Hazardous Substances without notice to the express prior written consent of Lessor and timely compliance (at Lessee's expense) with all Applicable Requirements. "**Reportable Use**" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Premises of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Lessee may use any ordinary and customary materials reasonably required to be used in the normal course of the Agreed Use, ordinary office supplies (copier toner, liquid paper, glue, etc.) and common household cleaning materials, so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Premises or neighboring property to any meaningful risk of contamination or damage or expose Lessor to any liability therefor. In addition, Lessor may condition its consent to any Reportable Use upon receiving such additional assurances as Lessor reasonably deems necessary to protect itself, the public, the Premises and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of protective modifications (such as concrete encasements) and/or increasing the Security Deposit.

(b) **Duty to Inform Lessor.** If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Lessor (a "**Hazardous Substance Condition**"), Lessee shall immediately give written notice of such fact to Lessor, and provide Lessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.

(c) **Lessee Remediation.** Lessee shall not cause or permit its employees, agents, contractors or invitees to cause any Hazardous Substance to be spilled or released in, on, under, or about the Premises (including through the plumbing or sanitary sewer system) and shall promptly, at Lessee's expense, comply with all Applicable Requirements and take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Premises or neighboring properties, that was caused or materially contributed to by Lessee, or pertaining to or involving any Hazardous Substance brought onto the Premises during the term of this Lease, by or for Lessee, or its employees, agents or contractors or any third party.

(d) **Lessee Indemnification.** Lessee shall indemnify, defend and hold Lessor, its agents, employees, lenders and ground lessor, if any, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Lessee, or any employee, agent, or contractor of Lessee (provided, however, that Lessee shall have no liability under this Lease with respect to (a) any acts or omissions of Lessor or its employees, agents or contractors or (b) underground migration of any Hazardous Substance under the Premises from adjacent properties not caused or contributed to by Lessee). Lessee's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement.

(e) **Lessor Indemnification.** Except as otherwise provided in paragraph 8.7, Lessor and its successors and assigns shall indemnify, defend, reimburse and hold Lessee, its employees and lenders, harmless from and against any and all environmental damages, including the cost of remediation, which are caused by the gross negligence or willful misconduct of Lessor, its agents or employees. Lessor's obligations, as and when required by the Applicable Requirements, shall include, but not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease.

(f) **Investigations and Remediations.** Lessor shall retain the responsibility and pay for any investigations or remediation measures required by governmental entities having jurisdiction with respect to the

existence of Hazardous Substances on the Premises prior to Lessee's occupancy, unless such remediation measure is required as a result of Lessee's use (including "Alterations", as defined in Paragraph 7.2(a) below) of the Premises, in which event Lessee shall be responsible for such payment. Lessee shall cooperate fully in any such activities at the request of Lessor, including allowing Lessor and Lessor's agents to have reasonable access to the Premises at reasonable times in order to carry out Lessor's investigative and remedial responsibilities.

(g) **Lessor Termination Option.** If a Hazardous Substance Condition occurs during the term of this Lease, unless Lessee is responsible therefor as provided in this Lease (in which case Lessee shall make the investigation and remediation thereof required by the Applicable Requirements and this Lease shall continue in full force and effect, but subject to Lessor's rights under Paragraph 6.2(d) and Paragraph 13), Lessor may, at Lessor's option, either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to remediate such condition exceeds \$[***], give written notice to Lessee, within thirty (30) days after receipt by Lessor of knowledge of the occurrence of such Hazardous Substance Condition, of Lessor's desire to terminate this Lease as of the date 60 days following the date of such notice. In the event Lessor elects to give a termination notice, Lessee may, within 10 days thereafter, give written notice to Lessor of Lessee's commitment to pay the amount by which the cost of the remediation of such Hazardous Substance Condition exceeds \$[***]. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within thirty (30) days following such commitment. In such event, this Lease shall continue in full force and effect, and Lessor shall proceed to make such remediation as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the required funds or assurance thereof within the time provided, this Lease shall terminate as of the date specified in Lessor's notice of termination.

6.3 **Lessee's Compliance with Applicable Requirements.** Except as otherwise provided in this Lease, Lessee shall, at Lessee's sole expense, fully, diligently and in a timely manner, materially comply with all Applicable Requirements related to Lessee's business and specific and unique use, the requirements of any applicable fire insurance underwriter or rating bureau, and the reasonable recommendations of Lessor's engineers and/or consultants which relate in any manner to the Premises, without regard to whether said Applicable Requirements are now in effect or become effective after the Commencement Date. Lessee shall, within 10 days after receipt of Lessor's written request, provide Lessor with copies of all permits and other documents, and other information evidencing Lessee's compliance with any Applicable Requirements specified by Lessor, and shall immediately upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Lessee or the Premises to comply with any Applicable Requirements. Likewise, Lessee shall immediately give written notice to Lessor of: (i) any water damage to the Premises and any suspected seepage, pooling, dampness or other condition conducive to the production of mold; or (ii) any mustiness or other odors that might indicate the presence of mold in the Premises. In addition, Lessee shall provide copies of all relevant material safety data sheets (MSDS) to Lessor within 10 days of the receipt of a written request therefor. In addition, Lessee shall provide Lessor with copies of its business license, certificate of occupancy and/or any similar document within 10 days of the receipt of a written request therefor.

6.4 **Inspection; Compliance.** Lessor and Lessor's "Lender" (as defined in Paragraph 28) and consultants and other persons authorized by Lessor shall have the right to enter into Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable notice, for the purpose of inspecting and/or testing the condition of the Premises and/or for verifying compliance by Lessee with this Lease. The cost of any such inspections shall be paid by Lessor, unless a violation of Applicable Requirements, or a Hazardous Substance Condition caused by Lessee (see paragraph 9.1) is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority and is caused by Lessee. In such case, Lessee shall upon request reimburse Lessor for the cost of such inspection, so long as such inspection is reasonably related to the violation or contamination. In addition, Lessee shall provide copies of all relevant material safety data sheets (MSDS) to Lessor within ten (10) days of the receipt of a written request therefor. Lessee acknowledges that any failure on its part to allow such inspections or testing will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to allow such inspections and/or testing in a timely fashion the Base Rent shall be automatically

increased, without any requirement for notice to Lessee, by an amount equal to [***]% of the then existing Base Rent or \$100, whichever is greater for the remainder to the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to allow such inspection and/or testing. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to such failure nor prevent the exercise of any of the other rights and remedies granted hereunder.

7. **Maintenance; Repairs; Utility Installations; Trade Fixtures and Alterations.**

7.1 **Lessee's Maintenance Obligations.**

(a) **In General.** Subject to reasonable wear and tear, the provisions of Paragraph 9 (Damage or Destruction), and 14 (Condemnation), Lessee shall, at Lessee's sole expense, keep the Premises, Utility Installations (intended for Lessee's exclusive use, no matter where located), and Alterations in good order, condition and repair, which shall include all necessary replacements (whether or not the portion of the Premises requiring repairs, or the means of repairing the same, are reasonably or readily accessible to Lessee, and whether or not the need for such repairs occurs as a result of Lessee's use, any prior use, the elements or the age of such portion of the Premises), including, but not limited to, all equipment or facilities, such as plumbing, HVAC equipment, electrical, lighting facilities, boilers, pressure vessels, fire protection system, fixtures, walls (interior and exterior), foundations, ceilings, roofs, roof drainage systems, floor coverings, windows, doors, plate glass, skylights, landscaping, driveways, parking lots, fences, retaining walls, signs, sidewalks and parkways located in, or on, or adjacent to the Premises. Lessee, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices, specifically including the procurement and maintenance of the service contracts required by Paragraph 7.1(b) below. Lessee's obligations shall include restorations, replacements or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair. Lessee shall, during the term of this Lease, keep the exterior appearance of the Building in a first-class condition (including, e.g. graffiti removal) consistent with the exterior appearance of other similar facilities of comparable age and size in the vicinity, including, when necessary, the exterior repainting of the Building. Lessee hereby waives all right to make repairs at Lessor's expense under applicable state or local law.

(b) **Service Contracts.** Lessee shall, at Lessee's sole expense, procure and maintain contracts, with copies to Lessor, in customary form and substance for, and with contractors specializing and experienced in the maintenance of the following equipment and improvements, if any, if and when installed on the Premises: (i) HVAC equipment, (ii) boiler, and pressure vessels, (iii) fire extinguishing systems, including fire alarm and/or smoke detection, (iv) landscaping and irrigation systems, (v) roof covering and drains, and (vi) clarifiers. However, Lessor reserves the right, upon notice to Lessee, to procure and maintain any or all of such service contracts, and Lessee shall reimburse Lessor, upon demand, for the cost thereof.

(c) **Failure to Perform.** If Lessee fails to perform Lessee's obligations under this Paragraph 7.1, Lessor may enter upon the Premises after ten (10) days' prior written notice to Lessee (except in the case of an emergency, in which case no notice shall be required), perform such obligations on Lessee's behalf, and put the Premises in good order, condition and repair, and Lessee shall promptly pay to Lessor a sum equal to [***]% of the cost thereof.

7.2 **Utility Installations; Trade Fixtures; Alterations.**

(a) **Definitions.** The term "**Utility Installations**" refers to all floor and window coverings, air and/or vacuum lines, power panels, electrical distribution, security and fire protection systems, communication cabling, lighting fixtures, HVAC equipment, plumbing, and fencing in or on the Premises. The term "**Trade Fixtures**" shall mean Lessee's machinery and equipment that can be removed without doing material damage to the Premises. The term "**Alterations**" shall mean any modification of the improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion. "**Lessee Owned Alterations and/or Utility Installations**" are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Paragraph 7.3(a).

(b) **Consent.** Lessee shall not make any Alterations or Utility Installations to the Premises without Lessor's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Lessee may, however, make non-structural Alterations or Utility Installations to the interior of the Premises (excluding the roof) without such consent but upon notice to Lessor, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof or any existing walls, will not adversely affect the electrical, plumbing, HVAC, and/or life safety systems, do not trigger the requirement for additional modifications and/or improvements to the Premises resulting from Applicable Requirements, such as compliance with Title 24, and the cumulative cost thereof during this Lease as extended does not exceed a sum equal to 3 month's Base Rent in the aggregate or a sum equal to one month's Base Rent in any one year. Notwithstanding the foregoing, Lessee shall not make or permit any roof penetrations and/or install anything on the roof without the prior written approval of Lessor. Lessor may, as a precondition to granting such approval, require Lessee to utilize a contractor chosen and/or approved by Lessor. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. Consent shall be deemed conditioned upon Lessee's: (i) acquiring all applicable governmental permits, (ii) furnishing Lessor with copies of both the permits and the plans and specifications prior to commencement of the work, and (iii) compliance with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a workmanlike manner with good and sufficient materials and in compliance with Applicable Requirements. Lessee shall promptly upon completion furnish Lessor with as-built plans and specifications. For work which costs an amount in excess of one month's Base Rent, Lessor may condition its consent upon Lessee providing a lien and completion bond in an amount equal to [***]% of the estimated cost of such Alteration or Utility Installation and/or upon Lessee's posting an additional Security Deposit with Lessor.

(c) **Liens; Bonds.** Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee or anyone claiming by, through or under Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than ten (10) days' notice prior to the commencement of any work in, on or about the Premises, and Lessor shall have the right to post notices of non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof. If Lessor shall require, Lessee shall furnish a surety bond in an amount equal to [***]% of the amount of such contested lien, claim or demand, indemnifying Lessor against liability for the same. If Lessor elects to participate in any such action, Lessee shall pay Lessor's attorneys' fees and costs.

7.3 **Ownership; Removal; Surrender; and Restoration.**

(a) **Ownership.** Subject to Lessor's right to require removal or elect ownership as hereinafter provided and except as expressly provided herein, all Alterations and Utility Installations made by Lessee shall be the property of Lessee, but considered a part of the Premises. Lessor may, at any time, elect in writing to be the owner of all or any specified part of the Lessee Owned Alterations and Utility Installations. Unless otherwise instructed per paragraph 7.3(b) hereof, all Lessee Owned Alterations and Utility Installations shall, at the expiration or termination of this Lease, become the property of Lessor and be surrendered by Lessee with the Premises.

(b) **Removal.** Lessee may, but is not required to, remove any or all Lessee Owned Alterations or Utility Installations prior to the expiration or termination of this Lease. By delivery to Lessee of written notice from Lessor not earlier than 90 and not later than thirty (30) days prior to the end of the term of this Lease, Lessor may require that any or all Lessee Owned Alterations or Utility Installations be removed by the expiration or termination of this Lease. Lessor may require the removal at any time of all or any part of any Lessee Owned Alterations or Utility Installations made without the required consent.

(c) **Surrender; Restoration.** Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, parts and surfaces thereof broom clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear and damage caused by Lessor excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. Notwithstanding the foregoing, if the Lessee occupies the Premises for 12 months or less, then Lessee shall surrender the Premises in the same condition as delivered to Lessee on the Commencement

Date with NO allowance for ordinary wear and tear. Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, Lessee owned Alterations and/or Utility Installations, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee. Lessee shall also remove from the Premises any and all Hazardous Substances brought onto the Premises by or for Lessee, or its employees, agents or contractors any third party (except Hazardous Substances which were deposited via underground migration from areas outside of the Premises) to the level specified in Applicable Requirements. Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee. Any personal property of Lessee not removed on or before the Expiration Date or any earlier termination date shall be deemed to have been abandoned by Lessee and may be disposed of or retained by Lessor as Lessor may desire. The failure by Lessee to timely vacate the Premises pursuant to this Paragraph 7.3(c) without the express written consent of Lessor shall constitute a holdover under the provisions of Paragraph 24 below.

8. Insurance; Indemnity.

8.1 Payment For Insurance. Lessee shall pay for all insurance required under Paragraphs 8.2, 8.3 and 8.4. Premiums for policy periods commencing prior to or extending beyond the Lease term shall be prorated to correspond to the Lease term. Payment shall be made by Lessee to Lessor within ten (10) days following receipt of an invoice.

8.2 Liability Insurance and Other Insurance

(a) **Carried by Lessee.** Lessee agrees to maintain in full force and effect from the date on which Lessee first enters the Premises for any reason, throughout the Lease term, and thereafter so long as Lessee is in occupancy of any part of the Premises, a policy of commercial general liability insurance which insures Lessee's operation and use of the Premises and includes premises liability and products liability (including but not limited to cannabis retail/sales and dispensary use), the following exclusionary endorsements may be attached to this form, along with any standard and customary exclusions: nuclear energy exclusion, asbestos exclusion, and employment practices liability. Lessor, Lessor's managing agent, Lessor's Lender, and any other parties reasonably requested by Lessor shall be named additional insureds for ongoing and completed operations on a primary basis and non-contributory. Each such policy shall be written by a reputable and financially sound, duly licensed insurance company with an AM Best rating of at least A-. The minimum limits of liability of such insurance shall be \$[***] for each such occurrence and in the aggregate. All such insurance coverage shall be written on an occurrence form, except for the products liability coverage which may be written on a claims-made form. Any claims-made coverage shall be in full force from lease commencement date and coverage will be maintained for a period of three (3) years after termination of this Lease and its obligations herein.

Lessee further agrees to maintain a Workers' Compensation and Employers' Liability Insurance policy. The limit of liability as respects Employers' Liability coverage shall be no less than \$[***] per accident.

Except for Workers' Compensation and Employers' Liability coverage, Lessee agrees that Lessor and Lessor's managing agent shall be named as additional insureds on a primary and non-contributory basis. A duplicate original or a Certificate of Insurance evidencing the insurance requirements contained in the Lease shall be delivered to Lessor upon the execution of this Lease and then annually in advance of each policies renewal. Copies of additional insured endorsements, if required for coverage of additional insureds, also shall be delivered to Lessor. Lessor shall be given thirty (30) days advance written notice of any required insurance policy cancellation or non-renewals.

(b) **Carried by Lessor.** Lessor may, at Lessor's sole cost and expense, maintain liability insurance as described in Paragraph 8.2(a), in addition to, and not in lieu of, the insurance required to be maintained by Lessee. Lessee shall not be named as an additional insured therein.

8.3 Property Insurance - Building, Improvements and Rental Value.

(a) **Building and Improvements.** The Insuring Party shall obtain and keep in force a policy or policies in the name of Lessor, with loss payable to Lessor, any ground-lessor, and to any Lender insuring loss or damage to the Premises. The amount of such insurance shall be equal to the full insurable replacement cost of the

Premises, as the same shall exist from time to time, or the amount required by any Lender, but in no event more than the commercially reasonable and available insurable value thereof. Should Lessee so choose, Lessee Owned Alterations and Utility Installations, Trade Fixtures, and Lessee's personal property shall be insured by Lessee not by Lessor. If the coverage is available and commercially appropriate, such policy or policies shall insure against all risks of direct physical loss or damage, excluding the perils of flood and/or earthquake unless required by a Lender, and including coverage for debris removal and for demolition and increased cost of construction to comply with any Applicable Requirements ("**DICC Coverage**"), provided however that DICC Coverage may be subject to limits of no less than \$[***] per occurrence. Said policy or policies shall also contain a waiver of subrogation. If such insurance coverage has a deductible clause, the deductible amount shall not exceed \$[***] per occurrence for All Other Perils, and Lessee shall be liable for such deductible amount in the event of an Insured Loss.

(b) **Rental Value.** The Insuring Party shall obtain and keep in force a policy or policies in the name of Lessor with loss payable to Lessor and any Lender, insuring the loss of the full Rent for one year with an extended period of indemnity for an additional 180 days ("**Rental Value Insurance**"). The amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by Lessee, for the next twelve (12) month period. Lessee shall be liable for any deductible amount in the event of such loss.

8.4 **Lessee's Property; Worker's Compensation Insurance.**

(a) **Property Damage.** Should Lessee so choose, Lessee may obtain and maintain insurance coverage on all of Lessee's personal property, Trade Fixtures, and Lessee Owned Alterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible not to exceed \$[***] per occurrence. The proceeds from any such insurance shall be used by Lessee for the replacement of personal property, Trade Fixtures and Lessee Owned Alterations and Utility Installations.

(b) **Worker's Compensation Insurance.** Lessee shall obtain and maintain a Worker's Compensation Insurance and Employers' Liability Insurance policy. The limit of liability as respects Employers' Liability coverage shall be no less than \$[***] per accident. Such policy shall include a 'Waiver of Subrogation' endorsement. Lessee shall provide Lessor with a copy of such endorsement along with the certificate of insurance or copy of the policy required by paragraph 8.5.

(c) **No Representation of Adequate Coverage.** Lessor makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Lessee's property, business operations or obligations under this Lease.

8.5 **Insurance Policies.** Insurance required herein shall be by companies maintaining during the policy term a "General Policyholders Rating" of at least A-, as set forth in the most current issue of "Best's Insurance Guide". Lessee shall not do or permit to be done anything which invalidates the required insurance policies. Lessee shall, prior to the Commencement Date, deliver to Lessor certificates evidencing the existence and amounts of the required insurance. Lessee shall, prior to the expiration of such policies, furnish Lessor with evidence of renewals, or Lessor may increase his liability insurance coverage and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand. Such policies shall be for a term of at least one year, or the length of the remaining term of this Lease, whichever is less. If either Party shall fail to procure and maintain the insurance required to be carried by it, the other Party may, but shall not be required to, procure and maintain the same.

8.6 **Waiver of Subrogation.** Without affecting any other rights or remedies, Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

8.7 **Indemnity.** Except for Lessor's gross negligence or willful misconduct, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, Lessor's master or ground lessor, partners and

Lenders, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, a Breach of the Lease by Lessee and/or the use and/or occupancy of the Premises by Lessee and/or by Lessee's employees, contractors or invitees. If any action or proceeding is brought against Lessor by reason of any of the foregoing matters, Lessee shall upon notice defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified. Lessor shall indemnify, protect, defend and hold Lessee, and any of Lessee's affiliates, subsidiaries, parent companies, and any of their officers, directors, employees, and agents, harmless against any and all Claims arising out of or related to Lessor's gross negligence or willful misconduct.

8.8 Exemption of Lessor and its Agents from Liability. Notwithstanding the gross negligence or breach of this Lease by Lessor or its agents, neither Lessor nor its agents shall be liable under any circumstances for: (i) injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, indoor air quality, the presence of mold or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the building of which the Premises are a part, or from other sources or places, (ii) any damages arising from any act or neglect of any other tenant of Lessor or from the failure of Lessor or its agents to enforce the provisions of any other lease, or (iii) injury to Lessee's business or for any loss of income or profit therefrom. Instead, it is intended that Lessee's sole recourse in the event of such damages or injury be to file a claim on the insurance policy(ies) that Lessee is required to maintain pursuant to the provisions of paragraph 8.

8.9 Failure to Provide Insurance. If Lessee does not maintain the required insurance during the Term and/or does not provide Lessor with the required binders or certificates evidencing the existence of the required insurance, then, after ten (10) days' prior written notice, Lessor may obtain insurance policies sufficient to meet the requirements herein, Lessee shall pay to Lessor an amount equal to one hundred percent (100%) of the actual costs and expenses of such policies incurred by Lessor upon receipt of an invoice therefor. Lessor obtaining such policies shall in no event constitute a waiver of Lessee's Event of Default with respect to the failure to maintain such insurance, prevent the exercise of any of the other rights and remedies granted hereunder, nor relieve Lessee of its obligation to maintain the insurance specified in this Lease.

9. Damage or Destruction.

9.1 Restoration Following Destruction.

If any portion of the Premises or any appurtenance thereto shall be damaged or destroyed by fire or other casualty, then, whether or not such damage or destruction shall have been insured, Lessee shall give prompt written notice thereof to Lessor and shall proceed with reasonable diligence to repair or rebuild the same at its sole cost and expense or to replace the same with improvements of no lesser quality or value. To the extent such casualty is covered by the casualty insurance required by the provisions of Paragraph 8.3, Lessee shall not be required to commence restoration until such time as it shall have received insurance proceeds for such fire or other casualty and in any case until it has received all necessary permits.

Any repair or rebuilding following either a total or a partial destruction shall be performed pursuant to Paragraph 9.3, and, if there are insurance proceeds resulting from such damage or destruction and Lessee is in the process of repairing and restoring as provided in this Paragraph and in said Paragraph 9.3, then except as provided in said Paragraph 9.3 such proceeds shall be deposited with a bank or trust company pursuant to Paragraph 9.5 (the "**Depository**") and disbursed in the manner as provided in this Lease. If at any time Lessee shall fail to prosecute such work of repair or rebuilding with diligence and promptness, then Lessor may give to Lessee written notice of such failure and if such failure continues for sixty (60) days thereafter, then Lessor, in addition to all other rights which it may have, may enter upon the Premises, provide labor and/or materials, cause the performance of any contract and/or take such other action as it may deem advisable to prosecute such work. Lessor shall be entitled to reimbursement for its costs and expenses from any insurance proceeds and any other moneys held by the Depository for application to the cost of such work. All reasonable costs and expenses incurred by Lessor in carrying out such

work for which it is not reimbursed by the Depository shall be paid by Lessee upon demand, which demand may be made by Lessor periodically as such costs and expenses are incurred, in addition to any damages to which Lessor may be entitled hereunder.

All insurance proceeds in excess of \$[***] shall be paid to the Depository.

9.2 Lessee Obligations Following Destruction.

Rent shall not abate because of any damage to or destruction of the Premises, or to the appurtenances thereto. Lessee shall continue to perform all of its obligations hereunder, notwithstanding any such damage or destruction.

Any rent insurance proceeds received by the Depository by reason of such damage or destruction shall be applied by it to the payment of the Rent and to premiums for any insurance required to be maintained by Lessee under this Lease. However, such payment shall not relieve Lessee of its obligations to pay punctually all such rents, real estate taxes and insurance premiums should rent insurance proceeds held by the Depository be insufficient to pay the same or if for any reason such rent insurance proceeds are not actually applied by a Depository to the payment of such amounts. All rent insurance proceeds and any balance of any insurance proceeds in excess of amounts utilized for repairs and/or rebuilding (where the damage has been fully repaired or restored) shall be paid to Lessee provided Lessee is not then in monetary default hereunder. In the event that there shall be excess insurance proceeds by reason of the fact that Lessee is precluded from making repairs and/or rebuilding by reason of operation of law (such as zoning changes, etc.) any such excess insurance proceeds shall be paid promptly to Lessor.

9.3 Restoration after Fire or Condemnation

Whenever Lessee shall be required to carry out any restoration or repair, Lessee, prior to the commencement of such work, shall comply with the following requirements if such work has a cost in excess of \$[***] as determined by an independent architect or contractor selected by Lessee whose report is furnished to Lessor and any lender. If Lessee fails to have such a report promptly prepared then it shall be deemed that such work has a cost in excess of \$[***].

1. Lessee shall furnish to Lessor complete plans and specifications for such work.

2. Lessee shall furnish to Lessor a budget for such work setting forth Lessee's good faith estimate of the cost of completion of such work. Such budget shall be updated periodically upon request of Lessor.

3. Lessee, at its sole cost, shall at Lessor's requests furnish to Lessor certified or photostatic copies of all permits and approvals required by law, regulation or ordinance in connection with the commencement and conduct of such work.

4. If the amount of fire insurance proceeds held by the Depository to be applied to pay for the cost of such work pursuant to this Paragraph shall be less than the Lessee's estimate of the cost of completion of such work, then Lessee shall deposit with the Depository an additional sum so that the Depository shall have at all times an amount equal to the estimate of cost of completion of such work.

5. The Depository shall not be required to make disbursements to Lessee more often than at thirty (30) day intervals or in interim amounts of less than [***] Dollars (\$[***]), except for the final disbursement. Lessee shall make written request for each disbursement at least seven (7) days in advance, and shall comply with the following requirements in connection with each such disbursement:

A. Lessee shall deliver to the Depository, at the time of request for a disbursement, a certificate (the "**Certificate**") of an independent architect reasonably satisfactory to Lessor (the "**Architect**"), dated not more than ten (10) days prior to the application for withdrawal of funds and accompanied by such invoices, receipts, contracts or other evidence of the amount requested, setting-forth the following:

- (i) That the sum then requested to be withdrawn either has been paid by Lessee, or is justly due to persons (whose names and addresses shall be stated) who have furnished services or materials for the work and giving a brief description of such services and materials and stating the progress of the work up to the date of said certificate;
- (ii) That the sum then requested to be withdrawn, plus all sums previously withdrawn, does not exceed the cost of the work insofar as actually accomplished up to the date of such certificate, less any contractor holdbacks;
- (iii) That all prior disbursements under this Paragraph have been expended solely in payment of costs for the work actually incurred;
- (iv) That the remainder of the moneys held by the Depository will be sufficient to pay for the completion of the work in accordance with the estimate thereof.
- (v) That no part of the cost of the services and materials described in the foregoing paragraph (i) is being made on the basis of the withdrawal of any funds in any previous or pending application; and
- (vi) That, except for the amount requested, there is no outstanding indebtedness known, after due inquiry, in connection with the work which, if unpaid, might become the basis of a mechanic's or other similar lien upon the Premises, unless Lessor is contesting such indebtedness in good faith and agrees to discharge (by bonding or otherwise) any lien once filed.

B. Lessee shall deliver to the Depository satisfactory evidence that the Premises and all materials and all property described in the Certificate are free and clear of all liens, or encumbrances, except (a) liens or encumbrances encumbering the Premises as of the date of this Lease, (b) this Lease and any mortgages made by Lessor and (c) liens for taxes and other charges payable by Lessee which are not delinquent or the payment of which has been deferred by Lessee in full compliance with this Lease. The Depository shall receive a certificate of a title insurance company acceptable to Lessor, dated as of the date of the disbursement confirming the foregoing.

C. Lessee shall deliver to the Depository a survey of the Premises dated as of a date within ten (10) days prior to the advance, showing no encroachments or extensions over set-back lines. Surveys need not be so updated, however, if a foundation survey is provided and the work being performed does not touch or extend beyond the perimeter of the building on the Premises and would not affect any facts shown on an existing survey thereof.

D. There shall be no default by Lessee under the terms of this Lease. At the time of each disbursement, Lessor shall deliver to the Depository a certificate signed by Lessee, certifying to the fulfillment of the conditions of this clause. The Depository may rely on said certificate as being accurate unless, prior to the disbursement then being made, the Depository (where other than Lessor) shall have received a written notice from Lessor, referring to this clause, containing statements contrary to those set forth in said certificate.

Lessor shall receive a copy of each item required to be delivered to Depository hereunder concurrently with delivery to the Depository.

Upon compliance with the foregoing, the Depository shall pay to the persons named in the Certificate, the respective amounts stated in said Certificate to have been paid by it. Lessor shall have the right, from time to time, to inspect the restoration work. If, after all of said work shall be completed in accordance with the terms of this Lease, Lessee shall not be in default thereunder and all governmental approvals required shall have been obtained, there are funds held by the Depository for application to the cost of such work in excess of the amounts withdrawn, then such funds shall be paid out by the Depository as provided herein.

9.4 Completion by Lessor.

If, after a default by Lessee, Lessor shall perform any of such work, then Lessor may withdraw funds held by the Depository for application to the cost thereof. In withdrawing such funds Lessor need not comply with any of the preceding requirements, but must only comply with the requirements hereafter set forth. Such withdrawals shall be made not more often than at thirty (30) day intervals. At the time of each withdrawal request Lessor shall deliver to the Depository, a certificate from either the Architect or other architect selected by Lessor stating that the sum then requested to be withdrawn either has been paid by Lessor, and/or is justly due, to contractors, subcontractors, materialmen, engineers, architects or to other persons (whose names and addresses shall be stated) who have rendered or furnished services or materials for the work, and giving a brief description of such services and materials and the respective amounts so paid or due to each of said persons in respect thereof. Such certificate shall also state that no part of the cost of the services or materials described therein has been or is the basis of a withdrawal of funds in any previous or pending application.

9.5 Depository.

In any instance when a Depository is to serve, such Depository shall be selected by Lessor within ten (10) days after written notice by Lessee. The Depository so selected shall be a bank(s) or trust company(ies) authorized to do business in the State of Illinois and having a net worth of \$1,000,000,000 or more. Upon the selection of such Depository, Lessor shall give to Lessee written notice thereof. If Lessor shall not select a Depository within ten (10) business days after notice from Lessee, then Lessee may select such Depository, which shall be a bank or trust company or escrow company authorized to do business in the State of Illinois.

Before paying out any moneys pursuant to this Lease, the Depository may retain free of trust its reasonable fees and expenses for acting as Depository. In the event there are not sufficient funds held by the Depository to pay its fees and expenses, Lessee shall pay all such fees and expenses.

The Depository shall be obligated to pay interest at competitive rates on any funds held by it. Any interest paid or received on the funds held in trust by it shall be accumulated with such funds. The Depository shall have no affirmative obligation to ascertain a determination of the amount of, or to effect the collection of, any insurance proceeds or condemnation awards(s), unless it shall have given an express undertaking to do so.

No contractor or any other person whatsoever, other than Lessor, Lessee and any Lender shall have any interest in or rights to any funds held by the Depository.

The Depository shall not commingle its own funds with funds received pursuant to any of the provisions of this Lease but shall hold such funds in trust for the purposes provided in this Lease. The Depository shall not be liable or accountable for any action taken or suffered by it or for any disbursement of funds made in good faith. If Lessor, Lessee and any Lender shall jointly instruct the Depository with regard to the disbursement of any funds held by it, then it shall disburse said funds in accordance with such instructions, and shall not be liable to anyone for having so disbursed said funds in accordance with such instructions.

10. Real Property Taxes.

10.1 **Definition.** As used herein, the term “**Real Property Taxes**” shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Premises, Lessor’s right to other income therefrom, and/or Lessor’s business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the Premises address. Real Property Taxes shall also include any tax, fee, levy, assessment or charge, or any increase therein: (i) imposed by reason of events occurring during the term of this Lease, including but not limited to, a change in the ownership of the Premises, and (ii) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease and (iii) any special tax on rents, and any special taxes relative to the Agreed Use.

10.2 **Payment of Taxes.** In addition to Base Rent, Lessee shall pay to Lessor an amount equal to the Real Property Tax payment due at least twenty (20) days prior to the applicable delinquency date. If any such payment shall cover any period of time prior to the commencement or after the expiration or termination of this Lease, Lessee's share of such installment shall be prorated. Lessor may estimate the current Real Property Taxes, and require that such taxes be paid in advance to Lessor by Lessee monthly in advance with the payment of the Base Rent. Such monthly payments shall be an amount equal to the amount of the estimated installment of taxes divided by the number of months remaining before the month in which said installment becomes delinquent. When the actual amount of the applicable tax bill is known, the amount of such equal monthly advance payments shall be adjusted as required to provide the funds needed to pay the applicable taxes. If the amount collected by Lessor is insufficient to pay such Real Property Taxes when due, Lessee shall pay Lessor, upon demand, such additional sum as is necessary. If the amount collected by Lessor is more than the Real Property Taxes due, Lessor shall credit such additional amount to the next installment(s) of Base Rent due. Advance payments may be intermingled with other moneys of Lessor and shall not bear interest. If requested by Lessor, Lessee shall pay the Real Property Taxes directly to the taxing authority.

10.3 **Personal Property Taxes.** Lessee shall pay, prior to delinquency, all taxes assessed against and levied upon Lessee Owned Alterations, Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee. When possible, Lessee shall cause its Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor. If any of Lessee's said property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee's property within ten (10) days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. **Utilities and Services.** Lessee shall pay for all water, gas, heat, light, power, telephone, trash disposal and other utilities and services supplied to the Premises, together with any taxes thereon. If any such services are not separately metered or billed to Lessee, Lessee shall pay a reasonable proportion, to be determined by Lessor, of all charges jointly metered or billed. There shall be no abatement of rent and Lessor shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause if beyond Lessor's reasonable control or in cooperation with governmental request or directions. Lessee hereby waives the provisions of any applicable existing or future law, ordinance or governmental regulation permitting the termination of this Lease due to an interruption, failure or inability to provide any services.

12. **Assignment and Subletting.**

12.1 Notwithstanding any other provisions of this Lease, Lessee covenants and agrees that it will not assign this Lease or sublet (which term, without limitation, shall include the granting of concessions, management arrangements and the like) the whole or any part of the Premises without, in each instance, having first received the express written consent of Lessor, which Lessor may withhold in its sole discretion except as expressly provided in this Paragraph 12.1. Lessor's consent to any proposed assignment of this Lease or subletting of all but not less than all of the Premises, shall not be unreasonably withheld, conditioned or delayed, provided that (i) any such assignee or sublessee (or an affiliated entity or parent company thereof) demonstrates the financial capacity to carry out all of the obligations under this Lease or the sublease, as the case may be, (ii) the assignee or sublessee has a business reputation that will not detract from the image of the Building and (iii) in the case of an assignment, the proposed assignee has a tangible net worth reasonably sufficient in Lessor's reasonable judgment to fully perform the obligations of Lessee under this Lease then remaining to be performed or in the case of a sublease, the proposed subtenant (or an affiliated entity or parent company thereof) has a financial net worth reasonably sufficient in Lessor's reasonable judgment to fully perform those obligations of Lessee under this Lease to be performed by the subtenant under the proposed sublease. Any assignment of this Lease or subletting of the whole or any part of the Premises (other than as permitted to an Affiliate of Lessee as set forth below) by Lessee without Lessor's express consent shall be invalid, void and of no force or effect. In any case where Lessor shall consent to such subletting, the Lessee named herein shall remain fully liable for the obligations of Lessee hereunder, including, without limitation, the obligation to pay the Rent and other amounts provided under this Lease. Any such request shall set forth, in detail reasonably satisfactory to Lessor, the identification of the proposed assignee or sublessee, its financial condition and the terms on which the proposed assignment or subletting is to be made, including, without limitation,

the Rent or any other consideration to be paid in respect thereto and such request shall be treated as Lessee's warranty in respect of the terms on which the proposed transfer is to be made.

It shall be a condition of the validity of any such assignment or subletting that the assignee or sublessee agrees directly with Lessor, in form satisfactory to Lessor, to be bound by all the obligations of Lessee hereunder, including, without limitation, the obligation to pay Base Rent and other amounts provided for under this Lease and the covenant against further assignment and subletting except in compliance with the terms of this Lease; any such subletting shall not relieve the Lessee named herein of any of the obligations of Lessee hereunder, and Lessee shall remain fully liable therefor. In no event, however, shall Lessee assign this Lease or sublet the whole or any part of the Premises to a proposed assignee or sublessee which has been judicially declared bankrupt or insolvent according to law, or with respect to which an assignment has been made of property for the benefit of creditors, or with respect to which a receiver, guardian, conservator, trustee in involuntary bankruptcy or similar officer has been appointed to take charge of all or any substantial part of the proposed assignee's or sublessee's property by a court of competent jurisdiction, or with respect to which a petition has been filed for reorganization under any provisions of the Bankruptcy Code now or hereafter enacted, or if a proposed assignee or sublessee has filed a petition for such reorganization, or for arrangements under any provisions of the Bankruptcy Code now or hereafter enacted and providing a plan for a debtor to settle, satisfy or extend the time for the payment of debts.

For the purposes of this Lease, the entering into of any management agreement or any agreement in the nature thereof transferring control or any substantial percentage of the profits and losses from the business operations of the Lessee in the Premises to a person or entity other than the Lessee (or an affiliate, subsidiary, or parent company of Lessee), or otherwise having substantially the same effect, shall be treated for all purposes as an assignment of this Lease and shall be governed by the provisions of this Paragraph 12.

Without limiting Lessor's discretion to grant or withhold its consent to any proposed assignment or subletting, if Lessee notifies Lessor in writing of Lessee's intent to assign this Lease or sublet the entire Premises, except in the case of a Permitted Transfer (as defined below), Lessor shall have the option, exercisable by written notice to Lessee given within thirty (30) days after Lessor's receipt of such notice of intent to assign or sublease, to terminate this Lease as of the date specified in Lessee's request.

Notwithstanding any contrary provisions herein, Lessor's consent shall not be required for an assignment or subletting to an Affiliate of Lessee, and for the purposes hereof, an "**Affiliate of Lessee**" shall mean (x) an entity which controls, is controlled by or under common control with Lessee, (y) a successor corporation related to Lessee by merger, consolidation, non-bankruptcy reorganization, or government action, or (z) a purchaser of substantially all of Lessee's assets at the Premises or stock; provided, however, that in the case of any assignment to an Affiliate of Lessee, the Affiliate shall agree directly with Lessor to be bound by all of the obligations of the Lessee under this Lease. Further, any person or entity owning directly or indirectly, a majority of either the outstanding voting rights or the outstanding ownership interests of Lessee, may assign or otherwise transfer such interests to another person or entity, provided that, in all instances, the combined net worth of the Lessee shall continue to have a net worth following consummation of such transaction that is at least equal to the net worth of Lessee as of the date of the assignment. In the avoidance of doubt, it is agreed that no assignment of this Lease, whether with or without the Lessor's consent, and no subletting of all or any portion of the Premises, again with or without the Lessor's consent, shall act to relieve the Lessee of its obligations under this Lease or release the Guarantor of its obligations under its guaranty. Any assignment or subletting pursuant to this paragraph shall be a "**Permitted Transfer**".

(a) An assignment or subletting without consent, other than a Permitted Transfer, shall, at Lessor's option, be a Default curable after notice per Paragraph 13.1(d), or a noncurable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unapproved assignment or subletting as a noncurable Breach, Lessor may either: (i) terminate this Lease, or (ii) upon thirty (30) days written notice, increase the monthly Base Rent to [***]% of the Base Rent then in effect. Further, in the event of such Breach and rental adjustment, all fixed and non-fixed rental adjustments scheduled during the remainder of the Lease term shall be increased to [***]% of the scheduled adjusted rent.

(b) Lessee's remedy for any breach of Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or injunctive relief.

(c) Lessor may reasonably withhold consent to a proposed assignment or subletting if Lessee is in Breach or Default at the time consent is requested.

(d) Notwithstanding the foregoing, allowing a de minimis portion of the Premises, i.e. 20 square feet or less, to be used by a third party vendor in connection with the installation of a vending machine or payphone shall not constitute a subletting.

12.2 Terms and Conditions Applicable to Assignment and Subletting.

(a) Regardless of Lessor's consent, no assignment or subletting shall: (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, or (iii) alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.

(b) Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.

(c) Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.

(d) In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefor to Lessor, or any security held by Lessor.

(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any, together with a fee of \$1000 as consideration for Lessor's considering and processing said request. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested. (See also Paragraph 34)

(f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment, entering into such sublease, or entering into possession of the Premises or any portion thereof, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented to in writing.

(g) Lessor's consent to any assignment or subletting shall not transfer to the assignee or sublessee any Option granted to the original Lessee by this Lease unless such transfer is specifically consented to by Lessor in writing, provided however the foregoing shall not apply to any Permitted Transfer. (See Paragraph 37.2)

12.3 **Additional Terms and Conditions Applicable to Subletting.** The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. In the event that the amount collected by Lessor exceeds Lessee's then outstanding obligations any such excess shall be refunded to Lessee. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon

receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.

(b) In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.

(c) Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.

(d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.

(e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

13. **Default; Breach; Remedies.**

13.1 **Default; Breach.** A "Default" is defined as a failure by the Lessee to comply with or perform any of the terms, covenants, conditions or Rules and Regulations under this Lease. A "Breach" is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:

(a) The abandonment of the Premises; or the vacating of the Premises without providing a commercially reasonable level of security, or where the coverage of the property insurance described in Paragraph 8.3 is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential vandalism.

(b) The failure of Lessee to make any payment of Rent or any Security Deposit required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of 3 business days following written notice to Lessee. THE ACCEPTANCE BY LESSOR OF A PARTIAL PAYMENT OF RENT OR SECURITY DEPOSIT SHALL NOT CONSTITUTE A WAIVER OF ANY OF LESSOR'S RIGHTS, INCLUDING LESSOR'S RIGHT TO RECOVER POSSESSION OF THE PREMISES.

(c) The failure of Lessee to allow Lessor and/or its agents access to the Premises or the commission of waste, act or acts constituting public or private nuisance, and/or an illegal activity on the Premises by Lessee, subject to Paragraph 51, where such actions continue for a period of 3 business days following written notice to Lessee. In the event that Lessee commits waste, a nuisance or an illegal activity a second time then, subject to Paragraph 51, the Lessor may elect to treat such conduct as a non-curable Breach rather than a Default.

(d) The failure by Lessee to provide (i) reasonable written evidence of compliance with Applicable Requirements, (ii) the service contracts, (iii) the rescission of an unauthorized assignment or subletting, (iv) an Estoppel Certificate or financial statements, (v) a requested subordination, (vi) evidence concerning any guaranty and/or Guarantor, (vii) any document requested under Paragraph 42, (viii) material safety data sheets (MSDS), or (ix) any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of 10 days following written notice to Lessee.

(e) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 40 hereof, other than those described in subparagraphs 13.1(a), (b), (c) or (d), above,

where such Default continues for a period of thirty (30) days after written notice; provided, however, that if the nature of Lessee's Default is such that more than thirty (30) days are reasonably required for its cure, then it shall not be deemed to be a Breach if Lessee commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.

(f) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a "debtor" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within sixty (60) days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within thirty (30) days; provided, however, in the event that any provision of this subparagraph is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(g) The discovery that any financial statement of Lessee or of any Guarantor given to Lessor was materially false.

(h) If the performance of Lessee's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, (iii) a Guarantor's becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory basis, and Lessee's failure, within sixty (60) days following written notice of any such event, to provide written alternative assurance or security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of execution of this Lease.

13.2 **Remedies.** If Lessee fails to perform any of its affirmative duties or obligations, within thirty (30) days after written notice (or in case of an emergency, without notice), Lessor may, at its option, perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. Lessee shall pay to Lessor an amount equal to [***]% of the costs and expenses incurred by Lessor in such performance upon receipt of an invoice therefor. In the event of a Breach, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee's Breach of this Lease shall not waive Lessor's right to recover any damages to which Lessor is otherwise entitled. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Paragraph 13.1. In such case, the

applicable grace period required by Paragraph 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due, in which event Lessee may sublet or assign, subject only to reasonable limitations. Lessee acknowledges that the limitations on subletting and assignment set forth in Paragraph 12 herein are reasonable. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not constitute a termination of the Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

(d) Lessee waives any right of redemption or relief from forfeiture under any other present or future law in the event Lessee is evicted and Lessor takes possession of the Property by reason of a default.

13.3 **Late Charges.** Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within five (5) days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall immediately pay to Lessor a one-time late charge equal to [***]% of each such overdue amount or \$100, whichever is greater. The Parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

13.4 **Interest.** Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor, when due shall bear interest from the 31st day after it was due. The interest ("**Interest**") charged shall be computed at the rate of [***]% per annum but shall not exceed the maximum rate allowed by law. Interest is payable in addition to the potential late charge provided for in Paragraph 13.3.

13.5 **Breach by Lessor.** Lessor shall not be deemed in breach of this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph, a reasonable time shall in no event be more less than thirty (30) days after receipt by Lessor, and any Lender whose name and address shall have been furnished to Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such thirty (30) day period and thereafter diligently pursued to completion. In no event shall Lessor be liable for punitive, consequential, special or indirect damages or loss of profits or the like.

14. **Condemnation.** If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "**Condemnation**"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. Condemnation awards and/or payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages; provided, however, that Lessee shall be entitled to any compensation paid by the condemnor for Lessee's relocation expenses, loss of business goodwill and/or Trade Fixtures, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph, provided that no separate award to Lessee shall reduce Lessor's award.

In the event that this Lease is not terminated by reason of the Condemnation, Lessor shall repair any damage to the Premises caused by such Condemnation, but shall not be obligated to expend more than the award in such restoration. Further, if any substantial part of the Premises are taken or condemned, Lessee may, at its option, terminate this Lease as of the date the condemning authority takes title or possession, whichever first occurs. For purposes of the preceding sentence a "substantial part of the Premises" shall mean (i) 20% or more of the total floor area of the Premises or (ii) any portion of the Premises, the loss of which materially and adversely impacts (x) Lessee's ability to use the Premises for its Agreed Use, (y) the accessibility of the Premises, or (z) the visibility of the Premises. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in floor area of the Premises.

15. Estoppel Certificates; Financial Statements.

(a) Lessee shall within ten (10) business days after written notice from Lessor execute, acknowledge and deliver to Lessor a statement in writing in form similar to the then most current "Estoppel Certificate" form published by AIR CRE or such other form as Lessor shall reasonably require, plus such additional information, confirmation and/or statements as may be reasonably requested by Lessor.

(b) If Lessee shall fail to execute or deliver the Estoppel Certificate within such 10-day period, Lessor may execute an Estoppel Certificate stating that: (i) the Lease is in full force and effect without modification except as may be represented by Lessor, (ii) there are no uncured defaults in Lessor's performance, and (iii) not more than one month's rent has been paid in advance. Prospective purchasers and encumbrancers may rely upon Lessor's Estoppel Certificate, and Lessee shall be estopped from denying the truth of the facts contained in said Certificate. In addition, Lessee acknowledges that any failure on its part to provide such an Estoppel Certificate will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to execute and/or deliver a requested Estoppel Certificate in a timely fashion the monthly Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to [***]% of the then existing Base Rent or \$100, whichever is greater until the Estoppel Certificate is provided for remainder of the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to provide the Estoppel Certificate. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to provide the Estoppel Certificate nor prevent the exercise of any of the other rights and remedies granted hereunder.

(c) Lessee and all Guarantors shall, within ten (10) days after a request from Lessor, deliver to Lessor such financial statements as are reasonably required by Lessor to verify the net worth of Lessee, any Guarantor of Lessee's obligations under this Lease or an affiliate or parent company of Lessee as Lessor may request. Lessee represents and warrants to Lessor that all such financial statements provided in connection with this Lease including, without limitation, any that have been provided prior to the date of this Lease, are true, complete and correct as of the date thereof. Lessee further agrees to cooperate with any request by Lessor for Lessee's written permission or other cooperation in connection with Lessor's obtaining a credit report or similar information regarding Lessee and/or Lessee's principals or Guarantor from third-party sources; and in this regard, Lessee, to the maximum extent permitted by applicable law, hereby waives any obligations to Lessee which Lessor may otherwise have with regard to Lessor's seeking and/or obtaining any such third-party reports or information. Lessor anticipates that its request for the additional information prescribed in this Paragraph 15(c) will be limited either to a potential sale or financing of the Premises or of all or a portion of the Premises or to Lessor's concern as to the continuing financial ability of Lessee to perform its obligations under this Lease or of Guarantor to perform the obligations under the Guaranty. Lessee acknowledges and agrees that any financial statements submitted by Lessee to Lessor at any time in connection with this Lease are being relied upon by Lessor in entering into this Lease and extending any credit to Lessee and, to the extent that such financial statements, or any financial statements provided by Lessee to Lessor subsequent to the execution of this Lease, are materially false or incorrect, it shall be deemed a Lessee Default, and Lessor, upon or after discovery of such, may terminate this Lease or pursue any other applicable default remedies set forth in this Lease. Further, Lessor specifically reserves all rights it may have to object to a discharge or reorganization by Lessee or any Guarantor in any bankruptcy proceeding filed by or against Lessee or any Guarantor based upon such materially false or incorrect financial statements.

(d) If Lessor desires to finance, refinance, or sell the Premises, or any part thereof, Lessee and all Guarantors shall within ten (10) days after written notice from Lessor deliver to any potential lender or purchaser designated by Lessor such financial statements as may be reasonably required by such lender or purchaser, including but not limited to Lessee's financial statements for the past 2 years, provided such request is not made more than once per calendar year. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

16. **Definition of Lessor.** The term "Lessor" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Lessee's interest in the prior lease. In the event of a transfer of Lessor's title or interest in the Premises or this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor. Upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Lessor. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined.

17. **Severability.** The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

18. **Days.** Unless otherwise specifically indicated to the contrary, the word "days" as used in this Lease shall mean and refer to calendar days.

19. **Limitation on Liability.** The obligations of Lessor under this Lease shall not constitute personal obligations of Lessor, or its partners, members, directors, officers or shareholders, and Lessee shall look to the Premises, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease, and shall not seek recourse against Lessor's partners, members, directors, officers or shareholders, or any of their personal assets for such satisfaction.

20. **Time of Essence.** Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

21. **No Prior or Other Agreements; Broker Disclaimer.** This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Lessor and Lessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party.

22. **Notices.**

22.1 **Notice Requirements.** All notices required or permitted by this Lease or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, or by email, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 22. Each Party's present address for delivery or mailing of notices is set forth below. Either Party may by written notice to the other specify a different address for notice, except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice. A copy of all notices to Lessor shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate in writing.

IF TO LESSEE:

HealthCentral Illinois Holdings, LLC
c/o Ascend Wellness Holdings
[REDACTED]
[REDACTED]
Attn: Dan Neville
Email: [REDACTED]

IF TO LESSOR:

LCR 1014 Eastport Plaza, LLC
c/o Treehouse Real Estate Investment Trust, Inc.
10115 Jefferson Blvd.
Culver City, CA 90232
Attn: Chris Ganan
Email: [REDACTED]

with a copy to:

Raines Feldman LLP
1800 Avenue of the Stars, 12th Floor
Los Angeles, CA 90067
Attn: Andrew H. Raines
Telephone: (310) 440-4100
Email: ARaines@raineslaw.com

22.2 **Date of Notice.** Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail the notice shall be deemed given 72 hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantees next day delivery shall be deemed given 24 hours after delivery of the same to the Postal Service or courier. Notices delivered by hand, or transmitted by facsimile transmission or by email shall be deemed delivered upon actual receipt. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

23. **Waivers.**

(a) No waiver by Lessor of the Default or Breach of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee of the same or of any other term, covenant or condition hereof. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to, or approval of, any subsequent or similar act by Lessee, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent.

(b) The acceptance of Rent by Lessor shall not be a waiver of any Default or Breach by Lessee. Any payment by Lessee may be accepted by Lessor on account of monies or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

(c) THE PARTIES AGREE THAT THE TERMS OF THIS LEASE SHALL GOVERN WITH REGARD TO ALL MATTERS RELATED THERETO AND HEREBY WAIVE THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE TO THE EXTENT THAT SUCH STATUTE IS INCONSISTENT WITH THIS LEASE.

24. **No Right To Holdover.** Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent shall be increased to [***]% of the Base Rent applicable immediately preceding the expiration or termination. Holdover Base Rent shall be calculated on monthly basis. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

25. **Cumulative Remedies.** No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

26. **Covenants and Conditions; Construction of Agreement.** All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

27. **Binding Effect; Choice of Law.** This Lease shall be binding upon the Parties, their personal representatives, successors and assigns and be governed by the laws of the State in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

28. **Subordination; Attornment.**

28.1 **Subordination.** This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "**Security Device**"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Lessee agrees that the holders of any such Security Devices (in this Lease together referred to as "**Lender**") shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any Lender may elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee, whereupon this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

28.2 **Attornment.** In the event that Lessor transfers title to the Premises, or the Premises are acquired by another upon the foreclosure or termination of a Security Device to which this Lease is subordinated (i) Lessee shall attorn to such new owner, and upon request, enter into a new lease, containing all of the terms and provisions of this Lease, with such new owner for the remainder of the term hereof, or, at the election of the new owner, this Lease will automatically become a new lease between Lessee and such new owner, and (ii) Lessor shall thereafter be relieved of any further obligations hereunder and such new owner shall assume all of Lessor's obligations, except that such new owner shall not: (a) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses which Lessee might have against any prior lessor, (c) be bound by prepayment of more than one month's rent, or (d) be liable for the return of any security deposit paid to any prior lessor which was not paid or credited to such new owner.

28.3 **Self-Executing.** The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination and/or attornment provided for herein.

29. **Attorneys' Fees.** If any Party or Broker brings an action or proceeding involving the Premises whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term, "**Prevailing Party**" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed

in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. In addition, Lessor shall be entitled to attorneys' fees, costs and expenses incurred in the preparation and service of statutory 3-day notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach (\$250 is a reasonable minimum per occurrence for such services and consultation).

30. **Lessor's Access; Showing Premises; Repairs.** Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable prior notice for the purpose of showing the same to prospective purchasers, lenders, or tenants, and making such alterations, repairs, improvements or additions to the Premises as Lessor may deem necessary or desirable and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect on Lessee's use of the Premises. All such activities shall be without abatement of rent or liability to Lessee. If approval from any state or local governmental regulator or any other governmental authorities is necessary in order for Lessor or any mortgagee to inspect the Premises, Lessee shall use its best efforts to support obtaining such approvals for inspection, time being of the essence.

31. **Auctions.** Lessee shall not conduct, nor permit to be conducted, any auction upon the Premises without Lessor's prior written consent. Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to permit an auction.

32. **Signs.** Lessor may place on the Premises ordinary "For Sale" signs at any time and ordinary "For Lease" signs during the last 6 months of the term hereof. Except as permitted in Paragraph 53, Lessee shall not place any sign upon the Premises without Lessor's prior written consent. All signs must comply with all Applicable Requirements.

33. **Termination; Merger.** Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, that Lessor may elect to continue any one or all existing subtenancies. Lessor's failure within 10 days following any such event to elect to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

34. **Consents.** All requests for consent shall be in writing. Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. Lessor's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent, including but not limited to consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Lessee upon receipt of an invoice and supporting documentation therefor. Lessor's consent to any act, assignment or subletting shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. The failure to specify herein any particular condition to Lessor's consent shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within ten (10) business days following such request.

35. **Guarantor.**

35.1 **Execution.** The Guarantors shall each execute a guaranty in the form attached hereto, and each such Guarantor shall have the same obligations as Lessee under this Lease.

35.2 **Default.** It shall constitute a Default of the Lessee if any Guarantor fails or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of

directors authorizing the making of such guaranty, (b) current financial statements, (c) an Estoppel Certificate, or (d) written confirmation that the guaranty is still in effect.

36. **Quiet Possession.** Subject to payment by Lessee of the Rent and performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the term hereof.

37. **Options.** If Lessee is granted any Option, as defined below, then the following provisions shall apply.

37.1 **Definition.** "Option" shall mean: (a) the right to extend or reduce the term of or renew this Lease or to extend or reduce the term of or renew any lease that Lessee has on other property of Lessor; or (b) the right of first refusal or first offer to lease either the Premises or other property of Lessor.

37.2 **Options Personal To Original Lessee.** Any Option granted to Lessee in this Lease is personal to the original Lessee, and cannot be assigned except in connection with a Permitted Transfer, or exercised by anyone other than said original Lessee (or a transferee pursuant to a Permitted Transfer) and only while the original Lessee (or a transferee pursuant to a Permitted Transfer) is in full possession of the Premises.

37.3 **Multiple Options.** In the event that Lessee has any multiple Options to extend or renew this Lease, a later Option cannot be exercised unless the prior Options have been validly exercised.

37.4 **Effect of Default on Options.**

(a) Lessee shall have no right to exercise an Option: (i) during the period commencing with the giving of any notice of Default and continuing until said Default is cured, (ii) during the period of time any Rent is unpaid (without regard to whether notice thereof is given Lessee), (iii) during the time Lessee is in Breach of this Lease, or (iv) in the event that Lessee has been given 3 or more notices of separate Default on 3 separate occasions, whether or not the Defaults are cured, during the 12 month period immediately preceding the exercise of the Option.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of Paragraph 37.4(a).

(c) An Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and prior to the commencement of the extended term or completion of the purchase, (i) Lessee fails to pay Rent for a period of thirty (30) days after such Rent becomes due (without any necessity of Lessor to give notice thereof), or (ii) if Lessee commits a Breach of this Lease.

38. **Multiple Buildings.** If the Premises are a part of a group of buildings controlled by Lessor, Lessee agrees that it will abide by and conform to all reasonable rules and regulations which Lessor may make from time to time for the management, safety, and care of said properties, including the care and cleanliness of the grounds and including the parking, loading and unloading of vehicles, and to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessee also agrees to pay its fair share of common expenses incurred in connection with such rules and regulations.

39. **Security Measures.** Lessee hereby acknowledges that the Rent payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Lessee, its agents and invitees and their property from the acts of third parties. Lessee acknowledges that, in all events, Lessee is responsible for providing security to the Premises, and Lessee shall indemnify, defend with counsel subject to Lessor's reasonable approval (which shall not be unreasonably withheld, conditioned or delayed), and save Lessor harmless from any claim for injury to person or damage to property asserted by any personnel, employee, guest, invitee or agent of Lessee which is suffered or occurs in or about the Premises by reason of the act of an intruder or any person other than Lessor or any personnel, employee, contractor, guest, invitee or agent of Lessor in or about the Premises.

40. **Reservations.** Provided same do not materially increase Lessee's obligations or materially diminish Lessee's rights hereunder, Lessor reserves to itself the right, from time to time, to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary, and to cause the recordation

of parcel maps and restrictions, so long as such easements, rights, dedications, maps and restrictions do not unreasonably interfere with the use of the Premises by Lessee. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate any such easement rights, dedication, map or restrictions.

41. Authority; Multiple Parties; Execution.

(a) If either Party hereto is a corporation, trust, limited liability company, partnership, or similar entity, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. Each Party shall, within thirty (30) days after request, deliver to the other Party satisfactory evidence of such authority.

(b) If this Lease is executed by more than one person or entity as "Lessee", each such person or entity shall be jointly and severally liable hereunder. It is agreed that any one of the named Lessees shall be empowered to execute any amendment to this Lease, or other document ancillary thereto and bind all of the named Lessees, and Lessor may rely on the same as if all of the named Lessees had executed such document.

(c) This Lease may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

42. Conflict. Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

43. Offer. Preparation of this Lease by either Party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

44. Amendments. This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. As long as they do not materially change Lessee's obligations hereunder, Lessee agrees to make such reasonable non-monetary modifications to this Lease as may be reasonably required by a Lender in connection with the obtaining of normal financing or refinancing of the Premises.

45. Waiver of Jury Trial. TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT. THE PARTIES KNOWINGLY AND IRREVOCABLY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION TO RESOLVE ANY DISPUTE RELATING TO OR ARISING OUT OF THIS LEASE OR ANY PART THEREOF; AND IN CONNECTION WITH THIS LEASE, EACH OF LESSOR AND LESSEE REPRESENTS THAT IT HAS DISCUSSED SUCH WAIVER WITH ITS OWN INDEPENDENT COUNSEL AND HAS RELIED ON ADVICE OF ITS COUNSEL AND MAKES SUCH WAIVER KNOWINGLY AND VOLUNTARILY.

46. Arbitration of Disputes. An Addendum requiring the Arbitration of all disputes between the Parties and/or Brokers arising out of this Lease is not attached to this Lease.

47. Accessibility; Americans with Disabilities Act.

(a) The Premises have not undergone an inspection by a Certified Access Specialist (CASp). Note: A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises. Lessor hereby waives its right, if any, to require the Premises undergo a CASp inspection.

(b) Since compliance with the Americans with Disabilities Act (ADA) and other state and local accessibility statutes are dependent upon Lessee's specific use of the Premises, Lessor makes no warranty or

representation as to whether or not the Premises comply with ADA or any similar legislation. In the event that Lessee's use of the Premises requires modifications or additions to the Premises in order to be in compliance with ADA or other accessibility statutes, Lessee agrees to make any such necessary modifications and/or additions at Lessee's expense.

48. **Rent Adjustments.** The Base Rent shall be increased on each annual anniversary of the Commencement Date by an amount equal to three percent (3%).

49. **Options to Extend.** Lessor hereby grants to Lessee the option to extend the term of this Lease for two (2) additional five (5) year periods commencing when the prior term expires upon each and all of the following terms and conditions:

(i) In order to exercise an option to extend, Lessee must give written notice of such election to Lessor and Lessor must receive the same at least 6 but not more than 12 months prior to the date that the option period would commence, time being of the essence. If proper notification of the exercise of an option is not given and/or received, such option shall automatically expire. Options (if there are more than one) may only be exercised consecutively.

(ii) The provisions of Paragraph 37, including those relating to Lessee's Default set forth in Paragraph 37.4 of this Lease, are conditions of this option.

(iii) Except for the provisions of this Lease granting an option or options to extend the term, all of the terms and conditions of this Lease except where specifically modified by this option shall apply.

(iv) The monthly rent for each month of the option period shall be calculated as follows: Base Rent shall be increased on the first day of the option period (the "**Option Commencement Date**"), and shall increase on each annual anniversary of the Option Commencement Date by the greater of: (i) [***] percent ([***]%) or (ii) the increase, if any, in the Consumer Price Index of the Bureau of Labor Statistics of the United States Department of Labor, US City Average (1982-84=100), for All Urban Consumers (CPI-U), Not Seasonally Adjusted.

50. **Agreed Use.** Notwithstanding anything herein or in the Lease to the contrary, Lessor acknowledges that Lessee's Agreed Use is, at the time of the execution of this Lease, a violation of United States Code and federal law, and Lessor agrees that this violation shall not, on that basis alone, cause Lessee to forfeit the Premises or otherwise be in default or breach of this Lease. In the event of any change in license, law or regulatory posture concerning the Agreed Use, Lessor shall cooperate in good faith with Lessee and shall approve any changes in Lessee's Agreed Use that may be required to comply with any such change in law or policy.

51. **Filming.** Lessor agrees that Lessee may authorize the use of the Premises for filming of motion pictures, television tapes or films, commercials, videos, documentaries, commentaries, and any and all other still, electronic and other image capture purposes (collectively, "**Filming**"). Lessor agrees that any Filming may be performed during, before or after normal business hours. Upon Lessee's written request, Lessor shall execute such documentation required in connection with such Filming, including, without limitation, executing releases required by third parties filming on the Premises. All such third parties Filming on the Premises shall provide a certificate of insurance naming both Lessor and Lessee as an additional insured.

52. **Change in Laws.** Lessee, at its sole expense, shall comply with all laws, rules, orders and regulations of federal, state, county, and municipal authorities, and with any direction of any public officers pursuant to law, which impose any duty upon Lessor or Lessee with respect to the Premises, including any laws, rules, orders, regulations, and directions as shall hereafter be promulgated, provided however that, except as provided in the last sentence of this Paragraph, Lessee shall not be required to comply with federal law regarding cannabis / marijuana. The parties also acknowledge that under federal law, the production, distribution and sale of cannabis remains a violation of the Controlled Substances Act and that, as between Lessor and Lessee, the risk of enforcement of such law is on Lessee, and that no such enforcement shall act to relieve the Lessee of its obligations under this Lease. Lessee shall indemnify, defend and hold harmless Lessor and all managers and members of Lessor and any person or entity which has a direct or indirect interest in the Lessor and any agent of Lessor and any person or entity which has a

direct or indirect interest in Lessor from and against any and all losses, liabilities, claims and damages arising out of or resulting from the enforcement of such federal law.

53. **Signage.** Lessee shall have the right to install its standard signage on exterior of the front and, if possible, side of Premises. Said signage shall be at Lessee's sole cost and expense in accordance with city ordinances, and subject to Lessor's approval, the latter of which shall not be unreasonably withheld or delayed.

54. **Invalidity of Particular Provisions.** If any term or provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

55. **REIT/UBTI.** The Lessor and the Lessee hereby agree that it is their intent that all Rent and charges payable to the Lessor under this Lease shall qualify as "rents from real property" within the meaning of Sections 512(b)(3) and 856(d) of the Internal Revenue Code of 1986, as amended, (the "**Code**") and the U.S. Department of the Treasury Regulations promulgated thereunder (the "**Regulations**"). In the event that (i) the Code or the Regulations, or interpretations thereof by the Internal Revenue Service contained in revenue rulings or other similar public pronouncements, shall be changed so that any Rent or charges no longer so qualifies as "rent from real property" for purposes of either said Section 512(b)(3) or Section 856(d) or (ii) the Lessor, in its sole discretion, determines that there is any risk that all or part of any Rent or charges shall not qualify as "rents from real property" for the purposes of either said Sections 512(b)(3) or 856(d), such Rent and charges shall be adjusted in such manner as the Lessor may reasonably require so that it will so qualify; provided, however, that any adjustments required pursuant to this Paragraph shall be made so as to produce the equivalent (in economic terms) Rent and charges as payable prior to such adjustment. The parties agree to execute such further commercially reasonable instrument as may reasonably be required by the Lessor in order to give effect to the foregoing provisions of this Paragraph 55.

Without limitation of the foregoing and notwithstanding anything contained in this Lease to the contrary, if a sublease, concession or license of all or any portion of the Premises is permitted under this Lease, the provisions of this Paragraph 55 shall continue to apply provided however that the foregoing shall not limit Lessee's right to assign or sublease pursuant to the terms of this Lease including but not limited to the right to make Permitted Transfers.

As an inducement to Lessor to enter into this Lease, Lessee hereby represents and warrants that: (i) Lessee is not, nor is it owned or controlled directly or indirectly by, any person, group, entity or nation named on any list issued by the Office of Foreign Assets Control of the United States Department of the Treasury ("**OFAC**") pursuant to Executive Order 13224 or any similar list or any law, order, rule or regulation or any Executive Order of the President of the United States as a terrorist, "Specially Designated National and Blocked Person" or other banned or blocked person (any such person, group, entity or nation being hereinafter referred to as a "Prohibited Person"); (ii) Lessee is not (nor is it owned, controlled, directly or indirectly, by any person, group, entity or nation which is) acting directly or indirectly for or on behalf of any Prohibited Person; and (iii) from and after the effective date of the above-referenced Executive Order, Lessee (and any person, group, or entity which Lessee controls, directly or indirectly) has not conducted nor will conduct business nor has engaged nor will engage in any transaction or dealing with any Prohibited Person in violation of the U.S. Patriot Act or any OFAC rule or regulation, including without limitation any assignment of this Lease or any subletting of all or any portion of the Premises or the making or receiving of any contribution of funds, goods or services to or for the benefit of a Prohibited Person in violation of the U.S. Patriot Act or any OFAC rule or regulation. In connection with the foregoing, it is expressly understood and agreed that (x) any breach by Lessee of the foregoing representations and warranties shall be deemed a Breach by Lessee, and (y) the representations and warranties contained in this subsection shall be continuing in nature and shall survive the expiration or earlier termination of this Lease. At Lessor's request Lessee shall furnish to Lessor evidence confirming the representations in this Paragraph.

It is understood and agreed that the Lessor shall in no event be construed or held to be a partner or associate of the Lessee in the conduct of the Lessee's business, nor shall the Lessor be liable for any debts incurred by the Lessee in the conduct of the Lessee's business; but it is understood and agreed that the relationship is and at all times shall remain that of Lessor and Lessee.

56. **No Brokers.** Lessor and Lessee each represent and warrant to the other that no brokers were involved in the negotiation of this Lease and that no brokers are owed any commission in connection herewith.

57. **Confidentiality.** Lessor and Lessee agree that the final terms and conditions of this Lease and any financial information provided Lessee shall be kept confidential and shall not be disclosed to any other person or entity other than to Lessor's property managers or to Lessor's or Lessee's lenders, partners, attorneys, accountants or prospective buyers of the Premises or investors, provided the Lessor and Lessee shall be responsible for ensuring the parties to whom each makes disclosure shall maintain the confidentiality of the terms contained herein as if said parties were signatories to this Lease and in any litigation between Lessor and Lessee or then required by judicial or governmental order. The foregoing shall not prohibit the publicizing of the transaction contemplated by this Lease, provided that the material economic terms (for example, the monthly Base Rent and any economic incentives) are not disclosed.

58. **Access.** Subject to casualty, Lessee shall have access to the Premises twenty-four (24) hours per day, seven (7) days per week during the Lease term.

59. **Lease Contingent on Lessor Purchase.** For avoidance of doubt, the parties agree that notwithstanding Lessee's signature and delivery of this Lease, the Lease shall not be effective unless and until Lessor acquires ownership of the Premises pursuant to the Purchase and Sale Agreement dated July __, 2019 by and between Lessor, as Buyer, and HealthCentral Illinois Holdings, LLC, as Seller, as more fully set forth in Paragraph 1.3, and Base Rent shall be equitably pro-rated until such time as Lessor acquires ownership of the entire Premises.

60. **Maintenance of and Compliance with License.** Lessee shall at all times maintain in full force and effect and comply with all terms and conditions of all licenses and permits required to operate the Premises for the Agreed Use (collectively, the "**License**"). If Lessee at any time during the Lease term receives written notice of (i) termination of the License, (ii) noncompliance with a requirement of the License, (iii) a violation of the License, or (iv) any similar written notice from the authority having jurisdiction over the License (each, a "**Threatened Action**"), then Lessee shall immediately notify Lessor in writing and Lessee shall, within five (5) business days of receipt of written notice of a Threatened Action (or such sooner period as required by such written notice), cure any termination, noncompliance, or violation of the License, and take all other steps required to avoid the Threatened Action. If Lessee fails, in Lessor's reasonable judgment, to take all steps necessary to avoid the Threatened Action within said five (5) business day period (or sooner as set forth above), then such failure by Lessee shall be deemed a Default under the Lease and Lessor may, without limiting Lessor's other remedies pursuant to this Lease or otherwise available at law or in equity: (x) terminate this Lease upon thirty (30) days' written notice to Lessee (or such sooner period as may be required to avoid the Threatened Action), and/or (y) take all steps that Lessor deems reasonably required to preserve the License and to avoid the Threatened Action, including but not limited to requiring Lessee to transfer the Lease and/or the License to Lessor or a third party designated by Lessor.

61. **Operating Costs.**

(a) In addition to the Base Rent and other charges prescribed in this Lease, Lessee shall pay to Lessor, as Additional Rent required pursuant to this Lease, the cost of any kind which may be incurred by Lessor in its discretion in connection with the operation, cleaning, maintenance, ownership, management, repair and replacement of the Premises (collectively, the "**Operating Costs**"), including, without limitation, all costs of the following: lighting, painting, cleaning, policing, inspecting, repairing, replacing elements in the Premises; trash removal; insect and pest treatments and eradication; roof repairs and maintenance; environmental protection improvements or devices and health and safety improvements and devices which may be required by applicable laws (including the maintenance, repair and replacement of same); premiums and related expenses to obtain and maintain the policies of insurance required by this Lease; environmental monitoring programs and devices, wages and salaries of all employees, agents, consultants and others engaged in operation, cleaning, maintenance, repair, and replacement of the Premises; charges and assessments paid by Lessor pursuant to any owner's association, reciprocal easement, covenants or comparable document affecting the Premises, any fees which Lessor pays for the management or asset management of the Premises, an allowance for Lessor's administrative or overhead costs, in the amount of [***] percent ([***]%) of the total of all other Operating Costs; utilities, snow and ice removal; monthly amortization of capital improvements to the Premises (the monthly amortization of any given capital improvement shall be the sum

of (a) the quotient obtained by dividing the cost of the capital improvement by Lessor's estimate of the number of months of useful life of such improvement plus (b) an amount equal to the cost of the capital improvement times the lesser of (y) a rate not to exceed [***]% per annum and (z) the maximum annual interest rate permitted by law); the cost of resurfacing and restriping parking areas and roadways; reasonable reserves for any of the foregoing or any other Operating Costs; any other item stated in this Lease to be an Operating Cost. In addition, Lessor and Lessee agree that all costs incurred by Lessor with respect to all sewer (including septic systems, if applicable) and water lines and other equipment (including maintenance, repair and replacement of same), fire-protection equipment and devices (including maintenance, repair and replacement of same), exterior painting and for roof and canopy maintenance, repair and replacement shall be included as Operating Costs pursuant to this Paragraph 61. With regard to capital expenditures, (i) the original investment in capital improvements, i.e., upon the initial construction of the Premises, shall not be included, and (ii) capital improvements made either before or during the Lease term shall be included to the extent of a reasonable depreciation or amortization (including interest accruals commensurate with Lessor's interest costs) beginning with the date on which payment for the improvement was made and continuing through the reasonable useful life of the improvement.

(b) Lessee shall make payment to Lessor for Operating Costs based upon the estimated annual cost of Operating Costs, payable in advance at the same time each month as Base Rent is payable, but subject to adjustment after the end of the year on the basis of the actual costs for such year as provided for under Paragraph 4. Alternatively, Lessee shall, at Lessor's option, make payments to Lessor for Operating Costs on demand at intervals not more frequently than monthly. In addition, if either before or during the Lease term Lessor in its discretion elects to amortize a non-capital expense instead of charging it in full during the year in which it is incurred by Lessor, then such expense shall be amortized (with interest accruals commensurate with Lessor's interest costs) beginning with the date on which payment for the expense was made and continuing through the amortization period. With regard to the charges contemplated in this Paragraph 61, Lessee further agrees that unless within thirty (30) days after Lessor's delivery to Lessee of an assessment and/or statement related to any such charges, Lessee delivers to Lessor a written assertion of one or more specific errors or a written request for further detail regarding a specific charge, then the assessment and/or statement shall be deemed correct in all respects. In addition, Lessee further agrees that if it so asserts error or requests further information within such thirty (30) day period, Lessee will nevertheless pay all amounts charged by Lessor pending a resolution thereof.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.
2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PREMISES, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE.

[END OF THIS PAGE; SIGNATURE PAGE FOLLOWS]

The parties hereto have executed this Lease at the place and on the dates specified below their respective signatures.

LESSOR:

LCR 1014 EASTPORT PLAZA, LLC
a Delaware limited liability company

By: Le Cirque Rouge, LP, a Delaware limited partnership
Its: Sole Member

By: Treehouse Real Estate Investment Trust, Inc., a Maryland corporation
Its: General Partner

By: /s/ Christopher Ganan
Name: Christopher Ganan
Title: Chief Executive Officer and President

LESSEE:

HEALTHCENTRAL ILLINOIS HOLDINGS, LLC,
an Illinois limited liability company

By: /s/ Abner Kurtin
Name: Abner Kurtin
Title: Manager

GUARANTY OF LEASE

THIS GUARANTY OF LEASE (“**Guaranty**”) is entered into as of July 5, 2019, by Ascend Wellness Holdings, LLC, an Illinois limited liability company (“**Guarantor**”), for the benefit of LCR 1014 EASTPORT PLAZA, LLC (“**Lessor**”), with reference to the following facts:

Lessor and HealthCentral Illinois Holdings, LLC (“**Lessee**”), have entered or will enter into a lease of even date herewith (the “**Lease**”). Capitalized terms used but not otherwise defined herein shall have the same meaning ascribed to them in the Lease.

By its covenants herein set forth, Guarantor has induced Lessor to enter into the Lease, which was made and entered into in consideration for Guarantor’s said covenants.

Subject to the terms set forth herein, Guarantor unconditionally guarantees, without deduction by reason of setoff, defense or counterclaim, to Lessor and its successors and assigns the full and punctual payment (and not merely the collectability), performance and observance by Lessee, of all of the amounts, terms, covenants and conditions in the Lease contained on Lessee’s part to be paid, kept, performed and observed. Notwithstanding the foregoing, in no event shall the scope of Guarantor’s obligations exceed Lessee’s obligations under the Lease except to the extent Lessee is relieved of any such obligation by reason of any bankruptcy or other like filing or order.

If Lessee shall at any time default in the punctual payment, performance and observance of any of the amounts, terms, covenants or conditions in the Lease contained on Lessee’s part to be paid, kept, performed and observed (after applicable notice and cure period), Guarantor will pay, keep, perform and observe same, as the case may be, in the place and stead of Lessee. Guarantor shall also pay to Lessor all reasonable and necessary incidental damages and expenses incurred by Lessor as a direct and proximate result of Lessee’s failure to perform, which expenses shall include reasonable attorneys’ fees and interest on all sums due and owing Lessor by reason of Lessee’s failure to pay same, at the maximum rate allowed by law.

Any act of Lessor, or its successors or assigns, consisting of a waiver of any of the terms or conditions of the Lease, the giving of any consent to any matter or thing relating to the Lease, or the granting of any indulgence or extension of time to Lessee may be done without notice to Guarantor and without releasing Guarantor from any of its obligations hereunder.

The obligations of Guarantor hereunder shall not be released by Lessor’s receipt, application or release of any security given for the performance and observance of any covenant or condition in the Lease contained on Lessee’s part to be performed or observed, nor by any modification of the Lease, regardless of whether Guarantor consents thereto or receives notice thereof.

The liability of Guarantor hereunder shall in no way be affected by: (a) the release or discharge of Lessee in any creditor’s, receivership, bankruptcy or other proceeding; (b) the impairment, limitation or modification of the liability of Lessee or the estate of Lessee in bankruptcy, or of any remedy for the enforcement of Lessee’s liability under the Lease resulting from the operation of any present or future provision of the Federal Bankruptcy Code or other statutes or from the decision of any court; (c) the rejection or disaffirmance of the Lease in any such proceedings; (d) the assignment or transfer of the Lease by Lessee; (e) any disability or other defense of Lessee; (f) the cessation from any cause whatever of the liability of Lessee; (g) the exercise by Lessor of any of its rights or remedies reserved under the Lease or by law; or (h) any termination of the Lease.

If Lessee shall become insolvent or be adjudicated bankrupt, whether by voluntary or involuntary petition, if any bankruptcy action involving Lessee shall be commenced or filed, if a petition for reorganization, arrangement or similar relief shall be filed against Lessee, or if a receiver of any part of Lessee’s property or assets shall be appointed by any court, Guarantor shall pay to Lessor the amount of all accrued, unpaid and accruing rent and other charges due under the Lease and all principal and interest and other charges under to the date when the debtor-in- possession, the trustee or administrator accepts the Lease and commences paying same. At the option of Lessor, Guarantor shall either: (a) pay Lessor an amount equal to the rent and other charges which would have been payable for the unexpired portion of the Lease term reduced to present-day value; or (b) execute and deliver to Lessor a new lease for the balance of the Lease term with the same terms and conditions as the Lease, but with Guarantor as

Lessee thereunder. Any operation of any present or future debtor's relief act or similar act, or law or decision of any court, shall in no way affect the obligations of Guarantor or Lessee to perform any of the terms, covenants or conditions of the Lease or of this Guaranty.

Guarantor may be joined in any action against Lessee in connection with the obligations of Lessee under the Lease and recovery may be had against Guarantor in any such action. Lessor may enforce the obligations of Guarantor hereunder without first taking any action whatever against Lessee or its successors and assigns, or pursuing any other remedy or applying any security it may hold.

Until all of the covenants and conditions in the Lease on Lessee's part to be performed and observed are fully performed and observed, Guarantor: (a) shall have no right of subrogation against Lessee by reason of any payment or performance by Guarantor hereunder; and (b) subordinates any liability or indebtedness of Lessee now or hereafter held by Guarantor to the obligations of Lessee to Lessor under the Lease.

This Guaranty shall apply to the Lease, any extension, renewal, modification or amendment thereof, to any assignment, subletting or other tenancy thereunder and to any holdover term following the Lease term granted under the Lease, or any extension or renewal thereof. Notwithstanding anything in this Guaranty to the contrary, in the event Lessee assigns the Lease or subleases the Premises in accordance with the provisions of the Lease to a third party which is not an entity controlling or controlled by or under common control with Lessee or Guarantor (a "Third Party Assignee") then (a) the undersigned shall not be responsible for any incremental increase in Rent or other obligation under the Lease or for or during any extension of the Lease term resulting from an amendment to the Lease between Lessor and such Third Party Assignee which provides for an increase in Rent or other obligation due under the Lease or an extension of the Lease term or for any exercise of any option to extend the Lease term which may be exercised by said Third Party Assignee, unless Guarantor shall have consented in writing to such increase in Rent or other obligation or extension of Lease term; and (b) as a condition to the undersigned's liabilities under this Guaranty, Lessor shall be required to deliver written notice of any defaults by Lessee or the Third Party Assignee to Guarantor and Guarantor shall have the right to cure same within the time period provided in the Lease.

In the event of any litigation between Guarantor and Lessor with respect to the subject matter hereof, the unsuccessful party in such litigation shall pay to the successful party all fees, costs and expenses thereof, including reasonable attorneys' fees and expenses.

If there is more than one undersigned Guarantor, (a) the term "Guarantor", as used herein, shall include all of the undersigned; (b) each provision of this Guaranty shall be binding on each one of the undersigned, who shall be jointly and severally liable hereunder; and (c) Lessor shall have the right to join one or all of them in any proceeding or to proceed against them in any order.

Within fifteen (15) days after Lessor's written request (which requests may not be made more than once per calendar year), Guarantor shall furnish Lessor with financial statements or other reasonable financial information reflecting Guarantor's current financial condition, certified by Guarantor or its financial officer. If Guarantor is a publicly-traded corporation, delivery of Guarantor's last published financial information shall be satisfactory for purposes of this Paragraph.

This instrument constitutes the entire agreement between Lessor and Guarantor with respect to the subject matter hereof, superseding all prior oral and written agreements and understandings with respect thereto. It may not be changed, modified, discharged or terminated orally or in any manner other than by an agreement in writing signed by Guarantor and Lessor.

This Guaranty shall be governed by and construed in accordance with the laws of the State of Illinois.

Every notice, demand or request (collectively "Notice") required hereunder or by law to be given by either party to the other shall be in writing. Notices shall be given by personal service or by United States certified or registered mail, postage prepaid, return receipt requested, or by telegram, mailgram or same-day or overnight private courier, addressed to the party to be served at the address indicated below or such other address as the party to be served may from time to time designate in a Notice to the other party.

Any action to declare or enforce any right or obligation under the Lease may be commenced by Lessor in the state courts of the State of Illinois. Guarantor hereby consents to the jurisdiction of such Court for such purposes. Any notice, complaint or legal process so delivered shall constitute adequate notice and service of process for all purposes and shall subject Guarantor to the jurisdiction of such Court for purposes of adjudicating any matter related to this Guaranty. Lessor and Guarantor hereby waive their respective rights to trial by jury of any cause of action, claim, counterclaim or cross-complaint in any action, proceeding and/or hearing brought by either Lessor against Guarantor or Guarantor against Lessor on any matter whatever arising out of, or in any way connected with, the Lease, or this Guaranty.

This Guaranty may be assigned in whole or part by Lessor upon written notice to Guarantor, but it may not be assigned by Guarantor without Lessor's prior written consent, which may be withheld in Lessor's sole and absolute discretion.

The terms and provisions of this Guaranty shall be binding upon and inure to the benefit of the heirs, personal representatives, successors and permitted assigns of the parties hereto.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the date first above written.

“GUARANTOR”

Ascend Wellness Holdings, LLC,
a Delaware limited liability company

By: AGP Partners, LLC, its Managing Member

By: /s/ Abner Kurtin

Name: Abner Kurtin

Title: Manager

CONFIDENTIAL TREATMENT REQUESTED - REDACTED COPY

COMMERCIAL LEASE

1. **Basic Provisions (“Basic Provisions”).**

1.1 **Parties.** This Commercial Lease (“**Lease**”), dated for reference purposes only July 5, 2019 is made by and between **LCR 628 EAST ADAMS, LLC**, a Delaware limited liability company (“**Lessor**”) and **healthcentral, llc**, an Illinois limited liability company (“**Lessee**”), (collectively the “**Parties**,” or individually a “**Party**”).

1.2 **Premises.** That certain real property, including all improvements therein, commonly known as 628 East Adams Street, Springfield, Illinois (“**Premises**”). The Premises are located in the County of Sangamon, and are generally described as APN: 14-34.0-131-069. (See also Paragraph 2.)

1.3 **Term.** Ten (10) years and zero (0) months (“**Original Term**”) commencing upon the “Closing” as defined in that certain Purchase and Sale Agreement dated July __, 2019, as amended, by and between Lessor, as Purchaser, and HealthCentral Illinois Holdings, LLC, as Seller (“**Commencement Date**”) and ending on the last day of the one hundred twentieth (120th) following the Commencement Date (“**Expiration Date**”). (See also Paragraph 3.)

1.4 **Base Rent.** Fifty Five Thousand and 00/100 Dollars (\$55,000.00) per month (“**Base Rent**”), payable on the first (1st) day of each month commencing on the Commencement Date. (See also Paragraph 4.)

If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted. See Paragraph 49.

1.5 **Base Rent and Other Monies Paid Upon Execution:**

(a) Base Rent: \$55,000.00 for the first month following the Commencement Date.

(b) Security Deposit: \$55,000.00 (“**Security Deposit**”). (See also Paragraph 5)

(c) Total Due Upon Execution of this Lease: \$110,000.00.

1.6 **Agreed Use.** A cannabis dispensary, and any other related lawful use (“**Agreed Use**”). (See also Paragraph 6 and Paragraph 51)

1.7 **Insuring Party.** Lessee is the “Insuring Party” unless otherwise stated herein. (See also Paragraph 8)

1.8 **Real Estate Brokers.** None. (See also Paragraph 57).

1.9 **Guarantor.** The obligations of the Lessee under this Lease are to be guaranteed by Ascend Wellness Holdings, LLC, a Delaware limited liability company (“**Guarantor**”). (See also Paragraph 35)

2. **Premises.**

2.1 **Letting.** Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. While the approximate square footage of the Premises may have been used in the marketing of the Premises for purposes of comparison, the Base Rent stated herein is NOT tied to square footage and is not subject to adjustment should the actual size be determined to be different. NOTE: Lessee is advised to verify the actual size prior to executing this Lease.

2.2 **Condition.** Lessor shall deliver the Premises to Lessee in its AS IS condition. Lessor has made no representations or warranties relative to the condition of the Premises or its fitness for the Agreed Use or to its compliance with Applicable Requirements (as hereinafter defined) and Lessee has had the opportunity to make a full and complete investigation of the Premises and accepts the Premises in their AS IS condition without any obligation on the Lessor’s part to perform any work thereto.

2.3 **Compliance.** Lessee is responsible for determining whether or not the building codes, applicable laws, covenants and restrictions of record, regulations, laws and ordinances and zoning ("**Applicable Requirements**"), are appropriate for Lessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed. If the Applicable Requirements are hereafter changed so as to require during the term of this Lease the construction of an addition to or an alteration of the Premises, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Premises ("**Capital Expenditure**"), Lessor and Lessee shall allocate the cost of such work as follows:

(a) Subject to Paragraph 2.3(c) below, if such Capital Expenditures are required as a result of the specific and unique use of the Premises by Lessee as compared with uses by tenants in general, Lessee shall be fully responsible for the cost thereof.

(b) If such Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee (such as, governmentally mandated seismic modifications), then Lessor shall pay for such Capital Expenditure at Lessee's sole cost and expense, and the Capital Expenditure shall be amortized over a twelve (12) year period from the date when it is incurred and upon the expiration of this Lease, provided that the Lessee is not in default under this Lease, Lessor shall reimburse Lessee for the unamortized portion of such Capital Expenditure.

(c) Notwithstanding the above, the provisions concerning Capital Expenditures are intended to apply only to non-voluntary, unexpected, and new Applicable Requirements. If the Capital Expenditures are instead triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Lessee shall either: (i) immediately cease such changed use or intensity of use and/or take such other steps as may be necessary to eliminate the requirement for such Capital Expenditure, or (ii) complete such Capital Expenditure at its own expense. Lessee shall not, however, have any right to terminate this Lease.

2.4 **Acknowledgements.** Lessee acknowledges that: (a) it has been given an opportunity to inspect and measure the Premises, (b) it has been advised by Lessor and/or Brokers to satisfy itself with respect to the size and condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements and the Americans with Disabilities Act), and their suitability for Lessee's intended use, (c) Lessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, (d) it is not relying on any representation as to the size of the Premises made by Brokers or Lessor, (e) the square footage of the Premises was not material to Lessee's decision to lease the Premises and pay the Rent stated herein, and (f) neither Lessor, nor Lessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease.

3. **Term.**

3.1 **Term.** The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

3.2 **Possession.** Lessor shall deliver possession of the Premises to Lessee on the Commencement Date.

4. **Rent.**

4.1 **Rent Defined.** All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the Security Deposit) are deemed to be rent ("**Rent**"). Any and all other sums of money or charges to be paid by Lessee pursuant to the provisions of this Lease other than Base Rent are hereby designated as and included in the term "**Additional Rent**." A failure to pay Additional Rent shall be treated in all events as the failure to pay Rent.

4.2 **Payment.** Lessee shall cause payment of Rent to be received by Lessor in lawful money of the United States, without offset or deduction (except as specifically permitted in this Lease), on or before the day on which it is due. All monetary amounts shall be rounded to the nearest whole dollar. In the event that any invoice prepared by Lessor is inaccurate such inaccuracy shall not constitute a waiver and Lessee shall be obligated to pay the amount set forth in this Lease. Rent for any period during the term hereof which is for less than one full calendar

month shall be prorated based upon the actual number of days of said month. Payment of Rent shall be made to Lessor at its address stated herein or to such other persons or place as Lessor may from time to time designate in writing. Acceptance of a payment which is less than the amount then due shall not be a waiver of Lessor's rights to the balance of such Rent, regardless of Lessor's endorsement of any check so stating. In the event that any check, draft, or other instrument of payment given by Lessee to Lessor is dishonored for any reason, Lessee agrees to pay to Lessor the sum of \$25 in addition to any Late Charge and Lessor, at its option, may require all future Rent be paid by cashier's check. Payments will be applied first to accrued late charges and attorney's fees, second to accrued interest, then to Base Rent, and any remaining amount to any other outstanding charges or costs. All payments hereunder shall be made by check or wire transfer and may not be made in cash.

4.3 **Operating Costs Payment.** Lessee shall pay to Lessor the Operating Costs as set forth in Paragraph 62. Further, Lessee shall during each calendar year pay to Lessor an estimate of the Operating Costs as hereinafter set forth. Beginning on the Commencement Date, Lessee shall pay to Lessor each month on the first day of the month an amount equal to one-twelfth (1/12) of the Operating Costs for the calendar year in question as reasonably estimated by Lessor, with an adjustment to be made between the parties at a later date as hereinafter provided. If the Commencement Date is not the first day of a calendar month, Lessee shall pay a prorated portion of the Operating Costs for such partial month on the Commencement Date. Furthermore, Lessor may from time to time furnish Lessee with notice of a re-estimation of the amount of the Operating Costs and Lessee shall commence paying its re-estimated Operating Costs on the first day of the month following receipt of said notice. As soon as practicable following the end of any calendar year, Lessor shall submit to Lessee a statement setting forth the exact amount of the Operating Costs for the calendar year just completed and the difference, if any, between the actual Operating Costs for the calendar year just completed and the estimated amount of Operating Costs which were paid for such year. Such statement shall also set forth the amount of the estimated Operating Costs reimbursement for the new calendar year computed in accordance with the foregoing provisions. To the extent that the actual Operating Costs for the period covered by such statement is higher than the estimated payments which Lessee previously paid during the calendar year just completed, Lessee shall pay to Lessor the difference within thirty (30) days following receipt of said statement from Lessor. To the extent that the actual Operating Costs for the period covered by the applicable statement is less than the estimated payments which Lessee previously paid during the calendar year just completed, Lessor shall at its option either refund said amount to Lessee within thirty (30) days or credit the difference against Lessee's estimated reimbursement for such Operating Costs for the current year. In addition, with respect to the monthly reimbursement, until Lessee receives such statement, Lessee's monthly reimbursement for the new calendar year shall continue to be paid at the then current rate, but Lessee shall commence payment to Lessor of the monthly installments of reimbursement on the basis of the statement beginning on the first day of the month following the month in which Lessee receives such statement.

5. **Security Deposit.** Lessee shall deposit with Lessor upon execution hereof the Security Deposit as security for Lessee's faithful performance of its obligations under this Lease. If Lessee fails to pay Rent and such failure continues beyond all applicable notice and cure periods, or otherwise Defaults is in Breach under this Lease, Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount already due Lessor, for Rents which will be due in the future, and/ or to reimburse or compensate Lessor for any liability, expense, loss or damage which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of the Security Deposit, Lessee shall within ten (10) days after written request therefor deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. If the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional monies with Lessor so that the total amount of the Security Deposit shall at all times bear the same proportion to the increased Base Rent as the initial Security Deposit bore to the initial Base Rent. Should the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublessee or assignee, Lessor shall have the right to increase the Security Deposit to the extent necessary, in Lessor's reasonable judgment, to account for any increased wear and tear that the Premises may suffer as a result thereof. If a change in control of Lessee occurs during this Lease and following such change the financial condition of Lessee is, in Lessor's reasonable judgment, significantly reduced, Lessee shall deposit such additional monies with Lessor as shall be sufficient to cause the Security Deposit to be at a commercially reasonable level based on such change in financial condition. Lessor shall not be required to keep the Security Deposit separate from its general accounts. Within thirty (30) days after the expiration or termination of this Lease, Lessor shall return that portion of the Security Deposit not used or

applied by Lessor together with an itemized statement showing any deductions made by Lessor. Lessor shall upon written request provide Lessee with an accounting showing how that portion of the Security Deposit that was not returned was applied. No part of the Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Lessee under this Lease. THE SECURITY DEPOSIT SHALL NOT BE USED BY LESSEE IN LIEU OF PAYMENT OF THE LAST MONTH'S RENT. Any Lender shall not be responsible for the Security Deposit until it has received the same. Lessee waives the provisions of all provisions of law now in force or that become in force after the date of execution of this Lease, that provide that Lessor may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by Lessee, or to clean the Premises. Lessor and Lessee agree that Lessor may, in addition, claim those sums reasonably necessary to compensate Lessee for any other foreseeable or unforeseeable loss or damage caused by the act or omission of Lessee or Lessor's officers, agents, employees, independent contractors, or invitees.

6. **Use.**

6.1 **Use.** Lessee shall use and occupy the Premises only for the Agreed Use, or any other legal use which is reasonably comparable thereto, and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that is unlawful, creates damage, waste or a nuisance, or that disturbs occupants of or causes damage to neighboring premises or properties. Other than guide, signal and seeing eye dogs, Lessee shall not keep or allow in the Premises any pets, animals, birds, fish, or reptiles. Lessor shall not unreasonably withhold or delay its consent to any written request for a modification of the Agreed Use, so long as the same will not impair the structural integrity of the improvements on the premises or the mechanical or electrical systems therein, and/or is not significantly more burdensome to the Premises. If Lessor elects to withhold consent, Lessor shall within seven (7) days after such request give written notification of same, which notice shall include an explanation of Lessor's objections to the change in the Agreed Use.

Lessee shall use commercially reasonable efforts to ensure that patients, customers, employees, agents, and owners of Lessee and Lessee's dispensary neither loiter, nor use, smoke, vape, dab, consume, in any form or fashion, any marijuana product in the Premises or on any sidewalks, parking areas or walkways serving the same. Since marijuana products may cause odors that migrate off site, Lessee shall have the duty to reasonably mitigate odors.

Lessee agrees that no smoking of any kind shall be permitted by any of Lessee's employees, agents, customers or invitees in the Premises or on any sidewalks, parking areas or walkways serving the same.

Notwithstanding the foregoing, Lessor acknowledges that the sidewalks, parking areas and walkways referenced in the preceding paragraphs are public areas outside of Lessee's control and Lessor therefore agrees that Lessee's responsibility with respect to those spaces shall be limited to making commercially reasonable efforts within the Premises to request that patients, customers, employees, agents, and owners of Lessee refrain from loitering or using/consuming cannabis in any way in these areas.

As soon as reasonably possible after the Commencement Date, Lessee shall open for business at the Premises for the Agreed Use.

6.2 **Hazardous Substances.**

(a) **Reportable Uses Require Consent.** The term "**Hazardous Substance**" as used in this Lease shall mean any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Premises, (ii) regulated or monitored by any applicable state or local governmental authority, or (iii) a basis for potential liability of Lessor to any applicable state or local governmental agency or third party under any applicable statute or common law theory. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, by-products or fractions thereof. Notwithstanding anything to the contrary herein, Hazardous Substance shall not include cannabis/marijuana or products derived therefrom. Except as otherwise provided herein, Lessee shall not engage in any activity in or on the Premises which constitutes a Reportable Use of Hazardous Substances without notice to the express prior written consent of Lessor and timely compliance (at Lessee's expense) with all Applicable

Requirements. **“Reportable Use”** shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Premises of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Lessee may use any ordinary and customary materials reasonably required to be used in the normal course of the Agreed Use, ordinary office supplies (copier toner, liquid paper, glue, etc.) and common household cleaning materials, so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Premises or neighboring property to any meaningful risk of contamination or damage or expose Lessor to any liability therefor. In addition, Lessor may condition its consent to any Reportable Use upon receiving such additional assurances as Lessor reasonably deems necessary to protect itself, the public, the Premises and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of protective modifications (such as concrete encasements) and/or increasing the Security Deposit.

(b) **Duty to Inform Lessor.** If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Lessor (a **“Hazardous Substance Condition”**), Lessee shall immediately give written notice of such fact to Lessor, and provide Lessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.

(c) **Lessee Remediation.** Lessee shall not cause or permit its employees, agents, contractors or invitees to cause any Hazardous Substance to be spilled or released in, on, under, or about the Premises (including through the plumbing or sanitary sewer system) and shall promptly, at Lessee’s expense, comply with all Applicable Requirements and take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Premises or neighboring properties, that was caused or materially contributed to by Lessee, or pertaining to or involving any Hazardous Substance brought onto the Premises during the term of this Lease, by or for Lessee, or its employees, agents or contractors or any third party.

(d) **Lessee Indemnification.** Lessee shall indemnify, defend and hold Lessor, its agents, employees, lenders and ground lessor, if any, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys’ and consultants’ fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Lessee, or any employee, agent, or contractor of Lessee (provided, however, that Lessee shall have no liability under this Lease with respect to (a) any acts or omissions of Lessor or its employees, agents or contractors or (b) underground migration of any Hazardous Substance under the Premises from adjacent properties not caused or contributed to by Lessee). Lessee’s obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement.

(e) **Lessor Indemnification.** Except as otherwise provided in paragraph 8.7, Lessor and its successors and assigns shall indemnify, defend, reimburse and hold Lessee, its employees and lenders, harmless from and against any and all environmental damages, including the cost of remediation, which are caused by the gross negligence or willful misconduct of Lessor, its agents or employees. Lessor’s obligations, as and when required by the Applicable Requirements, shall include, but not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease.

(f) **Investigations and Remediations.** Lessor shall retain the responsibility and pay for any investigations or remediation measures required by governmental entities having jurisdiction with respect to the existence of Hazardous Substances on the Premises prior to Lessee’s occupancy, unless such remediation measure is required as a result of Lessee’s use (including **“Alterations”**, as defined in Paragraph 7.2(a) below) of the Premises, in which event Lessee shall be responsible for such payment. Lessee shall cooperate fully in any such activities at

the request of Lessor, including allowing Lessor and Lessor's agents to have reasonable access to the Premises at reasonable times in order to carry out Lessor's investigative and remedial responsibilities.

(g) **Lessor Termination Option.** If a Hazardous Substance Condition occurs during the term of this Lease, unless Lessee is responsible therefor as provided in this Lease (in which case Lessee shall make the investigation and remediation thereof required by the Applicable Requirements and this Lease shall continue in full force and effect, but subject to Lessor's rights under Paragraph 6.2(d) and Paragraph 13), Lessor may, at Lessor's option, either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to remediate such condition exceeds \$[***], give written notice to Lessee, within thirty (30) days after receipt by Lessor of knowledge of the occurrence of such Hazardous Substance Condition, of Lessor's desire to terminate this Lease as of the date 60 days following the date of such notice. In the event Lessor elects to give a termination notice, Lessee may, within 10 days thereafter, give written notice to Lessor of Lessee's commitment to pay the amount by which the cost of the remediation of such Hazardous Substance Condition exceeds \$[***]. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within thirty (30) days following such commitment. In such event, this Lease shall continue in full force and effect, and Lessor shall proceed to make such remediation as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the required funds or assurance thereof within the time provided, this Lease shall terminate as of the date specified in Lessor's notice of termination.

6.3 **Lessee's Compliance with Applicable Requirements.** Except as otherwise provided in this Lease, Lessee shall, at Lessee's sole expense, fully, diligently and in a timely manner, materially comply with all Applicable Requirements related to Lessee's business and specific and unique use, the requirements of any applicable fire insurance underwriter or rating bureau, and the reasonable recommendations of Lessor's engineers and/or consultants which relate in any manner to the Premises, without regard to whether said Applicable Requirements are now in effect or become effective after the Commencement Date. Lessee shall, within 10 days after receipt of Lessor's written request, provide Lessor with copies of all permits and other documents, and other information evidencing Lessee's compliance with any Applicable Requirements specified by Lessor, and shall immediately upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Lessee or the Premises to comply with any Applicable Requirements. Likewise, Lessee shall immediately give written notice to Lessor of: (i) any water damage to the Premises and any suspected seepage, pooling, dampness or other condition conducive to the production of mold; or (ii) any mustiness or other odors that might indicate the presence of mold in the Premises. In addition, Lessee shall provide copies of all relevant material safety data sheets (MSDS) to Lessor within 10 days of the receipt of a written request therefor. In addition, Lessee shall provide Lessor with copies of its business license, certificate of occupancy and/or any similar document within 10 days of the receipt of a written request therefor.

6.4 **Inspection; Compliance.** Lessor and Lessor's "Lender" (as defined in Paragraph 28) and consultants and other persons authorized by Lessor shall have the right to enter into Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable notice, for the purpose of inspecting and/or testing the condition of the Premises and/or for verifying compliance by Lessee with this Lease. The cost of any such inspections shall be paid by Lessor, unless a violation of Applicable Requirements, or a Hazardous Substance Condition caused by Lessee (see paragraph 9.1) is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority and is caused by Lessee. In such case, Lessee shall upon request reimburse Lessor for the cost of such inspection, so long as such inspection is reasonably related to the violation or contamination. In addition, Lessee shall provide copies of all relevant material safety data sheets (MSDS) to Lessor within ten (10) days of the receipt of a written request therefor. Lessee acknowledges that any failure on its part to allow such inspections or testing will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to allow such inspections and/or testing in a timely fashion the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to [***]% of the then existing Base Rent or \$100, whichever is greater for the remainder to the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's

failure to allow such inspection and/or testing. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to such failure nor prevent the exercise of any of the other rights and remedies granted hereunder.

7. Maintenance; Repairs; Utility Installations; Trade Fixtures and Alterations.

7.1 Lessee's Maintenance Obligations.

(a) **In General.** Subject to reasonable wear and tear, the provisions of Paragraph 9 (Damage or Destruction), and 14 (Condemnation), Lessee shall, at Lessee's sole expense, keep the Premises, Utility Installations (intended for Lessee's exclusive use, no matter where located), and Alterations in good order, condition and repair, which shall include all necessary replacements (whether or not the portion of the Premises requiring repairs, or the means of repairing the same, are reasonably or readily accessible to Lessee, and whether or not the need for such repairs occurs as a result of Lessee's use, any prior use, the elements or the age of such portion of the Premises), including, but not limited to, all equipment or facilities, such as plumbing, HVAC equipment, electrical, lighting facilities, boilers, pressure vessels, fire protection system, fixtures, walls (interior and exterior), foundations, ceilings, roofs, roof drainage systems, floor coverings, windows, doors, plate glass, skylights, landscaping, driveways, parking lots, fences, retaining walls, signs, sidewalks and parkways located in, or on, or adjacent to the Premises. Lessee, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices, specifically including the procurement and maintenance of the service contracts required by Paragraph 7.1(b) below. Lessee's obligations shall include restorations, replacements or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair. Lessee shall, during the term of this Lease, keep the exterior appearance of the Building in a first-class condition (including, e.g. graffiti removal) consistent with the exterior appearance of other similar facilities of comparable age and size in the vicinity, including, when necessary, the exterior repainting of the Building. Lessee hereby waives all right to make repairs at Lessor's expense under applicable state or local law.

(b) **Service Contracts.** Lessee shall, at Lessee's sole expense, procure and maintain contracts, with copies to Lessor, in customary form and substance for, and with contractors specializing and experienced in the maintenance of the following equipment and improvements, if any, if and when installed on the Premises: (i) HVAC equipment, (ii) boiler, and pressure vessels, (iii) fire extinguishing systems, including fire alarm and/or smoke detection, (iv) landscaping and irrigation systems, (v) roof covering and drains, and (vi) clarifiers. However, Lessor reserves the right, upon notice to Lessee, to procure and maintain any or all of such service contracts, and Lessee shall reimburse Lessor, upon demand, for the cost thereof.

(c) **Failure to Perform.** If Lessee fails to perform Lessee's obligations under this Paragraph 7.1, Lessor may enter upon the Premises after ten (10) days' prior written notice to Lessee (except in the case of an emergency, in which case no notice shall be required), perform such obligations on Lessee's behalf, and put the Premises in good order, condition and repair, and Lessee shall promptly pay to Lessor a sum equal to [***]% of the cost thereof.

7.2 Utility Installations; Trade Fixtures; Alterations.

(a) **Definitions.** The term "**Utility Installations**" refers to all floor and window coverings, air and/or vacuum lines, power panels, electrical distribution, security and fire protection systems, communication cabling, lighting fixtures, HVAC equipment, plumbing, and fencing in or on the Premises. The term "**Trade Fixtures**" shall mean Lessee's machinery and equipment that can be removed without doing material damage to the Premises. The term "**Alterations**" shall mean any modification of the improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion. "**Lessee Owned Alterations and/or Utility Installations**" are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Paragraph 7.3(a).

(b) **Consent.** Lessee shall not make any Alterations or Utility Installations to the Premises without Lessor's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Lessee may, however, make non-structural Alterations or Utility Installations to the interior of the Premises (excluding the roof) without such consent but upon notice to Lessor, as long as they are not visible from the outside, do not involve

puncturing, relocating or removing the roof or any existing walls, will not adversely affect the electrical, plumbing, HVAC, and/or life safety systems, do not trigger the requirement for additional modifications and/or improvements to the Premises resulting from Applicable Requirements, such as compliance with Title 24, and the cumulative cost thereof during this Lease as extended does not exceed a sum equal to 3 month's Base Rent in the aggregate or a sum equal to one month's Base Rent in any one year. Notwithstanding the foregoing, Lessee shall not make or permit any roof penetrations and/or install anything on the roof without the prior written approval of Lessor. Lessor may, as a precondition to granting such approval, require Lessee to utilize a contractor chosen and/or approved by Lessor. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. Consent shall be deemed conditioned upon Lessee's: (i) acquiring all applicable governmental permits, (ii) furnishing Lessor with copies of both the permits and the plans and specifications prior to commencement of the work, and (iii) compliance with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a workmanlike manner with good and sufficient materials and in compliance with Applicable Requirements. Lessee shall promptly upon completion furnish Lessor with as-built plans and specifications. For work which costs an amount in excess of one month's Base Rent, Lessor may condition its consent upon Lessee providing a lien and completion bond in an amount equal to [***]% of the estimated cost of such Alteration or Utility Installation and/or upon Lessee's posting an additional Security Deposit with Lessor.

(c) **Liens; Bonds.** Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee or anyone claiming by, through or under Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than ten (10) days' notice prior to the commencement of any work in, on or about the Premises, and Lessor shall have the right to post notices of non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof. If Lessor shall require, Lessee shall furnish a surety bond in an amount equal to [***]% of the amount of such contested lien, claim or demand, indemnifying Lessor against liability for the same. If Lessor elects to participate in any such action, Lessee shall pay Lessor's attorneys' fees and costs.

7.3 **Ownership; Removal; Surrender; and Restoration.**

(a) **Ownership.** Subject to Lessor's right to require removal or elect ownership as hereinafter provided and except as expressly provided herein, all Alterations and Utility Installations made by Lessee shall be the property of Lessee, but considered a part of the Premises. Lessor may, at any time, elect in writing to be the owner of all or any specified part of the Lessee Owned Alterations and Utility Installations. Unless otherwise instructed per paragraph 7.3(b) hereof, all Lessee Owned Alterations and Utility Installations shall, at the expiration or termination of this Lease, become the property of Lessor and be surrendered by Lessee with the Premises.

(b) **Removal.** Lessee may, but is not required to, remove any or all Lessee Owned Alterations or Utility Installations prior to the expiration or termination of this Lease. By delivery to Lessee of written notice from Lessor not earlier than 90 and not later than thirty (30) days prior to the end of the term of this Lease, Lessor may require that any or all Lessee Owned Alterations or Utility Installations be removed by the expiration or termination of this Lease. Lessor may require the removal at any time of all or any part of any Lessee Owned Alterations or Utility Installations made without the required consent.

(c) **Surrender; Restoration.** Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, parts and surfaces thereof broom clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear and damage caused by Lessor excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. Notwithstanding the foregoing, if the Lessee occupies the Premises for 12 months or less, then Lessee shall surrender the Premises in the same condition as delivered to Lessee on the Commencement Date with NO allowance for ordinary wear and tear. Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, Lessee owned Alterations and/or Utility Installations, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee. Lessee shall also remove from the Premises any and all Hazardous Substances brought onto the Premises by or for Lessee, or its employees, agents or

contractors any third party (except Hazardous Substances which were deposited via underground migration from areas outside of the Premises) to the level specified in Applicable Requirements. Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee. Any personal property of Lessee not removed on or before the Expiration Date or any earlier termination date shall be deemed to have been abandoned by Lessee and may be disposed of or retained by Lessor as Lessor may desire. The failure by Lessee to timely vacate the Premises pursuant to this Paragraph 7.3(c) without the express written consent of Lessor shall constitute a holdover under the provisions of Paragraph 24 below.

8. Insurance; Indemnity.

8.1 **Payment For Insurance.** Lessee shall pay for all insurance required under Paragraphs 8.2, 8.3, and 8.4. Premiums for policy periods commencing prior to or extending beyond the Lease term shall be prorated to correspond to the Lease term. Payment shall be made by Lessee to Lessor within ten (10) days following receipt of an invoice.

8.2 Liability Insurance and Other Insurance

(a) **Carried by Lessee.** Lessee agrees to maintain in full force and effect from the date on which Lessee first enters the Premises for any reason, throughout the Lease term, and thereafter so long as Lessee is in occupancy of any part of the Premises, a policy of commercial general liability insurance which insures Lessee's operation and use of the Premises and includes premises liability and products liability (including but not limited to cannabis retail/sales and dispensary use), the following exclusionary endorsements may be attached to this form, along with any standard and customary exclusions: nuclear energy exclusion, asbestos exclusion, and employment practices liability. Lessor, Lessor's managing agent, Lessor's Lender, and any other parties reasonably requested by Lessor shall be named additional insured for ongoing and completed operations on a primary basis and non-contributory. Each such policy shall be written by a reputable and financially sound, duly licensed insurance company with an AM Best rating of at least A-. The minimum limits of liability of such insurance shall be \$[***] for each such occurrence and in the aggregate. All such insurance coverage shall be written on an occurrence form, except for the products liability coverage which may be written on a claims-made form. Any claims-made coverage shall be in full force from lease commencement date and coverage will be maintained for a period of three (3) years after termination of this Lease and its obligations herein.

Lessee further agrees to maintain a Workers' Compensation and Employers' Liability Insurance policy. The limit of liability as respects Employers' Liability coverage shall be no less than \$[***] per accident.

Except for Workers' Compensation and Employers' Liability coverage, Lessee agrees that Lessor and Lessor's managing agent shall be named as additional insureds on a primary and non-contributory basis. A duplicate original or a Certificate of Insurance evidencing the insurance requirements contained in the Lease shall be delivered to Lessor upon the execution of this Lease and then annually in advance of each policies renewal. Copies of additional insured endorsements, if required for coverage of additional insureds, also shall be delivered to Lessor. Lessor shall be given thirty (30) days advance written notice of any required insurance policy cancellation or non-renewals

(b) **Carried by Lessor.** Lessor may, at Lessor's sole cost and expense, maintain liability insurance as described in Paragraph 8.2(a), in addition to, and not in lieu of, the insurance required to be maintained by Lessee. Lessee shall not be named as an additional insured therein.

8.3 Property Insurance - Building, Improvements and Rental Value.

(a) **Building and Improvements.** The Insuring Party shall obtain and keep in force a policy or policies in the name of Lessor, with loss payable to Lessor, any ground-lessor, and to any Lender insuring loss or damage to the Premises. The amount of such insurance shall be equal to the full insurable replacement cost of the Premises, as the same shall exist from time to time, or the amount required by any Lender, but in no event more than the commercially reasonable and available insurable value thereof. Should Lessee so choose, Lessee Owned Alterations and Utility Installations, Trade Fixtures, and Lessee's personal property shall be insured by Lessee not by Lessor. If the coverage is available and commercially appropriate, such policy or policies shall insure against all

risks of direct physical loss or damage, excluding the perils of flood and/or earthquake unless required by a Lender, and including coverage for debris removal and for demolition and increased cost of construction to comply with any Applicable Requirements (“**DICC Coverage**”), provided however that DICC Coverage may be subject to limits of no less than \$[***] per occurrence. Said policy or policies shall also contain a waiver of subrogation. If such insurance coverage has a deductible clause, the deductible amount shall not exceed \$[***] per occurrence for All Other Perils, and Lessee shall be liable for such deductible amount in the event of an Insured Loss.

(b) **Rental Value.** The Insuring Party shall obtain and keep in force a policy or policies in the name of Lessor with loss payable to Lessor and any Lender, insuring the loss of the full Rent for one year with an extended period of indemnity for an additional 180 days (“**Rental Value Insurance**”). The amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by Lessee, for the next twelve (12) month period. Lessee shall be liable for any deductible amount in the event of such loss.

8.4 **Lessee’s Property; Worker’s Compensation Insurance.**

(a) **Property Damage.** Should Lessee so choose, Lessee may obtain and maintain insurance coverage on all of Lessee’s personal property, Trade Fixtures, and Lessee Owned Alterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible not to exceed \$[***] per occurrence. The proceeds from any such insurance shall be used by Lessee for the replacement of personal property, Trade Fixtures and Lessee Owned Alterations and Utility Installations.

(b) **Worker’s Compensation Insurance.** Lessee shall obtain and maintain a Worker’s Compensation Insurance and Employers’ Liability Insurance policy. The limit of liability as respects Employers’ Liability coverage shall be no less than \$[***] per accident. Such policy shall include a ‘Waiver of Subrogation’ endorsement. Lessee shall provide Lessor with a copy of such endorsement along with the certificate of insurance or copy of the policy required by paragraph 8.5.

(c) **No Representation of Adequate Coverage.** Lessor makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Lessee’s property, business operations or obligations under this Lease.

8.5 **Insurance Policies.** Insurance required herein shall be by companies maintaining during the policy term a “General Policyholders Rating” of at least A-, as set forth in the most current issue of “Best’s Insurance Guide”,. Lessee shall not do or permit to be done anything which invalidates the required insurance policies. Lessee shall, prior to the Commencement Date, deliver to Lessor certificates evidencing the existence and amounts of the required insurance. Lessee shall, prior to the expiration of such policies, furnish Lessor with evidence of renewals, or Lessor may increase his liability insurance coverage and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand. Such policies shall be for a term of at least one year, or the length of the remaining term of this Lease, whichever is less. If either Party shall fail to procure and maintain the insurance required to be carried by it, the other Party may, but shall not be required to, procure and maintain the same.

8.6 **Waiver of Subrogation.** Without affecting any other rights or remedies, Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

8.7 **Indemnity.** Except for Lessor’s gross negligence or willful misconduct, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, Lessor’s master or ground lessor, partners and Lenders, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys’ and consultants’ fees, expenses and/or liabilities arising out of, involving, or in connection with, a Breach of the Lease by Lessee and/or the use and/or occupancy of the Premises by Lessee and/or by Lessee’s employees, contractors or invitees. If any action or proceeding is brought against Lessor by reason of any of the foregoing

matters, Lessee shall upon notice defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified. Lessor shall indemnify, protect, defend and hold Lessee, and any of Lessee's affiliates, subsidiaries, parent companies, and any of their officers, directors, employees, and agents, harmless against any and all Claims arising out of or related to Lessor's gross negligence or willful misconduct.

8.8 Exemption of Lessor and its Agents from Liability. Notwithstanding the gross negligence or breach of this Lease by Lessor or its agents, neither Lessor nor its agents shall be liable under any circumstances for: (i) injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, indoor air quality, the presence of mold or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the building of which the Premises are a part, or from other sources or places, (ii) any damages arising from any act or neglect of any other tenant of Lessor or from the failure of Lessor or its agents to enforce the provisions of any other lease, or (iii) injury to Lessee's business or for any loss of income or profit therefrom. Instead, it is intended that Lessee's sole recourse in the event of such damages or injury be to file a claim on the insurance policy(ies) that Lessee is required to maintain pursuant to the provisions of paragraph 8.

8.9 Failure to Provide Insurance. If Lessee does not maintain the required insurance during the Term and/or does not provide Lessor with the required binders or certificates evidencing the existence of the required insurance, then, after ten (10) days' prior written notice, Lessor may obtain insurance policies sufficient to meet the requirements herein. Lessee shall pay to Lessor an amount equal to one hundred percent (100%) of the actual costs and expenses of such policies incurred by Lessor upon receipt of an invoice therefor. Lessor obtaining such policies shall in no event constitute a waiver of Lessee's Event of Default with respect to the failure to maintain such insurance, prevent the exercise of any of the other rights and remedies granted hereunder, nor relieve Lessee of its obligation to maintain the insurance specified in this Lease.

9. Damage or Destruction.

9.1 Restoration Following Destruction.

If any portion of the Premises or any appurtenance thereto shall be damaged or destroyed by fire or other casualty, then, whether or not such damage or destruction shall have been insured, Lessee shall give prompt written notice thereof to Lessor and shall proceed with reasonable diligence to repair or rebuild the same at its sole cost and expense or to replace the same with improvements of no lesser quality or value. To the extent such casualty is covered by the casualty insurance required by the provisions of Paragraph 8.3, Lessee shall not be required to commence restoration until such time as it shall have received insurance proceeds for such fire or other casualty and in any case until it has received all necessary permits.

Any repair or rebuilding following either a total or a partial destruction shall be performed pursuant to Paragraph 9.3, and, if there are insurance proceeds resulting from such damage or destruction and Lessee is in the process of repairing and restoring as provided in this Paragraph and in said Paragraph 9.3, then except as provided in said Paragraph 9.3 such proceeds shall be deposited with a bank or trust company pursuant to Paragraph 9.5 (the "**Depository**") and disbursed in the manner as provided in this Lease. If at any time Lessee shall fail to prosecute such work of repair or rebuilding with diligence and promptness, then Lessor may give to Lessee written notice of such failure and if such failure continues for sixty (60) days thereafter, then Lessor, in addition to all other rights which it may have, may enter upon the Premises, provide labor and/or materials, cause the performance of any contract and/or take such other action as it may deem advisable to prosecute such work. Lessor shall be entitled to reimbursement for its costs and expenses from any insurance proceeds and any other moneys held by the Depository for application to the cost of such work. All reasonable costs and expenses incurred by Lessor in carrying out such work for which it is not reimbursed by the Depository shall be paid by Lessee upon demand, which demand may be made by Lessor periodically as such costs and expenses are incurred, in addition to any damages to which Lessor may be entitled hereunder.

All insurance proceeds in excess of \$[***] shall be paid to the Depository.

9.2 Lessee Obligations Following Destruction.

Rent shall not abate because of any damage to or destruction of the Premises, or to the appurtenances thereto. Lessee shall continue to perform all of its obligations hereunder, notwithstanding any such damage or destruction.

Any rent insurance proceeds received by the Depository by reason of such damage or destruction shall be applied by it to the payment of the Rent and to premiums for any insurance required to be maintained by Lessee under this Lease. However, such payment shall not relieve Lessee of its obligations to pay punctually all such rents, real estate taxes and insurance premiums should rent insurance proceeds held by the Depository be insufficient to pay the same or if for any reason such rent insurance proceeds are not actually applied by a Depository to the payment of such amounts. All rent insurance proceeds and any balance of any insurance proceeds in excess of amounts utilized for repairs and/or rebuilding (where the damage has been fully repaired or restored) shall be paid to Lessee provided Lessee is not then in monetary default hereunder. In the event that there shall be excess insurance proceeds by reason of the fact that Lessee is precluded from making repairs and/or rebuilding by reason of operation of law (such as zoning changes, etc.) any such excess insurance proceeds shall be paid promptly to Lessor.

9.3 Restoration after Fire or Condemnation

Whenever Lessee shall be required to carry out any restoration or repair, Lessee, prior to the commencement of such work, shall comply with the following requirements if such work has a cost in excess of \$[***] as determined by an independent architect or contractor selected by Lessee whose report is furnished to Lessor and any lender. If Lessee fails to have such a report promptly prepared then it shall be deemed that such work has a cost in excess of \$[***].

1. Lessee shall furnish to Lessor complete plans and specifications for such work.
2. Lessee shall furnish to Lessor a budget for such work setting forth Lessee's good faith estimate of the cost of completion of such work. Such budget shall be updated periodically upon request of Lessor.
3. Lessee, at its sole cost, shall at Lessor's requests furnish to Lessor certified or photostatic copies of all permits and approvals required by law, regulation or ordinance in connection with the commencement and conduct of such work.
4. If the amount of fire insurance proceeds held by the Depository to be applied to pay for the cost of such work pursuant to this Paragraph shall be less than the Lessee's estimate of the cost of completion of such work, then Lessee shall deposit with the Depository an additional sum so that the Depository shall have at all times an amount equal to the estimate of cost of completion of such work.
5. The Depository shall not be required to make disbursements to Lessee more often than at thirty (30) day intervals or in interim amounts of less than [***] Dollars (\$[***]), except for the final disbursement. Lessee shall make written request for each disbursement at least seven (7) days in advance, and shall comply with the following requirements in connection with each such disbursement:
 - A. Lessee shall deliver to the Depository, at the time of request for a disbursement, a certificate (the "**Certificate**") of an independent architect reasonably satisfactory to Lessor (the "**Architect**"), dated not more than ten (10) days prior to the application for withdrawal of funds and accompanied by such invoices, receipts, contracts or other evidence of the amount requested, setting-forth the following:
 - (i) That the sum then requested to be withdrawn either has been paid by Lessee, or is justly due to persons (whose names and addresses shall be stated) who have furnished services or materials for the work and giving a brief description of such services and materials and stating the progress of the work up to the date of said certificate;

- (ii) That the sum then requested to be withdrawn, plus all sums previously withdrawn, does not exceed the cost of the work insofar as actually accomplished up to the date of such certificate, less any contractor holdbacks;
- (iii) That all prior disbursements under this Paragraph have been expended solely in payment of costs for the work actually incurred;
- (iv) That the remainder of the moneys held by the Depository will be sufficient to pay for the completion of the work in accordance with the estimate thereof.
- (v) That no part of the cost of the services and materials described in the foregoing paragraph (i) is being made on the basis of the withdrawal of any funds in any previous or pending application; and
- (vi) That, except for the amount requested, there is no outstanding indebtedness known, after due inquiry, in connection with the work which, if unpaid, might become the basis of a mechanic's or other similar lien upon the Premises, unless Lessor is contesting such indebtedness in good faith and agrees to discharge (by bonding or otherwise) any lien once filed.

B. Lessee shall deliver to the Depository satisfactory evidence that the Premises and all materials and all property described in the Certificate are free and clear of all liens, or encumbrances, except (a) liens or encumbrances encumbering the Premises as of the date of this Lease, (b) this Lease and any mortgages made by Lessor and (c) liens for taxes and other charges payable by Lessee which are not delinquent or the payment of which has been deferred by Lessee in full compliance with this Lease. The Depository shall receive a certificate of a title insurance company acceptable to Lessor, dated as of the date of the disbursement confirming the foregoing.

C. Lessee shall deliver to the Depository a survey of the Premises dated as of a date within ten (10) days prior to the advance, showing no encroachments or extensions over set-back lines. Surveys need not be so updated, however, if a foundation survey is provided and the work being performed does not touch or extend beyond the perimeter of the building on the Premises and would not affect any facts shown on an existing survey thereof.

D. There shall be no default by Lessee under the terms of this Lease. At the time of each disbursement, Lessor shall deliver to the Depository a certificate signed by Lessee, certifying to the fulfillment of the conditions of this clause. The Depository may rely on said certificate as being accurate unless, prior to the disbursement then being made, the Depository (where other than Lessor) shall have received a written notice from Lessor, referring to this clause, containing statements contrary to those set forth in said certificate.

Lessor shall receive a copy of each item required to be delivered to Depository hereunder concurrently with delivery to the Depository.

Upon compliance with the foregoing, the Depository shall pay to the persons named in the Certificate, the respective amounts stated in said Certificate to have been paid by it. Lessor shall have the right, from time to time, to inspect the restoration work. If, after all of said work shall be completed in accordance with the terms of this Lease, Lessee shall not be in default thereunder and all governmental approvals required shall have been obtained, there are funds held by the Depository for application to the cost of such work in excess of the amounts withdrawn, then such funds shall be paid out by the Depository as provided herein.

9.4 Completion by Lessor.

If, after a default by Lessee, Lessor shall perform any of such work, then Lessor may withdraw funds held by the Depository for application to the cost thereof. In withdrawing such funds Lessor need not comply with any of the preceding requirements, but must only comply with the requirements hereafter set forth. Such withdrawals shall

be made not more often than at thirty (30) day intervals. At the time of each withdrawal request Lessor shall deliver to the Depository, a certificate from either the Architect or other architect selected by Lessor stating that the sum then requested to be withdrawn either has been paid by Lessor, and/or is justly due, to contractors, subcontractors, materialmen, engineers, architects or to other persons (whose names and addresses shall be stated) who have rendered or furnished services or materials for the work, and giving a brief description of such services and materials and the respective amounts so paid or due to each of said persons in respect thereof. Such certificate shall also state that no part of the cost of the services or materials described therein has been or is the basis of a withdrawal of funds in any previous or pending application.

9.5 **Depository.**

In any instance when a Depository is to serve, such Depository shall be selected by Lessor within ten (10) days after written notice by Lessee. The Depository so selected shall be a bank(s) or trust company(ies) authorized to do business in the State of Illinois and having a net worth of \$1,000,000,000 or more. Upon the selection of such Depository, Lessor shall give to Lessee written notice thereof. If Lessor shall not select a Depository within ten (10) business days after notice from Lessee, then Lessee may select such Depository, which shall be a bank or trust company or escrow company authorized to do business in the State of Illinois.

Before paying out any moneys pursuant to this Lease, the Depository may retain free of trust its reasonable fees and expenses for acting as Depository. In the event there are not sufficient funds held by the Depository to pay its fees and expenses, Lessee shall pay all such fees and expenses.

The Depository shall be obligated to pay interest at competitive rates on any funds held by it. Any interest paid or received on the funds held in trust by it shall be accumulated with such funds. The Depository shall have no affirmative obligation to ascertain a determination of the amount of, or to effect the collection of, any insurance proceeds or condemnation awards(s), unless it shall have given an express undertaking to do so.

No contractor or any other person whatsoever, other than Lessor, Lessee and any Lender shall have any interest in or rights to any funds held by the Depository.

The Depository shall not commingle its own funds with funds received pursuant to any of the provisions of this Lease but shall hold such funds in trust for the purposes provided in this Lease. The Depository shall not be liable or accountable for any action taken or suffered by it or for any disbursement of funds made in good faith. If Lessor, Lessee and any Lender shall jointly instruct the Depository with regard to the disbursement of any funds held by it, then it shall disburse said funds in accordance with such instructions, and shall not be liable to anyone for having so disbursed said funds in accordance with such instructions.

10. **Real Property Taxes.**

10.1 **Definition.** As used herein, the term “**Real Property Taxes**” shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Premises, Lessor’s right to other income therefrom, and/or Lessor’s business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the Premises address. Real Property Taxes shall also include any tax, fee, levy, assessment or charge, or any increase therein: (i) imposed by reason of events occurring during the term of this Lease, including but not limited to, a change in the ownership of the Premises, and (ii) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease and (iii) any special tax on rents, and any special taxes relative to the Agreed Use.

10.2 **Payment of Taxes.** In addition to Base Rent, Lessee shall pay to Lessor an amount equal to the Real Property Tax payment due at least twenty (20) days prior to the applicable delinquency date. If any such payment shall cover any period of time prior to the commencement or after the expiration or termination of this Lease, Lessee’s share of such installment shall be prorated. Lessor may estimate the current Real Property Taxes, and require that such taxes be paid in advance to Lessor by Lessee monthly in advance with the payment of the Base Rent. Such monthly payments shall be an amount equal to the amount of the estimated installment of taxes divided

by the number of months remaining before the month in which said installment becomes delinquent. When the actual amount of the applicable tax bill is known, the amount of such equal monthly advance payments shall be adjusted as required to provide the funds needed to pay the applicable taxes. If the amount collected by Lessor is insufficient to pay such Real Property Taxes when due, Lessee shall pay Lessor, upon demand, such additional sum as is necessary. If the amount collected by Lessor is more than the Real Property Taxes due, Lessor shall credit such additional amount to the next installment(s) of Base Rent due. Advance payments may be intermingled with other moneys of Lessor and shall not bear interest. If requested by Lessor, Lessee shall pay the Real Property Taxes directly to the taxing authority.

10.3 **Personal Property Taxes.** Lessee shall pay, prior to delinquency, all taxes assessed against and levied upon Lessee Owned Alterations, Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee. When possible, Lessee shall cause its Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor. If any of Lessee's said property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee's property within ten (10) days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. **Utilities and Services.** Lessee shall pay for all water, gas, heat, light, power, telephone, trash disposal and other utilities and services supplied to the Premises, together with any taxes thereon. If any such services are not separately metered or billed to Lessee, Lessee shall pay a reasonable proportion, to be determined by Lessor, of all charges jointly metered or billed. There shall be no abatement of rent and Lessor shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause if beyond Lessor's reasonable control or in cooperation with governmental request or directions. Lessee hereby waives the provisions of any applicable existing or future law, ordinance or governmental regulation permitting the termination of this Lease due to an interruption, failure or inability to provide any services.

12. **Assignment and Subletting.**

12.1 Notwithstanding any other provisions of this Lease, Lessee covenants and agrees that it will not assign this Lease or sublet (which term, without limitation, shall include the granting of concessions, management arrangements and the like) the whole or any part of the Premises without, in each instance, having first received the express written consent of Lessor, which Lessor may withhold in its sole discretion except as expressly provided in this Paragraph 12.1. Lessor's consent to any proposed assignment of this Lease or subletting of all but not less than all of the Premises, shall not be unreasonably withheld, conditioned or delayed, provided that (i) any such assignee or sublessee (or an affiliated entity or parent company thereof) demonstrates the financial capacity to carry out all of the obligations under this Lease or the sublease, as the case may be, (ii) the assignee or sublessee has a business reputation that will not detract from the image of the Building and (iii) in the case of an assignment, the proposed assignee has a tangible net worth reasonably sufficient in Lessor's reasonable judgment to fully perform the obligations of Lessee under this Lease then remaining to be performed or in the case of a sublease, the proposed subtenant (or an affiliated entity or parent company thereof) has a financial net worth reasonably sufficient in Lessor's reasonable judgment to fully perform those obligations of Lessee under this Lease to be performed by the subtenant under the proposed sublease. Any assignment of this Lease or subletting of the whole or any part of the Premises (other than as permitted to an Affiliate of Lessee as set forth below) by Lessee without Lessor's express consent shall be invalid, void and of no force or effect. In any case where Lessor shall consent to such subletting, the Lessee named herein shall remain fully liable for the obligations of Lessee hereunder, including, without limitation, the obligation to pay the Rent and other amounts provided under this Lease. Any such request shall set forth, in detail reasonably satisfactory to Lessor, the identification of the proposed assignee or sublessee, its financial condition and the terms on which the proposed assignment or subletting is to be made, including, without limitation, the Rent or any other consideration to be paid in respect thereto and such request shall be treated as Lessee's warranty in respect of the terms on which the proposed transfer is to be made.

It shall be a condition of the validity of any such assignment or subletting that the assignee or sublessee agrees directly with Lessor, in form satisfactory to Lessor, to be bound by all the obligations of Lessee hereunder, including, without limitation, the obligation to pay Base Rent and other amounts provided for under this Lease and

the covenant against further assignment and subletting except in compliance with the terms of this Lease; any such subletting shall not relieve the Lessee named herein of any of the obligations of Lessee hereunder, and Lessee shall remain fully liable therefor. In no event, however, shall Lessee assign this Lease or sublet the whole or any part of the Premises to a proposed assignee or sublessee which has been judicially declared bankrupt or insolvent according to law, or with respect to which an assignment has been made of property for the benefit of creditors, or with respect to which a receiver, guardian, conservator, trustee in involuntary bankruptcy or similar officer has been appointed to take charge of all or any substantial part of the proposed assignee's or sublessee's property by a court of competent jurisdiction, or with respect to which a petition has been filed for reorganization under any provisions of the Bankruptcy Code now or hereafter enacted, or if a proposed assignee or sublessee has filed a petition for such reorganization, or for arrangements under any provisions of the Bankruptcy Code now or hereafter enacted and providing a plan for a debtor to settle, satisfy or extend the time for the payment of debts.

For the purposes of this Lease, the entering into of any management agreement or any agreement in the nature thereof transferring control or any substantial percentage of the profits and losses from the business operations of the Lessee in the Premises to a person or entity other than the Lessee (or an affiliate, subsidiary, or parent company of Lessee), or otherwise having substantially the same effect, shall be treated for all purposes as an assignment of this Lease and shall be governed by the provisions of this Paragraph 12.

Without limiting Lessor's discretion to grant or withhold its consent to any proposed assignment or subletting, if Lessee notifies Lessor in writing of Lessee's intent to assign this Lease or sublet the entire Premises, except in the case of a Permitted Transfer (as defined below), Lessor shall have the option, exercisable by written notice to Lessee given within thirty (30) days after Lessor's receipt of such notice of intent to assign or sublease, to terminate this Lease as of the date specified in Lessee's request.

Notwithstanding any contrary provisions herein, Lessor's consent shall not be required for an assignment or subletting to an Affiliate of Lessee, and for the purposes hereof, an "**Affiliate of Lessee**" shall mean (x) an entity which controls, is controlled by or under common control with Lessee, (y) a successor corporation related to Lessee by merger, consolidation, non-bankruptcy reorganization, or government action, or (z) a purchaser of substantially all of Lessee's assets at the Premises or stock; provided, however, that in the case of any assignment to an Affiliate of Lessee, the Affiliate shall agree directly with Lessor to be bound by all of the obligations of the Lessee under this Lease. Further, any person or entity owning directly or indirectly, a majority of either the outstanding voting rights or the outstanding ownership interests of Lessee, may assign or otherwise transfer such interests to another person or entity, provided that, in all instances, the combined net worth of the Lessee shall continue to have a net worth following consummation of such transaction that is at least equal to the net worth of Lessee as of the date of the assignment. In the avoidance of doubt, it is agreed that no assignment of this Lease, whether with or without the Lessor's consent, and no subletting of all or any portion of the Premises, again with or without the Lessor's consent, shall act to relieve the Lessee of its obligations under this Lease or release the Guarantor of its obligations under its guaranty. Any assignment or subletting pursuant to this paragraph shall be a "**Permitted Transfer**".

(a) An assignment or subletting without consent, other than a Permitted Transfer, shall, at Lessor's option, be a Default curable after notice per Paragraph 13.1(d), or a noncurable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unapproved assignment or subletting as a noncurable Breach, Lessor may either: (i) terminate this Lease, or (ii) upon thirty (30) days written notice, increase the monthly Base Rent to [***]% of the Base Rent then in effect. Further, in the event of such Breach and rental adjustment, all fixed and non-fixed rental adjustments scheduled during the remainder of the Lease term shall be increased to [***]% of the scheduled adjusted rent.

(b) Lessee's remedy for any breach of Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or injunctive relief.

(c) Lessor may reasonably withhold consent to a proposed assignment or subletting if Lessee is in Breach or Default at the time consent is requested.

(d) Notwithstanding the foregoing, allowing a de minimis portion of the Premises, i.e. 20 square feet or less, to be used by a third party vendor in connection with the installation of a vending machine or payphone shall not constitute a subletting.

12.2 **Terms and Conditions Applicable to Assignment and Subletting.**

(a) Regardless of Lessor's consent, no assignment or subletting shall: (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, or (iii) alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.

(b) Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.

(c) Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.

(d) In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefor to Lessor, or any security held by Lessor.

(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any, together with a fee of \$1000 as consideration for Lessor's considering and processing said request. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested. (See also Paragraph 34)

(f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment, entering into such sublease, or entering into possession of the Premises or any portion thereof, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented to in writing.

(g) Lessor's consent to any assignment or subletting shall not transfer to the assignee or sublessee any Option granted to the original Lessee by this Lease unless such transfer is specifically consented to by Lessor in writing, provided however the foregoing shall not apply to any Permitted Transfer. (See Paragraph 37.2)

12.3 **Additional Terms and Conditions Applicable to Subletting.** The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. In the event that the amount collected by Lessor exceeds Lessee's then outstanding obligations any such excess shall be refunded to Lessee. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such

notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.

(b) In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.

(c) Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.

(d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.

(e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

13. **Default; Breach; Remedies.**

13.1 **Default; Breach.** A "Default" is defined as a failure by the Lessee to comply with or perform any of the terms, covenants, conditions or Rules and Regulations under this Lease. A "Breach" is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:

(a) The abandonment of the Premises; or the vacating of the Premises without providing a commercially reasonable level of security, or where the coverage of the property insurance described in Paragraph 8.3 is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential vandalism.

(b) The failure of Lessee to make any payment of Rent or any Security Deposit required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of 3 business days following written notice to Lessee. **THE ACCEPTANCE BY LESSOR OF A PARTIAL PAYMENT OF RENT OR SECURITY DEPOSIT SHALL NOT CONSTITUTE A WAIVER OF ANY OF LESSOR'S RIGHTS, INCLUDING LESSOR'S RIGHT TO RECOVER POSSESSION OF THE PREMISES.**

(c) The failure of Lessee to allow Lessor and/or its agents access to the Premises or the commission of waste, act or acts constituting public or private nuisance, and/or an illegal activity on the Premises by Lessee, subject to Paragraph 51, where such actions continue for a period of 3 business days following written notice to Lessee. In the event that Lessee commits waste, a nuisance or an illegal activity a second time then, subject to Paragraph 51, the Lessor may elect to treat such conduct as a non-curable Breach rather than a Default.

(d) The failure by Lessee to provide (i) reasonable written evidence of compliance with Applicable Requirements, (ii) the service contracts, (iii) the rescission of an unauthorized assignment or subletting, (iv) an Estoppel Certificate or financial statements, (v) a requested subordination, (vi) evidence concerning any guaranty and/or Guarantor, (vii) any document requested under Paragraph 42, (viii) material safety data sheets (MSDS), or (ix) any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of 10 days following written notice to Lessee.

(e) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 40 hereof, other than those described in subparagraphs 13.1(a), (b), (c) or (d), above, where such Default continues for a period of thirty (30) days after written notice; provided, however, that if the nature of Lessee's Default is such that more than thirty (30) days are reasonably required for its cure, then it shall

not be deemed to be a Breach if Lessee commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.

(f) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a "debtor" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within sixty (60) days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within thirty (30) days; provided, however, in the event that any provision of this subparagraph is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(g) The discovery that any financial statement of Lessee or of any Guarantor given to Lessor was materially false.

(h) If the performance of Lessee's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, (iii) a Guarantor's becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory basis, and Lessee's failure, within sixty (60) days following written notice of any such event, to provide written alternative assurance or security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of execution of this Lease.

13.2 **Remedies.** If Lessee fails to perform any of its affirmative duties or obligations, within thirty (30) days after written notice (or in case of an emergency, without notice), Lessor may, at its option, perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. Lessee shall pay to Lessor an amount equal to [***]% of the costs and expenses incurred by Lessor in such performance upon receipt of an invoice therefor. In the event of a Breach, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee's Breach of this Lease shall not waive Lessor's right to recover any damages to which Lessor is otherwise entitled. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Paragraph 13.1. In such case, the applicable grace period required by Paragraph 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an

unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due, in which event Lessee may sublet or assign, subject only to reasonable limitations. Lessee acknowledges that the limitations on subletting and assignment set forth in Paragraph 12 herein are reasonable. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not constitute a termination of the Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

(d) Lessee waives any right of redemption or relief from forfeiture under any other present or future law in the event Lessee is evicted and Lessor takes possession of the Property by reason of a default.

13.3 **Late Charges.** Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within five (5) days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall immediately pay to Lessor a one-time late charge equal to [***]% of each such overdue amount or \$100, whichever is greater. The Parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

13.4 **Interest.** Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor, when due shall bear interest from the 31st day after it was due. The interest ("**Interest**") charged shall be computed at the rate of [***]% per annum but shall not exceed the maximum rate allowed by law. Interest is payable in addition to the potential late charge provided for in Paragraph 13.3.

13.5 **Breach by Lessor.** Lessor shall not be deemed in breach of this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph, a reasonable time shall in no event be more less than thirty (30) days after receipt by Lessor, and any Lender whose name and address shall have been furnished to Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such thirty (30) day period and thereafter diligently pursued to completion. In no event shall Lessor be liable for punitive, consequential, special or indirect damages or loss of profits or the like.

14. **Condemnation.** If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "**Condemnation**"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. Condemnation awards and/or payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages; provided, however, that Lessee shall be entitled to any compensation paid by the condemnor for Lessee's relocation expenses, loss of business goodwill and/or Trade Fixtures, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph, provided that no separate award to Lessee shall reduce Lessor's award. In the event that this Lease is not terminated by reason of the Condemnation, Lessor shall repair any damage to the Premises caused by such Condemnation, but shall not be obligated to expend more than the award in such

restoration. Further, if any substantial part of the Premises are taken or condemned, Lessee may, at its option, terminate this Lease as of the date the condemning authority takes title or possession, whichever first occurs. For purposes of the preceding sentence a "substantial part of the Premises" shall mean (i) 20% or more of the total floor area of the Premises or (ii) any portion of the Premises, the loss of which materially and adversely impacts (x) Lessee's ability to use the Premises for its Agreed Use, (y) the accessibility of the Premises, or (z) the visibility of the Premises. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in floor area of the Premises.

15. Estoppel Certificates; Financial Statements.

(a) Lessee shall within ten (10) business days after written notice from Lessor execute, acknowledge and deliver to Lessor a statement in writing in form similar to the then most current "Estoppel Certificate" form published by AIR CRE or such other form as Lessor shall reasonably require, plus such additional information, confirmation and/or statements as may be reasonably requested by Lessor.

(b) If Lessee shall fail to execute or deliver the Estoppel Certificate within such 10-day period, Lessor may execute an Estoppel Certificate stating that: (i) the Lease is in full force and effect without modification except as may be represented by Lessor, (ii) there are no uncured defaults in Lessor's performance, and (iii) not more than one month's rent has been paid in advance. Prospective purchasers and encumbrancers may rely upon Lessor's Estoppel Certificate, and Lessee shall be estopped from denying the truth of the facts contained in said Certificate. In addition, Lessee acknowledges that any failure on its part to provide such an Estoppel Certificate will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to execute and/or deliver a requested Estoppel Certificate in a timely fashion the monthly Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to [***]% of the then existing Base Rent or \$100, whichever is greater until the Estoppel Certificate is provided for remainder of the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to provide the Estoppel Certificate. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to provide the Estoppel Certificate nor prevent the exercise of any of the other rights and remedies granted hereunder.

(c) Lessee and all Guarantors shall, within ten (10) days after a request from Lessor, deliver to Lessor such financial statements as are reasonably required by Lessor to verify the net worth of Lessee, any Guarantor of Lessee's obligations under this Lease or an affiliate or parent company of Lessee as Lessor may request. Lessee represents and warrants to Lessor that all such financial statements provided in connection with this Lease including, without limitation, any that have been provided prior to the date of this Lease, are true, complete and correct as of the date thereof. Lessee further agrees to cooperate with any request by Lessor for Lessee's written permission or other cooperation in connection with Lessor's obtaining a credit report or similar information regarding Lessee and/or Lessee's principals or Guarantor from third-party sources; and in this regard, Lessee, to the maximum extent permitted by applicable law, hereby waives any obligations to Lessee which Lessor may otherwise have with regard to Lessor's seeking and/or obtaining any such third-party reports or information. Lessor anticipates that its request for the additional information prescribed in this Paragraph 15(c) will be limited either to a potential sale or financing of the Premises or of all or a portion of the Premises or to Lessor's concern as to the continuing financial ability of Lessee to perform its obligations under this Lease or of Guarantor to perform the obligations under the Guaranty. Lessee acknowledges and agrees that any financial statements submitted by Lessee to Lessor at any time in connection with this Lease are being relied upon by Lessor in entering into this Lease and extending any credit to Lessee and, to the extent that such financial statements, or any financial statements provided by Lessee to Lessor subsequent to the execution of this Lease, are materially false or incorrect, it shall be deemed a Lessee Default, and Lessor, upon or after discovery of such, may terminate this Lease or pursue any other applicable default remedies set forth in this Lease. Further, Lessor specifically reserves all rights it may have to object to a discharge or reorganization by Lessee or any Guarantor in any bankruptcy proceeding filed by or against Lessee or any Guarantor based upon such materially false or incorrect financial statements.

(d) If Lessor desires to finance, refinance, or sell the Premises, or any part thereof, Lessee and all Guarantors shall within ten (10) days after written notice from Lessor deliver to any potential lender or purchaser designated by Lessor such financial statements as may be reasonably required by such lender or purchaser, including but not limited to Lessee's financial statements for the past 2 years, provided such request is not made more than once per calendar year. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

16. **Definition of Lessor.** The term "Lessor" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Lessee's interest in the prior lease. In the event of a transfer of Lessor's title or interest in the Premises or this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor. Upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Lessor. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined.

17. **Severability.** The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

18. **Days.** Unless otherwise specifically indicated to the contrary, the word "days" as used in this Lease shall mean and refer to calendar days.

19. **Limitation on Liability.** The obligations of Lessor under this Lease shall not constitute personal obligations of Lessor, or its partners, members, directors, officers or shareholders, and Lessee shall look to the Premises, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease, and shall not seek recourse against Lessor's partners, members, directors, officers or shareholders, or any of their personal assets for such satisfaction.

20. **Time of Essence.** Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

21. **No Prior or Other Agreements; Broker Disclaimer.** This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Lessor and Lessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party.

22. **Notices.**

22.1 **Notice Requirements.** All notices required or permitted by this Lease or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, or by email, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 22. Each Party's present address for delivery or mailing of notices is set forth below. Either Party may by written notice to the other specify a different address for notice, except that upon Lessee's taking possession of the Premises, the Premises shall constitute

Lessee's address for notice. A copy of all notices to Lessor shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate in writing.

IF TO LESSEE:

HealthCentral, LLC
c/o Ascend Wellness Holdings
[REDACTED]
[REDACTED]
Attention: Dan Neville
Email: [REDACTED]

IF TO LESSOR:

c/o Treehouse Real Estate Investment Trust, Inc.
10115 Jefferson Blvd.
Culver City, CA 90232
Attn: Chris Ganan
Email: [REDACTED]

with a copy to:

Raines Feldman LLP
1800 Avenue of the Stars, 12th Floor
Los Angeles, CA 90067
Attn: Andrew H. Raines
Telephone: (310) 440-4100
Email: ARaines@raineslaw.com

22.2 **Date of Notice.** Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail the notice shall be deemed given 72 hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantees next day delivery shall be deemed given 24 hours after delivery of the same to the Postal Service or courier. Notices delivered by hand, or transmitted by facsimile transmission or by email shall be deemed delivered upon actual receipt. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

23. **Waivers.**

(a) No waiver by Lessor of the Default or Breach of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee of the same or of any other term, covenant or condition hereof. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to, or approval of, any subsequent or similar act by Lessee, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent.

(b) The acceptance of Rent by Lessor shall not be a waiver of any Default or Breach by Lessee. Any payment by Lessee may be accepted by Lessor on account of monies or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

(c) THE PARTIES AGREE THAT THE TERMS OF THIS LEASE SHALL GOVERN WITH REGARD TO ALL MATTERS RELATED THERETO AND HEREBY WAIVE THE PROVISIONS OF ANY

PRESENT OR FUTURE STATUTE TO THE EXTENT THAT SUCH STATUTE IS INCONSISTENT WITH THIS LEASE.

24. **No Right To Holdover.** Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent shall be increased to [***]% of the Base Rent applicable immediately preceding the expiration or termination. Holdover Base Rent shall be calculated on monthly basis. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

25. **Cumulative Remedies.** No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

26. **Covenants and Conditions; Construction of Agreement.** All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

27. **Binding Effect; Choice of Law.** This Lease shall be binding upon the Parties, their personal representatives, successors and assigns and be governed by the laws of the State in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

28. **Subordination; Attornment.**

28.1 **Subordination.** This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "**Security Device**"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Lessee agrees that the holders of any such Security Devices (in this Lease together referred to as "**Lender**") shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any Lender may elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee, whereupon this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

28.2 **Attornment.** In the event that Lessor transfers title to the Premises, or the Premises are acquired by another upon the foreclosure or termination of a Security Device to which this Lease is subordinated (i) Lessee shall attorn to such new owner, and upon request, enter into a new lease, containing all of the terms and provisions of this Lease, with such new owner for the remainder of the term hereof, or, at the election of the new owner, this Lease will automatically become a new lease between Lessee and such new owner, and (ii) Lessor shall thereafter be relieved of any further obligations hereunder and such new owner shall assume all of Lessor's obligations, except that such new owner shall not: (a) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses which Lessee might have against any prior lessor, (c) be bound by prepayment of more than one month's rent, or (d) be liable for the return of any security deposit paid to any prior lessor which was not paid or credited to such new owner.

28.3 **Self-Executing.** The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination and/or attornment provided for herein.

29. **Attorneys' Fees.** If any Party or Broker brings an action or proceeding involving the Premises whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or

judgment. The term, “**Prevailing Party**” shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys’ fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys’ fees reasonably incurred. In addition, Lessor shall be entitled to attorneys’ fees, costs and expenses incurred in the preparation and service of statutory 3-day notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach (\$250 is a reasonable minimum per occurrence for such services and consultation).

30. **Lessor’s Access; Showing Premises; Repairs.** Lessor and Lessor’s agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable prior notice for the purpose of showing the same to prospective purchasers, lenders, or tenants, and making such alterations, repairs, improvements or additions to the Premises as Lessor may deem necessary or desirable and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect on Lessee’s use of the Premises. All such activities shall be without abatement of rent or liability to Lessee. If approval from any state or local governmental regulator or any other governmental authorities is necessary in order for Lessor or any mortgagee to inspect the Premises, Lessee shall use its best efforts to support obtaining such approvals for inspection, time being of the essence.

31. **Auctions.** Lessee shall not conduct, nor permit to be conducted, any auction upon the Premises without Lessor’s prior written consent. Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to permit an auction.

32. **Signs.** Lessor may place on the Premises ordinary “For Sale” signs at any time and ordinary “For Lease” signs during the last 6 months of the term hereof. Except as permitted in Paragraph 53, Lessee shall not place any sign upon the Premises without Lessor’s prior written consent. All signs must comply with all Applicable Requirements.

33. **Termination; Merger.** Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, that Lessor may elect to continue any one or all existing subtenancies. Lessor’s failure within 10 days following any such event to elect to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor’s election to have such event constitute the termination of such interest.

34. **Consents.** All requests for consent shall be in writing. Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. Lessor’s actual reasonable costs and expenses (including but not limited to architects’, attorneys’, engineers’ and other consultants’ fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent, including but not limited to consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Lessee upon receipt of an invoice and supporting documentation therefor. Lessor’s consent to any act, assignment or subletting shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. The failure to specify herein any particular condition to Lessor’s consent shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within ten (10) business days following such request.

35. **Guarantor.**

35.1 **Execution.** The Guarantors shall each execute a guaranty in the form attached hereto, and each such Guarantor shall have the same obligations as Lessee under this Lease.

35.2 **Default.** It shall constitute a Default of the Lessee if any Guarantor fails or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of directors authorizing the making of such guaranty, (b) current financial statements, (c) an Estoppel Certificate, or (d) written confirmation that the guaranty is still in effect.

36. **Quiet Possession.** Subject to payment by Lessee of the Rent and performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the term hereof.

37. **Options.** If Lessee is granted any Option, as defined below, then the following provisions shall apply.

37.1 **Definition.** "Option" shall mean: (a) the right to extend or reduce the term of or renew this Lease or to extend or reduce the term of or renew any lease that Lessee has on other property of Lessor; or (b) the right of first refusal or first offer to lease either the Premises or other property of Lessor.

37.2 **Options Personal To Original Lessee.** Any Option granted to Lessee in this Lease is personal to the original Lessee, and cannot be assigned except in connection with a Permitted Transfer, or exercised by anyone other than said original Lessee (or a transferee pursuant to a Permitted Transfer) and only while the original Lessee (or a transferee pursuant to a Permitted Transfer) is in full possession of the Premises.

37.3 **Multiple Options.** In the event that Lessee has any multiple Options to extend or renew this Lease, a later Option cannot be exercised unless the prior Options have been validly exercised.

37.4 **Effect of Default on Options.**

(a) Lessee shall have no right to exercise an Option: (i) during the period commencing with the giving of any notice of Default and continuing until said Default is cured, (ii) during the period of time any Rent is unpaid (without regard to whether notice thereof is given Lessee), (iii) during the time Lessee is in Breach of this Lease, or (iv) in the event that Lessee has been given 3 or more notices of separate Default on 3 separate occasions, whether or not the Defaults are cured, during the 12 month period immediately preceding the exercise of the Option.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of Paragraph 37.4(a).

(c) An Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and prior to the commencement of the extended term or completion of the purchase, (i) Lessee fails to pay Rent for a period of thirty (30) days after such Rent becomes due (without any necessity of Lessor to give notice thereof), or (ii) if Lessee commits a Breach of this Lease.

38. **Multiple Buildings.** If the Premises are a part of a group of buildings controlled by Lessor, Lessee agrees that it will abide by and conform to all reasonable rules and regulations which Lessor may make from time to time for the management, safety, and care of said properties, including the care and cleanliness of the grounds and including the parking, loading and unloading of vehicles, and to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessee also agrees to pay its fair share of common expenses incurred in connection with such rules and regulations.

39. **Security Measures.** Lessee hereby acknowledges that the Rent payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Lessee, its agents and invitees and their property from the acts of third parties. Lessee acknowledges that, in all events, Lessee is responsible for providing security to the Premises, and Lessee shall indemnify, defend with counsel subject to Lessor's reasonable approval (which shall not be unreasonably withheld, conditioned or delayed), and save Lessor harmless from any claim for injury to person or damage to property asserted by any personnel, employee, guest, invitee or agent of

Lessee which is suffered or occurs in or about the Premises by reason of the act of an intruder or any person other than Lessor or any personnel, employee, contractor, guest, invitee or agent of Lessor in or about the Premises.

40. **Reservations.** Provided same do not materially increase Lessee's obligations or materially diminish Lessee's rights hereunder, Lessor reserves to itself the right, from time to time, to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary, and to cause the recordation of parcel maps and restrictions, so long as such easements, rights, dedications, maps and restrictions do not unreasonably interfere with the use of the Premises by Lessee. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate any such easement rights, dedication, map or restrictions.

41. **Authority; Multiple Parties; Execution.**

(a) If either Party hereto is a corporation, trust, limited liability company, partnership, or similar entity, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. Each Party shall, within thirty (30) days after request, deliver to the other Party satisfactory evidence of such authority.

(b) If this Lease is executed by more than one person or entity as "Lessee", each such person or entity shall be jointly and severally liable hereunder. It is agreed that any one of the named Lessees shall be empowered to execute any amendment to this Lease, or other document ancillary thereto and bind all of the named Lessees, and Lessor may rely on the same as if all of the named Lessees had executed such document.

(c) This Lease may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

42. **Conflict.** Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

43. **Offer.** Preparation of this Lease by either Party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

44. **Amendments.** This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. As long as they do not materially change Lessee's obligations hereunder, Lessee agrees to make such reasonable non-monetary modifications to this Lease as may be reasonably required by a Lender in connection with the obtaining of normal financing or refinancing of the Premises.

45. **Waiver of Jury Trial.** TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT. THE PARTIES KNOWINGLY AND IRREVOCABLY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION TO RESOLVE ANY DISPUTE RELATING TO OR ARISING OUT OF THIS LEASE OR ANY PART THEREOF; AND IN CONNECTION WITH THIS LEASE, EACH OF LESSOR AND LESSEE REPRESENTS THAT IT HAS DISCUSSED SUCH WAIVER WITH ITS OWN INDEPENDENT COUNSEL AND HAS RELIED ON ADVICE OF ITS COUNSEL AND MAKES SUCH WAIVER KNOWINGLY AND VOLUNTARILY.

46. **Arbitration of Disputes.** An Addendum requiring the Arbitration of all disputes between the Parties and/or Brokers arising out of this Lease is not attached to this Lease.

47. **Accessibility; Americans with Disabilities Act.**

(a) The Premises have not undergone an inspection by a Certified Access Specialist (CASp). Note: A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the

arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises. Lessor hereby waives its right, if any, to require the Premises undergo a CASp inspection.

(b) Since compliance with the Americans with Disabilities Act (ADA) and other state and local accessibility statutes are dependent upon Lessee's specific use of the Premises, Lessor makes no warranty or representation as to whether or not the Premises comply with ADA or any similar legislation. In the event that Lessee's use of the Premises requires modifications or additions to the Premises in order to be in compliance with ADA or other accessibility statutes, Lessee agrees to make any such necessary modifications and/or additions at Lessee's expense.

48. **Rent Adjustments.** The Base Rent shall be increased on each annual anniversary of the Commencement Date by an amount equal to three percent (3%).

49. **Options to Extend.** Lessor hereby grants to Lessee the option to extend the term of this Lease for two (2) additional five (5) year periods commencing when the prior term expires upon each and all of the following terms and conditions:

(i) In order to exercise an option to extend, Lessee must give written notice of such election to Lessor and Lessor must receive the same at least 6 but not more than 12 months prior to the date that the option period would commence, time being of the essence. If proper notification of the exercise of an option is not given and/or received, such option shall automatically expire. Options (if there are more than one) may only be exercised consecutively.

(ii) The provisions of Paragraph 37, including those relating to Lessee's Default set forth in Paragraph 37.4 of this Lease, are conditions of this option.

(iii) Except for the provisions of this Lease granting an option or options to extend the term, all of the terms and conditions of this Lease except where specifically modified by this option shall apply.

(iv) The monthly rent for each month of the option period shall be calculated as follows: Base Rent shall be increased on the first day of the option period (the "**Option Commencement Date**"), and shall increase on each annual anniversary of the Option Commencement Date by the greater of: (i) [***] percent ([***]%) or (ii) the increase, if any, in the Consumer Price Index of the Bureau of Labor Statistics of the United States Department of Labor, US City Average (1982-84=100), for All Urban Consumers (CPI-U), Not Seasonally Adjusted.

50. **Agreed Use.** Notwithstanding anything herein or in the Lease to the contrary, Lessor acknowledges that Lessee's Agreed Use is, at the time of the execution of this Lease, a violation of United States Code and federal law, and Lessor agrees that this violation shall not, on that basis alone, cause Lessee to forfeit the Premises or otherwise be in default or breach of this Lease. In the event of any change in license, law or regulatory posture concerning the Agreed Use, Lessor shall cooperate in good faith with Lessee and shall approve any changes in Lessee's Agreed Use that may be required to comply with any such change in law or policy.

51. **Filming.** Lessor agrees that Lessee may authorize the use of the Premises for filming of motion pictures, television tapes or films, commercials, videos, documentaries, commentaries, and any and all other still, electronic and other image capture purposes (collectively, "**Filming**"). Lessor agrees that any Filming may be performed during, before or after normal business hours. Upon Lessee's written request, Lessor shall execute such documentation required in connection with such Filming, including, without limitation, executing releases required by third parties filming on the Premises. All such third parties Filming on the Premises shall provide a certificate of insurance naming both Lessor and Lessee as an additional insured.

52. **Change in Laws.** Lessee, at its sole expense, shall comply with all laws, rules, orders and regulations of federal, state, county, and municipal authorities, and with any direction of any public officers pursuant to law, which impose any duty upon Lessor or Lessee with respect to the Premises, including any laws, rules, orders, regulations, and directions as shall hereafter be promulgated, provided however that, except as provided in the last sentence of this Paragraph, Lessee shall not be required to comply with federal law regarding cannabis / marijuana. The parties

also acknowledge that under federal law, the production, distribution and sale of cannabis remains a violation of the Controlled Substances Act and that, as between Lessor and Lessee, the risk of enforcement of such law is on Lessee, and that no such enforcement shall act to relieve the Lessee of its obligations under this Lease. Lessee shall indemnify, defend and hold harmless Lessor and all managers and members of Lessor and any person or entity which has a direct or indirect interest in the Lessor and any agent of Lessor and any person or entity which has a direct or indirect interest in Lessor from and against any and all losses, liabilities, claims and damages arising out of or resulting from the enforcement of such federal law.

53. **Signage.** Lessee shall have the right to install its standard signage on exterior of the front and, if possible, side of Premises. Said signage shall be at Lessee's sole cost and expense in accordance with city ordinances, and subject to Lessor's approval, the latter of which shall not be unreasonably withheld or delayed.

54. **Invalidity of Particular Provisions.** If any term or provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

55. **REIT/UBTI.** The Lessor and the Lessee hereby agree that it is their intent that all Rent and charges payable to the Lessor under this Lease shall qualify as "rents from real property" within the meaning of Sections 512(b)(3) and 856(d) of the Internal Revenue Code of 1986, as amended, (the "**Code**") and the U.S. Department of the Treasury Regulations promulgated thereunder (the "**Regulations**"). In the event that (i) the Code or the Regulations, or interpretations thereof by the Internal Revenue Service contained in revenue rulings or other similar public pronouncements, shall be changed so that any Rent or charges no longer so qualifies as "rent from real property" for purposes of either said Section 512(b)(3) or Section 856(d) or (ii) the Lessor, in its sole discretion, determines that there is any risk that all or part of any Rent or charges shall not qualify as "rents from real property" for the purposes of either said Sections 512(b)(3) or 856(d), such Rent and charges shall be adjusted in such manner as the Lessor may reasonably require so that it will so qualify; provided, however, that any adjustments required pursuant to this Paragraph shall be made so as to produce the equivalent (in economic terms) Rent and charges as payable prior to such adjustment. The parties agree to execute such further commercially reasonable instrument as may reasonably be required by the Lessor in order to give effect to the foregoing provisions of this Paragraph 55.

Without limitation of the foregoing and notwithstanding anything contained in this Lease to the contrary, if a sublease, concession or license of all or any portion of the Premises is permitted under this Lease, the provisions of this Paragraph 55 shall continue to apply provided however that the foregoing shall not limit Lessee's right to assign or sublease pursuant to the terms of this Lease including but not limited to the right to make Permitted Transfers.

As an inducement to Lessor to enter into this Lease, Lessee hereby represents and warrants that: (i) Lessee is not, nor is it owned or controlled directly or indirectly by, any person, group, entity or nation named on any list issued by the Office of Foreign Assets Control of the United States Department of the Treasury ("**OFAC**") pursuant to Executive Order 13224 or any similar list or any law, order, rule or regulation or any Executive Order of the President of the United States as a terrorist, "Specially Designated National and Blocked Person" or other banned or blocked person (any such person, group, entity or nation being hereinafter referred to as a "Prohibited Person"); (ii) Lessee is not (nor is it owned, controlled, directly or indirectly, by any person, group, entity or nation which is) acting directly or indirectly for or on behalf of any Prohibited Person; and (iii) from and after the effective date of the above-referenced Executive Order, Lessee (and any person, group, or entity which Lessee controls, directly or indirectly) has not conducted nor will conduct business nor has engaged nor will engage in any transaction or dealing with any Prohibited Person in violation of the U.S. Patriot Act or any OFAC rule or regulation, including without limitation any assignment of this Lease or any subletting of all or any portion of the Premises or the making or receiving of any contribution of funds, goods or services to or for the benefit of a Prohibited Person in violation of the U.S. Patriot Act or any OFAC rule or regulation. In connection with the foregoing, it is expressly understood and agreed that (x) any breach by Lessee of the foregoing representations and warranties shall be deemed a Breach by Lessee, and (y) the representations and warranties contained in this subsection shall be continuing in nature and shall survive the expiration or earlier termination of this Lease. At Lessor's request Lessee shall furnish to Lessor evidence confirming the representations in this Paragraph.

It is understood and agreed that the Lessor shall in no event be construed or held to be a partner or associate of the Lessee in the conduct of the Lessee's business, nor shall the Lessor be liable for any debts incurred by the Lessee in the conduct of the Lessee's business; but it is understood and agreed that the relationship is and at all times shall remain that of Lessor and Lessee.

56. **No Brokers.** Lessor and Lessee each represent and warrant to the other that no brokers were involved in the negotiation of this Lease and that no brokers are owed any commission in connection herewith.

57. **Confidentiality.** Lessor and Lessee agree that the final terms and conditions of this Lease and any financial information provided Lessee shall be kept confidential and shall not be disclosed to any other person or entity other than to Lessor's property managers or to Lessor's or Lessee's lenders, partners, attorneys, accountants or prospective buyers of the Premises or investors, provided the Lessor and Lessee shall be responsible for ensuring the parties to whom each makes disclosure shall maintain the confidentiality of the terms contained herein as if said parties were signatories to this Lease and in any litigation between Lessor and Lessee or then required by judicial or governmental order. The foregoing shall not prohibit the publicizing of the transaction contemplated by this Lease, provided that the material economic terms (for example, the monthly Base Rent and any economic incentives) are not disclosed.

58. **Access.** Subject to casualty, Lessee shall have access to the Premises twenty-four (24) hours per day, seven (7) days per week during the Lease term.

59. **Lease Contingent on Lessor Purchase.** For avoidance of doubt, the parties agree that notwithstanding Lessee's signature and delivery of this Lease, the Lease shall not be effective unless and until Lessor acquires ownership of the Premises pursuant to the Purchase and Sale Agreement dated July ____, 2019, by and between Lessor, as Buyer, and HealthCentral Illinois Holdings, LLC, as Seller, as more fully set forth in Paragraph 1.3, and Base Rent shall be equitably pro-rated until such time as Lessor acquires ownership of the entire Premises.

60. **Maintenance of and Compliance with License.** Lessee shall at all times maintain in full force and effect and comply with all terms and conditions of all licenses and permits required to operate the Premises for the Agreed Use (collectively, the "**License**"). If Lessee at any time during the Lease term receives written notice of (i) termination of the License, (ii) noncompliance with a requirement of the License, (iii) a violation of the License, or (iv) any similar written notice from the authority having jurisdiction over the License (each, a "**Threatened Action**"), then Lessee shall immediately notify Lessor in writing and Lessee shall, within five (5) business days of receipt of written notice of a Threatened Action (or such sooner period as required by such written notice), cure any termination, noncompliance, or violation of the License, and take all other steps required to avoid the Threatened Action. If Lessee fails, in Lessor's reasonable judgment, to take all steps necessary to avoid the Threatened Action within said five (5) business day period (or sooner as set forth above), then such failure by Lessee shall be deemed a Default under the Lease and Lessor may, without limiting Lessor's other remedies pursuant to this Lease or otherwise available at law or in equity: (x) terminate this Lease upon thirty (30) days' written notice to Lessee (or such sooner period as may be required to avoid the Threatened Action), and/or (y) take all steps that Lessor deems reasonably required to preserve the License and to avoid the Threatened Action, including but not limited to requiring Lessee to transfer the Lease and/or the License to Lessor or a third party designated by Lessor.

61. **Operating Costs.**

(a) In addition to the Base Rent and other charges prescribed in this Lease, Lessee shall pay to Lessor, as Additional Rent required pursuant to this Lease, the cost of any kind which may be incurred by Lessor in its discretion in connection with the operation, cleaning, maintenance, ownership, management, repair and replacement of the Premises (collectively, the "**Operating Costs**"), including, without limitation, all costs of the following: lighting, painting, cleaning, policing, inspecting, repairing, replacing elements in the Premises; trash removal; insect and pest treatments and eradication; roof repairs and maintenance; environmental protection improvements or devices and health and safety improvements and devices which may be required by applicable laws (including the maintenance, repair and replacement of same); premiums and related expenses to obtain and maintain the policies of insurance required by this Lease; environmental monitoring programs and devices, wages and salaries of all employees, agents, consultants and others engaged in operation, cleaning, maintenance, repair, and replacement of

the Premises; charges and assessments paid by Lessor pursuant to any owner's association, reciprocal easement, covenants or comparable document affecting the Premises, any fees which Lessor pays for the management or asset management of the Premises, an allowance for Lessor's administrative or overhead costs, in the amount of [***] percent ([***]%) of the total of all other Operating Costs; utilities, snow and ice removal; monthly amortization of capital improvements to the Premises (the monthly amortization of any given capital improvement shall be the sum of (a) the quotient obtained by dividing the cost of the capital improvement by Lessor's estimate of the number of months of useful life of such improvement plus (b) an amount equal to the cost of the capital improvement times the lesser of (y) a rate not to exceed [***]% per annum and (z) the maximum annual interest rate permitted by law); the cost of resurfacing and restriping parking areas and roadways; reasonable reserves for any of the foregoing or any other Operating Costs; any other item stated in this Lease to be an Operating Cost. In addition, Lessor and Lessee agree that all costs incurred by Lessor with respect to all sewer (including septic systems, if applicable) and water lines and other equipment (including maintenance, repair and replacement of same), fire-protection equipment and devices (including maintenance, repair and replacement of same), exterior painting and for roof and canopy maintenance, repair and replacement shall be included as Operating Costs pursuant to this Paragraph 61. With regard to capital expenditures, (i) the original investment in capital improvements, i.e., upon the initial construction of the Premises, shall not be included, and (ii) capital improvements made either before or during the Lease term shall be included to the extent of a reasonable depreciation or amortization (including interest accruals commensurate with Lessor's interest costs) beginning with the date on which payment for the improvement was made and continuing through the reasonable useful life of the improvement.

(b) Lessee shall make payment to Lessor for Operating Costs based upon the estimated annual cost of Operating Costs, payable in advance at the same time each month as Base Rent is payable, but subject to adjustment after the end of the year on the basis of the actual costs for such year as provided for under Paragraph 4. Alternatively, Lessee shall, at Lessor's option, make payments to Lessor for Operating Costs on demand at intervals not more frequently than monthly. In addition, if either before or during the Lease term Lessor in its discretion elects to amortize a non-capital expense instead of charging it in full during the year in which it is incurred by Lessor, then such expense shall be amortized (with interest accruals commensurate with Lessor's interest costs) beginning with the date on which payment for the expense was made and continuing through the amortization period. With regard to the charges contemplated in this Paragraph 61, Lessee further agrees that unless within thirty (30) days after Lessor's delivery to Lessee of an assessment and/or statement related to any such charges, Lessee delivers to Lessor a written assertion of one or more specific errors or a written request for further detail regarding a specific charge, then the assessment and/or statement shall be deemed correct in all respects. In addition, Lessee further agrees that if it so asserts error or requests further information within such thirty (30) day period, Lessee will nevertheless pay all amounts charged by Lessor pending a resolution thereof.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.
2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PREMISES, THE

STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE.

[END OF THIS PAGE; SIGNATURE PAGE FOLLOWS]

The parties hereto have executed this Lease at the place and on the dates specified below their respective signatures.

LESSOR:

LCR 628 EAST ADAMS, LLC
a Delaware limited liability company

By: Le Cirque Rouge, LP, a Delaware limited partnership
Its: Sole Member

By: Treehouse Real Estate Investment Trust, Inc., a Maryland corporation
Its: General Partner

By: /s/ Christopher Ganan
Name: Christopher Ganan
Title: Chief Executive Officer and President

LESSEE:

HEALTHCENTRAL, LLC,
an Illinois limited liability company

By: /s/ Abner Kurtin
Name: Abner Kurtin
Title: Manager

GUARANTY OF LEASE

THIS GUARANTY OF LEASE (“**Guaranty**”) is entered into as of July 5, 2019, by Ascend Wellness Holdings, LLC, an Illinois limited liability company (“**Guarantor**”), for the benefit of LCR 628 EAST ADAMS, LLC (“**Lessor**”), with reference to the following facts:

Lessor and HealthCentral, LLC (“**Lessee**”), have entered or will enter into a lease of even date herewith (the “**Lease**”). Capitalized terms used but not otherwise defined herein shall have the same meaning ascribed to them in the Lease.

By its covenants herein set forth, Guarantor has induced Lessor to enter into the Lease, which was made and entered into in consideration for Guarantor’s said covenants.

Subject to the terms set forth herein, Guarantor unconditionally guarantees, without deduction by reason of setoff, defense or counterclaim, to Lessor and its successors and assigns the full and punctual payment (and not merely the collectability), performance and observance by Lessee, of all of the amounts, terms, covenants and conditions in the Lease contained on Lessee’s part to be paid, kept, performed and observed. Notwithstanding the foregoing, in no event shall the scope of Guarantor’s obligations exceed Lessee’s obligations under the Lease except to the extent Lessee is relieved of any such obligation by reason of any bankruptcy or other like filing or order.

If Lessee shall at any time default in the punctual payment, performance and observance of any of the amounts, terms, covenants or conditions in the Lease contained on Lessee’s part to be paid, kept, performed and observed (after applicable notice and cure period), Guarantor will pay, keep, perform and observe same, as the case may be, in the place and stead of Lessee. Guarantor shall also pay to Lessor all reasonable and necessary incidental damages and expenses incurred by Lessor as a direct and proximate result of Lessee’s failure to perform, which expenses shall include reasonable attorneys’ fees and interest on all sums due and owing Lessor by reason of Lessee’s failure to pay same, at the maximum rate allowed by law.

Any act of Lessor, or its successors or assigns, consisting of a waiver of any of the terms or conditions of the Lease, the giving of any consent to any matter or thing relating to the Lease, or the granting of any indulgence or extension of time to Lessee may be done without notice to Guarantor and without releasing Guarantor from any of its obligations hereunder.

The obligations of Guarantor hereunder shall not be released by Lessor’s receipt, application or release of any security given for the performance and observance of any covenant or condition in the Lease contained on Lessee’s part to be performed or observed, nor by any modification of the Lease, regardless of whether Guarantor consents thereto or receives notice thereof.

The liability of Guarantor hereunder shall in no way be affected by: (a) the release or discharge of Lessee in any creditor’s, receivership, bankruptcy or other proceeding; (b) the impairment, limitation or modification of the liability of Lessee or the estate of Lessee in bankruptcy, or of any remedy for the enforcement of Lessee’s liability under the Lease resulting from the operation of any present or future provision of the Federal Bankruptcy Code or other statutes or from the decision of any court; (c) the rejection or disaffirmance of the Lease in any such proceedings; (d) the assignment or transfer of the Lease by Lessee; (e) any disability or other defense of Lessee; (f) the cessation from any cause whatever of the liability of Lessee; (g) the exercise by Lessor of any of its rights or remedies reserved under the Lease or by law; or (h) any termination of the Lease.

If Lessee shall become insolvent or be adjudicated bankrupt, whether by voluntary or involuntary petition, if any bankruptcy action involving Lessee shall be commenced or filed, if a petition for reorganization, arrangement or similar relief shall be filed against Lessee, or if a receiver of any part of Lessee’s property or assets shall be appointed by any court, Guarantor shall pay to Lessor the amount of all accrued, unpaid and accruing rent and other charges due under the Lease and all principal and interest and other charges under to the date when the debtor-in- possession, the trustee or administrator accepts the Lease and commences paying same. At the option of Lessor, Guarantor shall either: (a) pay Lessor an amount equal to the rent and other charges which would have been payable for the unexpired portion of the Lease term reduced to present-day value; or (b) execute and deliver to Lessor a new lease for the balance of the Lease term with the same terms and conditions as the Lease, but with Guarantor as

Lessee thereunder. Any operation of any present or future debtor's relief act or similar act, or law or decision of any court, shall in no way affect the obligations of Guarantor or Lessee to perform any of the terms, covenants or conditions of the Lease or of this Guaranty.

Guarantor may be joined in any action against Lessee in connection with the obligations of Lessee under the Lease and recovery may be had against Guarantor in any such action. Lessor may enforce the obligations of Guarantor hereunder without first taking any action whatever against Lessee or its successors and assigns, or pursuing any other remedy or applying any security it may hold.

Until all of the covenants and conditions in the Lease on Lessee's part to be performed and observed are fully performed and observed, Guarantor: (a) shall have no right of subrogation against Lessee by reason of any payment or performance by Guarantor hereunder; and (b) subordinates any liability or indebtedness of Lessee now or hereafter held by Guarantor to the obligations of Lessee to Lessor under the Lease.

This Guaranty shall apply to the Lease, any extension, renewal, modification or amendment thereof, to any assignment, subletting or other tenancy thereunder and to any holdover term following the Lease term granted under the Lease, or any extension or renewal thereof. Notwithstanding anything in this Guaranty to the contrary, in the event Lessee assigns the Lease or subleases the Premises in accordance with the provisions of the Lease to a third party which is not an entity controlling or controlled by or under common control with Lessee or Guarantor (a "Third Party Assignee") then (a) the undersigned shall not be responsible for any incremental increase in Rent or other obligation under the Lease or for or during any extension of the Lease term resulting from an amendment to the Lease between Lessor and such Third Party Assignee which provides for an increase in Rent or other obligation due under the Lease or an extension of the Lease term or for any exercise of any option to extend the Lease term which may be exercised by said Third Party Assignee, unless Guarantor shall have consented in writing to such increase in Rent or other obligation or extension of Lease term; and (b) as a condition to the undersigned's liabilities under this Guaranty, Lessor shall be required to deliver written notice of any defaults by Lessee or the Third Party Assignee to Guarantor and Guarantor shall have the right to cure same within the time period provided in the Lease.

In the event of any litigation between Guarantor and Lessor with respect to the subject matter hereof, the unsuccessful party in such litigation shall pay to the successful party all fees, costs and expenses thereof, including reasonable attorneys' fees and expenses.

If there is more than one undersigned Guarantor, (a) the term "Guarantor", as used herein, shall include all of the undersigned; (b) each provision of this Guaranty shall be binding on each one of the undersigned, who shall be jointly and severally liable hereunder; and (c) Lessor shall have the right to join one or all of them in any proceeding or to proceed against them in any order.

Within fifteen (15) days after Lessor's written request (which requests may not be made more than once per calendar year), Guarantor shall furnish Lessor with financial statements or other reasonable financial information reflecting Guarantor's current financial condition, certified by Guarantor or its financial officer. If Guarantor is a publicly-traded corporation, delivery of Guarantor's last published financial information shall be satisfactory for purposes of this Paragraph.

This instrument constitutes the entire agreement between Lessor and Guarantor with respect to the subject matter hereof, superseding all prior oral and written agreements and understandings with respect thereto. It may not be changed, modified, discharged or terminated orally or in any manner other than by an agreement in writing signed by Guarantor and Lessor.

This Guaranty shall be governed by and construed in accordance with the laws of the State of Illinois.

Every notice, demand or request (collectively "**Notice**") required hereunder or by law to be given by either party to the other shall be in writing. Notices shall be given by personal service or by United States certified or registered mail, postage prepaid, return receipt requested, or by telegram, mailgram or same-day or overnight private courier, addressed to the party to be served at the address indicated below or such other address as the party to be served may from time to time designate in a Notice to the other party.

Any action to declare or enforce any right or obligation under the Lease may be commenced by Lessor in the state courts of the State of Illinois. Guarantor hereby consents to the jurisdiction of such Court for such purposes. Any notice, complaint or legal process so delivered shall constitute adequate notice and service of process for all purposes and shall subject Guarantor to the jurisdiction of such Court for purposes of adjudicating any matter related to this Guaranty. Lessor and Guarantor hereby waive their respective rights to trial by jury of any cause of action, claim, counterclaim or cross-complaint in any action, proceeding and/or hearing brought by either Lessor against Guarantor or Guarantor against Lessor on any matter whatever arising out of, or in any way connected with, the Lease, or this Guaranty.

This Guaranty may be assigned in whole or part by Lessor upon written notice to Guarantor, but it may not be assigned by Guarantor without Lessor's prior written consent, which may be withheld in Lessor's sole and absolute discretion.

The terms and provisions of this Guaranty shall be binding upon and inure to the benefit of the heirs, personal representatives, successors and permitted assigns of the parties hereto.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the date first above written.

“GUARANTOR”

Ascend Wellness Holdings, LLC,
a Delaware limited liability company

By: AGP Partners, LLC, its Managing Member

By: /s/ Abner Kurtin

Name: Abner Kurtin

Title: Manager

CONFIDENTIAL TREATMENT REQUESTED - REDACTED COPY

INDENTURE OF LEASE

1. PARTIES

1089 Washington Street Limited Partnership, a Massachusetts limited partnership of which Copley General II, Inc. is the present and sole general partner, whose principal place of business is 10 Newbury Street, Boston, MA, "**Landlord**", which expression shall include its heirs, successors, and assigns where the context so admits, does hereby lease 1089 Washington Street, Newton, MA 02465 to Ascend Mass, LLC, a Massachusetts limited liability company, "**Tenant**", which expression shall include its heirs, successors, executors, administrators and assigns where the context so admits.

2. PREMISES

Tenant hereby leases from **Landlord**, and **Landlord** hereby grants, demises and leases to **Tenant**, the exclusive use of the entire one story building deemed to consist of approximately 8,500 square feet of rentable space (to be partially demolished and reconfigured to an approximate 5,000 square foot space) ("Building") and all the land area under and appurtenant to the Building including the parking area consisting of approximately 25,036 square feet, known as and numbered 1089 Washington Street (a/k/a 58 Cross Street), West Newton, MA, all of which is shown on a site plan, marked Exhibit A and attached hereto (hereinafter referred to as the "Premises"). THE PREMISES ARE LEASED "AS IS" AND "WHERE IS" AND WITHOUT ANY EXPRESS OR IMPLIED WARRANTY WHATSOEVER, EXCEPT AS EXPRESSLY SET FORTH HEREIN, AND IN PARAGRAPH 51.

Tenant shall have sole and exclusive use of the Premises, subject only to any express reservations of **Landlord** in the Lease.

As the sole occupant of the Premises, **Tenant** will have the right to control access to and the use of the parking area, post directional and no trespassing signage, engage towing companies and tow unauthorized vehicles.

3. COMMENCEMENT DATE AND TERM; LICENSE CONTINGENCY

The Lease shall commence upon lease execution, the "Lease Commencement Date", and terminate fifteen (15) years from when the Premises are operational per the Use of Premises clause Paragraph 11, which shall be defined as notice by the Cannabis Control Commission to commence operations "Store Opening".

Prior to the Lease Commencement Date, **Tenant** has the right to enter the Premises to perform architectural and engineering work, but is strictly prohibited from performing any construction work including demolition.

Notwithstanding anything in this Lease to the contrary, this Lease is subject to the following contingency:

Tenant previously submitted with the Cannabis Control Commission (the "CCC") an application to obtain a license (the "**Final License**") to operate a Marijuana Establishment at the

*Certain identified information has been omitted from this exhibit because it is not material and would likely cause competitive harm to the registrant if publicly disclosed. [***] indicates that information has been omitted.*

Premises. **Tenant** anticipates receiving a provisional license (the “**Provisional License**”) from the CCC in June 2020. In the event the **Tenant** shall not receive its Provisional License by July 10, 2020 **Tenant** shall notify **Landlord** prior to 5:00 pm EST on July 17, 2020, in writing, specifying the reasons for the denial and whether **Tenant** elects, at **Tenant’s** sole option, to terminate the Lease or pursue and appeal of any denial of the Provisional License. Should **Tenant** not notify **Landlord** of its intention to terminate the Lease or pursue and appeal any denial of the Provisional License prior to 5:00 pm EST on July 17, 2020, **Tenant** shall lose its right to terminate the Lease, and this Lease shall be in full force and effect.

Should **Tenant** elect to pursue an appeal it shall be subject to satisfaction of the following conditions: (i) **Tenant** obtains **Landlord’s** prior written consent of the appeal, such consent not to be unreasonably withheld, conditioned or delayed, (ii) the parties mutually agree to an extension of the approval period to allow **Tenant** to pursue such appeal, “Appeal Period”, which Appeal Period shall terminate sixty (60) days following **Tenant’s** written notice to **Landlord** of their intention to appeal, (iii) during the Appeal Period, the **Tenant** shall be obligated to continue to pay the Construction Base Rent (defined below), and (iv) **Tenant** shall diligently prosecute such appeal. Should the **Tenant** not receive the Provisional License prior to the end of the Appeal Period, this Lease shall terminate and become null and void.

If the **Tenant** elects to terminate the Lease under this section or loses its appeal, neither party shall have any further liabilities or obligations hereunder, except **Landlord** shall be entitled to keep the entire PSA Deposit (defined below) and any Construction Base Rent paid to date.

Following **Tenant’s** receipt of the Provisional License, **Landlord** agrees to cooperate with **Tenant** in **Tenant’s** attempts to obtain the Final License, provided that **Landlord** shall not be required to incur any cost in connection therewith.

4. BASE RENT

Tenant shall pay to **Landlord** base rent at the rate of Nine Hundred Thousand (\$900,000.00) Dollars per year, (“Base Rent”), payable in advance in monthly installments of Seventy-Five Thousand (\$75,000.00) Dollars, for the first year of the term. During the Term, Base Rent shall be due and payable according to the following schedule:

<u>YEAR</u>	<u>ANNUALLY</u>	<u>MONTHLY</u>
1	\$900,000.00	\$75,000.00
2	\$922,500.00	\$76,875.00
3	\$945,562.50	\$78,796.88
4	\$969,201.56	\$80,766.80
5	\$993,431.60	\$82,785.97
6	\$1,018,267.39	\$84,855.62
7	\$1,043,724.08	\$86,977.01
8	\$1,069,817.18	\$89,151.43
9	\$1,096,562.61	\$91,380.22
10	\$1,123,976.67	\$93,664.72
11	\$1,152,076.09	\$96,006.34
12	\$1,180,877.99	\$98,406.50
13	\$1,210,399.94	\$100,866.66
14	\$1,240,659.94	\$103,388.33
15	\$1,271,676.44	\$105,973.04

5. RENT COMMENCEMENT DATE

Tenant's obligation to pay rent begins May 1, 2020 (the "Rent Commencement Date").

The **Tenant** shall pay Twenty-Five Thousand (\$25,000.00) Dollars per month, ("Construction Base Rent"), commencing on the Rent Commencement Date, and continuing each month until the Base Rent is due.

Tenant's obligation to pay Base Rent shall commence on the earlier of (i) Store Opening, or (ii) nine (9) months after the Lease Commencement Date.

Tenant's obligation to pay the monthly rent arises on the first day of each month as provided above. **Tenant** shall be required to pay a late fee equal to [***] percent ([***]%) of the monthly rent for any payment postmarked after the fifth day of the month in which it is due. All rent and all charges relating to **Tenant's** obligations under the Lease (including but not limited to, reasonable attorney's fees, other costs of collection, or costs incurred by **Landlord** arising from a default of **Tenant's** obligations under this Lease) shall constitute rent due and payable under this Lease. Fixed and additional rent shall be paid by **Tenant** to **Landlord** without offset or deduction, except as otherwise herein expressly provided. Rent as defined in this Paragraph 5 may be recovered in any legal action brought by the **Landlord**, including, without limitation, an action to evict **Tenant** under Massachusetts General Laws.

6. SECURITY DEPOSIT

Upon the Lease Commencement Date, **Tenant** shall pay to **Landlord** the amount of Four Hundred Fifty Thousand (\$450,000.00) Dollars, the "Security Deposit", which shall be held as security for **Tenant's** performance as herein provided and refunded to **Tenant** at the end of this Lease or any extensions thereto, subject to **Tenant's** satisfactory compliance with the conditions hereof. Three Hundred Thousand (\$300,000.00) Dollars initially deposited (the "PSA Deposit")

per the Purchase and Sale Agreement between **Landlord** and **Tenant** (MassGrow, LLC) dated January 9, 2019 (“PSA”), and herein attached as Exhibit C, shall be applied towards the Security Deposit. **Landlord** may use, apply, or retain the whole or any part of the Security Deposit to the extent required for the payment of any rent or other payment due to **Landlord** hereunder or other sum which **Landlord** may expend or incur by reason of **Tenant’s** default in any of the terms of this Lease, including, but not limited to, any damages or deficiency in the re-letting of the Premises, whether such damages or deficiencies accrued before or after summary proceedings or other re-entry by **Landlord**. If all or any part of the Security Deposit is applied to an obligation of **Tenant** hereunder, **Tenant** shall immediately upon the request by **Landlord** restore the Security Deposit to its original amount. **Landlord** shall return any unapplied balance of the Security Deposit to **Tenant** within thirty (30) days of the end of the term of this Lease.

Thirty (30) days prior to **Tenant’s** scheduled demolition of the approximate 3,500 square foot rear portion of the Premises, identified in Exhibit A, and further identified in the construction plans and construction schedule outlined in Exhibit B, provided by **Tenant** and reviewed and approved by **Landlord**, **Tenant** shall pay to **Landlord** additional security in the amount of Five Hundred Fifty Thousand (\$550,000.00) Dollars for the performance and completion of the construction process, the “Completion Guarantee”. Prior to the Completion Guarantee deposit, in no event shall **Tenant** demolish or structurally alter the back approximate 3,500 square foot portion of the Premises without **Landlord’s** prior written consent. The Completion Guarantee shall be refunded to **Tenant** in full within Five (5) days after notice of Store Opening and release of mechanical liens by **Tenant’s** contractors.

7. ABSOLUTELY NET

The Construction Base Rent and Base Rent payable hereunder shall be net to **Landlord**, so that this Lease shall yield to **Landlord** the net rent specified herein during the term of this Lease and any extensions thereto. In order that the Construction Base Rent and Base Rent shall be absolutely net to **Landlord**, **Tenant** covenants and agrees, beginning on the Lease Commencement Date, to pay, as additional rent (“Additional Rent”), all costs and expenses for or related to the ownership, operation, maintenance, repair and replacement of the Premises. (Construction Base Rent, Base Rent, Additional Rent and all other sums payable by **Tenant** hereunder are hereinafter referred to collectively as the “Rent”.) The enumeration of the particular items of Additional Rent such as Taxes and Utility Charges, to be paid by **Tenant** under this Lease, shall not be deemed to constitute a limitation on the generality of the foregoing.

8. REAL ESTATE TAX AND INSURANCE REIMBURSEMENT

A. Real Estate Tax Reimbursement

Landlord shall pay to the local tax authorities and other governmental agencies throughout the term of this Lease and any extensions thereof, all real estate taxes, and all assessments which may be levied against the Premises and the land and buildings comprising the same. **Tenant** agrees to pay to the local tax authorities and other governmental agencies, throughout the term of this Lease and any renewal thereof, all personal property, corporate excise, or any other taxes which may be levied against **Tenant’s** merchandise, trade fixtures and other personal property in and about the Premises.

Beginning with the Lease Commencement Date, **Tenant** agrees to reimburse the **Landlord** as Additional Rent, [***]% of the real estate taxes, including municipal betterments levied against the land and Building that are subject to this Lease, of which the Premises are a part. This adjustment shall be prorated should this Lease commence after the beginning of any fiscal year or terminate before the end of any fiscal year.

Tenant shall have the right, at its sole cost and expenses, to apply for a tax abatement for the Premises with respect to any time period during the term of this Lease.

B. Insurance Reimbursement

Tenant shall pay to the **Landlord** as Additional Rent, [***]% of the premium charged to **Landlord** for fire, extended coverages, boiler and machinery, public liability (including umbrella liability coverage), and other physical damage coverages carried by **Landlord** for the Building, of which the Premises are a part and which notice shall contain a copy of the then current insurance premium bill. This adjustment shall be prorated should this Lease terminate before the end of any lease year. Beginning with the Lease Commencement Date, and on the first day of each month thereafter, the **Tenant** shall pay, monthly, one twelfth (1/12th) of the total insurance adjustment attributable to these Premises for the then current year. Until notice from **Landlord** of the then insurance premium each such monthly payment shall be based upon the monthly insurance payment installment for the previous twelve (12) month period, with an appropriate adjustment in each case after the actual insurance bill for the current year is received by **Landlord**. **Landlord's** insurance (i) shall cover the Building for full replacement cost, (ii) shall be in commercially reasonable amounts of coverage, (iii) shall be subject to commercially reasonable deductible amounts, (iv) shall provide for twelve months of loss of rent, and (v) may be procured as part of a blanketed program of insurance for multiple properties (subject to commercially reasonable blanketed caps and exclusions.).

9. UTILITIES

During the entire term of the Lease and any extensions thereto, **Tenant** shall provide and shall pay for all of its utilities, including but not limited to gas, electricity, hot and cold water and sewer charges. **Tenant** shall maintain sufficient heat in the Premises to prevent the pipes therein from freezing.

10. RUBBISH REMOVAL

Tenant shall provide and pay for its own rubbish storage and removal. In connection herewith, **Tenant** shall be allowed to store a dumpster outside the Premises, in an area designated by **Landlord**. The **Tenant** shall maintain the area around the dumpster, keeping it free and clear of debris and offensive odors. **Tenant** shall defend, indemnify, and hold harmless the **Landlord** from any and all liability and claims arising from **Tenant's** mishandling of its rubbish.

11. USE OF THE PREMISES

The Lease shall provide that the Building and Premises outlined herein may be occupied and operated as a Cannabis Establishment for sales of adult-use marijuana including any and all ancillary thereto including but not limited to storage, maintenance, packaging, counseling,

dispensing and any other cannabis related activity as permitted by the Cannabis Control Commission, provided **Tenant** has obtained all required state and local permits, licenses and approvals, necessary in connection with such use. At **Tenant's** sole cost and expense, **Landlord** and **Tenant** acknowledge that it shall be the sole responsibility of **Tenant** and its consultants to secure necessary permits and approvals.

12. FIRE INSURANCE – HAZARDOUS USE

Tenant shall not permit any use of the Premises which would suspend or void any insurance due to an additional fire hazard risk on the property of which the Premises are a part or on the contents of said property or which shall be contrary to any law or regulation from time to time established by any state, municipal, government, or insurance industry rule making authority. **Tenant** shall pay any increased insurance costs incurred by **Landlord** by reason of **Tenant's** breach of any of the covenants set forth in the foregoing sentence. Further the **Tenant**, at its expense, shall take all measures necessary to comply with the requirements of **Landlord's** insurance carrier.

13. TENANT'S MAINTENANCE OF PREMISES

Tenant shall, at all times during the term of this Lease, and at its own cost and expense, keep and maintain or cause to be kept and maintained in repair and good condition (ordinary wear and tear excepted), all buildings and improvements at any time erected on the Premises or used in connection therewith (such as a dumpster and enclosure, loading dock, and drive-through canopy and structure), shall maintain in good condition all lawns and planted areas of the Premises, shall keep in good repair and clean and free of all snow and ice on surfaced roadways, walks, and parking and loading areas of the Premises and shall keep the exterior areas of the Premises generally in neat and orderly condition, shall not commit or allow any waste to the Premises and shall use all reasonable precaution to prevent waste, damage or injury. **Tenant's** obligations hereunder shall include all repairs and replacements to the Premises, whether the same are ordinary or extraordinary, foreseen or unforeseen, capital or noncapital and it is expressly understood and agreed that **Landlord** shall not be obligated during the term of this Lease, to make any repairs, alterations, or replacements, whether structural or otherwise, of any kind whatsoever to the Premises.

14. ALTERATIONS-ADDITIONS

Tenant shall have the right, during the term of the Lease and any extensions thereto, with prior written approval from **Landlord**, which shall not be unreasonably withheld or delayed, provided it complies with all City of Newton building codes and permits, to decorate, improve and renovate the interior of the leased space and to make all other non-structural interior alterations and improvements which **Tenant** deems necessary and required to carry on its business or to make the same suitable for its use, including without limitation, installation of interior partitioning doors, frames and hardware, electrical fixtures and lighting, floor and wall covering, and any built-in fixtures. **Tenant** acknowledges that any alterations to the façade and signage will also require **Landlord's** approval which shall not be unreasonably withheld. All such allowed alterations shall be performed in a good and workmanlike manner at **Tenant's** expense and shall be in quality at least equal to the present construction. **Tenant** may make non-structural

alterations up to \$[***] in each instance without **Landlord's** consent, but with prior notice to **Landlord**.

15. ASSIGNMENT-SUBLEASING

Tenant shall have the right, without **Landlord's** consent, but subject to conditions set forth herein to assign or sublet the Premises (i) to an entity with which it may merge or consolidate, (ii) in connection with the sale of all or a substantial portion of **Tenant's** assets or those of its operating division, (iii) in connection with the sale of a majority or more of the outstanding equity of **Tenant**, or (iv) to any affiliate, parent or subsidiary of **Tenant**. The public sale or transfer of the equity of **Tenant** shall not be deemed an assignment.

Tenant shall not assign, sublet, mortgage, pledge, encumber or otherwise transfer (collectively referred to as "Transfer") this Lease or its rights hereunder in a single store transaction without **Landlord's** prior written consent, subject to the other terms and provisions of this Paragraph 15. Notwithstanding such Transfer, **Tenant** and Guarantors under the Lease shall remain liable to **Landlord** for the payment of all rent and for the full performance of the covenants and conditions of this Lease. Without limiting the foregoing, **Landlord** and **Tenant** agree that **Landlord** may withhold its consent to any proposed Transfer to a transferee ("Transferee") who, or is not deemed by **Landlord** in its reasonable business judgment, to be an acceptable credit risk. In addition, if required in the **Landlord's** reasonable judgment, any Transferee shall, by valid written instrument, expressly assume for itself and its successors and assigns, and for the benefit of **Landlord**, all of the obligations of **Tenant** under this Lease.

Any request by **Tenant** for **Landlord's** consent to a Transfer shall include (i) the name of the proposed Transferee; (ii) the nature of its business and proposed use of the Premises; (iii) complete information as to the financial condition and standing of the proposed Transferee; and (iv) the terms and conditions of the proposed transfer. **Tenant** shall promptly supply such additional information about the proposed Transfer and Transferee as the **Landlord** reasonably requests. **Landlord** shall also have the right to meet and interview the proposed Transferee.

In the event **Landlord** consents to such Transfer any rent to be paid by the Transferee which is in excess of the rent set forth in the Lease, shall be shared equally between **Tenant** and **Landlord**, after deduction of reasonable expenses of subletting such as, and without implied limitation, brokerage commissions, legal fees, leasehold improvements, and rent incentives. For purposes of this grammatical paragraph, the term "rent" shall mean all fixed rent, additional rent or other payment and/or consideration payable hereunder or in connection with such assignment or sublease, as applicable.

Landlord shall advise **Tenant** in writing whether or not it consents to a proposed Transfer within ten (10) days of receiving **Tenant's** request for such consent and such accompanying information. In the event such consent is withheld, **Landlord** shall specify the reasons therefore in detail.

Any transfer consented to herein shall not release **Tenant** or Guarantor from its obligations of the Lease.

Consent by **Landlord**, whether express or implied, to any Transfer shall not constitute a waiver of **Landlord's** right to prohibit any subsequent Transfer.

Tenant shall reimburse **Landlord** for its reasonable, out-of-pocket legal and other expenses in connection with any request for consent under this Paragraph 15.

16. SUBORDINATION; NOTICE TO MORTGAGEE

This Lease shall be subject and subordinate to any and all mortgages and other instruments in the nature of a mortgage, now or at any time hereafter, a lien or liens on the property of which the Premises are a part and the **Tenant** shall, when requested, promptly execute and deliver such commercially reasonable written instruments as shall be necessary to show the subordination of this Lease to said mortgages, or other such instruments in the nature of a mortgage, and **Landlord** shall be required to simultaneously obtain from the holder of any such instrument an agreement, in such holder's customary form, running to the **Tenant** whereby such holder has agreed, in the event of a foreclosure of said lien not to disturb the **Tenant** hereunder so long as the **Tenant** is not in default of the Lease (the "SNDA Agreement").

No act or failure to act on the part of **Landlord** which would entitle **Tenant** under the terms of this Lease, or by law, to be relieved of **Tenant's** obligations hereunder or to terminate this Lease, shall result in a release or termination of such obligations or a termination of this Lease unless (i) **Tenant** shall have first given written notice of **Landlord's** act or failure to act to **Landlord's** mortgagees of record, if any, of whom **Tenant** has received written notice specifying the act or failure to act on the part of **Landlord** which could or would give basis to **Tenant's** rights; and (ii) such mortgagees, after receipt of such notice, have failed or refused to correct or cure the condition complained of within a reasonable time thereafter (including a reasonable time to obtain possession of the mortgaged Premises if the mortgagee elects to do so); but nothing contained in this Paragraph 16 shall be deemed to impose any obligation on any such mortgagees to correct or cure any condition.

17. LANDLORD'S ACCESS

Landlord reserves the right from time to time, without unreasonable interference with **Tenant's** permitted use of the Premises and upon, at least 24 hours prior notice: (i) to install, use, maintain, repair, replace and relocate for service to the Premises and other parts of the Building, or either, pipes, ducts, conduits, wires and appurtenant fixtures, wherever located in the Premises or Building, (ii) to alter or relocate any other common facility, or (iii) to examine the Premises to prospective purchasers, potential insurance adjusters, potential financing parties, and prospective tenants (in which case only during the last six (6) months of the term of the Lease).

So long as **Landlord** and its agents use reasonable efforts not to interfere with **Tenant's** business operation in the Premises and except if caused by the negligence of the **Landlord** or its agents or employees, **Landlord** shall not be liable to **Tenant** for any compensation or reduction of rent by reason of inconvenience or annoyance or for loss of business arising from the necessity of **Landlord** or its agents' entering the Premises for any of the purposes in this Lease authorized, or for repairing the Premises or any portion of the Building however the necessity may occur.

18. INDEMNIFICATION AND LIABILITY

Tenant shall defend, indemnify, and hold harmless the **Landlord** and its employees from and against any and all liability, claims, damages, losses, or expenses, arising out of (i) the negligence or willful misconduct of **Tenant** or its employee's, agent's, contractor's, or invitee's in their operations, actions, conduct or omissions on or about the Premises, except to the extent caused by the negligence or willful misconduct of **Landlord**, its agents, employees or contractors or (ii) **Tenant's** breach of this Lease. All of **Tenant's** goods, effects and property shall be upon the Premises at the sole risk and expense of **Tenant** and in no case shall **Tenant** make any claim against **Landlord** for any loss or damage thereto however caused.

Landlord shall defend, indemnify, and hold harmless the **Tenant** and its employees from and against any and all liability, claims, damages, losses, or expenses, arising out of (i) the negligence or willful misconduct of **Landlord** or its employees, agents, contractors, or invitees in their operations, actions, conduct or omissions on or about the Premises, except to the extent caused by the negligence or willful misconduct of **Tenant**, its agents, employees or contractors or (ii) **Landlord's** breach of this Lease.

19. INSURANCE

Tenant agrees to maintain in full force from the Lease Commencement Date throughout the Lease term and thereafter so long as **Tenant** is in occupancy of any part of the Premises, a policy of Commercial General Liability Insurance with the broad form coverage. The minimum limits of such insurance shall be \$[***] per occurrence and \$[***] aggregate for Bodily Injury Liability (including death) and Property Damage Liability.

The policy shall also include but shall not be limited to the following extensions of coverage:

- (i) Contractual Liability, covering **Tenant's** liability assumed under this Lease; and
- (ii) Personal Injury Liability in the amount of \$[***] annual aggregate, expressly deleting the exclusion relating to contractual assumptions of liability.

Tenant agrees to maintain a Workers' Compensation and Employers' Liability Insurance policy. The limits of liability as respects Employers' Liability coverage shall be no less than \$[***] per accident.

Except for Workers' Compensation and Employers' Liability coverage, **Tenant** agrees that **Landlord** (and other such persons as are in privity of the estate with **Landlord** as may be set out in notice from time to time) is named as additional insureds. Further, all policies shall be non-cancelable and non-amendable with respect to **Landlord** and **Landlord's** said designees without thirty (30) days' prior notice to **Landlord**. A duplicate original or a Certificate of Insurance evidencing the above agreements shall be attached hereto and delivered herewith to **Landlord**. Additional insureds presently shall be 1089 Washington Street Limited Partnership and Copley Investments Companies as managing agent for 1089 Washington Street Limited Partnership.

For the period between the Lease Commencement Date and Store Opening, **Tenant** shall obtain a builder's risk insurance policy, with the following risk attributes: (i) **Landlord** and it's

management company Copley Investments Companies to be named as additional insured, (ii) coverage limit of policy shall be replacement cost of existing Building (\$****) plus total cost of the construction renovation (\$****) totaling \$****, (iii) deductible amount of policy shall not exceed**** (\$****) dollars and shall be the responsibility of the **Tenant** in the case of a loss, (iv) all required insurance must be written by insurance companies licensed to do business in Massachusetts, and (v) all required insurance companies must have a minimum AM Best Rating of A-, VII or better. **Tenant** shall provide **Landlord** with a copy of the policy and any reasonable deficiencies within the policy coverages, and **Tenant** will make best efforts to obtain sufficient coverage.

Landlord reserves the right to reasonably require additional coverage or to increase limits as industry standards change, so long as such additional coverage is then customarily required by **Landlords** in the Greater Boston area.

Tenant further agrees to maintain during the term and thereafter so long as **Tenant** is in occupancy of any part of the Premises, (i) business interruption insurance in an amount to cover costs, damages, lost income, expenses, Rent, and all other sums payable under this Lease for a period not less than twelve (12) months, (ii) lost rent insurance in favor of **Landlord** sufficient to reimburse **Landlord** for all Rent abated in accordance with Paragraph 20, and (iii) all risk property insurance including theft and sprinkler leakage coverage on all of **Tenant**'s trade fixtures, furniture, inventory and other personal property in the Premises, and on any alterations, additions, or improvements made by **Tenant** upon the Premises all for the full replacement costs thereof. **Tenant** shall use the proceeds from such insurance for the replacement of trade fixtures, furniture, inventory and other personal property and for the restoration of **Tenant**'s improvements, alterations, and additions to the Premises.

20. FIRE, CASUALTY AND EMINENT DOMAIN

A. Fire and Casualty. If, at any time during the term of the Lease and any extension thereto, the Premises shall be damaged in whole or in part by fire, the elements or other casualty, **Tenant**, at **Tenant**'s sole cost, as speedily as circumstances permit, shall repair said damage and restore the Premises to the same condition which existed immediately prior to the occurrence of said casualty. The term shall be tolled by a period of time equal to the time between the date of the casualty and the date on which **Tenant** completes repair and restoration of the Premises. During the restoration, **Tenant** may operate its business out of a temporary structure such as a trailer, subject to compliance with municipal laws. In addition, **Tenant** shall be entitled to an abatement of Rent for the period during which the Premises is rendered incapable of use for the normal conduct of **Tenant**'s business, including a reasonable period, not to exceed ninety (90) days, for **Tenant** to refixture and restock. Said abatement will be pro rated, based on the number of square feet of the Premises which are so rendered untenable or incapable of such use. Notwithstanding the foregoing, such abatement of Rent shall be effective only for so long as and only to the extent that Landlord is reimbursed for all Rent abated through lost rent insurance provided by Tenant in accordance with Paragraph 19.

The foregoing notwithstanding, provided all insurance required to be carried by **Tenant** pursuant to the terms hereof is in effect and no action of **Tenant** would impair insurance recovery, if the Premises is partially or totally destroyed by fire or other casualty (i) between the Lease

Commencement Date and the Store Opening, the **Tenant's** builder's risk insurance proceeds shall be used to pay for the repair and restoration of the Premises, or (ii) between Store Opening and the termination of the Lease, the **Landlord's** property insurance proceeds less the deductible shall be provided to **Tenant** to pay for the repair and restoration of the Premises. Should a portion (greater than 50%) of the Building be destroyed by fire or other casualty during the last two (2) years of the initial term, or during the last two (2) years of any extension period, then **Tenant** may elect not to restore the Premises and terminate this Lease upon written notice to **Landlord** within forty-five (45) days of its intention to terminate after such event, and all obligations of **Tenant** shall terminate upon such termination of this Lease and **Landlord** shall be entitled to any insurance proceeds due to occurrence of said casualty.

If **Tenant** shall terminate this Lease pursuant to this Paragraph, then **Tenant** shall assign to **Landlord** all insurance proceeds relating to the Premises (and not to **Tenant's** personal property, computer and other equipment, fixtures and shelving or inventory) and shall reimburse **Landlord** for all applicable insurance deductibles.

B. Eminent Domain. Should a portion (greater than 50%) of the parking area, or a substantial portion (greater than 50%) of the Building, be taken by eminent domain, the **Landlord** may elect to terminate this Lease. The **Tenant** may elect to terminate this Lease if such taking occurs during the last two (2) years of the initial term, or during the last two (2) years of any extension period and **Tenant** gives written notice within forty-five (45) days of its intention to terminate after such taking.

When such taking renders all or a portion of the Premises substantially unsuitable for **Tenant's** intended use and the **Tenant** elects not to terminate the lease, a just and proportionate abatement of rent shall be made. The **Landlord** reserves, and the **Tenant** grants to the **Landlord**, all rights which the **Tenant** may have for damages or injury to this Premises for any taking by eminent domain, except for damage to the **Tenant's** fixtures, property, or equipment and relocation costs and business loss.

21. DEFAULT AND BANKRUPTCY

In the event that:

- (a) **Tenant** shall default in the payment of any installment of Rent or any other sum herein specified if such default shall continue for five (5) days after receipt of notice from **Landlord** that said payment is due; or
- (b) **Tenant** shall default in the observance or performance of any other of **Tenant's** covenants, agreements, or obligations hereunder and such default shall not be corrected within thirty (30) days after written notice thereof, or in the event such default shall require more than thirty (30) days to be cured, if **Tenant** shall not within such period commence to cure such default, and thereafter, with due diligence, prosecute the curing of such default to completion, but in no event shall such default continue for more than one hundred twenty (120) days in the aggregate; or
- (c) **Tenant** or any guarantor of any of **Tenant's** obligations under this Lease admits in writing that it is not paying its debts as such debts become due, becomes insolvent, files or has

filed against it (and in the case of an involuntary petition such is not dismissed within sixty (60) days after the filing) a petition under any chapter of the U.S. Bankruptcy Code (or any similar petition under any insolvency law of any jurisdiction), proposes any dissolution, liquidation, composition, financial reorganization or recapitalization with creditors, makes an assignment or trust mortgage for the benefit of creditors, or if a receiver, trustee, custodian or similar agent is appointed or takes possession with respect to any property or business of **Tenant** or such guarantor which appointment remains unvacated or unstayed for a period of thirty (30) days, then **Landlord** shall have the right thereafter, to reenter and take complete possession of the Premises, to declare the term of this Lease ended, and remove the **Tenant's** effects, without prejudice to any remedies which might be otherwise used for arrears of rent or other default. The **Tenant** shall indemnify **Landlord** against all loss of rent and other payments, which **Landlord** may incur, by reason of such termination during the residue of the term. All Rent, utility charges, taxes, and all other charges (including, but not limited to, reasonable attorney's fees, other costs of collection, or costs incurred by **Landlord** arising from a default of **Tenant's** obligations under this Lease) shall constitute rent due and payable under this Lease. **Landlord** agrees to use reasonable efforts to relet the Premises. If **Tenant** shall default, after reasonable notice thereof (except in the event of an emergency or when necessary to prevent damage to property or injury to persons, in which case no notice shall be necessary), in the observance or performance of any condition or covenants on **Tenant's** part to be observed or performed under or by virtue of any of the provisions in any article of this Lease, the **Landlord**, without being under any obligation to do so and without thereby waiving such default, may remedy such default for the account and at the expense of the **Tenant**. In the event of a **Tenant** default, if the **Landlord** makes any expenditures or incurs any obligations for the payment of money in connection therewith, including but not limited to, reasonable attorney's fees in instituting, prosecuting or defending any action or proceeding, such sums paid or obligations incurred shall be paid to **Landlord** by **Tenant** as additional rent.

22. NOTICE AND SERVICE OF PROCESS

Any and all notices from the **Landlord** to the **Tenant** relating to the Premises or to the occupancy thereof, shall be in writing and effective upon receipt. All notices shall be sent by (i) registered or certified mail, return receipt requested, postage prepaid, or (ii) a reputable national overnight courier service with receipt therefore, or (iii) hand. Any notice from the **Tenant** to **Landlord** relating to the Premises or to the occupancy thereof shall be addressed to **Landlord** at 10 Newbury Street, Boston, MA 02116. Any notice from the **Landlord** to **Tenant** shall be addressed to **Tenant** at c/o Novus Group, 137 Lewis Wharf, Boston, MA 02110. All rent and notices shall be paid and sent to **Landlord** at 10 Newbury Street, Boston, MA 02116.

23. SURRENDER

The **Tenant** shall at the expiration or other termination of this Lease remove all **Tenant's** goods and effects from the Premises, (including, without hereby limiting the generality of the foregoing, all signs and lettering affixed or painted by the **Tenant**, either inside or outside the Premises). **Tenant** shall deliver to **Landlord** the Premises and all keys, locks thereto. At the request of the **Landlord**, **Tenant** shall remove all alterations and additions made to or upon the Premises (excluding any of the tenant improvements approved by **Landlord** and constructed by

Tenant at the beginning of the term of the Lease). In the event of the **Tenant's** failure to remove any of **Tenant's** property (including trade fixtures such as sinks and shelving) from the Premises, **Landlord** is hereby authorized, without liability to **Tenant** for loss or damage thereto, and at the sole risk of **Tenant**, to remove and store any of the property at **Tenant's** expense, or to retain same under **Landlord's** control or to sell at public or private sale, without notice any or all of the property not so removed and to apply the net proceeds of such sale to the payment of any sum due hereunder, or to destroy such property.

24. HOLDOVER

If **Landlord** and **Tenant** have not reached a prior agreement, and **Tenant** remains in the Premises beyond the expiration of this Lease, such holding over shall not be deemed to create any tenancy, but the **Tenant** shall be a **Tenant** at Sufferance only, at a daily rate equal to one and one half (1 - ½) times the rent and other charges under this Lease. However, all conditions of this Lease to be performed by **Tenant** shall continue in force.

25. MUTUAL WAIVER OF SUBROGATION

So long as their insurers so permit, **Landlord** and **Tenant** hereby release each other from any and all liability or responsibility to the other or anyone claiming through or under them by way of subrogation or otherwise for any loss or damage to property caused by fire or any casualty to the extent such loss or damage is covered by insurance actually carried or would have been covered by insurance required to be carried hereunder (whether or not such required insurance is actually carried), even if such fire or other casualty shall have been caused by the fault or negligence of the other party, or anyone for whom such party may be responsible.

26. TRADE FIXTURES AND EQUIPMENT

Any trade fixtures or equipment (as opposed to real estate fixtures) installed in or attached to the Premises by and at the expense of **Tenant** and all other property of **Tenant** which was personal property prior to its installation, shall remain the property of **Tenant** and **Tenant** shall have the right, at any time, to remove same. However, **Tenant** shall promptly repair in a workmanlike manner any damage resulting from such removal, shall plug or close in an approved manner any connection to sources of gas, air, water, electricity or heat or to cooling ducts and shall do whatever is necessary so as to leave the Premises in a reasonable condition as a result of such removal.

27. OPTION TO EXTEND

Provided there is no existing, uncured material default, **Tenant** shall have the option to extend the term hereof without the need of a new instrument for two (2) additional, five (5) year extension terms. **Tenant** must notify **Landlord** in writing, nine (9) months prior to the expiration of the current term, of its election to exercise its option to renew the Lease.

The annual rent for the option terms, reserved in this Lease, and payable hereunder, shall be determined as follows:

- i. **Landlord** and **Tenant** shall arrive at a market rent for the extended term.

ii. In the event the parties shall be unable to agree upon a market rent within thirty (30) days following the date when **Tenant** shall have exercised such option, then the market rent shall be determined by arbitration for the fair market value of the Premises by three (3) arbitrators, one chosen by **Landlord**, one chosen by **Tenant** and a third chosen by the two so chosen, and in accordance with rules and procedures set forth by the American Arbitration Association, or its successor/substitute body. Each of the arbitrators shall be members of the American Institute of Real Estate Appraisers. The expense of arbitration shall be shared equally by **Landlord** and **Tenant** and the decision of the arbitrators shall be final and binding upon the parties.

iii. In no event shall the annual rent for any year of the extended term, be less than the annual rent for the preceding year.

28. ACTS OF GOD

With the exception of payments of fixed or additional rent, in any case where either party hereto is required to do any act, delays caused by or resulting from Acts of God, war, civil commotion, fire, flood or other casualty, labor difficulties, shortages of labor, materials or equipment, government regulations, unusually severe weather, or other causes beyond such parties reasonable control shall not be counted in determining the time during which work shall be completed, whether such time be designated by a fixed date, a fixed time, or a "reasonable time", and such time shall be deemed to be extended by the period of such delay.

29. SELF HELP

If **Tenant** shall default in the performance or observance of any agreement, condition or other provision in this Lease contained on its part to be performed or observed, and shall not cure such default within the applicable cure and notice period herein specified, **Landlord** may, at its option, without waiving any claim for breach of agreement, at any time thereafter, and with prior written notice to **Tenant**, cure such default for the account of the **Tenant** and the **Tenant** shall reimburse **Landlord** for any reasonable amount paid and any expense or contractual liability so incurred. **Landlord** may cure the default of the **Tenant** prior to the expiration of such waiting period if **Landlord** deems it is necessary to protect the real estate or interest of **Landlord** and other tenant's of **Landlord** thereon or to prevent injury or damage to persons or property. Any amount payable by **Tenant** to **Landlord** pursuant to the provisions of this provision shall be paid as part of and at the time for payment of the next installment of minimum rent thereafter coming due.

30. ESTOPPEL CERTIFICATES

(a) Within 30 days after each request by **Landlord**, **Tenant** shall deliver an estoppel certificate to **Landlord**. Estoppel certificates shall be in writing, shall be acknowledged, and shall be in proper form for recording. Each estoppel certificate shall be certified to **Landlord**, any Mortgagee, and any assignee of any Mortgagee, any purchaser, or any other person specified by **Landlord**.

(b) Each estoppel certificate shall contain the following information certified by the person or persons executing it on behalf of **Tenant**: (i) whether or not **Tenant** is in possession of the

Premises, (ii) whether or not this Lease is unmodified and in full force and effect (If there has been a modification of this Lease the certificate shall state that this Lease is in full force and effect as modified, and shall set for the modification), (iii) whether or not **Tenant** contends that **Landlord** is in default under this Lease in any respect, (iv) whether or not there are then existing set-offs or defenses against the enforcement of any right or remedy of **Landlord**, or any duty or obligation of **Tenant** (and if so, specify the same), (v) the dates, if any, to which any rent or charges have been paid in advance and (vi) such other matters as may be reasonably requested by **Landlord**.

31. RULES AND REGULATIONS

Intentionally omitted.

32. MECHANIC'S LIEN

Tenant shall not permit any mechanics' liens, or similar liens, to remain upon the Premises for labor and material furnished to **Tenant** in connection with work of any character performed or claimed to have been performed at the direction of **Tenant**. **Tenant** agrees promptly to discharge (either by payment or by filing of the necessary bond, or otherwise) and without cost to **Landlord** any mechanic's, material men's, or other lien against the Premises and/or **Landlord's** interest therein, which lien may arise out of any payment due for, or purported to be due for, any labor, services, materials, supplies, or equipment alleged to have been furnished to or for the **Tenant**, in upon or about the Premises.

33. QUIET ENJOYMENT

Landlord covenants and agrees with **Tenant** that **Tenant** on paying the Construction Base Rent, Base Rent and Additional Rent and performing obligations of **Tenant** in this Lease, so long as no default beyond applicable cure periods shall exist, shall and may peaceably and quietly have, hold and enjoy the Premises hereby demised for the intended purpose as herein before provided, subject to the terms and provisions hereof.

34. PERSONS AND PROPERTY BOUND

The word "**Landlord**" wherever used herein shall comprehend and bind the **Landlord**, their successors and assigns and the word "**Tenant**" wherever used herein, shall comprehend and bind the **Tenant**, its successors and assigns or those in any manner claiming through or under said **Tenant**, in each and every case where the context so allows or admits and whether so expressed or not. **Tenant** hereby agrees for itself and each succeeding holder of **Tenant's** interest, or any portion thereof, hereunder, that any judgment, decree or award obtained against the **Landlord** or any succeeding owner of **Landlord's** interest, which is in any manner related to this Lease, the Premises, or **Tenant's** use or occupancy of the Premises or the common areas of the Premises owned by the **Landlord**, whether at law or in equity shall be satisfied out of the **Landlord's** equity in the land and building to the extent then owned by the **Landlord** or such succeeding owner (or to the proceeds or sale, refinancing, insurance awards or condemnation awards), and further agrees to look only to such assets and to no other assets of the **Landlord**, or such succeeding owner for satisfaction. The obligations of **Landlord** under this Lease do not constitute personal obligations of the members, trustees, individual partners, directors, officers or

shareholders of **Landlord** or any constituent entity of **Landlord**, and **Tenant** shall not seek recourse against the members, trustees, partners, directors, officers or shareholders of **Landlord** or any constituent entity of **Landlord**, or any of their personal assets for satisfaction of any liability with respect to this Lease. In the event of a transfer of the **Landlord's** interest in the Premises, the Security Deposit shall be paid to **Landlord's** successor, and **Landlord's** successor shall provide **Tenant** with written confirmation that it has possession of the Security Deposit.

35. ENTIRE AGREEMENT

This Lease contains the entire agreement between the parties and shall not be modified or amended in any manner except by an instrument in writing executed by authorized representatives of both ~~the~~ parties. All negotiations, considerations, representations and understandings between **Landlord** and **Tenant** are integrated herein.

36. COST AND EXPENSE

Wherever in this Lease provision is made for the doing of any act by any person, it is understood and agreed that said act shall be done by such person at its own cost and expense, unless a contrary intent is expressed.

37. WHEN LEASE BECOMES BINDING

The submission of this document for examination and negotiation does not constitute an offer to Lease, or a reservation of, or option for, the Premises, and this document shall become effective and binding only upon the execution and delivery hereof by both **Landlord** and **Tenant**

38. ASSIGNMENT OF RENTS

With reference to any assignment by **Landlord** of **Landlord's** interest in this Lease, or the rents payable hereunder, conditioned in nature or otherwise, which assignment is made to the holder of the first mortgage on the Premises, **Tenant** agrees that:

- (a) the execution thereof by **Landlord**, and the acceptance thereof by the holder of such mortgage, shall never be deemed an assumption by such holder of any of the obligations of **Landlord** hereunder, unless such holder shall, by written notice sent to **Tenant**, specifically elect; and
- (b) except as aforesaid, such holder shall be treated as having assumed **Landlord's** obligations hereunder only upon the foreclosure of such holder's mortgage or the taking of possession of the Premises and its specific agreement to do so.

39. WAIVER

Failure on the part of either party to complain of any action or non-action on the part of the other, no matter how long the same may continue, shall never be deemed to be a waiver by said party or any of its rights hereunder. Further, it is covenanted and agreed that no waiver at any time of any of the provisions hereof shall be construed as a waiver of any of the other provisions hereof and that a waiver at any time of any of the provisions hereof shall not be construed as a waiver at any subsequent time of the same provisions. The consent or approval by either party to or of any

action by the other requiring said party's consent or approval shall not be deemed to waive or render unnecessary said party's consent or approval to or of any subsequent similar act by the other.

No payment by **Tenant**, or acceptance by **Landlord**, of a lesser amount than shall be due from **Tenant** to **Landlord** shall be treated otherwise than as a payment on account. The acceptance by **Landlord** of a check for a lesser amount, with an endorsement or statement thereon, or upon any letter accompanying such check, that such lesser amount is payment in full, shall be given no effect, and **Landlord** may accept such check without prejudice to any rights or remedies which **Landlord** may have against **Tenant**.

40. PARAGRAPH HEADINGS

The paragraph headings throughout this instrument are for the convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Lease.

41. GOVERNING LAW, VENUE, AND SERVICE OF PROCESS

This Lease, including the validity hereof and the rights and obligations of the parties hereunder shall be construed in accordance with and governed by the laws of the Commonwealth of Massachusetts. Each of the parties hereto agrees that any action or proceeding brought to enforce the rights or obligations of any party hereto under this Lease may be commenced and maintained only in any court of competent jurisdiction located in the Commonwealth of Massachusetts. Each of the parties hereto further agrees that process may be served upon it by certified mail, return receipt requested, addressed as more generally provided in Paragraph 22 hereof, and consents to the exercise of jurisdiction over it and its properties with respect to any action suit or proceeding arising out of or in connection with this Lease or transactions contemplated hereby or the enforcement of any rights under this Lease.

42. PARTIAL INVALIDITY

If any provision of this Lease or portion of such provision of the application thereof to any person or circumstance is for any reason held invalid or unenforceable, the remainder of the Lease (including the remainder of such provisions) and the applications thereof to the persons or circumstances shall not be affected thereby.

43. TENANT AUTHORITY

Each person executing this Lease on behalf of **Tenant** does hereby covenant and warrant that (i) **Tenant** is duly incorporated and validly existing in the laws of its state of incorporation, organization or formation, (ii) **Tenant** has and is qualified to do business in Massachusetts, (iii) **Tenant** has full right and authority to enter into this Lease and to perform all **Tenant's** obligations hereunder, and (iv) each person signing this Lease on behalf of **Tenant** is duly and validly authorized to do so.

44. WAIVER OF JURY TRIAL

Landlord and **Tenant** each hereby waives all right to trial by jury in any claim, action, proceeding or counterclaim by either party against the other on any matters arising out of or in any way connected with this Lease, the relationship of **Landlord** and **Tenant** and/or **Tenant**'s use or occupancy of the Premises.

45. BROKER

Landlord and **Tenant** each warrants and represents that it has only dealt with Mike Jezienicki of Boston Realty Advisors in connection with the execution of this Lease. Each shall indemnify the other against the claims and demands of any broker arising out of this lease, including without limitation all costs and expenses in defending such claim, including reasonable attorney's fees if representation proves untrue. **Tenant** shall be responsible to pay the real estate commission to Boston Realty Advisors per a separate agreement. **Landlord** shall not be liable for any brokerage fees in connection with this lease. If **Tenant** exercises its right to purchase the Premises per Paragraph 52, **Landlord** shall have no obligation to pay the real estate commission to Boston Realty Advisors. **Tenant** shall indemnify **Landlord** against all costs and expenses in defending such claim, including reasonable attorney's fees if representation proves untrue.

46. SIGNAGE

Tenant shall have the right to erect and maintain throughout the term of this Lease and any extensions thereto, an exterior sign on the roof and front and sides of the Building, provided **Tenant** (i) conforms with all ordinances of the City of Newton or the appropriate local authority and, (ii) obtains **Landlord**'s consent to the design and construction of **Tenant**'s signage. At the end of the term, the **Tenant** shall remove its sign and repair, in a workmanlike manner, any damage to the facade caused by the removal of its sign. **Tenant** may also add additional signage mounted on the inside of the glass within the Premises.

47. HVAC EQUIPEMNT

As of the Lease Commencement Date, **Landlord** represents and warrants to **Tenant** that the HVAC equipment is in proper working order and condition, and **Landlord** shall assign to **Tenant** the benefit of any manufacturers or installer's warranty. During the entire term of this lease or any extensions thereto, **Tenant** shall be responsible to keep the heating, ventilating, and air conditioning (HVAC) equipment serving the Premises in good repair, order, and condition and shall pay all charges in connection with the repair, maintenance, and replacement if necessary of the HVAC. In connection herewith, **Tenant** shall secure a maintenance contract on the HVAC equipment with a reputable HVAC contractor and at a minimum send copies of semiannual maintenance and service reports to **Landlord**.

48. TENANT'S RENOVATIONS

In the event **Tenant** shall renovate the Premises it shall do so at its sole cost and expense and in accordance with plans and specifications first approved by **Landlord**, which approval shall not be unreasonably withheld or delayed. **Tenant** represents and warrants that such plans are in conformity with all applicable building, fire, health and zoning laws or ordinances of the City of

Newton. After the plans have been completed by the **Tenant's** architect, **Tenant** shall obtain its permits and approvals required for construction of the renovations. After obtaining such permits and approvals, **Tenant** agrees to commence renovations promptly and to proceed continuously with all due diligence so far as same is within **Tenant's** control, using new and first quality materials and done in a good and workmanlike manner. **Tenant** shall construct the renovations for the Premises in accordance with the plans set forth in Exhibit B. Before commencing construction, **Tenant** shall furnish to **Landlord** satisfactory proof that the contractor doing the renovations has workmen's compensation insurance.

With written approval from **Landlord**, **Landlord** permits **Tenant** to demo the back approximate 3,500 square foot portion of the Building after the Completion Guarantee has been provided and shall have no restoration obligations (to the original 8,500 square foot configuration) beyond security provisions.

Tenant is solely responsible for the entire cost of their signage, permitting, and all renovations for the Premises. **Tenant** is responsible to obtain all licenses, permits, certificates, etc. to legally operate from the Premises.

49. LEGAL FEES

If either **Landlord** or **Tenant** shall commence any legal proceedings against the other with respect to any of the terms and conditions of this Lease, the non-prevailing party shall pay to the other all reasonable expenses of the litigation, including reasonable attorney fees as may be fixed by the court having jurisdiction over the matter.

50. SNOW / ICE REMOVAL

Tenant agrees to comply with all ordinances of the City of Newton relative to the removal of ice and snow from the front and rear sidewalks and entrances appurtenant to the Premises. This area in front is defined as the sidewalk extending along the frontage of the Premises to the street curb.

Tenant, at its sole cost, shall be responsible for the removal of snow and ice from the parking lot.

51. LANDLORD'S RENOVATIONS

Per the PSA, **Landlord**, at its expense, shall deliver the Premises to **Tenant** with the following items in place on or before the Lease Commencement Date, constructed in a good and workmanlike manner, and with any mechanical, electrical or plumbing equipment and fixtures in good working condition and in compliance with all applicable codes:

1. Finish installation of four (4) new HVAC units with gas and power wiring. Units are currently in place on the roof, electric wiring is done, Landlord needs to finish gas piping and start up. **Work is complete.**
2. Installation of new rubber roof. Specifications of roof, including warranty, are subject to Buyer's review and approval, not to be unreasonably withheld. **Work is complete.**

3. \$[***] credit towards the completion of new sanitary sewer line in cement slab substantially as currently laid out, with capped line, and back filled trenches level with cement, or removal of all or substantially all of such new sanitary line leaving the Building connected to the municipal system, with back filled trenches level with cement.
4. Remainder of the Premises to be delivered in its "AS IS" condition.

Landlord shall assign to **Tenant** the benefit of any warranty provided by a manufacturer or other third party.

52. RIGHT OF FIRST OFFER TO PURCHASE THE PREMISES

Landlord shall not sell the Premises unless **Landlord** first provides a written offer to **Tenant** to purchase the Premises, the "Offer". The Offer shall collectively include the proposed purchase price, an updated environmental report, and a proposed purchase and sale agreement ("Proposed PSA") upon which terms **Landlord** desires to sell the Premises. **Tenant** shall then have the right to purchase the Premises by executing the Proposed PSA within fourteen (14) days after **Tenant's** receipt of the Offer from **Landlord** and provide a nonrefundable deposit to **Landlord** equal to [***] ([**%]) percent of the proposed purchase price, the "Deposit". The Proposed PSA shall substantially be in the form of the previous PSA, herein attached as Exhibit C.

If **Tenant** timely executes the Proposed PSA and provides the correct Deposit, then **Tenant** shall have the right and obligation to purchase the Premises upon the terms set forth in the Proposed PSA and must close on the Premises within forty-five (45) days from the date **Landlord** receives the executed Proposed PSA. If **Tenant** timely executes the Proposed PSA and provides the correct Deposit but fails to perform by not closing on the Premises within forty-five (45) days, then **Tenant** shall forfeit the Deposit and this Paragraph 52 Right of First Offer To Purchase The Premises shall no longer be in force and effect.

If **Tenant** either rejects the Offer or does not timely execute the Proposed PSA or provide the correct Deposit, then **Landlord** shall be free to sell the Premises to a third-party person or entity upon terms and conditions not less favorable to **Landlord** in any material respect than the Proposed PSA without further obligation to **Tenant**, except that the purchase price may be as much as [***] percent ([**%]) less than that reflected in the Offer. If after **Tenant** either rejects the Offer or does not timely execute the Proposed PSA or provide the correct Deposit, and **Landlord** desires to offer the Premises for sale upon terms that are materially less favorable to **Landlord** than the Proposed PSA and/or at a purchase price that is more than [***] percent ([**%]) less than the purchase price stated in the Proposed PSA, then **Landlord** must resubmit an Offer in accordance with the procedures set forth above. However, if the new Offer to **Tenant** is given not more than one hundred eighty (180) days after the previous Offer to **Tenant**, then **Tenant's** time to execute the Proposed PSA pursuant to such new Offer shall be reduced to five (5) days.

Should **Landlord** be free to sell the Premises to a third-party person or entity upon the terms and conditions set forth herein, and fail to convey the Premises to a third-party person or entity within twelve (12) months from the date the Offer expires, the **Landlord** shall be obligated to provide **Tenant** a new Offer if it wishes to sell the Premises thereafter.

53. FINANCIAL REPORTING

Tenant shall provide to **Landlord** within ten (10) days following written request copies of **Tenant's** and Guarantor's annual financial statements and such other information regarding **Tenant's** and Guarantor's financial condition as may be so reasonably requested, but not more than two (2) times per twelve (12) month period; provided such information shall, to the extent the same is not publicly available, be treated as confidential information of **Tenant** and / or Guarantor.

If **Landlord** desires to finance, refinance, or sell the Premises, or any part thereof, **Tenant** hereby agrees to deliver to any lender or purchaser designated by **Landlord** such financial statements of **Tenant** as may be reasonably required by such lender or purchaser.

54. FIRE PROTECTION EQUIPMENT

Tenant shall maintain and be responsible for the cost of the service agreement with American Alarm Company, for periodic tests and inspections of the fire/sprinkler alarm devices at the Premises. All other testing, maintenance, service and repair required of the fire protection equipment shall be the responsibility of **Tenant** to undertake. All annual reports regarding the inspections and testing shall be sent to **Landlord** in a timely fashion. The failure of any equipment installed or delivered by **Landlord** as of the Commencement Date shall be **Tenant's** responsibility.

55. TIME IS OF THE ESSENCE

Landlord and **Tenant** hereby agree that time is of the essence with respect to performance of each of the parties' obligations under this Lease. **Landlord** and **Tenant** agree that, in the event that any date on which performance is to occur falls on a Saturday, Sunday, or state or national holiday, then the time for such performance shall be extended until the next business day thereafter occurring.

IN WITNESS WHEREOF, the **Landlord** and **Tenant** have hereunto set their hands and common seals on May 13, 2020.

LANDLORD:

1089 Washington Street L.P.
By its general partner
Copley General II, Inc.

TENANT:

Ascend Mass, LLC

/s/ Gary B. Simon

Gary B. Simon, President

/s/ Francis Perullo

Francis Perullo, Manager

CLERK’S CERTIFICATE

I, Daniel DiPietro, as the Clerk of Ascend Mass, LLC, a Massachusetts limited liability company (the “Company”), hereby certify that approval was given for the Company, as **Tenant**, to enter into a fifteen (15) year lease with an option to extend for two (2) additional five (5) year terms, with 1089 Washington Street Limited Partnership, as **Landlord**, for approximately 8,500 square feet of space at 1089 Washington Street, West Newton, MA., at an annual first year base rental rate of \$900,000.00.

I further certify that Francis Perullo, as Manager, has the authority to execute and deliver to the **Landlord** a lease on behalf of the Company upon the above terms.

Witness my hand and seal this 13th day of May, 2020.

/s/ Dan DiPietro

GUARANTY

FOR VALUE RECEIVED, and in consideration of the execution and delivery of the within Lease, dated May 13, 2020, by and between 1089 Washington Street Limited Partnership, as **Landlord**, and Ascend Mass, LLC, as **Tenant**, (“the Lease”), the undersigned Ascend Wellness Holdings, LLC (“Guarantor”) hereby unconditionally guarantees to **Landlord** the full performance and observance of all the covenants, conditions, rent charges, and agreements therein provided to be performed and observed by the **Tenant** and, if applicable, Tenant’s successors and assigns, during the entire term of the Lease and any extensions thereto, and expressly agree that the validity of this agreement and the obligations of the Guarantor hereunder shall in no way be terminated, affected or impaired by reason of the granting by the **Landlord** of any indulgences to **Tenant** or by reason of the assertion by **Landlord** against **Tenant** of any of the rights or remedies reserved to **Landlord** pursuant to the provisions of the within Lease or by relief of the **Tenant** from any of **Tenant**’s obligations under said Lease by operation of law or otherwise (including, but without limitation, the rejection of the said Lease in connection with proceedings under the bankruptcy laws now or hereafter enacted); the Guarantor hereby waive all surety ship defenses.

The Guarantor further covenant and agree that this guaranty shall remain and continue in full force and effect, throughout the initial fifteen (15) year period and any renewal, modification or extension of this Lease. The Guarantor further agrees that their liability under this guaranty shall be primary, and that in any right of action which shall accrue to the **Landlord** under said Lease, the **Landlord** may, at its option, proceed against the Guarantor and the **Tenant**, jointly and severally, and may proceed against the Guarantor without having commenced any action against or having obtained any judgment against the **Tenant**.

It is agreed that the failure of the **Landlord** to insist in any one or more instances upon a strict performance or observance of any of the terms, provisions or covenants of the foregoing Lease or to exercise any right there in contained shall not be construed or deemed to be a waiver or relinquishment for the future of such term, provision, covenant or right; but the same shall continue and remain in full force and effect. Receipt of the rent by the **Landlord** with

knowledge of the breach of any provisions of the foregoing Lease shall not be deemed a waiver of such breach.

It is further agreed that all of the terms and provisions hereof shall inure to the benefit of the respective heirs, executors, administrators, successors and assigns of the **Landlord**, and shall be binding upon the respective heirs, executors, administrators and assigns of the undersigned.

IN WITNESS THEREOF, the undersigned has caused this Guaranty to be executed on the 13th day of May 2020.

/s/ Francis Perullo

Ascend Wellness Holdings, LLC

EXHIBIT A

Site Plan To Be Included

EXHIBIT B

Construction Plans and Schedule To Be Included

EXHIBIT C

Original PSA To Be Included

CONFIDENTIAL TREATMENT REQUESTED - REDACTED COPY

LEASE AGREEMENT

BY AND BETWEEN

174 ROCHELLE LLC, Landlord

- and -

GREENLEAF COMPASSION CENTER, Tenant

Dated: December 19, 2019

*Certain identified information has been omitted from this exhibit because it is not material and would likely cause competitive harm to the registrant if publicly disclosed. [***] indicates that information has been omitted.*

In consideration of the rents and covenants hereinafter set forth, Landlord hereby leases to Tenant, and Tenant hereby rents from Landlord the following described premises upon the following terms and conditions:

BASIC LEASE PROVISIONS

Date: December 19, 2019

Property: 174 Route 17 North, Rochelle Park, New Jersey

Premises: The premises consisting of approximately seven thousand, six hundred (7,600) square feet of Net Floor Area, being the premises crosshatched on Exhibit A and consisting of five thousand, two hundred (5,200) square feet of ground floor space and two thousand, four hundred (2,400) square feet of mezzanine space.

Landlord: 174 Rochelle LLC, a New Jersey limited liability company

Tenant: Greenleaf Compassion Center, a New Jersey non-profit corporation

Tenant's Trade Name:

Lease Term: Ten (10) years (Section 2.01)

Commencement Date: The date upon which Landlord shall deliver physical vacant, broom clean possession of the Premises to Tenant with Landlord's Work (as hereinafter defined) substantially completed.

Rent Commencement Date: Shall mean the date on which Tenant shall begin paying to Landlord the first month's Rent, which shall be the earlier of (i) one hundred twenty (120) days from the execution of this Lease; (ii) receipt of all unappealable municipal approvals necessary for the use of the Premises and the New Jersey Department of Health's approval for the satellite dispensary as provided in Section 2.01(B); or (iii) an earlier date chosen by Tenant.

Expiration Date: Ten (10) years from the last day of the month in which the Rent Commencement Date shall occur, unless earlier terminated in accordance with the terms hereof.

Lease Year: The first Lease Year shall be the period commencing on the Rent Commencement Date and ending twelve (12) months after the last day of the month in which the Rent Commencement Date occurs, and each succeeding twelve (12) month period shall be a Lease Year.

Basic Rent: Term Basic Rent: Basic Rent throughout the Term shall be payable as follows:

Lease Year	Annual Basic Rent	Monthly Basic Rent
1	\$456,000.00	\$38,000.00
2	\$465,120.00	\$38,760.00
3	\$474,422.40	\$39,535.20
4	\$483,910.85	\$40,325.90
5	\$493,589.06	\$41,132.42
6	\$503,460.85	\$41,955.07
7	\$513,530.06	\$42,794.17
8	\$523,800.66	\$43,650.06
9	\$534,276.68	\$44,523.06
10	\$544,962.21	\$45,413.52

Use of Premises: The Premises shall be used for a medical marijuana dispensary and for no other use whatsoever.

Floor Area of Premises: Approximately seven thousand, six hundred (7,600) square feet (Section 16.03)

Floor Area of Property: Approximately Twenty Six Thousand (26,000) square feet of building area (as of the date of this Lease, subject to change pursuant to Section 13.01)

Security Deposit: \$456,000.00. (Section 15.01)

Real Estate Broker: None. (Section 16.09)

Address and Email for Notices: To Landlord:
174 Rochelle LLC
[REDACTED]
[REDACTED]
Email: [REDACTED]

With a Copy to:
174 Rochelle LLC
[REDACTED]
[REDACTED]

And:
Joseph L. Basralian, Esq.
Winne, Banta, Basralian & Kahn, P.C.
Court Plaza South – East Wing
21 Main Street, Suite 101
P. O. Box 647
Hackensack, New Jersey 07601-0647
Email: jbasralian@winnebanta.com

To Tenant:

Greenleaf Compassion Center
395 Bloomfield Avenue
Montclair, New Jersey 07042
Attention:
Email:

With copy to:

James DiGiulio, Esq.
O'Toole Scrivo, LLC
Cedar Grove, New Jersey 07928
Email: [jdigiulio@oslaw.com](mailto:jdigulio@oslaw.com)

All notices from one party to another hereunder shall be in writing and sent by United States mail registered or certified, postage prepaid, sent by a nationally recognized delivery service which affords receipted delivery or sent by electronic transmission with a copy sent by first class mail. Any notice so given shall be deemed given (i) on the date of delivery if given via commercial delivery service (unless such date is a weekend or a holiday in which event such notice shall be deemed given on the next business day) (ii) on the date of receipt or rejection, if sent via certified or registered mail, (iii) on the Business Day next succeeding the date upon which such notice is given to any nationally recognized overnight courier or (iv) immediately upon delivery and confirmation of receipt if sent by electronic transmission. Either party may by written notice to the other specify a different address for notice purposes.

Address for Rent Payments: 174 Rochelle LLC
[REDACTED]
[REDACTED]

Tenant's Proportionate Share: [***]%

The Basic Lease Provisions are an integral part of this Lease and each reference in this Lease to any of the Basic Lease Provisions shall be construed to incorporate all of the terms provided under each such Basic Lease Provision. In the event of any conflict between any Basic Lease Provision and the balance of the Lease, the latter shall control. References to specific sections are for convenience and designate only certain of the sections where references to the particular Basic Lease provisions appear.

ARTICLE I

Premises

Section 1.01. Premises Defined. Landlord hereby leases to Tenant and Tenant hereby hires from Landlord those certain Premises defined in the Basic Lease Provisions more particularly described on Exhibit A and wherein the Premises are crosshatched, for the Term, at the rental, and upon all of the conditions and agreements set forth herein.

ARTICLE II

Term

Section 2.01. Length of Term and Rent Commencement Date. (A) The Tenant shall commence the payment of Basic Rent and Additional Rent on the Rent Commencement Date (as herein defined) and the Term of this Lease shall be for the period specified as the Term in the Basic Lease Provisions commencing on the Rent Commencement Date and expiring at the end of such Term (unless sooner terminated pursuant to the provisions hereof).

(B) If, for any reason whatsoever (without extension due to Force Majeure), receipt of all unappealable municipal approvals necessary for the use of the premises and the New Jersey Department of Health's approval for the satellite dispensary does not occur on or prior to one hundred twenty (120) days from the execution of this Lease, either party may cancel this Lease upon notice to the other. In such event, this Lease and related documents, including the Limited Recourse Promissory Note and Mortgage, Security Agreement, Assignments of Leases and Rents and Fixture Filing entered into by the parties, shall be deemed cancelled, all sums deposited by Tenant with Landlord shall be returned (provided that Tenant shall not then be in default), and thereafter, neither party shall have any further rights or obligations hereunder. The right to terminate shall be absolute and may be exercised unilaterally by either party prior to the occurrence of the Rent Commencement Date, provided, however, in the event Landlord terminates this Lease, Tenant may elect within five (5) days of Landlord's termination notice to commence payment as provided herein, in which case this Lease shall remain in full force and effect.

(C) In the event that Landlord violates the exclusivity provisions set forth in Exhibit F of this Lease, Tenant shall have the unilateral right to terminate this Lease Agreement subject to the provisions of this Section 2.01(B). Tenant shall also have the right to exercise all available options at law or equity in addition to any rights set forth in this Lease Agreement and such rights shall be deemed cumulative and not sole and exclusive. The parties each agree to use commercially reasonable efforts to satisfy the respective subject conditions.

ARTICLE III

Rent

Section 3.01. Basic Rent. Tenant shall pay Landlord the Basic Rent for the Term as stated in the Basic Lease Provisions (with the Basic Rent payable in such amounts during each Lease Year as reflected in the Basic Lease Provisions). The Term Basic Rent shall be payable in monthly installments as set forth in the Basic Lease Provisions for each full calendar month during the Lease Term. Basic Rent shall be payable in advance upon the first day of each calendar month without any counterclaim, deduction or offset except as set forth herein. The Basic Rent and Additional Rent for any fractional part of a calendar month at the beginning or end of the Lease Term, as applicable, shall be paid as a proportionate part of the Basic Rent and Additional Rent for the corresponding full calendar month. All sums payable to Landlord other than Basic Rent shall be considered "Additional Rent", for the nonpayment of which Landlord

shall have the same remedies as for nonpayment of Basic Rent. All payments of Rent and/or Additional Rent shall be made by wire transfer or ACH payment.

ARTICLE IV

Taxes

Section 4.01. Real Property Taxes. Commencing on the Rent Commencement Date and on the first day of each month during the Lease Term thereafter, Tenant shall pay to Landlord as Additional Rent, in advance, an amount obtained by dividing by twelve (12) Tenant's Proportionate Share of the Real Property Taxes. If, on the first day of the month in question, the amount of any tax payable during the then current calendar year shall not have been determined by the taxing authority, then the Real Property Taxes then payable by Tenant shall be based on the amount of the corresponding tax for the immediately preceding tax year subject to immediate adjustment when the amount of such tax shall be determined and billed by Landlord, in which event Tenant shall pay the amount required to be paid as a result of said adjustment within thirty (30) days following Tenant's receipt of a bill therefor. Notwithstanding the foregoing, (i) as to any special assessments which may be paid in annual installments, only the amount of such annual installment (with appropriate proration for any partial year) shall be included within the computation of Tenant's Proportionate Share of the Real Property Taxes for any particular year, and if such assessment may not be paid in installments, Tenant shall only be responsible for Tenant's Proportionate Share of the amortized portion, based on the useful life of the improvement under New Jersey Law and the remaining term of the Lease, including any exercised renewal options; (ii) Tenant shall not be responsible for any future rent tax and (iii) Tenant shall not be responsible for any fines, penalties or late fees for the late payment of Real Estate Taxes by Landlord. .

Section 4.02. Definitions. The term "Real Property Taxes" shall include all taxes, assessments, and governmental charges levied upon or with respect to the real property and improvements (or any future tax levied in lieu of or in addition to Real Property Taxes) on the Property, or any other tax, or such other actual and reasonable out-of-pocket costs and fees incurred by Landlord in contesting all taxes and/or negotiating with any public authorities with respect thereto; provided, however, that the term "Real Property Taxes" shall not include any franchise, estate, inheritance, succession, capital levy, gift, transfer, rent, excise, unincorporated business, sales, utility, mortgage, estate, net income or excess profits taxes imposed upon Landlord, nor shall it include any assessment imposed as a result of the development and construction of the Property and/or the Premises or any special assessments levied against another tenant or occupant in the Property due to improvements made by such other tenant or occupant, or any penalties, late charges or interest incurred by reason of Landlord's failure to make timely payment of Real Property Taxes.

Section 4.03. Personal Property Taxes. Tenant shall pay before delinquency all personal taxes and assessments on the furniture, fixtures, equipment and other property of Tenant located in the Premises and on additions and improvements in the Premises belonging to Tenant.

Section 4.04. Reconciliation. Landlord shall, after the end of each calendar year, furnish to Tenant a statement (which statement shall include a copy of the relevant quarterly Real Estate Tax bill or bills) of the actual amount of Tenant's Proportionate Share for the preceding calendar year. If the amount paid by Tenant hereunder is less than the actual amount of Tenant's Proportionate Share for said calendar year, Tenant shall, within thirty (30) days after receipt of Landlord's statement, pay to Landlord the deficiency. If the amount paid by Tenant hereunder exceeds the actual amount of Tenant's Proportionate Share for said calendar year, such excess shall be credited against the next monthly installment or installments of Tenant's Proportionate Share due from Tenant to Landlord hereunder, or shall be refunded to Tenant if such excess relates to the calendar year in which the Lease Term expires.

ARTICLE V

Conduct of Business by Tenant

Section 5.01. Use of Premises. Tenant shall use the Premises for the purpose stated in the Basic Lease Provisions and for no other purpose. In addition, Tenant further covenants and agrees that it will not use or suffer or permit any person or persons to use the Premises or any part thereof in violation of the laws, ordinances, regulations and requirements of the State, County and City where the Property is situated, or other lawful authorities. Tenant shall obtain all permits and/or approvals required for the purposes stated in the Basic Lease Provisions.

Section 5.02. Restrictions on Use. (A) Tenant shall not use or permit the Premises to be used for any purpose other than that set forth in Section 5.01, and shall comply promptly with all present and future applicable statutes, ordinances, rules, regulations, orders and requirements regulating the use by Tenant of the Premises. Tenant shall not use or permit the use of the Premises in any manner that will create a nuisance or unreasonably disturb other tenants or occupants of the Property.

(B) Tenant shall comply at all times with the Rules and Regulations attached to this Lease as Exhibit B and such amendments and modifications thereof and additions thereto as Landlord may from time to time reasonably adopt for the safety, care and cleanliness of the Property or the preservation of good order therein; provided, however no modifications to the Rules and Regulations shall, to more than a de minimus extent, (i) increase Tenant's obligations or decrease Tenant's rights, or (ii) increase Landlord's rights or decrease Landlord's obligations. Landlord shall not be liable to Tenant for the failure of any tenant or other person to comply with such Rules and Regulations. Rules and Regulations promulgated by Landlord shall be on reasonable notice to Tenant and enforced in a non-discriminatory manner. In the event of a conflict between the Rules and Regulations and this Lease, the provisions of this Lease shall control.

(C) Tenant shall indemnify and hold Landlord and its members and employees harmless from and against any and all costs, expenses, damages, fines, penalties and amercements of any and every kind whatsoever, suffered or incurred by any of them by reason of the conduct of the use permitted hereunder at the Premises, including, without limitation, any forfeiture.

ARTICLE VI

Maintenance, Repairs and Alterations

Section 6.01. Landlord's Obligations. (A) Subject to the provisions of Article VIII hereof, Landlord shall during the Term of this Lease keep in first-class order, condition and repair the foundations, exterior walls (excluding the interior surface of exterior walls and excluding all windows, doors, plate glass and showcases), downspouts, gutters and roof of the Premises, and other structural portions of the Premises, and Property plumbing, electrical, mechanical, and sprinkler systems (only to the point of connection to the Premises) except for reasonable wear and tear; provided, however, that Landlord shall have no obligation to repair until a reasonable time after the receipt by Landlord of notice of the need for repairs. Tenant shall reimburse Landlord for the actual out-of-pocket cost thereof within thirty (30) days following Tenant's receipt of an invoice for such work, said costs to be allocated as provided in Section 13.05. Tenant agrees that it will promptly notify Landlord of the need for any such repair after Tenant becomes aware of same. Tenant waives the provisions of any law permitting Tenant to make repairs at Landlord's expense. Notwithstanding anything to the contrary in this Lease, there is reserved to Landlord the use of the exterior walls and roof and the right to install, maintain, use, repair and replace pipes, ducts, conduits and wires through the Premises in locations which will not materially interfere with Tenant's use thereof, at Landlord's sole cost and expense. Landlord, at its sole cost and expense, shall repair all damage caused to the Premises as the result of the foregoing work performed by Landlord.

(B) Landlord shall also repair and maintain the Common Areas of the Property, including, but not limited to, the roof, the foundation, exterior walls, the structural portions of the Property and any load-bearing interior walls, the public portions of the Property interior and the Property's common plumbing (including water and waste lines), electrical, mechanical, elevator, sprinkler, security systems and monitoring, fire command, life safety and heating system. Tenant shall reimburse Landlord for Tenant's Proportionate Share of all costs and expenses paid or incurred by Landlord for the maintenance and repair of the Common Areas of the Property, in accordance with the provisions of Section 13.05 herein (unless the same is required as a result of Landlord's gross negligence or willful misconduct, in which case such costs shall be incurred solely by Landlord), except that if the repair or replacement so required is extraordinary or generally non-reoccurring and such repair is caused by Tenant's negligence or willful misconduct, then Tenant shall reimburse Landlord for the cost thereof within thirty (30) days following an invoice for such work. Such costs shall exclude partial or complete restoration necessitated by casualty, but shall include Landlord's cost of insuring the Premises as provided in Section 7.03 hereof. Notwithstanding anything to the contrary herein, Tenant shall not be responsible for reimbursing Landlord for any costs and expenses incurred by Landlord for the maintenance and repair of the Common Areas of the Property solely resulting from the negligence or misconduct of any other tenant or occupant of the Property. Except as amortized over the useful life thereof, Tenant shall not be responsible for capital repairs or improvements to the Property.

Section 6.02. Tenant's Obligations. (A) Subject to the provisions of Article VIII hereof and Section 6.01 of this Article VI, Tenant shall during the Term of this Lease keep in

first-class order, condition and repair, and where necessary, replacement, the Premises and every part thereof, including, without limiting the generality of the foregoing for replacement, all windows, doors, plumbing, heating, air conditioning, ventilating, electrical and lighting facilities and equipment within, in each case, from the point of connection to the Premises, fixtures, interior walls and interior surface of exterior walls, ceilings (but not the structural elements of the roof), plate glass, showcases, skylights, entrances and vestibules located within the Premises. During the term hereof, Tenant shall keep in full force and effect a full service contract with Landlord's HVAC contractor to service such systems and shall provide Landlord with a copy thereof and all renewals.

(B) If Tenant fails to perform its obligations under this Section 6.02, Landlord may at its option, after thirty (30) days' notice to Tenant (except in an emergency when a shorter notice, or no notice, need be given), enter upon the Premises and put the same in good order, condition and repair and the cost thereof shall become due and payable as Additional Rent by Tenant to Landlord within thirty (30) days after written demand.

(C) On the last day of the Term hereof, or on any sooner termination, Tenant shall surrender the Premises to Landlord in the same condition as when received, ordinary wear and tear and damage by fire, the elements or any other cause beyond the control of Tenant excepted.

Section 6.03. Alterations and Additions. (A) Tenant shall not, without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned, or delayed, make any alterations, improvements or additions to either the interior or exterior of the Premises or to fixtures installed therein in accordance with approved fixture plans. Notwithstanding the foregoing, Tenant shall not require the consent of Landlord to undertake any alterations, improvements or additions, which do not affect the structure, the mechanical, plumbing or electrical systems, the total cost of which does not exceed [***] (\$[***]) Dollars in the aggregate in any single twelve (12) month period. As used herein, structure shall mean the demising walls, the exterior walls, the load bearing walls, the slab, the roof and the foundation.

(B) All alterations, improvements, additions or fixtures other than trade fixtures not permanently affixed to the Premises, which may be made or installed in the Premises and which are attached to the floor, wall or ceiling of the Premises, shall be the property of Landlord and, at the expiration or termination of this Lease shall remain upon and be surrendered with the Premises. Any floor covering which is cemented or otherwise affixed to the floor of the Premises shall be the property of the Landlord.

Section 6.04. Landlord's Right of Access. Landlord and its agents shall have access to the Premises during reasonable business hours upon at least twenty-four (24) hours prior notice (which, notwithstanding the terms of the Basic Lease Provisions, may be given solely by telephone or electronic mail) to Tenant except in the case of emergencies, for the purpose of examining the same to ascertain if it is in good repair, making reasonable repairs which Landlord may be required or permitted to make hereunder and exhibiting the same to prospective purchasers or tenants (which exhibition shall only occur in the last six (6) months of the Term).

Section 6.05. Cleanliness; Waste and Nuisance. Tenant shall keep the Premises at all times in a neat, clean and sanitary condition, shall neither commit nor permit any waste or nuisance thereon, and shall keep the walks and corridors adjacent thereto free from Tenant's waste or debris.

ARTICLE VII

Insurance; Indemnity

Section 7.01. Liability Insurance – Premises. Tenant shall at all times during the Term hereof and at its sole cost and expense maintain in effect (a) Workers' Compensation in such amounts as required by applicable law and Employer's Liability Insurance for at least [***] (\$[***) Dollars (and Landlord acknowledges that Landlord will not be named as an additional insured in connection therewith); (b) Commercial General Liability Insurance (containing a contractual liability endorsement with respect to Tenant's indemnity pursuant to Section 7.06 hereof) naming Landlord and its fee mortgagee as additional insureds to include personal injury, bodily injury, property damage, products and completed operations liability, in a combined single limit of not less than [***] (\$[***) Dollars per occurrence and [***] (\$[***) Dollars general aggregate; and (c) owned and hired automobile liability insurance in the amount of [***] (\$[***) Dollars. Said insurance shall be primary insurance as respects Landlord and not participating with any other available insurance. In no event shall the limits of said policies be considered as limiting the liability of Tenant under this Lease. The minimum limits specified above are the minimum amounts required by Landlord and may be reasonably revised by Landlord from time to time to meet changed circumstances, including without limitation (w) changes in the purchasing power of the dollar, (x) changes indicated by the amount of plaintiffs' verdicts in personal injury actions in the State of New Jersey, (y) changes consistent with the insurance requirements contained in leases for space within the Property entered into by Landlord after the date of this Lease, or (z) changes consistent with the standards required by landlords of other similar properties located in the State of New Jersey with similar uses.

Section 7.02. Property Insurance – Fixtures and Equipment. (A) Tenant shall at all times during the Term hereof, and at its cost and expense, maintain in effect policies of special form causes of loss property insurance covering (i) its leasehold improvements, fixtures, windows, doors, equipment, inventory and other personal property located at the Premises, in an amount not less than full replacement cost (without regard to depreciation), together with insurance against sprinkler damage and differences in conditions, and (ii) all plate glass at the Premises.

(B) The proceeds of such insurance, so long as this Lease remains in effect, shall be used to repair or replace the fixtures, equipment and plate glass so insured. Landlord and its fee mortgagee shall be named insureds as their interests may appear and as co-loss payees with respect to the insurance required in this Section 7.02.

Section 7.03. Property Insurance – Premises. Landlord may during the Term hereof maintain in effect a policy or policies of special form causes of loss property insurance covering the Premises, inclusive of all improvements, together with insurance against sprinkler damage,

differences in conditions, business income coverage (including lost Basic Rent and Additional Rent for a period of not less than twelve (12) months), flood, earthquake damage increased cost to rebuild and changes in ordinance. Such insurance shall be deemed a “Common Area Cost” and shall be paid for in accordance with Section 13.05 hereof.

Section 7.04. Insurance Policies. All insurance required to be carried by Tenant hereunder shall be with companies, on forms and with a loss payable endorsement reasonably satisfactory to Landlord and copies of policies of such insurance or certificates evidencing such insurance shall be delivered to Landlord by Tenant. No such policy shall be cancelable or modified except after ten (10) days’ written notice to Landlord. All insurers shall have A.M. Best Key Ratings of at least A/IX and shall be licensed to write insurance in the State of New Jersey.

Section 7.05. Waiver. Landlord and Tenant each hereby waives any and all rights of recovery against the other or against the officers, members, managers, employees, agents, representatives, customers and business visitors of such other party, for loss of or damage to such waiving party or its property or the property of others under its control, arising from any cause insured against under the form of property insurance policy required to be carried hereunder with all permissible extension endorsements covering additional perils or under any other policy of insurance carried by such waiving party in lieu thereof. Each insurance policy carried by the Tenant (excluding Workers’ Compensation) and insuring the Premises and its fixtures and contents against loss by fire, water and causes covered by the property insurance policy that Tenant is required to carry hereunder, shall be written in such a manner as to provide that the insurance company waives all right of recovery by way of subrogation against the parties enumerated in the first (1st) sentence of this Section 7.05 in connection with any loss or damage covered by such policies. Tenant shall obtain and furnish evidence to Landlord of the waiver of subrogation by Tenant’s property insurance carrier and by Tenant’s workers’ compensation carrier of any right of subrogation against the parties enumerated in the first (1st) sentence of this Section 7.05.

Section 7.06. Indemnity. Tenant shall indemnify, defend and hold harmless Landlord from and against any liability or expense including reasonable counsel fees and costs of litigation, for any damage or injury to persons or property in or about the Property which may result from the use or occupation of the Premises by Tenant, its agents, employees, contractors, or invitees or any default by Tenant under this Lease under this Lease. Landlord shall indemnify, defend and hold harmless Tenant from and against any liability or expense including reasonable counsel fees and costs of litigation, for any damage or injury to persons or property in or about the Property which may result from the acts or omissions of Landlord, its agents, employees, contractors, or invitees or any default by Landlord under this Lease.

Landlord hereby indemnifies and agrees to defend and hold Tenant, its employees or agents, harmless from and against any and all claims, suits, proceedings, actions, causes of action, responsibility, liabilities, payments, demands and expenses (including attorney’s fees) in connection with or arising from acts or omission with respect to the Common Areas, except to the extent caused by Tenant or its partners, shareholders, members, officers, directors, employees, agents, invitees or contractors.

Notwithstanding anything to contrary in any other section of this Lease, Landlord and Tenant hereby acknowledge and agree that (i) each party will, to the fullest extent possible, be required to make a claim under insurance carried or required to be carried by such party under this Lease before asserting a claim for indemnification against the other party under this Section 7.06 (it being acknowledged and agreed by Landlord and Tenant that claims for indemnification against the other party under this Section 7.06 shall be limited to claims not covered by insurance maintained by the party seeking to assert a claim for indemnification) and (ii) nothing herein shall in any way diminish or impair the mutual waiver of subrogation provisions set forth above, which shall be paramount and controlling.

Section 7.07. Exculpation of Landlord. Landlord shall not be liable for injury or damage which may be sustained by the person, goods, wares, merchandise or property of Tenant, its employees, invitees or customers or any other person in or about the Premises caused or resulting from any action or omission by third parties other than Landlord's employees, agents and contractors. Tenant covenants and agrees to make no claim against Landlord for any such loss, damage or injury resulting from the actions or omissions of third parties other than Landlord's employees, agents and contractors.

Section 7.08. Certificates of Insurance. Tenant shall deliver to Landlord, on or before the Commencement Date and at least ten (10) days prior to the expiration of any such policy, certificates of insurance (Acord 25 with respect to liability coverage and ACORD 28 with respect to property insurance, or their equivalent) including an endorsement, to the extent available, that such insurance may not be canceled or modified (as to any decrease in the level of insurance or coverage that Tenant is required to carry pursuant to the terms of this Lease), except on ten (10) days' prior written notice to Landlord and any designees of Landlord. In addition to the certificates of insurance, Tenant shall, on request, provide evidence reasonably acceptable to Landlord that Landlord and its fee mortgagee is an additional insured or an insured as its interest may appear and a co-loss payee under the insurance policies.

Section 7.09. Compliance. Tenant shall, at its own cost and expense, comply with all of the reasonable rules and regulations of Landlord's insurance company, as well as any fire insurance rating organization and other similar bodies having jurisdiction over the Premises. Tenant shall not do nor fail to do anything that will permit the issuer of any insurance policy required to be carried hereunder to disclaim liability or coverage under such policy.

ARTICLE VIII

Repairs and Restoration

Section 8.01. Insurance or Minor Damage. Subject to the provisions of Section 8.03, if at any time during the Term hereof the Premises is destroyed or damaged and either (a) such damage is not "substantial" as that term is hereinafter defined, or (b) such damage was caused by a casualty required to be insured against under Section 7.03, Landlord shall commence the repair of such damage within sixty (60) days following the receipt of insurance proceeds, subject to extension for reasons of Force Majeure, and shall proceed with due diligence to complete such repair, at Landlord's expense and this Lease shall continue in full force and effect. If the

proceeds of insurance are not available in a sufficient amount, or if the damage was not required to be insured, then Landlord may elect to cancel the Term of this Lease.

Section 8.02. Major Damage. Subject to the provisions of Section 8.03, if at any time during the Term hereof the Premises is destroyed or damaged and if such damage is “substantial” as that term is hereinafter defined, and if such damage was caused by a casualty not required to be insured against under Section 7.03, then Landlord may at its option either (a) commence the repair of such damage within sixty (60) days following the receipt of insurance proceeds, subject to extension for reasons of Force Majeure, and shall proceed with due diligence to complete such repair, at Landlord’s expense, in which event this Lease shall continue in full force and effect, or (b) cancel and terminate this Lease as of the date of the occurrence of such damage, by giving Tenant written notice of its election to do so within sixty (60) days after the date of occurrence of such damage; provided, however, that Landlord shall only terminate this Lease if all other leases at the property similarly damaged all also terminated by Landlord.

Section 8.03. Damage Near End of Term. If the Premises are destroyed during the last twelve (12) months of the Term of this Lease and the estimated cost of repair exceeds ten (10%) percent of the Basic Rent then remaining to be paid by Tenant for the balance of the Term, either party may, at their option, cancel and terminate this Lease as of the date of this occurrence of such damage by giving written notice to the other party of its election to do so within thirty (30) days after the date of occurrence of such damage. If neither party shall so elect to terminate this Lease, the repair of such damage shall be governed by Section 8.01 or Section 8.02, as the case may be.

Section 8.04. Abatement of Rent; Tenant’s Remedies. (A) If the Premises is destroyed or damaged and this Lease is not terminated, Tenant shall continue the operation of its business in the Premises to the extent reasonably practicable in Tenant’s reasonable judgement, and the Basic Rent and Additional Rent payable hereunder for the period during which such damage, repair or restoration continues shall be abated in proportion to the degree to which Tenant’s use of the Premises is impaired. Tenant shall have no claim against Landlord for any damage suffered by Tenant by reason of any such damage, destruction, repair or restoration. For clarity, commencing on the date of a casualty until substantial completion of the restoration, the Basic Rent and Additional Rent shall be abated (or such portion thereof that Tenant cannot occupy).

(B) If Landlord shall be obligated to repair or restore the Premises under the provisions of this Article VIII and shall not commence such repair or restoration within sixty (60) days after such obligation shall accrue, subject to extension for reasons of Force Majeure, Tenant may at its option cancel and terminate this Lease, as its sole and exclusive remedy against Landlord, as of the date of occurrence of such damage by giving Landlord written notice of its election to do so at any time prior to the commencement of such repair or restoration.

Section 8.05. Reconstruction of Improvements. In the event of any reconstruction of the Premises under this Article VIII, Landlord shall reconstruct the Premises as the same existed at the Commencement Date and the Tenant will be responsible for reconstructing its Tenant installations. Notwithstanding that all reconstruction work shall be performed by Landlord’s contractor unless Landlord shall otherwise agree in writing, Landlord’s obligation to reconstruct

the Premises shall be only to the extent of leasehold improvements as originally constructed as of the Commencement Date except for any connecting corridor or passage; Tenant, at its sole cost and expense, shall be responsible for the repair and restoration and the replacement of its stock in trade, trade fixtures, furniture, furnishings and equipment. Tenant shall commence the installation of fixtures, equipment and merchandise hereof promptly upon delivery to it of possession of the Premises and shall diligently prosecute such installation to completion.

Section 8.06. Definitions. (A) For the purpose of this Article, “substantial” damage to the Premises shall be deemed to be damage, the estimated cost of repair of which exceeds one- fifth (1/5) of the then estimated replacement cost of the Property of which the Premises is a part.

(B) The determination in good faith by a New Jersey licensed general contractor selected by Landlord of the estimated cost of repair of any damage and/or of the estimated replacement cost of the Property shall be conclusive for the purpose of this Article.

Section 8.07. Substantial Damage to Property. In the event of substantial damage to the Property at any time during the Term hereof, regardless of whether or not the Premises is affected thereby, then Landlord may, at its option, either (a) commence the repair of such damage within ninety (90) days following the receipt of insurance proceeds, subject to extension for reasons of Force Majeure, and proceed with due diligence to complete such repair, at Landlord’s expense, in which event this Lease shall continue in full force and effect, or (b) cancel and terminate this Lease as of the date of the occurrence of such damage, by giving Tenant written notice of its election to do so within sixty (60) days after the date of occurrence of such damage. As used in this Section 8.07, substantial damage to the Property shall mean damage to the Property where the estimated cost of repair to said Property exceeds one-sixth (1/6) of the then estimated replacement cost of the Property.

ARTICLE IX

Assignment and Subletting

Section 9.01. Approval. Tenant shall not assign, mortgage, pledge or otherwise transfer this Lease, in whole or in part, nor sublet or permit occupancy by any party other than Tenant of all or any part of the Premises, without the prior written consent of Landlord in each instance pursuant to the terms herein. In the event Landlord consents to a proposed assignment or sublease, and notwithstanding the provisions of Section 9.02, Tenant shall submit to Landlord in writing (1) the name of the proposed assignee or sublessee, (2) such information as to its financial responsibility and standing as Landlord may reasonably require, (3) a resume outlining the proposed assignee’s or sublessee’s previous operating experience, and (4) all of the terms and conditions upon which the proposed assignment or subletting is to be made. This Lease may not be assigned by operation of law. Any purported assignment or subletting shall not constitute a waiver of the necessity for such consent to any subsequent assignment or subletting. Under no circumstances may Tenant sublet any portion of the Premises.

In no event shall the proposed assignee or sublessee change the Use of Premises defined in Section 5.01.

Section 9.02. Landlord Consent. (A) Tenant shall not, without the prior written consent of Landlord in each instance, which consent shall not be unreasonably withheld, conditioned or delayed, assign its rights or delegate its duties under this Lease (whether by operation of law, transfers of interests in Tenant or otherwise), mortgage or encumber its interest in this Lease, in whole or in part; sublet, or permit the subletting of the Premises or any part thereof, or permit the Premises or any part thereof to be occupied or used by any person other than Tenant. Any consent by Landlord to any such assignment, transfer, or subletting shall in no event be construed to relieve Tenant from obtaining the prior consent of Landlord to any other or further such assignment, transfer or subletting.

(B) Except as specifically set forth above, no portion of the Premises or of Tenant's interest in this Lease may be acquired by any other person or entity, whether by assignment, mortgage, sublease, transfer, operation of law or act of the Tenant, nor shall Tenant pledge its interest in this Lease or in any security deposit required hereunder.

Section 9.03. Bonus Rental. If Tenant receives rent or other consideration for any assignment or sublease in excess of the Basic Rent or, in the case of the sublease of a portion of the Premises, in excess of such Basic Rent that is fairly allocable to such portion, as determined by Landlord, after appropriate adjustments to assure that all other payments required hereunder are appropriately taken into account, Tenant shall pay an amount equal to [***] percent ([**%]) of such excess to Landlord promptly following receipt thereof by Tenant of the difference between each such payment of rent or other consideration and the Basic Rent required hereunder (but after first subtracting Tenant's reasonable brokerage fees and alteration costs in connection with such sublease or assignment).

Section 9.04. Scope. If (a) this Lease is assigned, (b) any part of the underlying beneficial interest of Tenant or any Guarantor is transferred or (c) the Premises or any part thereof is sublet or occupied by anyone other than Tenant, Landlord may collect Basic Rent and Additional Rent from the assignee, subtenant or occupant and apply the net amount collected to the Basic Rent and Additional Rent herein required and apportion any excess rent so collected in accordance with the terms of Section 9.03; provided that no such assignment, subletting, occupancy or collection shall be deemed a waiver of this covenant, or the acceptance of this assignee, subtenant or occupant as tenant, or a release of Tenant from the further performance by Tenant of covenants on the part of Tenant herein contained. No assignment or subletting shall affect the continuing liability of Tenant (which, following assignment, shall be joint and several with the assignee), and Tenant shall not be released from performing any of the terms, covenants and conditions of this Lease.

Section 9.05. Costs and Fees. In connection with each requested assignment or sublease, Tenant shall pay to Landlord as reimbursement to Landlord for Landlord's out-of- pocket costs and expenses, an amount not to exceed [***] (\$[**]) Dollars.

ARTICLE X

Eminent Domain

Section 10.01. Entire or Substantial Taking. If the entire Premises, or so much thereof as to make the balance not reasonably adequate for the conduct of Tenant's business notwithstanding restoration by Landlord as hereinafter provided, shall be taken under the power of eminent domain, this Lease shall automatically terminate as of the date on which the condemning authority takes possession. If a portion of the Property is taken under the power of eminent domain such that, in Landlord's reasonable judgment, the remainder cannot be economically operated, Landlord may cancel this Lease on notice to Tenant, regardless of whether or not said taking includes all or part of the Premises. If forty (40%) percent or more of the Property is taken under the power of eminent domain, Tenant may cancel this Lease on notice to Landlord, regardless of whether or not said taking includes all or part of the Premises.

Section 10.02. Partial Taking. In the event of any taking under the power of eminent domain which does not so result in a termination of this Lease, the Basic Rent and Additional Rent payable hereunder, as well as Tenant's Proportionate Share, shall be reduced, effective as of the date on which the condemning authority takes possession, in the same proportion which the Floor Area of the portion of the Premises taken bears to the Floor Area of the entire Premises prior to the taking. Landlord shall promptly at its expense, but only to the extent of so much of the award as is attributable to the Premises, restore the portion of the Premises not so taken to as near its former condition as is reasonably possible, and this Lease shall continue in full force and effect.

Section 10.03. Awards. Any award for any taking of all or any part of the Premises under the power of eminent domain shall be the property of Landlord, whether such award shall be made as compensation for diminution in value of the leasehold or for taking of the fee. Nothing contained herein, however, shall be deemed to preclude Tenant from obtaining, or to give Landlord any interest in, any award to Tenant for loss of or damage to Tenant's trade fixtures and removable personal property or for moving expenses or any other damages available to Tenant that do not limit Landlord's awards.

Section 10.04. Sale Under Threat of Condemnation. A sale by Landlord to any authority having the power of eminent domain, either under threat of condemnation or while condemnation proceedings are pending, shall be deemed a taking under the power of eminent domain for all purposes under this Article.

ARTICLE XI

Utility Services

Section 11.01. Utility Charges. Electricity and gas shall be separately metered and Tenant shall be solely responsible for the payment of the same. If any such charges are not paid when due, Landlord may pay the same, and any amount so paid by Landlord shall become due to Landlord from Tenant as Additional Rent within ten (10) days after Landlord provides Tenant

with notice and evidence that such amount was paid by Landlord. Water and sewer are not separately metered and such charges shall be included in the common area costs.

Section 11.02. Furnishing of Services. If Landlord shall elect to furnish any utility services to the Premises, Tenant shall purchase its requirements thereof from Landlord so long as the rates charged therefor by Landlord do not exceed those which Tenant would be required to pay if such services were furnished it directly by a public utility.

Section 11.03. Interruption of Service. Landlord shall not be liable in damages or otherwise for any failure or interruption of any utility service being furnished the Premises, unless Landlord has failed to fully restore such service after a reasonable time after written notice from Tenant of the existence of such problems with utility service; provided, however, no such failure or interruption shall entitle Tenant to terminate this Lease, Tenant's remedies being limited to abatement or equitable reduction of Basic Rent hereunder.

Section 11.04. Electric Deregulation. If permitted by law, Landlord shall have the right at any time and from time to time during the Lease Term to either contract for service from a different company or companies providing electricity service (each such company shall hereinafter be referred to as an "Alternate Service Provider") or continue to contract for service from the current electric service provider.

Tenant shall reasonably cooperate with Landlord, the current electric service provider, and any Alternate Service Provider at all times and, as reasonably necessary, shall allow Landlord, the current electric service provider, and any Alternate Service Provider reasonable access to the Property's electric lines, feeders, risers, wiring, and any other machinery within the Premises upon at least twenty-four (24) hours prior notice (which, notwithstanding the terms of the Basic Lease Provisions, may be given solely by telephone or electronic mail) except in the case of emergencies.

ARTICLE XII

Defaults; Remedies

Section 12.01. Defaults. The occurrence of any one or more of the following events beyond all applicable notice and cure periods shall constitute a default hereunder by Tenant:

(A) Intentionally omitted.

(B) The failure by Tenant to make any payment of Basic Rent or Additional Rent required to be made by Tenant hereunder, as and when due.

(C) The failure by Tenant to observe or perform any of the express or implied covenants or provisions of this Lease to be observed or performed by Tenant, other than as specified in (A) or (B) above, where such failure shall continue for a period of thirty (30) days after written notice thereof from Landlord to Tenant; provided, however, that any such notice shall be in lieu of, and not in addition to, any notice required under N.J.S.A. 2A:18-53 *et seq.*; provided further, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not

be deemed to be in default if Tenant shall commence such cure within said thirty (30) day period and diligently pursue the completion of such cure.

(D) (i) The making by Tenant or any Guarantor of any general assignment for the benefit of creditors; (ii) the filing by or against Tenant or any Guarantor of a petition to have Tenant or Guarantor adjudged a bankrupt for a petition for reorganization or arrangement under any law existing to bankruptcy (unless, in the case of a petition filed against Tenant or Guarantor, the same is dismissed within ninety (90) days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within ninety (90) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within ninety (90) days.

Section 12.02. Remedies. (A) If, during the Term, any one or more of the acts or occurrences enumerated in Section 12.01 (any one of such occurrences or acts existing beyond all applicable notice and cure periods being hereinafter called an Event of Default) shall happen, then, and in any such event, and during the continuance thereof, the Landlord may, at its option, then or thereafter while any such Event of Default shall continue and notwithstanding the fact that the Landlord may have any other remedy hereunder or at law or in equity, by notice to the Tenant, designate a date, not less than ten (10) days after the giving of such notice, on which this Lease shall terminate; and thereupon, on such date the Term of this Lease and the estate hereby granted shall expire and terminate upon the date specified in such notice with the same force and effect as if the date specified in such notice was the date hereinbefore fixed for the expiration of the Term of this Lease, and all rights of the Tenant hereunder shall expire and terminate, but the Tenant shall remain liable as hereinafter provided. Additionally, Tenant agrees to pay, as Additional Rent, all actual out-of-pocket attorney's fees and other expenses incurred by the Landlord in enforcing any of the obligations under this Lease, this covenant to survive the expiration or sooner termination of this Lease.

(B) If this Lease is terminated as provided above, or as permitted by law, the Tenant shall peaceably quit and surrender the Premises to the Landlord, and the Landlord may, without further notice, enter upon, re-enter, possess the same by summary proceedings, ejectment or other legal proceedings, and again have, repossess and enjoy the same as if this Lease had not been made, and in any such event neither the Tenant nor any person claiming through or under the Tenant by virtue of any law or an order of any court shall be entitled to possession or to remain in possession of the Premises. Nothing herein contained shall limit or prejudice the right of the Landlord, in any bankruptcy or reorganization or insolvency proceeding, to prove for and obtain as liquidated damages by reason of such termination an amount equal to the maximum allowed by any bankruptcy or reorganization or insolvency proceedings, or to prove for and obtain as liquidated damages by reason of such termination, an amount equal to the maximum allowed by any statute or rule of law whether such amount shall be greater or less than the excess referred to above.

(C) If the Landlord re-enters and obtains possession of the Premises, as provided in (B) above, following an Event of Default, the Landlord shall have the right, without notice, to repair or alter the Premises in such manner as the Landlord may deem necessary or advisable so as to put the Premises in good order and to make the same rentable, and shall have the right, at the Landlord's option, to relet the Premises or a part thereof, and the Tenant shall pay to the Landlord on demand all reasonable expenses incurred by the Landlord in obtaining possession, and in altering, repairing and putting the Premises in good order and condition and in reletting the same, including actual out-of-pocket reasonable fees of attorneys and architects, and all other actual out-of-pocket expenses or commissions, and the Tenant shall pay to the Landlord upon the rent payment dates following the date of such re-entry to and including the date for the expiration of the Term of this Lease in effect immediately prior to such re-entry the sums of money which would have been payable by the Tenant as rent hereunder on such rent payment dates if the Landlord had not re-entered and resumed possession of the Premises, deducting only the net amount of rent, if any, which the Landlord shall actually receive (after deducting from the gross receipts the actual out-of-pocket expenses, costs and payments of the Landlord which in accordance with the terms of this Lease would have been borne by the Tenant) in the meantime from and by any reletting of the Premises, and the Tenant shall remain liable for all sums otherwise due and payable by the Tenant under this Lease, including but not limited to the expenses of the Landlord aforesaid, as well as for any deficiency aforesaid, and the Landlord shall have the right from time to time to begin and maintain successive actions or other legal proceedings against the Tenant for the recovery of such deficiency, expenses or damages or for a sum equal to any Basic Rent payment and Additional Rent then due and owing. The obligation and liability of the Tenant to pay the Basic Rent and Additional Rent shall survive the commencement, prosecution and termination of any action to secure possession of the Premises. Nothing herein contained shall be deemed to require the Landlord to wait to begin such action or other legal proceedings until the date when this Lease would have expired had there not been an Event of Default.

(D) The Tenant hereby waives all right of redemption to which the Tenant or any person under it may be entitled by any law now or hereafter in force. The Landlord's remedies hereunder are in addition to any remedy allowed by law.

(E) In the event of any breach or threatened breach by Tenant of any of the agreements, terms, covenants or conditions contained in this Lease, Landlord shall be entitled to enjoin such breach or threatened breach and shall have the right to invoke any right or remedy allowed at law or in equity or by statute or otherwise as though re-entry, summary dispossession proceedings, and other remedies were not provided for in this Lease. During the pendency of any proceedings brought by Landlord to recover possession by reason of default, Tenant shall continue all money payments required to be made to Landlord, and Landlord may accept such payments for use and occupancy of the Premises. In such event, Tenant waives its right in such proceedings to claim as a defense that the receipt of such money payments by Landlord constitutes a waiver by Landlord of such default.

Section 12.03. Default by Landlord. Landlord shall not be deemed to be in default in the performance of any obligation required to be performed by it hereunder unless and until it has failed to perform such obligation within thirty (30) days after receipt of notice by Tenant to

Landlord specifying wherein Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, then Landlord shall not be deemed to be in default if it shall commence such performance within such thirty (30) day period and thereafter diligently prosecute the same to completion.

Section 12.04. Expense of Litigation. If either party incurs any expense, including reasonable attorneys' fees, in connection with any action or proceeding instituted by either party by reason of any default or alleged default of the other party hereunder, or pursuant to the provisions of this Lease, the party prevailing in such action or proceeding shall be entitled to recover its said reasonable expense from the other party.

ARTICLE XIII

Common Areas

Section 13.01. Definition. All areas within the exterior boundaries of the Property which are not now or hereafter held for lease or occupation by Landlord or used by other persons entitled to occupy floor space on the Property, including, without limiting the generality of the foregoing, parking areas, driveways, truckways, delivery passages, loading docks, sidewalks, ramps, landscaped and planted areas, exterior stairways, bus stops, retaining walls, restrooms not located within the premises of any tenant and serving more than one (1) tenant, their respective employees and invitees, and other areas and improvements provided by Landlord for the common use of Landlord and tenants and their respective employees and invitees, shall be deemed "Common Areas." Landlord may make changes at any time and from time to time in the size, shape, location, number and extent of the Common Areas or any of them, to provide additional leasing area, and no such change shall entitle Tenant to any abatement of rent.

Section 13.02. Use. Tenant and its employees and invitees shall be entitled to use the Common Areas during the Lease Term, in common with Landlord and with other persons authorized by Landlord from time to time to use such areas, subject to such reasonable rules and regulations relating to such use as Landlord may from time to time establish.

Section 13.03. Control by Landlord. (A) Landlord shall operate, manage, equip, police, light, repair and maintain the Common Areas in such manner as Landlord may in its sole discretion determine to be appropriate and in compliance with the requirements of applicable Condominium Documents (as hereinafter defined). Landlord may temporarily close any Common Area for repairs or alterations, to prevent a dedication thereof or the accrual of prescriptive rights therein, or for any reason deemed reasonably necessary by Landlord.

(B) Landlord shall at all times during the Term of this Lease have the sole and exclusive control of the automobile parking areas, driveways, entrances and exits and the sidewalks and pedestrian passageways and other Common Areas, and may at any time and from time to time during the Term hereof restrain any use or occupancy thereof except as authorized by the rules and regulations for the use of such areas established by Landlord from time to time. The rights of Tenant in and to the Common Areas shall at all times be subject to the rights of Landlord and the other tenants of Landlord on the Property to use the same in common with

Tenant, and Tenant shall keep said areas free and clear of any obstructions created or permitted by Tenant or resulting from Tenant's operation. If in the opinion of Landlord unauthorized persons are using any of said areas by reason of the presence of Tenant on the Property, Tenant, upon written demand of Landlord, shall undertake commercially reasonable efforts to restrain such unauthorized use by appropriate action. Nothing herein shall affect the right of Landlord at any time to remove any such unauthorized person from the Common Areas or to prohibit the use of any said areas by unauthorized persons.

(C) All of Tenant's employees shall be prohibited from parking their vehicles on Landlord's property during the term of this Lease and any extension hereof and Tenant shall all at all times provide off-site parking for its employees, and Tenant shall enforce such prohibition of its employees parking on Landlord's property. Notwithstanding the foregoing, Tenant's manager(s) shall not be required to park offsite. The identity of the Tenant's manager(s) shall be submitted to Landlord for informational purposes.

(D) Tenant will employ a parking lot attendant that will be present at the Premises at all times that Tenant is open for business. In addition, Tenant shall have security personnel present at the Premises at all times that Tenant is open for business. Tenant shall also schedule deliveries for dates and times to minimize impact to other Tenants at the Property.

(E) In the event that Landlord has a good faith belief that there is congestion in Landlord's parking lot, which is directly attributable to Tenant, Landlord may provide written notice to Tenant of said congestion issues and Tenant shall endeavor to alleviate the congestion utilizing any means or methods that it deems appropriate. In the event that Landlord has a good faith belief that Tenant has failed to remedy the congestion in Landlord's parking lot after written notice, principals for Landlord and Tenant shall meet to attempt to reach an agreed upon resolution within thirty (30) days after request by either Tenant or Landlord.

Section 13.04. Common Area Costs. Tenant agrees to pay as provided below, as Additional Rent, Tenant's Proportionate Share of all actual costs and expenses of every kind and nature as may be paid or incurred by Landlord during the Term (including appropriate reserves) in operating, managing, insuring, equipping, lighting, repairing and maintaining the Common Areas and in providing such security protection and fire protection for the Property as Landlord deems necessary, as determined in accordance with prudent accounting principles and allocated to any particular Lease Year on the accrual method of accounting. Such costs and expenses shall include, but shall not be limited to: general maintenance and repairs, resurfacing, striping and cleaning of the parking and driveway areas; snow removal; cleaning and repair of sidewalks, curbs, elevated walkways, stairways; maintenance and repair of the landscaping and the irrigation systems; maintenance and repair of the Property signs and the directional signs; maintenance and repair of the lighting systems in the parking and walkway areas; janitorial services in Common Areas; maintenance and repair of the storm drainage and sanitary sewer systems; maintenance and repair of the foundation, the roof, the exterior walls, the demising walls (i.e. walls separating Property tenants), sprinklers, the steel structure and load bearing walls; trash disposal; maintenance and repair of utility systems; the cost of water service to the Property (exclusive of the individual premises leased to tenants of the Property); the cost of electricity for lighting in the public areas; the wages and related payroll costs of personnel

employed by Landlord to implement such services; premiums for Landlord's public liability, property damage, fire and extended coverage insurance, and rental income insurance for the entire Property and any adjacent easement or license areas and all improvements therein; fees for required licenses and permits; supplies; and administrative costs equal to [***] ([***]%) percent of the Annual Basic Rent and common charges associated with the Condominium, if any. Landlord shall not be liable in damages or otherwise for any failure or interruption of any Common Area services being furnished the Property, and no such failure or interruption shall entitle Tenant to terminate this Lease. The slab, if any, within the Tenant's Premises shall not be deemed a Common Area and shall be repaired by Landlord at Tenant's sole cost and expense to be paid as provided in Section 6.01. Common Area Costs shall not include: (i) expenses for which the Landlord is reimbursed or indemnified (either by an insurer, condemnor, tenant or otherwise); (ii) expenses incurred in leasing or procuring tenants (including, without limitation, lease commissions, legal expenses, and expenses of renovating space for tenants); (iii) legal expenses arising out of disputes with tenants or the enforcement of the provisions of any lease of space in the Building; (iv) interest or amortization payments on any mortgage or mortgages, and rental under any ground or underlying lease or leases; (v) costs of any work or service performed for or facilities furnished to a tenant at the tenant's cost; (vi) costs of capital improvements, repairs or replacements in excess of the annual amortized cost thereof over its useful life, and depreciation; (vii) the amount of lease concessions and work letters given by Landlord to new tenants or occupants in the Building; all amounts paid to affiliates, subsidiaries or parent companies of Landlord to the extent that such amounts exceed those that would be payable to an unrelated party for similar services or materials; (viii) costs incurred in correcting any defects in construction of the Building or in connection with new construction in the Building (i.e., adding or deleting buildings); (ix) intentionally omitted; (x) to the extent any expense or cost is otherwise attributable to or which may be included in another property of Landlord; (xi) costs of refinancing any present or future mortgage; (xii) expenses incurred by Landlord in connection with furnishing services or providing other benefits which are not available to Tenant, but which are provided to other tenants or occupants in the Building; (xiii) costs incurred in connection with the transfer of Landlord's interest; (xiv) overtime costs incurred as a result of another tenant or occupant in the Building to the extent that Landlord is entitled to be reimbursed for the same; (xv) costs of performing surveys of other tenants' or occupants' electrical usage, even if Landlord is not reimbursed therefor by such other tenants or occupants; (xvi) expenses resulting from the negligence or act or omission of Landlord or any other tenant or occupant in the Building, or their respective agents, servants, employees, contractors, licensees or invitees; (xvii) any bad debt loss, rent loss, or reserves for bad debts or rent loss in excess of [***]%; (xviii) fines, penalties and interest, and any costs, fees and expenses attributable to a violation by Landlord or any other tenant or occupant in the Building, or their respective agents, servants, employees, contractors, licensees or invitees; (xix) any amounts for which Landlord is reimbursed by insurance (or should have been reimbursed by insurance), or directly from other tenants or occupants, or from any other source, or refunded or indemnified;(xx) costs separately billed to other tenants or occupants in the Building; (xxi) intentionally omitted; (xxii) excess insurance premiums covering the Common Areas and/or the Building occasioned by the extra hazardous use or activities of other tenants or occupants in the Building; (xxiii) damages recovered by a tenant or occupant in the Building due to violation by Landlord of any of the terms and conditions of any lease or other agreement in the Building; (xxiv) intentionally

omitted; (xxv) lease takeover or termination costs incurred by Landlord in connection with any lease or other agreement in the Building; (xxvi) the costs of installing an observatory, broadcast facility, telecommunications facility, theater, auditorium, luncheon club, athletic or recreational club, child care facility, or cafeteria or dining facility; (xxvii) any compensation paid to clerks, attendants or other persons working in or managing commercial concessions operated by Landlord or any affiliate of Landlord; (xxviii) (intentionally omitted); (xxix) costs and expenses incurred by Landlord in connection with any obligation of Landlord to indemnify another tenant or occupant of the Building pursuant to a lease or otherwise; (xxx) costs of tools and equipment used initially in the construction, operation, repair and maintenance of the Building; (xxxii) attorneys' fees and disbursements and other costs in connection with any judgment, settlement or arbitration resulting from any tort liability on the part of Landlord and the amount of such settlement or judgment; (xxxiii) Landlord's general corporate overhead and general administrative expenses; (xxxiv) costs of sculpture, paintings, or other objects purporting to be art; (xxxv) charitable and political contributions made by Landlord; (xxxvi) costs of purchasing any air or development rights; sewer or water "tap-in" or connection fees payable in connection with the initial occupancy of any tenant or occupant; (xxxvii) intentionally omitted; (xxxviii) intentionally omitted; (xxxix) any other costs or fees to the extent in excess of prevailing and commercially competitive and reasonable rates; and (xl) any other expenses which, under generally accepted accounting principles consistently applied, would not be treated as a normal and ordinary repair or maintenance. In the calculation of operating expenses and Common Area Costs, it is understood that no expense shall be charged more than once, including, without limitation, any service that is included in the charges for the common charges associated with the Condominium.

Once Landlord shall have finally determined said Common Area Costs at the expiration of a Lease Year and delivered a written notice or statement thereof, then Tenant shall only be entitled to dispute said charge as finally established for a period of six (6) months after such charge is finally established and written notice or statement thereof is provided to Tenant, and Tenant specifically waives any right to dispute any such charge at the expiration of said six month period. If it is determined that Landlord overcharged Tenant by more than [***] percent ([***]%) of the actual Common Area Costs, then Landlord shall reimburse Tenant's actual and reasonable out-of-pocket audit charges. In no event may Tenant use an auditor compensated by a contingent fee.

Section 13.05. Proportionate Payment. Prior to the commencement of each Lease Year, Landlord shall give Tenant a written estimate of Tenant's share of such Common Area Costs for the ensuing Lease Year. Tenant shall pay such estimated amount to Landlord in equal monthly installments, in advance. Within one hundred sixty (160) days after the end of each calendar quarter, Landlord shall furnish to Tenant a statement showing in reasonable detail the costs and expenses incurred by Landlord for the operation and maintenance of the Common Areas during such Lease Year, and the parties shall promptly make any payment or allowance necessary to adjust Tenant's estimated payment to Tenant's actual Proportionate Share of Common Area Costs as shown by such quarterly statement.

ARTICLE XIV

Signs and Lighting

Section 14.01. Exterior Sign. Tenant will be permitted to install an exterior sign on the Premises, with the location, size and materials to be used for such sign to be reasonably acceptable to Landlord and shall, in all events, comply with the specifications promulgated by the Landlord for the building in which the Premises are located. Tenant shall obtain, at Tenant's sole cost and expense, any and all permits and approvals required by any governmental authority for Tenant's signage, provided, however, that Landlord consents to the signage as set forth on Exhibit D attached hereto.

Section 14.02. Prohibited Activities. Tenant shall not, without Landlord's prior written consent, do any of the following:

- (A) Install or affix any exterior lighting or plumbing fixtures, shades, awnings, or exterior decorations (including exterior painting).
- (B) Install or affix any exterior window or door signs, placards or the like.
- (C) Obstruct any area outside the exterior walls of the Premises.
- (D) Cause or permit to be used any advertising materials or methods at the Premises which are reasonably objectionable to Landlord or to other tenants of the Property, including, without limiting the generality of the foregoing, loudspeakers, mechanical or moving display devices, unusually bright or flashing lights and similar devices the effect of which may be seen or heard outside the Premises.

Section 14.03. Maintenance. Tenant shall at all times maintain its windows, doors and signs in a neat, clean and orderly condition. If, as to any exterior sign, Tenant shall fail to do so after five (5) days' written notice from Landlord, Landlord may repair, clean or maintain such exterior sign and the cost thereof shall be payable by Tenant to Landlord within ten (10) days after written demand as Additional Rent.

ARTICLE XV

Security Deposit

Section 15.01. Tenant has deposited with Landlord the sum stipulated in the Basic Lease Provisions, as security for the full and faithful performance of every provision of this Lease to be performed by Tenant. If Tenant defaults with respect to any provision of this Lease (after notice and the expiration of any applicable cure period), including but not limited to the provisions relating to the payment of Basic Rent and Additional Rent, Landlord may use, apply or retain all or any part of this security deposit for the payment of any Basic Rent or Additional Rent or other sum in default, or for the payment of any other amount which Landlord may spend or become obligated to spend by reason of Tenant's default, or to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default. If any portion of said deposit is so used or applied, Tenant shall within five (5) days after written demand therefor deposit cash

with Landlord in amount sufficient to restore the security deposit to its original amount and Tenant's failure to do so shall be an Event of Default under this Lease. Landlord shall not be required to keep this security deposit separate from its funds, and Tenant shall not be entitled to interest on such deposit. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, the security deposit or any balance thereof shall be returned to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest hereunder) at the expiration of the Term.

In the event of the insolvency of Tenant or in the event of the entry of a judgment in bankruptcy in any court against Tenant which is not discharged within thirty (30) days after entry, or in the event a petition is filed by or against Tenant under any chapter of the bankruptcy laws of the State of New Jersey or the United States of America, then and in such event Landlord may require the Tenant to deposit additional security in an amount which in Landlord's sole judgment would be sufficient to adequately assure Tenant's performance of all of its obligations under this Lease, including all payments subsequently accruing. Failure of Tenant to deposit the security required by this Section within ten (10) days after Landlord's written demand shall constitute a material breach of this Lease by Tenant.

The security deposit is being made by means of an irrevocable "evergreen" letter of credit, which shall be in form and substance, and drawn on a bank which is a member of the New York clearinghouse, satisfactory to Landlord. It shall have a final expiry of not less than six (6) months after the Expiration Date.

In the event that the "Guarantor Loan" (hereinafter defined) shall be accepted by Landlord, then, provided that Tenant shall not be in default in the performance or observance of any of its obligations hereunder, not later than ninety (90) days after the Rent Commencement Date, the security deposit shall be reduced by an amount equal to two (2) months Basic Rent and a new letter of credit, in such reduced amount (but otherwise conforming to the provisions hereof) shall be substituted therefor.

As the Basic Rent increases throughout the Term, the amount of the security shall be increased accordingly, so that Landlord shall at all times have a security deposit letter of credit in an amount equal to ten (10) or twelve (12) months Basic Rent, as the case may be.

ARTICLE XVI

General Provisions

Section 16.01. Estoppel Statement. (A) Each party shall at any time and from time to time upon not less than ten (10) days' prior written notice from the other execute, acknowledge and deliver to the requesting party a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the dates to which the Basic Rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to the certifying party's knowledge, any uncured defaults on the part of the other party hereunder, or specifying such defaults if any are claimed, and any other information regarding this Lease or the Premises, or the use thereof, which the requesting party shall reasonably

require. Any such statement may be relied upon by a prospective purchaser or encumbrancer of the Premises or of all or any portion of the real property of which the Premises are a part.

Section 16.02. Transfer of Landlord's Interest. In the event of any transfer or transfers of Landlord's interest in the Premises or of all or any portion of the real property of which the Premises are a part, the transferor shall be automatically relieved of any and all obligations and liabilities on the part of the Landlord accruing from and after the date of transfer. All of the provisions of this Lease shall bind and inure to the benefit of the parties hereto, and their respective heirs, legal representatives, successors and assigns.

Section 16.03. Floor Area. "Floor Area" as used in this Lease means, with respect to the Premises and with respect to each store or office that is separately leased, the aggregate of (a) the number of square feet of floor space on all floor levels, include mezzanines and office space, measured from the exterior of any wall abutting the Common Area or any portion thereof and from the center line of walls which are common walls for Floor Area on the Property which may be leased to tenants; and (b) all outside selling areas used for the sale of merchandise by tenants, if any. No deduction or exclusion from Floor Area shall be made by reason of columns, stairs, or other interior construction or equipment.

Section 16.04. Separability. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof, and such remaining provisions shall remain in full force and effect.

Section 16.05. Delinquency Service Charge. Anything in this Lease to the contrary notwithstanding, at Landlord's option, Tenant shall pay a "Delinquency Late Charge" of [***] ([***]%) percent of any installment of Basic Rent or Additional Rent paid more than five (5) days after the due date thereof for each monthly period or portion thereof that the same remains unpaid, such Delinquency Late Charge to cover the extra expense involved in handling delinquent payments. Further, such Delinquency Late Charge shall be payable on the first day of the month next succeeding the month during which such Delinquency Late Charges become payable as additional rent, together with interest on the amounts overdue from the date on which they become due and payable computed at the rate of [***] ([***]%) percent per annum.

Section 16.06. Time of Essence. Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

Section 16.07. Headings. The Article and Section options contained in this Lease are for convenience only and shall not be considered in the construction or interpretation of any provision hereof.

Section 16.08. Incorporation of Prior Agreements; Amendments. This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no agreement or understanding or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest.

Section 16.09. Brokers. The parties warrant that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease other than the Real

Estate Broker specified in the Basic Lease Provisions. The parties agree to indemnify and hold the other party and its mortgagees, if any, harmless from any and all claims of other brokers and expenses in connection therewith arising out of or in connection with the negotiation of or the entering into this Lease by Landlord and Tenant.

Section 16.10. Waivers. No waiver by Landlord of any provision of this Lease shall be deemed to be a waiver of any other provision hereof or of any subsequent breach by Tenant of the same or any other provision. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act by Tenant, whether or not similar to the act so consented to or approved.

Section 16.11. Recording. Neither this Lease, nor any memorandum or "short form" thereof, may be recorded.

Section 16.12. Liens. Except as specifically set forth herein, Tenant shall not do any act, or make any contract, which may create or be the foundation for any lien or other encumbrance upon any interest of Landlord or any ground or underlying lessor in any portion of the Premises. If, because of any act or omission (or alleged act or omission) of Tenant, any construction lien claim or other lien (collectively "Lien"), charge, or order for the payment of money or other encumbrance shall be filed against Landlord and/or any ground or underlying lessor and/or any portion of the Premises (whether or not such Lien, charge, order, or encumbrance is valid or enforceable as such), Tenant shall, at its own cost and expense, cause same to be discharged of record or bonded within thirty (30) days after the filing thereof; and Tenant shall indemnify and save harmless Landlord and all ground and underlying lessor(s) against and from all costs, liabilities, suits, penalties, claims, and demands, including reasonable counsel fees, resulting therefrom. If Tenant fails to comply with the foregoing provisions, Landlord shall have the option of discharging or bonding any such Lien, charge, order or encumbrance, and Tenant agrees to reimburse Landlord for all costs, expenses and other sums of money in connection therewith (as additional rental) with interest at the maximum rate permitted by law promptly upon demand. All materialmen, contractors, artisans, mechanics, laborers, and any other persons now or hereafter contracting with Tenant or any contractor or subcontractor of Tenant for the furnishing of any labor services, materials, supplies, or equipment with respect to any portion of the Premises, at any time from the date hereof until the end of the Lease Term, are hereby charged with notice that they look exclusively to Tenant to obtain payment from same.

Section 16.13. Subordination. This Lease shall be subordinate to any first mortgage or first deed of trust that may exist or hereafter be placed upon the Property or any part thereof and to any and all advances to be made thereunder and to the interest thereon and to all renewals, replacements and extensions thereof. Tenant shall, within ten (10) days after written demand by Landlord execute such instruments as may be required at any time and from time to time to subordinate the rights and interest to Tenant under this Lease to the lien of any such mortgage or deed of trust, or, if requested by Landlord, to subordinate any such mortgage or deed of trust to this Lease. Tenant shall, in the event any proceedings are brought for the foreclosure of any such mortgage or deed of trust, attorn to the purchaser upon foreclosure sale or sale under power of sale, and shall recognize such purchaser as Landlord under this Lease.

Section 16.14. Fixtures and Personal Property. Any trade fixtures, signs and other personal property of the Tenant not permanently affixed to the Premises shall remain the property of the Tenant and the Landlord agrees that the Tenant shall have the right, provided the Tenant be not in default under the terms of this Lease beyond all applicable notice and cure periods, at any time, and from time to time, prior to the expiration or termination of the Term of this Lease, to remove any and all of its trade fixtures, signs and other personal property which it may have stored or installed in the Premises, including but not limiting the same to counters, shelving, showcases, mirrors and other movable personal property. The Tenant at its expense shall immediately repair any damage occasioned to the Premises by reason of the removal of any such trade fixtures, signs, and other personal property, and upon the last day of the Term or a date of earlier termination of this Lease, shall leave the Premises in a neat and clean condition, free of debris.

All permanent improvements to the Premises by the Tenant, including but not limited to, lighting fixtures, floor covering and partitions, but excluding trade fixtures and signs, shall become the property of Landlord upon expiration or earlier termination of this Lease. Unless directed otherwise by Landlord solely with respect to Special Alterations (as hereinafter defined), Tenant shall have no obligation to remove any alterations in the Premises upon the expiration or sooner termination of this Lease. For purposes of this Lease, "Special Alterations" shall mean items such as kitchens, vaults, raised or reinforced flooring or other items which are unusually difficult or expensive to remove (but specifically excluding any private restrooms that Tenant may install in connection with Tenant's initial occupancy of the Premises). Landlord shall advise Tenant if any alteration is a Special Alteration at the time of Landlord's consent to such alteration.

Section 16.15. Quiet Enjoyment. The Landlord covenants that if, and so long as, the Tenant pays the Basic Rent and Additional Rent as herein provided, and performs the covenants hereof, the Landlord shall do nothing to affect the Tenant's right to peaceably and quietly have, hold and enjoy the Premises for the Term herein mentioned, subject to the provisions of this Lease, the Condominium Documents (hereinafter defined) and to any mortgage or deed of trust to which this Lease shall be subordinate.

Section 16.16. Intentionally omitted.

Section 16.17. Holding Over. If the Tenant shall remain in the Premises after the expiration of the Term without having executed and delivered a new lease or extension/renewal agreement with the Landlord, such holding over shall not constitute a renewal or extension of this Lease. The Landlord may, at its option, elect to treat the Tenant as one who has not removed at the end of its Term, and thereupon be entitled to all the remedies against the Tenant provided by law in that situation, or the Landlord may elect, at its option, to construe such holding over as a tenancy from month to month, subject to all the terms and conditions of this Lease, except as to duration thereof, and in that event the Tenant shall pay Monthly Basic Rent and Additional Rent in advance at the rate as provided for by law, but in no event less than the rate provided herein for the last month of the Term.

Section 16.18. Payments. No payment by Tenant or receipt by Landlord of a lesser amount than the Basic Rent and Additional Rent herein stipulated shall be deemed to be other

than on account of the earliest stipulated Basic Rent and Additional Rent, nor shall any endorsement or statement on any check, any letter accompanying any check or payment as Basic Rent and Additional Rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Basic Rent and Additional Rent or pursue any other remedy in this Lease provided.

Section 16.19. No Partnership. It is agreed that nothing contained in this Lease shall be deemed or construed as creating a partnership, joint venture, or of any association between Landlord and Tenant, or cause Landlord to be responsible in any way for the debts or obligations of Tenant, and neither the method of computing Basic Rent and Additional Rent nor any other provision contained in this Lease nor any acts of the parties hereto shall be deemed to create any relationship between Landlord and Tenant other than the relationship of Landlord and Tenant.

Section 16.20. No Option. The submission of this Lease or examination does not constitute a reservation of, or option for, the Premises, and this Lease becomes effective as a Lease only upon execution and delivery thereof by Landlord and Tenant.

Section 16.21. Personal Liability. Notwithstanding anything to the contrary provided in this Lease, it is understood and agreed, such agreement being a primary consideration for the execution of this Lease by Landlord, that there shall be absolutely no personal liability on the part of Landlord, its successors, assigns or any mortgagee in possession (for the purposes of this Section, collectively referred to as "Landlord"), with respect to any of the terms, covenants and conditions of this Lease, and that Tenant shall look solely to the equity of Landlord in the Property for the satisfaction of each and every remedy of Tenant in the event of any breach by Landlord of any of the terms, covenants and conditions of this Lease to be performed by Landlord, such exculpation of liability to be absolute and without any exceptions whatsoever. A deficit capital account in Landlord shall not be deemed an asset or property of Landlord. The foregoing limitation of liability shall be noted in any judgment secured against Landlord and in the judgment index.

Section 16.22. Intentionally omitted.

Section 16.23. Corporate Authority. If Tenant is a corporation, the persons executing this Lease on behalf of Tenant hereby covenant and warrant that (i) they are duly authorized by appropriate resolution and/or the articles and by-laws of said corporation to execute this Lease and thereby bind Tenant to all the terms and conditions thereof, (ii) Tenant is a duly qualified corporation and all steps have been taken prior to the execution of this Lease to qualify Tenant to do business in the state where the Property is situated, (iii) all franchise and corporate taxes have been paid as of the date of execution, and (iv) all future forms, reports, fees and other documents necessary to comply with applicable laws will be filed when due.

Section 16.24. Complete Agreement. The parties hereby affirm that this Lease contains all of the terms and conditions of the agreements between Landlord and Tenant and that there are no warranties expressed or implied by Landlord or Tenant not set forth in writing herein. This Lease may be executed in several counterparts; but the counterparts shall constitute but one and the same instrument.

Section 16.25. Sidewalk Obstructions. Tenant shall not obstruct vestibule areas outside of Tenant's doors, the sidewalks adjacent to the Premises or any portion of the Common Areas with any item, including without limitation, newspaper racks, freestanding sign holders, bicycle stands, vending machines, weighing machines, amusement rides, merchandise of any kind, and/or boxes, trash or other debris.

Section 16.26. Waiver of counterclaims. If Landlord commences any summary proceedings against Tenant, Tenant shall not, and hereby waives the right to, interpose any counterclaim in any such proceeding other than mandatory counterclaims.

Section 16.27. Prohibited Person. Each party represents and warrants that (i) neither such party nor any person, group or entity who owns any direct or indirect beneficial interest in such party or any of them, is listed on the list maintained by the United States Department of the Treasury, Office of Foreign Assets Control (commonly known as the OFAC List) or otherwise qualifies as a terrorist, Specially Designated National and Blocked Person or a person with whom business by a United States citizen or resident is prohibited (each a "Prohibited Person"); neither such party nor any person, group or entity who owns any direct or indirect beneficial interest in such party or any of them is in violation of any anti-money laundering or anti-terrorism statute, including, without limitation, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, U.S. Public Law 107-56 (commonly known as the USA PATRIOT Act), and the related regulations issued thereunder, including temporary regulations, and Executive Orders (including, without limitation, Executive Order 13224) issued in connection therewith, all as amended from time to time; and (iii) neither such party nor any person, group or entity who owns any direct or indirect interest in such party is acting on behalf of a Prohibited Person. Each party shall indemnify and hold the other harmless from and against all claims, actual damages, actual losses, risks, liabilities and actual costs (including fines, penalties and legal costs) arising from any misrepresentation in this paragraph or the other party's reliance thereon. The parties' obligations under this paragraph shall survive the expiration or sooner termination of the term of this Lease.

Section 16.28. Force Majeure. Any time limits required to be met by either party hereunder, whether specifically made subject to Force Majeure or not, except those related to the payment of Basic Rent or Additional Rent, shall, unless specifically stated to the contrary elsewhere in this Lease, be automatically extended by the number of days by which any performance called for is delayed due to Force Majeure. Force Majeure shall mean and include those situations beyond Landlord's or Tenant's control, including by way of example and not by way of limitation, acts of God; accidents; repairs; strikes; shortages of labor, supplies or materials; inclement weather; or, where applicable, the passage of time while waiting for an adjustment of insurance proceeds.

Section 16.29. Waiver of Jury Trial. Landlord and Tenant waive trial by jury in any action, proceeding or counterclaim brought by either Landlord or Tenant against the other in any matters whatsoever arising out of or in any way connected with this Lease, Tenant's use or occupancy of the Premises, and/or any claim of injury or damage.

Section 16.30. Limitation on Damages. Notwithstanding any other provisions in this Lease, in no event shall Landlord be liable for any special, consequential, incidental or punitive damages.

ARTICLE XVII

Condition of Premises

Section 17.01. Condition of Premises. Tenant hereby acknowledges to Landlord that the Premises is being delivered with Landlord's Work substantially complete and that otherwise Tenant is leasing the Premises during the Term in its "AS IS" condition and Landlord makes no representation with respect thereto. Landlord shall promptly after the date hereof perform the work described in Exhibit C which is annexed hereto and made a part hereof ("Landlord's Work") at Landlord's sole cost and expense.

ARTICLE XVIII

ISRA Compliance

Section 18.01. Tenant acknowledges the existence of environmental laws, rules and regulation, including but not limited to the provisions of ISRA, as hereinafter defined. Tenant shall comply with any and all such laws, rules and regulations as applicable to the Premises. Tenant represents to Landlord that Tenant's Standard Industrial Classification (SIC) Number as designated in the Standard Industrial Classification Manual prepared by the Office of Management and Budget in the Executive Office of the President of the United States will not subject the Premises to ISRA applicability. Any change by Tenant to an operation with an SIC Number subject to ISRA shall require Landlord's written consent. Any such proposed change shall be sent in writing to Landlord sixty (60) days prior to the proposed change. Landlord, at its sole option, may deny consent.

Tenant agrees not to generate, store, manufacture, refine, transport, treat, dispose of, or otherwise permit to be present on or about the Premises, any Hazardous Substances. As used herein, Hazardous Substances shall be defined as any "hazardous chemical," "hazardous substance" or similar term as defined in the Comprehensive Environmental Responsibility Compensation and Liability Act, as amended (42 U.S.C. 9601, et seq.), the New Jersey Industrial Site Recovery Act, as amended, N.J.S.A. 13:1K-6 et seq. and/or the Industrial Site Recovery Act ("ISRA"), the New Jersey Spill Compensation and Control Act, as amended, N.J.S.A. 58:10- 23.11b, et seq., any rules or regulations promulgated thereunder, or in any other applicable federal, state or local law, rule or regulation dealing with environmental protection. It is understood and agreed that the provisions contained in this Section shall be applicable notwithstanding the fact that any substance shall not be deemed to be a Hazardous Substance at the time of its use by the Tenant but shall thereafter be deemed to be a Hazardous Substance.

Tenant agrees to execute such documents as Landlord reasonably deems necessary and to make such applications as Landlord reasonably requires to assure compliance with ISRA. In addition, prior to the expiration of the Term, Tenant agrees to make such

applications as are required to comply with ISRA in connection with closing, terminating or transferring operations or sale of the property or business entity of Landlord. Tenant shall bear all costs and expenses incurred by Landlord associated with any required ISRA compliance resulting from Tenant's use of the Premises including but not limited to state agency fees, engineering fees, clean-up costs, filing fees and suretyship expenses. As used in this Lease, ISRA compliance shall include applications for determinations of nonapplicability by the appropriate governmental authority. The foregoing undertaking shall survive the termination or sooner expiration of the Lease and surrender of the Premises and shall also survive sale, or lease or assignment of the Premises by Landlord. Tenant agrees to indemnify and hold Landlord harmless from any violation of ISRA occasioned by Tenant's use of the Premises, including reasonable counsel fees and costs of litigation.

Notwithstanding anything contained herein to the contrary, Tenant shall be permitted to keep small quantities of normal supplies which are used in connection with Tenant's business and normal cleaning supplies and copier supplies, even though they may be Hazardous Substances, provided the same are properly stored, handled and disposed of in full compliance with all environmental laws.

In the event Tenant fails to comply with ISRA as stated in this Section as of the termination or sooner expiration of the Lease and as a consequence thereof Landlord is unable to rent the Premises, then the Landlord shall treat the Tenant as one who has not removed at the end of its Term, and thereupon be entitled to all remedies against the Tenant provided by law in that situation, including Monthly Basic Rent of [****] ([****]%) percent of the Monthly Basic Rent for the last month of the Term or any renewal term, payable in advance on the first day of each month, until such time as Tenant provides Landlord with a no further action letter or confirmation that any required clean-up plan has been successfully completed.

Landlord shall deliver the Premises to Tenant free of all hazardous materials and in compliance with environmental laws. If Tenant discovers any hazardous materials in the Premises that are not brought into the Premises by Tenant (or its agents, contractors, employees or invitees), Landlord shall remediate such hazardous materials so that the same are in compliance with laws at Landlord's sole cost and expense (and not chargeable to Tenant as an operating expense). Additionally, if Tenant cannot occupy the Premises during any such remediate, the Basic Rent and Additional Rent shall be abated during such time period.

ARTICLE XIX

Landlord's Reserved Right

Section 19.01. Landlord reserves the right, during the Term of this Lease as the same may be extended, to modify, at Landlord's sole cost and expense, or construct, new store fronts, to include architectural variations on that which now exist pursuant to this Lease.

ARTICLE XX

Approvals

Section 20.01. Tenant shall at Tenant's sole cost and expense apply for and obtain a Certificate of Compliance, Certificate of Occupancy or Certificate of Continued Occupancy, as appropriate, from the municipality of Rochelle Park. Tenant shall provide Landlord with a copy of all such applications and further shall furnish Landlord with a copy of such certificate when issued.

ARTICLE XXI

Guarantor's Loan

Section 21.01. The Landlord may, at its option, require Tenant's Guarantor or its affiliate to pay off Landlord's existing mortgage on the Property, or otherwise to make a \$4,500,000.00 non-recourse loan (the "Guarantor's Loan") to Landlord subject to the terms and conditions agreed upon in the Limited Recourse Promissory Note and Mortgage, Security Agreement, Assignments of Leases and Rents and Fixture Filing entered into by the parties. In such event, the grantor of such loan shall have a first priority lien on the Property. The documents evidencing the Guarantor's Loan, completed other than dates and signatures, are annexed hereto as Exhibit E, and the closing on such loan may occur in accordance with the terms of the Loan documents, but not later than 60 days after the Rent Commencement Date. Payments under the loan shall be offset against payments of Basic Rent and Additional Rent hereunder, with any deficiency in favor of Landlord paid monthly on the date due. In the event that the closing of Guarantor's Loan shall fail timely to occur, Landlord shall, in addition to all other rights and remedies, have the right to terminate this Lease upon notice to Tenant.

ARTICLE XXII

Option Period

Section 22.01. It is agreed that, during the period when Tenant is attempting to obtain its approval from the New Jersey Department of Health, as discussed hereinabove, neither party will enter into negotiations to lease premises in Rochelle Park to any third party for use as a medical marijuana facility as long as Tenant is pursuing such approval diligently and in good faith. In consideration for such forbearance by Landlord, Tenant shall cause its Guarantor to pay to Landlord the sum of [***] (\$[***)] Dollars, in advance, on the first day of each calendar month until the first to occur of (i) the cancellation of this Lease as contemplated in Section 2.01(B), or (ii) the date on which Tenant obtains its approval from the New Jersey Department of Health.

ARTICLE XXIII

Condominium Provisions

Section 23.01. Landlord and Tenant acknowledge that the Premises and Building are subject to a condominium regime pursuant to the terms of that certain Master Deed and By-Laws

dated of event date herewith (including any documents ancillary thereto, collectively, the “Condominium Documents”).

Section 23.02. In the event that any provision of the Condominium Documents purporting to prohibit the use of the Premises for the permitted use set forth in the Basic Lease Provisions shall be asserted by any third party, and such prohibition shall be upheld by a court of competent jurisdiction, Landlord shall have the right to terminate this Lease upon not less than ninety (90) days’ notice, in which event this Lease and the Term shall expire on the date set forth therefor in Landlord’s notice as if such date were the date initially fixed as the Expiration Date.

Section 23.03. Landlord agrees that only such Operating Expenses shall be passed through to Tenant as set forth herein and no reimbursement shall be made on account of Landlord’s payment for a separate payment for Condominium common charges.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

174 ROCHELLE LLC (Landlord)

By: /s/ Avak Uzatmacyan

Name: Avak Uzatmacyan

Title: Manager

GREENLEAF COMPASSION CENTER (Tenant)

By: /s/ Francis Perullo

Name: Francis Perullo

Title: Chief Strategy Officer

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

174 ROCHELLE LLC (Landlord)

By: _____
Name: _____
Title: Managing Member

GREENLEAF COMPASSION CENTER (Tenant)

By: /s/ Francis Perullo
Name: Francis Perullo
Title: Chief Strategy Officer

EXHIBIT A
SITE PLAN OF PROPERTY

EXHIBIT B
RULES AND REGULATIONS

1. Keep the Premises and all show windows and signs and any loading dock and other areas allocated for the sole use of Tenant in good, neat and clean condition.
2. All garbage, refuse and rubbish shall be kept in such containers as are specified by Landlord, said containers shall be kept closed at all times, and shall be placed outside of the premises prepared for collection, in the manner and at the times, and places specified by Landlord and shall be removed at Tenant's expense by a contractor approved by Landlord.
3. Not permit any act or practice which may tend to injure the Premises or the building of which the Premises forms a part or its equipment or be a nuisance to other tenants; nor keep merchandise on or obstruct the sidewalks or areas outside of the Premises; nor conduct or permit any fire, bankruptcy, auction or going-out-of-business sale; nor burn any rubbish in or about the Premises; nor change the exterior color of the Premises or the color, size, illumination or location of any sign previously approved by Landlord; nor install or employ any exterior lighting, shades, awnings or advertising device.
4. No aerial or other device for receiving radio or television programs shall be erected on the roof or exterior walls of the Premises, or within the Property without, in each instance, the written consent of Landlord. Any aerial or other device so installed without such written consent shall be subject to removal without notice at any time.
5. Keep the Premises at a temperature sufficiently high to prevent freezing of water in pipes and fixtures.
6. Keep the outside areas immediately adjoining the Premises clean and free from snow, ice, dirt and rubbish, and not place or permit any obstructions or merchandise in any of such areas.
7. Not use nor permit the use of the plumbing facilities for any other purpose than that for which they are constructed, and no foreign substance of any kind shall be thrown therein, and from expense of any breakage, stoppage, or damage resulting from a violation of this provision shall be borne by tenant, who shall, or whose employees, agents or invitees shall have caused it. Any sink to be used for washing pots, pans, glasses or dishes must have a grease trap of sufficient size and it must be properly maintained on a regular basis. Any violation which results in clogged drains will be cleaned at Tenant's expense.
8. Use, at Tenant's cost, such pest extermination contractor as Landlord may direct and at such intervals as Landlord may require, provided that the cost thereof is competitive with like contractors in the area of the Property.
9. Use, at Tenant's cost, such window cleaning contractor as Landlord may direct, provided that the cost thereof is competitive with like contractors in the area of the Property.
10. Not use or permit the use of any portion of the Premises as sleeping or living quarters or for the keeping of any live animals, fish or birds.

11. Not use or permit the use of any pinball machines, electronic games or similar device in the Premises.
12. Intentionally omitted.
13. No buses shall be operated by any Tenant on this Property. No tickets shall be sold for bus trips to Atlantic City or any other destination. Should any tenant wish to charter or otherwise arrange for a bus to be present on the Property, he must first obtain written permission from the Landlord. The request for permission to have a bus enter the property should contain particulars of the bus' operation noting as to its location of parking, picking up and discharging of passengers, and the like.
14. Any damage caused to the Premises or adjoining units by water spillage will be Tenant's responsibility.
15. There will be no roof penetration without Landlord's written permission.
16. Not permit any trailers, automobiles or other vehicles used or owned by Tenant, its agents, employees or customers to be left in the Common Areas after the normal business hours of the Property, nor allow any "for sale" signs or similar signs on any such cars within the Common Areas.
17. Tenant agrees to cause its invitees, employees, agents and contractors to smoke only in such portions of the Common Areas as Landlord from time to time designates for that purpose.

EXHIBIT C

LANDLORD'S WORK

1. Install new HVAC system.
2. Install dedicated 200 amp service.
3. Construct two (2) ADA-compliant bathrooms pursuant to plans to be submitted to Landlord for approval.

EXHIBIT D
PRE-APPROVED SIGNAGE

EXHIBIT E
GUARANTOR'S LOAN DOCUMENTS

EXHIBIT F

TENANT EXCLUSIVES

Landlord warrants and agrees that during the Term that it has not and will not, nor will any entity under common control with Landlord, enter into any lease, license agreement or other similar agreement affecting any premises in the Shopping Center (other than the Demised Premises) or any land contiguous to the Shopping Center which is owned or otherwise controlled by Landlord or a parent, subsidiary or affiliate of Landlord or in which any officer, partner, director or owner of Landlord has any interest (collectively, the "Restricted Property"), or otherwise sell, transfer or allow a possessory interest in the Restricted Property by Landlord or to any user, tenant, subtenant, assignee, licensee, concessionaire or other Occupant of the Restricted Property ("Restricted Property Occupant") to be used for the sale, rental and/or distribution, either singly or in any combination of (i) any daycare facility or similar facility involving the care of children; (ii) any vape or smoke shop; (iii) any cannabis related business; (iv) any CBD (cannabinoid oil or related cannabinoid oil products) related business, where such sales constitute greater than 25% of said business' gross revenue; and/or (v) any other use that would reasonably interfere with the state license(s) for the Tenant's business on the Premises ("Protected Items").

CONFIDENTIAL TREATMENT REQUESTED - REDACTED COPY

INDUSTRIOUS
MEMBERSHIP AGREEMENTContract Date: 2/9/20

This Membership Agreement ("**Agreement**") is made by and between the Industrious entity or entities ("**Industrious**") and the member ("**Member**") set forth below:

Industrious		Member	
Name	INDUSTRIOUS NYC 1411 BROADWAY LLC	Company Name	Ascend Wellness
Location Address	1411 Broadway – 17 th Floor New York, NY 10018	Contact Name	Abner Kurtin
		Email	[REDACTED]

for access to and services relating to the following office space (the "**Office Space**"), at the following terms:

Office No(s).	Office Size (Seats)	Monthly Fee	Security Deposit	Conference Room Allowance
Suite A	32	\$34,768	\$69,536	41 per month

License Start Date	Earliest Expiration Date	Additional Terms
3/16/2020	3/31/2021	Member to receive 3/16/20-3/31/20 at no cost Payment start date 4/1/20

The Agreement comprises this signature page and the Industrious Membership Terms and Conditions, together with any attached or referenced exhibits and schedules. Optional services are available, as set forth on the attached initial fee schedule, which fees are subject to change from time to time with reasonable advance notice to Member.

The initial license/membership term (the "**Term**") will be from the License Start Date through the Earliest Expiration Date (each as specified above). With the consent of Industrious, which it may grant or deny in its sole discretion, Member may elect to extend the Term for one (1) one-year period (the "Extension Period"). Annual License Fees hereunder shall escalate over those set forth above by [***] ([***]%) during the Extension Period. In the event Licensee wishes to extend the Term as aforesaid, it must submit a written request to Industrious in writing no less than one hundred eighty (180) days prior to the Earliest Expiration Date. Any further extension of the Term beyond the Extension Period shall be subject to the mutual consent of the parties at such terms as they may then agree, provided Licensee requests any further such extension no later than one hundred eighty (180) days prior to the conclusion of the Extension Period.

This Agreement may be executed in counterparts, each of which will be deemed an original and all of which taken together will constitute one and the same agreement. Signatures to this Agreement transmitted by electronic means will be valid and effective to bind the party so signing. This Agreement will not be valid until approved and signed by an authorized representative of Industrious.

By signing below, each party acknowledges that it has read and understood this Agreement and agrees to be bound by its terms, effective as of the Contract Date set forth above.

Industrious: By: /s/ [REDACTED] Name: [REDACTED] Title: Director of Business Development	Member: By: /s/ Abner Kurtin Name: Abner Kurtin Title:
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Industrious Membership Agreement
Signature Page

Certain identified information has been omitted from this exhibit because it is not material and would likely cause competitive harm to the registrant if publicly disclosed. [*] indicates that information has been omitted.**

INDUSTRIOUS
OPTIONAL SERVICES
(additional fees required)

**INDUSTRIOUS
MEMBERSHIP TERMS AND CONDITIONS**

These Membership Terms and Conditions are incorporated into and made part of the Membership Agreement (“**Agreement**”) entered into by and between the Industrious entity or entities (“**Industrious**”) and the member (“**Member**”) set forth on the Agreement signature page. Capitalized terms not otherwise defined herein have the meanings ascribed to them on the Agreement signature page.

Section 1. Office Space and Services

(a) **Office Space.** Subject to these terms and conditions and payment of all applicable fees, Industrious will permit Member to access and use the number and configuration of furnished workspaces and workstations specified on the Agreement signature page (the “**Office Space**”), located at the property, building, or space owned, leased, or otherwise controlled by Industrious indicated on the Agreement signature page (the “**Premises**”).

(b) **Start Date.** Industrious will use commercially reasonable efforts to make the Office Space available to Member as of the date specified on the Agreement signature page as the License Start Date, provided that if Industrious is unable to make the Office Space available on the date specified, the term “**License Start Date**” will mean the date Member actually receives access to the Office Space. Member’s payment obligations will begin on the License Start Date.

(c) **Services.** The Premises will include power from standard power outlets, internet connection, printers/scanners, common area restrooms and a common area kitchen. For common use within the Premises, Industrious will use commercially reasonable efforts to provide certain additional services as may be described in the Member handbook provided to Member (all of the foregoing collectively, the “**Services**”). Any or all of the Services may be provided by Industrious, an affiliate of Industrious, or any third party service provider designated by Industrious from time to time in its sole discretion. All Services, other than power, shared internet connection and printers/scanners, that may be provided by or on behalf of Industrious may be added, deleted, or changed at any time at the sole discretion of Industrious, with or without prior notice to Member.

(d) **Business Hours.** Business hours for the Premises may vary by location—the hours of operation in effect will be posted at the Premises or otherwise made available to Member. Industrious reserves the right to close the Premises on national holidays and on days with inclement weather at the discretion of Industrious. Certain Services may be available only during regular business hours, excluding holidays. The Premises may be accessible outside of business hours using the key card assigned to Member, in accordance with the procedures set forth in the Member handbook or other policy documents applicable to the particular Industrious location.

(e) **Software.** In order to receive certain Services (including but not limited to access to the network, shared printing, etc.), Member may be required to install on Member’s computer device certain drivers or software tools (collectively, “**Software**”). Member acknowledges and agrees that Software may be owned, controlled, or provided by third parties, and that the installation or use of any Software may be subject to separate licenses, terms, conditions, or restrictions. Industrious provides no warranties with respect to the Software (even if provided by or through Industrious), and as a condition of use of the Software, Member, on behalf of itself and its employees, agents, and invitees, waives any claim against Industrious, its affiliates, and any person acting on behalf of Industrious or its affiliates arising from or in conjunction with the installation or use of such Software.

(f) **Specific Services.** Industrious will accept mail on behalf of Members. However, Industrious will not be responsible for any items received on behalf of Member. If Member expects a special delivery or package, Member must provide Industrious with reasonable notice and instructions, if necessary, in order for Industrious to accept such delivery. Phone service is not included with the Office Space and, if offered by Industrious, will be subject to a separate fee. If Member’s membership package includes a monthly allowance of conference room hours, such monthly allowance will not be rolled over from one month to the next.

(g) **Maintenance.** Industrious will use commercially reasonable efforts to maintain the Premises in good functional condition; provided that Member is and will remain responsible for, and will indemnify, defend and hold harmless Industrious and its affiliates for, any and all damage to the Office Space, Premises and/or the building in which the Premises is located, exceeding normal wear and tear, caused by Member or its agents, employees and invitees, and for the acts and omissions of Member and its employees, agents, or invitees.

(h) **Industrious Access.** Member acknowledges that Industrious and its designees will at all times have access to the Office Space, upon at least 24 hours' notice to Member (except in case of an emergency, which shall be determined in Industrious's sole discretion, and for routine janitorial or similar access), for purposes including but not limited to the maintenance and safety of the same and any emergency situations. Industrious may temporarily move and/or replace parts and components of the Office Space in Industrious's sole discretion. Notwithstanding the foregoing, except in the case of emergency, Industrious will use commercially reasonable efforts not to disrupt Member's business in or use of the Office Space.

(i) **License Only.** Notwithstanding anything herein to the contrary, this Agreement is a revocable license to access the Office Space and receive certain Services, upon the terms and conditions set forth herein. The relationship between Industrious and Member is that of a licensor and licensee only, and not a landlord-tenant or lessor-lessee relationship. This Agreement will not be construed to grant Member any right, title, interest, easement, or lien in or to Industrious's business, the Office Space, the Premises, or anything contained therein, nor will this Agreement be interpreted or construed as a lease. Member acknowledges that this Agreement creates no tenancy interest, leasehold estate, or other real property interest in Member's favor and Member hereby waives any and all claims and/or defenses based upon any such interest.

Section 2. Term and Termination of Agreement

(a) **Term.** The Term of this Agreement is set forth on the Agreement signature page.

(b) **Termination for Breach.** Industrious may terminate this Agreement in its sole discretion, effective immediately if Member or any of its agents, employees, or invitees breaches any provision in this Agreement or violates any Industrious rules, policies, or codes of conduct. Provided that, if Member fails to pay any fee when due, if it is Member's first delinquency in any twelve (12)-month period, Industrious will send Member written notice of the delinquency, and Member will have five (5) days from the date of such notice to cure the delinquency by paying all amounts owed (including late fees and finance charges, as applicable). Member is only entitled to one notice and cure period per twelve (12)-month period, and for any subsequent delinquency Industrious may terminate Member's license and membership immediately, in Industrious's sole discretion.

(c) **Termination for Convenience.** Industrious may terminate this Agreement (i) immediately in the event that Industrious's rights in the Premises terminate or expire for any reason; or (ii) upon sixty (60) days' written notice to Member in Industrious's sole and absolute discretion.

(d) **Removal of Property upon Termination.** On or prior to the termination or expiration of this Agreement, Member will remove all of its property from the Office Space and Premises, it being understood and agreed that member has no right to continue to use and/or access the Office Space or any Services after the expiration or termination of this Agreement. In addition to any other rights and remedies Industrious has hereunder, Industrious will be entitled to remove and dispose of any of such property remaining in or at the Office Space or the Premises after the termination of this Agreement, without notice to Member (whether belonging to Member or its employees, agents, or invitees), and Member waives any claims or demands regarding such property.

(e) **Effect of Termination.** Following the termination or expiration of this Agreement for any reason, Member will remain liable for all amounts due or owing as of the effective date of such termination or expiration. Without limiting the foregoing, if this Agreement is terminated for breach pursuant to Section 2(b) above, Member will remain liable for all License Fees owed through the remainder of the Term, and such License Fees will be due and payable immediately upon such termination. In the event this Agreement is terminated for convenience pursuant to Section 2(c) above, Industrious will within a reasonable time following the effective date of the termination return to Member any pre-paid License Fees or other fees applicable to the post-termination period. This Section 2 and Sections 4 through 7 of this Agreement will survive the

termination or expiration of this Agreement for any reason, as will all other provisions of this Agreement that may be reasonably expected to survive such termination or expiration.

Section 3. Fees

(a) **License Fees.** Beginning on the License Start Date, and continuing during the Term of this Agreement, Member will pay, in advance, the monthly license fee specified on the Agreement signature page ("**License Fee**"). The License Fee is due on or before the 1st of each month during the Term, provided that if the License Start Date falls on a date that is not the 1st day of the month, then on the License Start Date Member will pay the pro rata portion of the monthly License Fee for the remainder of that month. All License Fees must be paid in U.S. dollars. All amounts paid under this Agreement are nonrefundable and noncancellable, except as expressly provided herein. When Industrious receives funds from Member, such funds will be applied first to any past-due balances, oldest to newest, then second to the then current monthly fees due and owing.

(b) **Other Fees.** Credit card transactions are subject to a [***]% surcharge to cover Industrious's cost to accept and process credit card transactions. A [***] percent ([***]%) late fee will be charged on any outstanding balance existing on the 5th day of any month. Additionally, Member may be subject to additional fees or penalties for late payments, returned checks, or other declined payments due to insufficient funds, as set forth in fee schedules published or posted by Industrious from time to time. Member acknowledges that all fees are subject to change from time to time at the discretion of Industrious. Any late fees, charges and penalties are in addition to any other rights and remedies Industrious may have for Member's breach of this Agreement.

(c) **Security Deposit.** A security deposit ("Security Deposit") must be paid by Member upon execution of this Agreement in the amount set forth on the Agreement signature page. The Security Deposit will be refunded to Member within forty-five (45) days after termination of this Agreement, subject to the complete satisfaction of Member's obligations under this Agreement, as determined by Industrious in its sole discretion. The Security Deposit will be held by Industrious, without liability for interest, as security for the performance by Member of Member's covenants and obligations under this Agreement. Member acknowledges and agrees that the Security Deposit will not be considered an advance payment of the License Fee or a measure of Member's liability for damages in case of default by Member. Industrious may, from time to time and without prejudice to any other remedy, use the Security Deposit to the extent necessary to make good any arrearages of the License Fee or to satisfy any other covenant or obligation of Member hereunder. Following any such application of the Security Deposit, Member will pay to Industrious on demand the amount so applied in order to restore the Security Deposit to its original amount. To the extent of any unapplied Security Deposit after the termination of this Agreement, Industrious will only refund the same to Member, unless an authorized representative of Member directs Industrious in writing to send the refund to another person or location. If during the Term of this Agreement, Member changes the Office Space to one(s) carrying higher License Fees, Member will deliver to Industrious the incremental increase in the Security Deposit as required by Industrious.

(d) **Suspension of Services.** Industrious may withhold or suspend any Services and/or access to the Office Space and the Premises while there are any outstanding amounts due or Member is otherwise in breach of this Agreement, in addition to any other rights and remedies Industrious may have.

Section 4. Member Obligations

(a) **Background Checks.** Industrious reserves the right to conduct a basic criminal and OFAC background check on any or all of Member's owners, officers, employees and agents who will be granted access to the Premises (particularly if Member desires after-hours access for such persons), and Member agrees to use good faith efforts to assist Industrious with the same, at no cost of Member. After-hours access may only be granted to those persons who pass such background check to Industrious's sole and absolute satisfaction. Member represents and warrants that neither Member, nor any of its owners, officers, employees or agents has been or will be: (a) designated as a "blocked person" as such term is described in Executive Order 13224, issued September 23, 2001 by George W. Bush, President of the United States; or (b) a person or entity described either as a Specially Designated Global Terrorist or a Specially Designated Nationals and Blocked Persons by the Office of Foreign Assets Control ("**OFAC**") of the U.S. Department of the Treasury.

The continued accuracy throughout the Term of this Agreement of the foregoing representation and warranty is an ongoing material condition to this Agreement and, accordingly, Member has the obligation during the Term to immediately notify Industrious by written notice if the foregoing representation and warranty should ever become false. Any breach of the representation and warranty or failure on the part of Member to so update Industrious constitutes a breach of this Agreement.

(b) **Security.** Member acknowledges that all keys, key cards, key fobs, and other such items used to gain physical access to the building, Premises and/or the Office Space remain the property of Industrious, or its landlord or the owner of the Premises (as applicable, "**Landlord**"). Member will not attempt to (or allow others to) gain unauthorized access to any computer systems located at or serving the Premises or any content or data of Industrious, other members, or any other person. Neither Member nor any of its agents, employees or invitees are permitted to enter any other office space in the Premises. Member will use its best efforts to safeguard the Premises and Industrious's property and will be liable for all costs and expenses should any such property be lost or damaged as a result of Member's and/or its employees, agents or invitees acts or omissions. Member is solely responsible for maintaining all necessary security and control of any and all user names, passwords, or any other credentials issued to or used by Member or its employees, agents or invitees, for use with Industrious's computer systems, networks, or other Services provided under this Agreement. Member will not allow (and will instruct its employees and agents to not allow) a party unknown to them to enter the Office Space or the Premises and acknowledges that such action may result in the termination of this Agreement. Member is and will remain responsible for the actions or omissions of all persons that Member or its employees, agents or invitees allow or invite to enter the Office Space or the Premises.

(c) **Complaints.** Member agrees that all issues and complaints relating to the Office Space or other members will be directed solely to Industrious. Member will have no direct access to or communication with the Landlord (if other than Industrious), and Member agrees not to send any complaints or demands to the Landlord directly.

(d) **Privacy Policy.** Member agrees that the use of Industrious's online portal and website are subject to Industrious's Portal Terms of Use and Privacy Policy, which are available at www.industriousoffice.com/portalterms/ and www.industriousoffice.com/privacypolicy/, respectively, and which are subject to change from time to time in Industrious's sole discretion.

(e) **Rules and Policies.** Additional rules may be set forth in the Member handbook or other policy documents applicable to each Industrious location, which are subject to change from time to time in Industrious's sole discretion. Member agrees to abide by all rules and policies as determined by Industrious from time to time, whether communicated to Member verbally, by email, other written notice or public posting. Without limiting the foregoing, Industrious may require Member and each of its owners, officers, employees, agents and invitees who will be granted access to the Premises to agree to and sign Industrious's Anti-Harassment Policy prior to using the Office Space or Services.

(f) **Prohibited Conduct.** In addition to any other applicable rules and policies issued by Industrious, Member agrees to the following terms and conditions:

- (i) **No Assignment or Sublicense.** Member may not sell, lease, license, distribute or grant any interest in the Office Space or any of the Services to any third party. Further, Member may not assign this Agreement in whole or in part, or otherwise transfer, sublicense or otherwise delegate any of Member's rights or obligations under this Agreement, to any third party.
- (ii) **No Alterations.** Member may not alter the Office Space or Premises in any manner or attach or affix any items to the walls, floors or windows, without the prior written consent of Industrious.
- (iii) **No Unapproved Items.** Member may not store any of its property or materials in any area of the Premises, except the Office Space. Member may not bring any additional furniture, furnishings or decorations into the Premises or Office Space or install any satellite or microwave antennas, dishes, cabling or telecommunications lines in the Premises or Office Space without the prior written consent of Industrious in its sole discretion. Member acknowledges that carts, dollies and

other freight items may not be used in the passenger elevator except by appointment made with Industrious, at Industrious's sole discretion.

- (iv) **No Retail Use.** Member will use the Office Space solely as general office space in the conduct of Member's business and for no other use whatsoever. Use of the Office Space for retail, medical or other type of business involving frequent visits by members of the public is not permitted. Regular use of the Office Space is limited to those persons subject to background checks as set forth in this Agreement.
- (v) **No Illegal Activities.** Member may not use the Premises, any Services, or any Industrious computer systems or networks to conduct or pursue any illegal activities, including but not limited to, downloading, distributing or viewing any illegal content, engaging in any activity in violation of OFAC regulations, and/or illegally downloading any copyrighted content, or any other activity that violates any intellectual property rights, and any such conduct using the Premises or Industrious's systems or networks may result in immediate termination of this Agreement.
- (vi) **No Offensive Behavior.** Member may not conduct any activity that is generally regarded as offensive to other people, including but not limited to, involvement in hate groups or activities involving pornographic or sexually explicit materials or obscenities, whether written, oral, or in any form or medium. Member will refrain from any activities that may be disruptive, including but not limited to, acts of disorderly nature or excessive noise. Member may not conduct any activity which may be hazardous to other persons in the building. Industrious may determine at its sole discretion what activities may be deemed offensive, disruptive or hazardous.
- (vii) **No Malware, Spamming.** Member may not upload any files that Member knows or suspects to contain or may contain viruses, Trojan Horses, worms, time bombs, candlebots, corrupted files, or any other malicious code, whether known or unknown that may damage or disrupt Industrious's or any other person's computer systems or networks. Member will take precautions to prevent the spread of viruses, including but not limited to, using up-to-date anti-virus software, enacting policies to avoid opening suspicious emails, and avoiding suspicious websites. Spamming other members or any other persons is strictly prohibited, and any such conduct using the Premises or Industrious's systems or networks may result in immediate termination of this Agreement.

Section 5. Intellectual Property and Confidentiality

(a) **Trademarks.** Member may not use Industrious's name, logo, trademarks, service marks or domain names (collectively, "**Industrious Marks**") in any way in connection with Member's business, without the express written consent of Industrious, in its sole discretion. Member will comply with all standards established by Industrious from time to time with respect to the Industrious Marks. Member hereby acknowledges and agrees that all right, title, and interest in and to the Industrious Marks belong to Industrious, and that all usage and goodwill of the Industrious Marks will inure only to the benefit of Industrious. Member will not use, register, or attempt to register any trademarks or domain names that are confusingly similar to the Industrious Marks, nor use the Industrious Marks in any manner that would indicate that Member has any rights thereto. If consent to use the Industrious Marks is granted as set forth above, Industrious reserves the right to revoke Member's rights to use the Industrious Marks at any time in Industrious's sole discretion.

(b) **Publicity.** Member may use the address of the Office Space as its business address, but only during the Term of this Agreement. Member may not use photos or illustrations of the Premises, or any Industrious Marks, in any of Member's marketing materials or in any other manner without the express written consent of Industrious. Further, no press release, advertising, sales literature or other publicity statements relating to the existence or substance of this Agreement or the relationship of the parties may be made by Member without the prior written approval of Industrious. Member grants Industrious and its affiliates the right to use Member's trade name(s), logos and/or trademarks in Industrious's materials prepared for its shareholders or members, or prospective shareholders or members.

(c) **Member Directory.** Industrious may place Member's name and contact information in a directory of Industrious members; provided that Member will be given the opportunity to "opt-out" of such listing which it may do at any time.

(d) **Photo and Video Shoots.** Member acknowledges that promotional photography and/or video recording (a "Shoot") may occur in the Premises (but not within the Office Space) from time to time. Industrious will provide Member with reasonable advance notice of any such Shoot, and at such time Member may request that Industrious endeavor to avoid capturing Member's name, likeness, image, voice and/or appearance in the background any such recordings. Industrious will use commercially reasonable efforts to comply with Member's request. Subject to the foregoing, by entering that portion of the Premises in which a Shoot is taking place, Member and Member's employees, agents, and invitees consent to such photography and/or video recording and the release, publication, exhibition or reproduction of such recordings in which they may appear for promotional purposes by Industrious and its affiliates and representatives. Subject to the foregoing, Member and its employees, agents, and invitees each hereby releases and discharges Industrious and its agents, representatives, and assignees from any and all claims and demands arising out of or in connection with the use of the name, likeness, image, voice, or appearance of Member or any of its employees, agents, or invitees, including any and all claims for invasion of privacy, right of publicity, misappropriation, misuse, and defamation. Member represents and warrants to Industrious that its employees, agents, and invitees will have been informed of and agreed to this consent, waiver of liability, and release before they enter that portion of the Premises in which a Shoot is taking place.

(e) **Confidential Information.** Member may receive or learn certain confidential information about Industrious or Industrious's other members, including without limitation, information regarding its or their business operations, business and marketing plans, pricing, technology, finances and methods (collectively, "**Confidential Information**"). Member agrees to hold all Confidential Information, whether belonging to Industrious or its other members, in strict confidence and to take all reasonable precautions to protect such Confidential Information. Member acknowledges that any disclosure or unauthorized use of Industrious's Confidential Information will constitute a material breach of this Agreement and cause substantial harm to Industrious for which damages would not be a fully adequate remedy. In the event of any such breach, Industrious will have, in addition to any other available rights and remedies, the right to injunctive relief (without being required to post any bond or security). If an employee or agent of Industrious becomes aware of any Confidential Information of Member, Industrious agrees to cause such employee or agent to hold such Confidential Information in strict confidence and to take all reasonable precautions to protect such Confidential Information, except any disclosure required by law, court order or in connection with a breach of this Agreement by Member.

Section 6. Liability

(a) **Waiver of Claims.** Member will be solely responsible for maintaining the insurance coverage required hereunder and Member will look solely to such insurance for any and all claims, damages, costs, expenses, liabilities and rights it may have, except to the extent arising or resulting from the gross negligence or willful misconduct of an Industrious Party (defined hereunder). To the maximum extent permitted by law, Member, on its own behalf and on behalf of its owners, officers, employees, agents and invitees, hereby Waives (as defined hereunder) any and all claims, actions, damages, costs, expenses, liabilities and rights against Industrious, its affiliates, and each of its and their past, present and future principals, members, assignees, managers, directors, officers, employees, agents, successors and assigns (each an "**Industrious Party**" and collectively, "**Industrious Parties**") arising or resulting from (i) any injury or damage to, or destruction, theft, or loss of, any tangible or intangible property located in or about the Office Space, the Premises or the building in which the Premises is located, (ii) any personal injury, bodily injury or property damage (as such terms are defined by insurance regulations) occurring in or at the Office Space, the Premises or the building in which the Premises is located, or (iii) any interruption or stoppage of any Service, except to the extent arising or resulting from the gross negligence or willful misconduct of an Industrious Party. For purposes of this Agreement, "**affiliates**" of Industrious include any person or entity that controls, is controlled by, or is under common control with Industrious, including without limitation, any subsidiaries or parent companies; and the term "**Waives**" means that Member, and its owners, officers, employees, agents and invitees waive and knowingly and voluntarily assume the risk of.

(b) **Disclaimer of Warranties.** Industrious expressly disclaims and excludes all warranties, whether express, implied or statutory, with respect to the Office Space, the Premises and the Services provided by or on behalf of Industrious, including but not limited to, any warranty of merchantability, fitness for a particular purpose, non-infringement, habitability, or quiet enjoyment, or any warranties that may have arisen or may arise from course of performance, course of dealing or usage of trade. Industrious makes no representations or warranties regarding the quality, reliability, timeliness or security of the Office Space or any Services provided by or on behalf of Industrious, or that any Services will be uninterrupted or operate error free. The Office Space, Premises and Services provided by Industrious are provided “as is” and “with all faults”.

(c) **Limitation of Liability.** The aggregate monetary liability of the Industrious Parties to Member, its owners, officers, employees, agents and invitees for any reason and for all causes of action, whether in contract, in tort, or otherwise, not otherwise waived as set forth above, will not exceed the total fees paid by Member to Industrious under this Agreement during the two (2)-month period before the cause of action accrued. Notwithstanding anything herein to the contrary, in no event will any Industrious Party be liable for any claim or cause of action, whether in contract, in tort, or otherwise for any indirect, special, consequential, or punitive damages, including but not limited to, loss of profits or business interruption, even if Industrious has been advised of such damages. Member acknowledges that Industrious's obligations under this Agreement are consideration for the foregoing limitations of liability. The limitations, waivers, disclaimers and exclusions in this Agreement apply to the maximum extent allowed by law, even if a remedy fails its essential purpose.

(d) **Limitation of Actions.** To the extent not otherwise waived as set forth above, Member must commence any action, suit or proceeding against any Industrious Parties, whether in contract, tort, or otherwise, within one (1) year of the cause of action's accrual, and Member, on its own behalf and on behalf of its owners, officers, employees, agents and invitees, hereby Waives any claims not brought within such time period.

(e) **Indemnification.** Member will indemnify, defend and hold harmless each of the Industrious Parties from, and against any and all actual claims, actions, proceedings, damages, liabilities, costs and expenses of every kind, whether known or unknown, including but not limited to reasonable attorney fees (collectively, “**Claim(s)**”), to the extent resulting from or arising out of (i) any breach of this Agreement by Member or Member's owners, officers, employees, agents, or invitees; or (ii) any actions, errors, omissions, negligence, willful misconduct or fraud of Member or Member's owners, officers, employees, agents or invitees. If any such Claim is brought against any of the Industrious Parties, Member will defend the Claim at Member's expense, upon written notice from Industrious, using counsel approved by Industrious in writing, such approval not to be unreasonably withheld. The Industrious Parties' refusal to consent to a settlement shall not be deemed unreasonable when the proposed settlement requires or results in the Industrious Parties, or any one of them, admitting to any wrongdoing or liability.

(f) **Insurance Requirements.** Member, at its expense, will maintain at all times during the Term of this Agreement, (i) personal property insurance covering any and all personal property of Member and its owners, officers, employees, agents and invitees from time to time, within the Office Space, the Premises and/or the building in which the Premises is located, (ii) commercial general liability insurance covering personal injury, bodily injury and property damage, (iii) business interruption insurance, and (iv) if applicable, worker's compensation insurance as required by law, all of which insurance coverage will be in the form and amount reasonably acceptable to Industrious. All insurance policy(ies) required to be carried by Member must (1) name, as additional insureds, Industrious and its Landlord(s) (including any master landlord and their respective lender(s)), or other persons with responsibility for the Premises whom Industrious may designate in writing to Member, and (2) be endorsed to waive all rights of subrogation against Industrious and its Landlord(s). Upon request from Industrious, Member will promptly provide proof of insurance required to be carried above, and in the form required above, including without limitation, the inclusion of the required additional insureds and waivers of subrogation. Further, Member, on its own behalf and on behalf of its employees, agents and invitees, hereby waives all rights of recovery against the Industrious Parties by way of subrogation or otherwise. If Member fails to maintain any insurance required hereunder, Industrious's failure to take any action regarding such breach, including but not limited to, requesting or requiring proof of the existence of any such insurance at any time, and/or providing notice to Member of any such non-compliance,

will not be considered or construed in any manner as a waiver of any rights of Industrious for such breach, nor will such failure of Member to carry any such insurance or such failure of Industrious to take any action with regard to such breach impose any obligation or liability on Industrious in any manner. Industrious reserves the right, but will not be obligated, to purchase any required insurance on behalf of Member, at Member's expense. If Member fails to carry any required insurance and a Claim occurs that would otherwise be covered by Member's insurance, Industrious, without imposing any liability on Industrious or waiving any rights Industrious has with regard to Member's breach, may, but will not be obligated to, make a claim under any insurance policy carried by Industrious to cover such Claim, in which event Member will be liable to Industrious for all costs and expenses of Industrious to cover such Claim, including, but not limited to, the applicable deductible and a reasonable portion of the premium as determined by Industrious. Industrious, at its expense, will maintain during the Term insurance in such amounts as required under Industrious's lease with its Landlord for the Premises (the "**Lease**").

(g) **Non-Solicitation.** Member will not, during the Term of this Agreement and for a period of one (1) year thereafter, solicit the employment of any officer, employee, contractor, subcontractor or service provider of Industrious, which causes such person, directly or indirectly, to decrease or terminate its employment or business with Industrious. If Member hires any employee, contractor or subcontractor of Industrious during the period described, Member will pay to Industrious an amount equal to such person's annual salary with or fees from Industrious. Notwithstanding the foregoing, nothing in this paragraph shall restrict or preclude Member from hiring any person who responds to a general solicitation of employment through an advertisement not targeted specifically at Industrious or its employees.

Section 7. General

(a) **Breach of Agreement.** In the event of a breach of this Agreement by Member, Industrious will have any and all rights and remedies available to Industrious as set forth in the Agreement, at law and/or in equity, including without limitation, recovery of all court costs and reasonable attorneys' fees incurred by Industrious in pursuing such remedies, whether suit is filed or not, all of which rights and remedies are cumulative and not exclusive of each other.

(b) **Entire Agreement.** This Agreement, including all schedules and attachments incorporated by reference, sets forth the entire understanding of the parties relating to its subject matter, and all other understandings, written or oral, are superseded. This Agreement will also be deemed to include all policies, procedures, and requirements published by Industrious from time to time, with which Member hereby agrees to comply. Except as otherwise provided in this Agreement, this Agreement may not be amended except in a writing executed by both parties.

(c) **Subordination.** Notwithstanding anything herein to the contrary, this Agreement is at all times subject and subordinate to the Lease with Landlord and to any other agreements to which the Lease is subject or subordinate. Member acknowledges that Member has no rights under the Lease.

(d) **Governing Law; Venue; Waiver of Jury Trial.** This Agreement is governed by the laws of New York, without giving effect to any conflict of law principle that would result in the laws of any other jurisdiction governing this Agreement. Any action, suit, or proceeding arising out of the subject matter of this Agreement will be litigated in courts located in New York County, New York. Member consents and submits to the jurisdiction of any local, state, or federal court in New York County, New York. EACH PARTY, BY ENTERING INTO THIS AGREEMENT, HEREBY IRREVOCABLY AGREES TO WAIVE ANY RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THE SUBJECT MATTER OF THIS AGREEMENT.

(e) **Waivers.** Neither party will be deemed by any act or omission to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the waiving party, and then only to the extent specifically set forth in writing. Further, one or more waivers of any covenant or condition by either party will not be construed as a waiver of a subsequent breach of the same covenant or condition, and the consent or approval by either party to or of any act requiring such consent or approval will not be deemed to render unnecessary future consent or approval to or of any subsequent similar act.

(f) **Relationship of the Parties.** The parties to this Agreement are independent contractors and will not be considered agents, employees, servants, joint venturers, or partners of one another. Neither party has the authority to bind the other party except as explicitly set forth in this Agreement, and neither party will make any representation or warranty otherwise. Industrious will have no responsibility for any fee or expense incurred by Member in connection with either party's performance this Agreement, or provision or use of the Services.

(g) **Successors and Assigns.** In the event of any transfer or transfers of Industrious's interest in the Premises, Industrious will automatically be relieved of any and all respective obligations accruing from and after the date of such transfer. Following any such transfer(s), all rights, obligations and interests of Industrious under this Agreement will apply to, inure to the benefit of, and be binding on any such successors and assigns of Industrious.

(h) **No Third-Party Beneficiaries.** Except for third parties entitled to indemnity under this Agreement or third parties whose liability is specifically limited pursuant to the terms of this Agreement, the parties to this Agreement do not intend to confer any right or remedy on any third party.

(i) **Force Majeure.** Neither party is liable for, and will not be considered in default or breach of this Agreement on account of, any delay or failure to perform as required by this Agreement (with the exception Member's obligation to pay any sum due to Industrious hereunder, including without limitation, the License Fees, which obligation will remain unaffected by the provisions of this paragraph) as a result of any causes or conditions that are beyond such party's reasonable control and which such party is unable to overcome by the exercise of reasonable diligence, provided that the affected party will use commercially reasonable efforts to promptly resume normal performance.

(j) **Severability.** If a provision of this Agreement is determined to be unenforceable in any respect, the enforceability of the provision in any other respect and of the remaining provisions of this Agreement will not be impaired.

(k) **Notices.** Unless expressly specified otherwise herein, all notices, requests, demands and other communications to be delivered hereunder will be in writing and delivered in person, by nationally recognized overnight carrier, or by registered or certified mail, return-receipt requested and postage prepaid, to the following addresses: if to Industrious, to: Industrious, Attn: Counsel, 215 Park Avenue South, Suite 1300, New York, NY 10003; and if to Member: to the address provided by Member upon execution of this Agreement, and if none, then to the Office Space. All notices will be deemed effective as of the date of confirmed delivery or refusal of receipt. In addition to the foregoing methods, notices from Industrious to Member may also be delivered by email to the email address provided by Member upon execution of this Agreement. Notices of non-renewal by Member may, at the Member's option, be delivered by email to the Industrious email address provided to Member upon execution of this Agreement. Delivery of notices by email hereunder will be deemed effective upon transmission. Each party may update its respective address and/or e-mail address from time to time upon written notice to the other. Member must promptly provide Industrious with any change of address, e-mail address and other contact information (including phone number). Member agrees to accept community-wide emails sent out to all members by Industrious from time to time, which will be the responsibility of Member to review.

(l) **Updates to Agreement.** Notwithstanding any other provision in this Agreement, Industrious may from time to time update the terms of this Agreement by providing at least thirty (30) days' notice to Member; provided that such updates shall not materially interfere with Member's rights under this Agreement or impose any additional material obligations on Member. Member acknowledges that Member's continued use of the Office Space and/or Services beyond such thirty (30)-day period will constitute acceptance of such updated terms. Member acknowledges that Industrious may serve notice of any changes to Services, fees (other than License Fees hereunder) or other updates through community-wide emails sent out to all members or through notices posted at the Premises, and Member agrees to accept and review such community-wide notices.

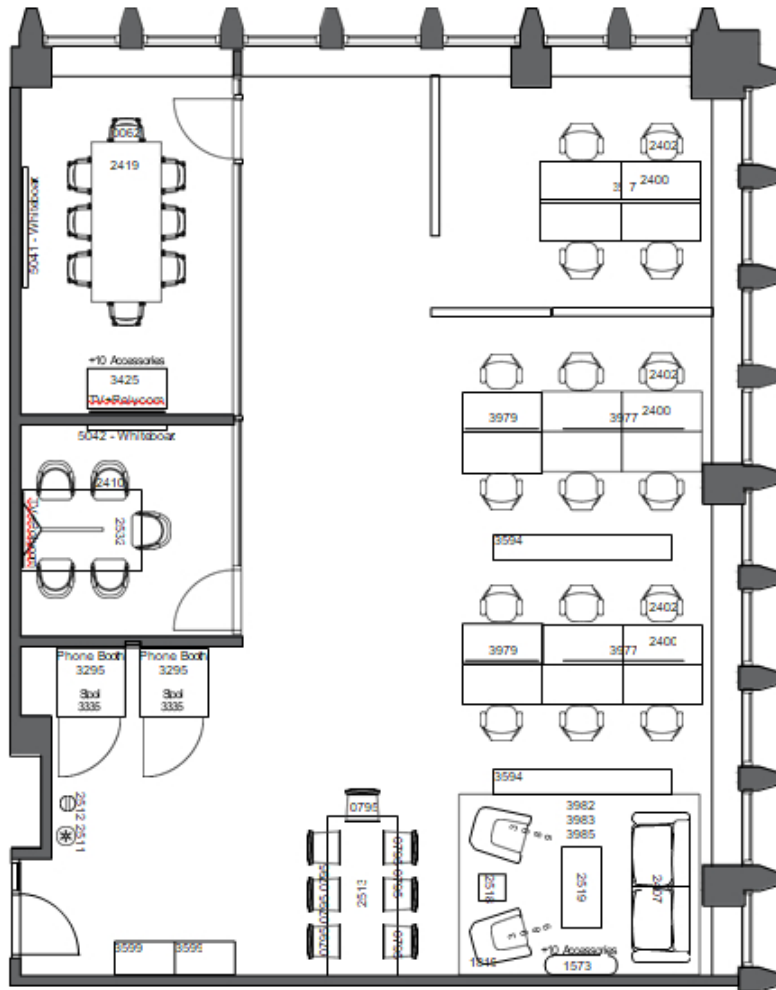
(m) **Accord and Satisfaction.** No payment by Member or receipt by Industrious of a lesser amount than required hereunder will be deemed to be other than on account of the earliest amounts due hereunder, nor will any endorsement or statement on any check or any letter accompanying any check or payment be

deemed an accord and satisfaction and Industrious may accept such check or payment without prejudice to its rights to recover the balance of such amounts or pursue any other rights and remedies it has under this Agreement.

(n) **Time of Essence.** Time is of the essence with respect to the performance of each of Member's obligations under this Agreement.

(o) **Furniture and Design.** Industrious will furnish the Office Space with Industrious standard furnishings, fixtures and equipment ("**FFE**") in accordance with the approved "FFE Specifications Plan" attached hereto as Attachment 1 and made a part of this Agreement. Any FFE that Licensee wishes to install in the Office Space outside of Industrious standard FFE, will be the sole responsibility of the Licensee, and shall be subject to Industrious's approval, which shall not be unreasonably withheld. Any changes to FFE or design after approval of the FFE Specifications Plan shall require the consent of Industrious, which shall not be unreasonably withheld, provided that Licensee will have sole responsibility for (1) any substitutions or additions to the design that result in additional costs above those specified in the FFE Specification Plan, and (2) any incremental hard or soft costs incurred because of changes requested by the Licensee, in each case in the amount specified by Industrious when it approves such change(s).

Attachment 1: FFE Specifications Plan



CONFIDENTIAL TREATMENT REQUESTED - REDACTED COPY

Industrious
MEMBERSHIP AGREEMENT AMENDMENT

Contract Date: 7/23/2020

This Industrious Membership Agreement Amendment ("**Amendment**") is made by and between the Industrious entity or entities ("**Industrious**") and the member ("**Member**") set forth below, and serves to modify that certain Industrious Membership Agreement executed by the parties dated (the "**Agreement**"):

Industrious		Member	
Name	INDUSTRIOUS NYC 1411 BROADWAY	Company Name	Ascend Wellness Holdings
Location Address	1411 Broadway 16th Floor New York, NY 10018	Contact Name	Abner Kurtin
		Email	[REDACTED]

The Agreement, including the relevant information on the signature page thereto, is hereby amended to specify that Member shall have access to and services relating to the following office space (the "Office Space"), at the following terms:

Office No(s).	Office Size (Seats)	Monthly Fee	ACH Discount	Security Deposit	Conference Room Allowance
NYCBRY046	2	\$3,320.25	[***]% discount off Monthly Fee for payments made by ACH via Industrious' billing portal	\$5,244.00	7 hours per month
NYCBRY047	7	\$8,455.00	[***]% discount off Monthly Fee for payments made by ACH via Industrious' billing portal	\$13,345.12	12 hours per month

License Start Date	Earliest Expiration Date	Month-to-Month Agreement	One Month Termination Option (Month-to-Month Agreements Only)	Credit Card and Debit Card Surcharge
8/1/2020	6-Month 2/28/2021	No	No	NA

*Certain identified information has been omitted from this exhibit because it is not material and would likely cause competitive harm to the registrant if publicly disclosed. [***] indicates that information has been omitted.*

Member licensed Suite A of the Premises (the "Original Office Space") pursuant to the Agreement, and Member and Industrious acknowledge and agree that Member shall vacate and surrender the Original Office Space on or before the Contract Date of this Amendment in the condition required under the Agreement. Effective on the Contract Date of this Amendment, Tenant hereby agrees to license the New Office Space and the "Office Space" shall mean the New Office Space.

Pursuant to the Agreement, Industrious holds a security deposit in the amount of \$69,536.00 (the "Security Deposit"). Industrious and Member agree that the Security Deposit shall be reduced and applied as follows:

(i) \$11,775.25 per month shall be applicable to the Monthly Fee for the Office Space for the months of August, September and October for the calendar year 2020 (i.e., \$35,325.75 in the aggregate); (ii) the Security Deposit held by Industrious shall be reduced to \$18,589.12; and (iii) \$15,621.13 shall be retained by and released to Industrious.

TIME-LIMITED PROMOTION

In recognition of the uncertainty associated with governmental stay-at-home orders implemented as a result of the COVID-19 pandemic, if this Amendment is signed on or before September 30, 2020 and results in either (a) the extension of the Agreement for a Term of six (6) months or greater and/or (b) the expansion or addition of Office Space for a Term of six (6) months or greater, Industrious will honor the following discount, notwithstanding any language to the contrary elsewhere in this Amendment or in the Agreement: In the event that a governmental stay-at-home order is implemented in the jurisdiction where the Office Space is located, and such order endures for more than five (5) business days, Member will receive a pro-rated discount of [***] percent ([***]%) off the License Fee set forth in this Amendment for every business day that such order is in effect. A "business day" for purposes of this paragraph is a day of the week from Monday through Friday. The discount set forth in this paragraph shall be in effect for the period from June 30, 2020 through and including December 31, 2020, unless otherwise extended in writing by Industrious.

The applicable provisions of this Amendment shall be deemed to be incorporated into the Agreement in full and to be an integral part thereof as though fully set forth therein. With the exception of the above amendment, all other provisions of the Agreement shall remain in full force and effect. Capitalized terms not otherwise defined in this Amendment shall retain their definitions set forth in the Agreement. This Amendment may be executed in counterparts, each of which shall be an original and all of which taken together shall constitute one and the same agreement. Signatures to this Amendment transmitted by electronic means shall be valid and effective to bind the party so signing. This Amendment will not be valid until approved and signed by an authorized representative of Industrious.

By signing below, each party acknowledges that it has read and understood this Amendment and agrees to be bound by its terms, effective as of the Contract Date set forth above.

Industrious:

By: _____

Member:

By: _____

Certain identified information has been omitted from this exhibit because it is not material and would likely cause competitive harm to the registrant if publicly disclosed. [] indicates that information has been omitted.***

Name: [REDACTED] Title: <u>Community Manager</u>	Company Name: <u>Ascend Wellness Holdings</u> Contact Name: Abner Kurtin Title: CEO
---	---

Certain identified information has been omitted from this exhibit because it is not material and would likely cause competitive harm to the registrant if publicly disclosed. [] indicates that information has been omitted.***

DOCUMENT NAME: Ascend Wellness Holdings - Amendment FINAL
DOC ID: [REDACTED]

ELECTRONICALLY SIGNED BY:

Name: Abner Kurtin
Title: Founder
Company: AWH
Email: [REDACTED]
Date!Time: August 2, 2020 13:57:10
IP Address: [REDACTED]
/s/ Abner Kurtin

Name: [REDACTED]
Date!Time: August 4, 2020 08:53:55
/s/ Lauren Cohen

Certain identified information has been omitted from this exhibit because it is not material and would likely cause competitive harm to the registrant if publicly disclosed. [] indicates that information has been omitted.***



**MOCA, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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February 12, 2021

To the Board of Managers
MOCA, LLC
Chicago, Illinois

Independent Auditor's Report

We have audited the accompanying financial statements of MOCA, LLC (the Company), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of MOCA, LLC as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Cannabis Laws

As discussed in Note 8 to the financial statements, the Company operates in the cannabis industry which is legal in the state of Illinois but illegal under United States federal law. Our opinion is not modified with respect to this matter.

/s/ Hill, Barth & King LLC

Certified Public Accountants

See accompanying notes to financial statements

MOCA, LLC
Balance Sheets
December 31, 2020 and 2019

Assets	<u>2020</u>	<u>2019</u>
Current Assets:		
Cash	\$ 2,470,457	\$ 415,950
Accounts receivable	276,510	-
Inventories	1,254,904	153,327
Prepaid expenses and other current assets	35,213	333,138
	<hr/>	<hr/>
Total Current Assets	4,037,084	902,415
Property and equipment, net	725,411	373,845
Deposits and other assets	83,000	28,000
	<hr/>	<hr/>
TOTAL ASSETS	\$ 4,845,495	\$ 1,304,260
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 727,312	\$ 57,500
Income taxes payable	1,356,053	-
	<hr/>	<hr/>
Total Current Liabilities	2,083,365	57,500
Long-Term Liabilities:		
Deferred rent	502,680	76,843
	<hr/>	<hr/>
TOTAL LIABILITIES	2,586,045	134,343
MEMBERS EQUITY	<hr/>	<hr/>
	2,259,450	1,169,917
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 4,845,495	\$ 1,304,260
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements

MOCA, LLC
Statements of Income

For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenues, Net of Discounts	\$ 21,626,283	\$ 7,863,660
Costs of Goods Sold	<u>11,288,403</u>	<u>4,119,717</u>
Gross Profit	<u>10,337,880</u>	<u>3,743,943</u>
Operating Expenses:		
Selling, General and Administrative Expenses	<u>6,095,294</u>	<u>1,460,926</u>
Income from Operations Before Income Taxes	4,242,586	2,283,017
Provision for Income Taxes	<u>3,153,053</u>	<u>1,052,227</u>
Net Income	<u><u>\$ 1,089,533</u></u>	<u><u>\$ 1,230,790</u></u>

The accompanying notes are an integral part of these financial statements

MOCA, LLC
Statements of Changes in Members' Equity
For the Years Ended December 31, 2020 and 2019

Balance, January 1, 2019	\$	695,983
Net Income		1,230,790
Distributions To Members		<u>(756,856)</u>
Balance, December 31, 2019	\$	<u>1,169,917</u>
Net Income		1,089,533
Members Contributions		10,000,000
Distributions to Members		<u>(10,000,000)</u>
Balance, December 31, 2020	\$	<u>2,259,450</u>

The accompanying notes are an integral part of these financial statements

MOCA, LLC**Statements of Cash Flows****For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Cash Flows From Operation Activities		
Net income	\$ 1,089,533	\$ 1,230,790
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	175,787	56,435
Changes in assets and liabilities:		
Accounts receivable	(276,510)	–
Inventories	(1,101,577)	(16,657)
Prepaid expenses and other current assets	297,925	(305,870)
Deposits and other assets	(55,000)	50,000
Accounts payable and accrued expenses	669,812	(90,925)
Income taxes payable	1,356,053	–
Deferred rent	425,837	6,079
	<u>2,581,860</u>	<u>929,852</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,581,860</u>	<u>929,852</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(527,353)	(15,090)
	<u>(527,353)</u>	<u>(15,090)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(527,353)</u>	<u>(15,090)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Members' contributions	10,000,000	–
Distributions to members	(10,000,000)	(756,856)
	<u>–</u>	<u>(756,856)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>–</u>	<u>(756,856)</u>
NET INCREASE IN CASH	2,054,407	157,906
CASH, BEGINNING OF YEAR	415,950	258,044
CASH, END OF YEAR	<u>\$ 2,470,457</u>	<u>\$ 415,950</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for taxes	\$ 1,797,000	\$ 1,114,302

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS

(a) Business Description

MOCA, LLC (the “Company”) owns and operates two dispensaries in Chicago, Illinois. The Logan Square location opened in 2016 and sells both medical and recreational cannabis. The River North location, which opened in 2020, sells recreational cannabis.

On August 1, 2020, the Company entered into an agreement with Ascend Illinois, LLC to sell its membership units for total consideration of approximately \$22,311,000 consisting of \$21,173,806 in cash, including working capital adjustments, and 8,125 common units of Ascend Wellness Holdings, LLC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) and reflect the accounts and operations of the Company.

(b) Revenue

Revenue is recognized at the point of sale, at which time title and risk of loss pass to the customers. The Company has customer loyalty programs in which retail customers accumulate points for each dollar of spending. These points are recorded as a contract liability until customers redeem their points for discounts on cannabis and vape products as part of an in-store sales transaction.

(c) Cash

Cash include cash deposits in financial institutions and other deposits that are readily convertible to cash. The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. At times cash may be in excess of Federal Deposit Insurance Corporation (FDIC) limits.

(d) Accounts Receivables

Accounts receivable represents payments owed from third party payments processors. Account balances are charged off against the allowance when the Company believes it is probable the receivable will not be recovered. As of December 31, 2020 and 2019, the Company did not have an allowance for doubtful accounts.

(e) Inventories

Inventories consist of cannabis and non-cannabis products that are valued at cost and subsequently at the lower of cost and net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. The Company reviews its inventories for obsolete, redundant and slow-moving goods and any such inventories are written down to net realizable value. There were no reserves for obsolete inventories as of December 31, 2020 and 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Property and Equipment

Property and equipment is 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:

Furniture and Fixtures	7 Years
Equipment	5-7 Years
Leasehold Improvements	Remaining Life of Lease of Useful Life

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial statement 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 de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in operations in the year the asset is derecognized.

(g) Impairment of Long-Lived Assets

The Company accounts for its long-lived assets such as property and equipment and intangible assets in accordance with FASB ASC Topic No. 360, "Accounting for the Impairment or Disposal of Long-lived Assets" ("ASC 360").

Management reviews long-lived assets for impairment whenever changes in events or circumstances indicate the assets may be impaired, but no less frequently than annually. Pursuant to ASC 360, an impairment loss is to be recorded when the net book value of an asset exceeds the undiscounted cash flows expected to be generated from the use of the asset. If an asset is determined to be impaired, the asset is written down to its realizable value, and the loss is recognized in the statement of income in the period when the determination is made. No impairment charges for long-lived assets have been recorded for the years ended December 31, 2020 and 2019.

(h) Leased Assets

A lease of property and equipment is classified as a capital lease if it transfers substantially all the risks and awards incidental to ownership to the Company. 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.

See accompanying notes to financial statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Income Taxes

Income tax expense consisting of current and deferred tax expense is recognized in the Statements of Income based on the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end.

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.

The Company is subject to U.S. Internal Revenue Code Section 280E. The 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.

There are no positions for which it is reasonably possible that the uncertain tax benefit will significantly increase or decrease within twelve months. The Company files income tax returns in the United States and Illinois. The federal statute of limitation remains open for the 2017 tax year to the present. The state income tax returns generally remain open for the 2017 tax year through the present.

(j) Fair Value of Financial Instruments

The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities that are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as risks inherent in valuation techniques, transfer restrictions and credit risk. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

There were no transfers between levels during the years ended December 31, 2020 and 2019.

See accompanying notes to financial statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Significant Accounting Judgments, Estimates, and Assumptions

The preparation of the Company's 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 revision affects both current and future periods.

Significant estimates inherent in the preparation of the Company's financial statements include the assumptions related to the estimated useful lives for property and equipment.

The novel coronavirus commonly referred to as "COVID-19" was identified in December 2019 in Wuhan, China. On January 30, 2020, the World Health Organization declared the outbreak a global health emergency, and on March 11, 2020, the spread of COVID-19 was declared a pandemic by the World Health Organization. On March 13, 2020, the spread of COVID-19 was declared a national emergency by President Donald Trump. The outbreak has spread throughout Europe, the Middle East and North America, causing companies and various international jurisdictions to impose restrictions such as quarantines, business closures and travel restrictions.

While these effects are expected to be temporary, the duration of the business disruptions and related financial impact cannot reasonably be estimated at this time. In addition, it is possible that estimates in the Company's financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets including intangibles and goodwill. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

(l) Recent Accounting Pronouncements

- (i) The FASB issued ASU 2014-09, Revenue from Contracts with Customers, (Topic 606) (ASU 2014-09), in May 2014. ASU 2014-09 sets forth a new five-step revenue recognition model that will require the use of more estimates and judgment. ASU 2014-09 will replace current revenue recognition requirements in Topic 605, Revenue Recognition, in its entirety. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in prior accounting guidance. ASU 2014-09 is effective for annual financial statements of private companies issued for fiscal years beginning after December 15, 2019, and should be applied retrospectively in the year the ASU is first applied using one of two allowable application methods. The Company has adopted this ASU as of January 1, 2019. The impact of the new standard on the financial statements was not significant.
- (ii) In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) ("ASC 842"), which will replace ASC 840, "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. For private companies, the standard will be effective for annual periods beginning on or after December 15 2021, with earlier application permitted. The standard requires a modified retrospective approach for leases that exist or are entered into after

See accompanying notes to financial statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Recent Accounting Pronouncements (Continued)

the beginning of the earliest comparative period in the financial statements. The Company is currently evaluating the effect of adopting this ASU on the Company's financial statements.

- (iii) In June 2016, the FASB issued ASC 2016-13, Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments. ASU 2016-13 requires entities to measure all expected credit losses for most financial assets held at the reporting date based on an expected loss model which includes historical experience, current conditions, and reasonable and supportable forecasts. Companies will now use forward-looking information to better form their credit loss estimates. ASU 2016-13 also requires enhanced disclosures to help financial statement users better understand significant estimates and judgements used in estimating credit losses, as well as the credit quality and underwriting standards of a company's portfolio. For private companies, ASU 2016-13 is effective for annual periods beginning after December 15, 2022. The Company does not believe that the impact of the new standard on its financial statements will be material.
- (iv) In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740) - Simplifying the Accounting for Income Taxes, which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. For private companies, ASU 2019-12 is effective for annual periods beginning and after December 15, 2021. The Company is currently evaluating the effect of adopting this ASU on the Company's financial statements.
- (v) In October 2018, the FASB issued ASU 2018-17, Targeted improvements to related party guidance for variable interest entities which amended the Consolidation topic (Topic 810) of the Accounting Standards Codification. Under the amended guidance, a nonpublic entity has the option to exempt itself from applying the variable interest entity (VIE) consolidation model to qualifying common control arrangements. The amendments are effective for annual periods beginning after December 15, 2020, and interim periods within annual periods beginning after December 15, 2021, with early adoption permitted. The Company adopted the amended guidance and elected to exempt itself from applying the VIE consolidation model to qualifying common control arrangements in 2019.

3. INVENTORIES

The Company's inventories include the following at December 31, 2020 and 2019:

	2020		2019
Canabis	\$ 1,225,083	\$	147,760
Non-Canabis	29,821		5,567
Total Inventories	\$ 1,254,904	\$	153,327

See accompanying notes to financial statements

4. PROPERTY AND EQUIPMENT

At December 31, 2020 and 2019, property and equipment consisted of:

	<u>2020</u>	<u>2019</u>
Furniture and Fixtures	\$ 10,899	\$ 10,899
Equipment	380,787	108,406
Leasehold Improvements	730,032	475,060
	<hr/>	<hr/>
Total Property and Equipment, Gross	1,121,718	594,365
Less: Accumulated Depreciation	(396,307)	(220,520)
	<hr/>	<hr/>
Property and Equipment, Net	<u>\$ 725,411</u>	<u>\$ 373,845</u>

5. MEMBERS' EQUITY

Effective February 1, 2019, MOCA, LLC elected to be treated as a C Corporation for federal income tax purposes. Members' equity is comprised of one class of units, as described in the Company's applicable operating agreement.

6. INCOME TAXES

Provision for income taxes consists of the following for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Current Taxes		
Federal	\$ 2,170,954	\$ 743,794
State	982,099	308,433
	<hr/>	<hr/>
Total income tax expense	<u>\$ 3,153,053</u>	<u>\$ 1,052,222</u>

Effective February 1, 2019, the Company elected to be treated as a C Corporation for Federal income tax purposes.

As the Company operates in the cannabis industry, it is subject to the limitations of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss. The Company has not identified any uncertain tax positions as of December 31, 2020.

See accompanying notes to financial statements

7. LEASE COMMITMENTS

The Company leases certain business facilities from third parties under operating lease agreements that specify minimum rentals. The leases expire through 2029 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, 2020 and 2019 was \$1,043,722 and \$113,912, 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,	Total
2021	\$ 817,995
2022	835,078
2023	852,522
2024	870,333
2025	767,914
2026 and Thereafter	3,063,456
	\$ 7,207,298

8. CONTINGENCIES

The Company is subject to lawsuits, investigations and other claims related to employment, commercial and other matters that arise out of operations in the normal course of business. Periodically, the Company reviews the status of each significant matter and assesses the potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable, and the amount can be reliably estimated, such amount is recognized in other liabilities.

Contingent liabilities are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. The Company performs evaluations to identify onerous contracts and, where applicable, records contingent liabilities for such contracts.

The Company engages in the marijuana business. Marijuana is currently illegal under U.S. federal law. It is a Schedule I controlled substance. 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 as of December 31, 2020, marijuana 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.

As discussed above, the cultivation, sale, and use of marijuana is illegal under U.S. federal law. Therefore, there is a compelling argument that banks cannot accept deposit funds from the medical marijuana business and therefore would not be able to do business with the Company. As such, the Company may have trouble

See accompanying notes to financial statements

8. CONTINGENCIES *(Continued)*

finding a bank willing to accept its business. There can be no assurance that banks in U.S. states currently or in the future will decide to do business with medical marijuana growers or retailers, or that in the absence of U.S. legislation, U.S. state and federal banking regulators will not strictly enforce current prohibitions on banks handling funds generated from an activity that is illegal under U.S. federal law. This may make it difficult for the Company to open accounts, use the service of banks, and otherwise transact business, which in turn may negatively affect the Company.

9. SUBSEQUENT EVENTS

Management has evaluated significant events or transactions that have occurred since the balance sheet date and through the date the financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the balance sheet date that require additional disclosure in the financial statements or notes.

See accompanying notes to financial statements

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This management discussion and analysis, which we refer to as the “**MD&A**”, of the financial condition and results of operations of MOCA, LLC (the “**Company**”) is for the years ended December 31, 2020 and 2019. It is supplemental to, and should be read in conjunction with, the consolidated financial statements for the years ended December 31, 2020 and 2019, and the accompanying notes thereto (the “**Annual Financial Statements**”). The Annual Financial Statements were prepared in accordance with accounting principles generally accepted in the United States of America, which we refer to as “**GAAP**”.

The following discussion should be read in conjunction with, and is qualified in its entirety by, the Annual Financial Statements and the accompanying notes thereto. In addition to historical information, the discussion in this section contains forward-looking statements and forward-looking information (collectively, forward-looking information) that involve risks and uncertainties. Generally, forward-looking information may be identified by the use of forward-looking terminology such as “plans,” “expects,” “does not expect,” “proposed,” “is expected,” “budgets,” “scheduled,” “estimates,” “forecasts,” “intends,” “anticipates,” “does not anticipate,” “believes,” or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events, or results may, could, would, or might occur or be achieved. There can be no assurance that such forward-looking information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such forward-looking information. Forward-looking information is subject to known and unknown risks, uncertainties, and other factors that may cause the actual results, level of activity, performance, or achievements of the Company to be materially different from those or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; delay or failure to receive board or regulatory approvals; the actual results of future operations; operating and development costs; competition; changes in legislation or regulations affecting the Company; the timing and availability of external financing on acceptable terms; favorable production levels and outputs; the stability of pricing of cannabis products; the level of demand for cannabis product; the availability of third-party service providers and other inputs for the Company’s operations; and lack of qualified, skilled labor or loss of key individuals. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, including those set forth under the “Risk Factors” section and elsewhere in this Prospectus, there may be other factors that cause results not to be as anticipated, estimated or intended. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Financial information presented in this MD&A is presented in thousands of United States dollars (“\$”), unless otherwise indicated. We round amounts in this MD&A to the thousands and calculate all percentages and per-share data from the underlying whole-dollar amounts. Thus, certain amounts may not foot, crossfoot, or recalculate based on reported numbers due to rounding. Unless otherwise indicated, all references to years are to our fiscal year, which ends on December 31.

This MD&A was prepared by management of the Company and is dated and presented as of February 16, 2021.

Business Overview

We were founded in 2016 and operate in one U.S. geographic market. As of February 16, 2021, we employ approximately 100 people. We currently have two open and operating retail locations.

Results of Operations

Year Ended December 31, 2020 Compared to 2019

	<u>2020</u>	<u>2019</u>
Revenues, Net of Discounts	\$ 21,626,283	\$ 7,863,660
Cost of Goods Sold	11,288,403	4,119,717
Gross Profit	10,337,880	3,743,943
Operating Expenses:		
Selling, General and Administrative Expenses	6,095,294	1,460,926
Income from Operations Before Income Taxes	4,242,586	2,283,017
Provision for Income Taxes	3,153,053	1,052,227
Net Income	<u>\$ 1,089,533</u>	<u>\$ 1,230,790</u>

Revenue

Revenue for the year ended December 31, 2020 was \$21,626,283, compared to \$7,863,660 in 2019, primarily driven by growth in our retail business, legalization of adult use cannabis in Illinois, and the opening of our second location.

Cost of Goods Sold

Cost of goods sold for the year ended December 31, 2020 was \$11,288,403, compared to \$4,119,717 in 2019, driven by growth in our retail business, legalization of adult use cannabis in Illinois, and the opening of our second location. Cost of goods sold represents the direct costs for product sold.

Gross Profit

Gross profit for the year ended December 31, 2020 was \$10,337,880, representing a gross margin of 48%, compared to 48% in 2019. Gross margin during 2020 reflects strong performance in our retail locations.

General and Administrative Expenses

General and administrative expenses for the year ended December 31, 2020 was \$6,095,294, compared to \$1,460,926 in 2019. The increase of \$4,634,368 was primarily driven by an increase of \$2,260,838 related to payroll, an increase of \$929,810 related to rent, an increase of \$115,824 related to professional services, an increase of \$229,512 related to marketing expenses, and an increase of \$101,415 related to insurance expenses, all due to the Company's expansion of operations during 2020.

Compensation Expense

Compensation expense for the year ended December 31, 2020 was \$3,051,289, compared to \$790,451 in 2019, primarily driven by the hiring of personnel to support the expansion of operations during 2020.

Depreciation and Amortization

Depreciation and amortization for the year ended December 31, 2020 was \$175,787, compared to \$56,435 in 2019. The increase was attributable to amortization of the Company's intangible assets and depreciation on capital assets during 2020.

Income Tax Expense

Income tax expense is recognized based on the expected tax payable on the taxable income for the year, using tax rates enacted at year-end. For the year ended December 31, 2020, income tax expense totaled \$3,153,053.

Since the Company operates in the cannabis industry, it is subject to the limitations of Section 280E of the Code, which prohibits businesses engaged in the trafficking of Schedule I or Schedule II controlled substances from deducting normal business expenses, such as payroll and rent, from gross profit (revenue less cost of goods sold). Section 280E was originally intended to penalize criminal market operators, but because cannabis remains a Schedule I controlled substance for federal purposes, the IRS has subsequently applied Section 280E to state legal cannabis businesses. Cannabis businesses operating in states that align their tax codes with the IRC are also unable to deduct normal business expenses from their state taxes. This results in permanent differences between ordinary and necessary business expenses deemed non-deductible under IRC Section 280E. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss, primarily driven by non-deductible expense.

Liquidity and Capital Resources

Our primary source of liquidity is operating cash flows. We are generating cash from sales and deploying our capital reserves to acquire and develop assets capable of producing additional revenue and earnings over both the immediate and long term..

Financing History and Future Capital Requirements

To date, we have used private financing as a source of liquidity for short-term working capital needs and general corporate purposes. Our future ability to fund operations, to make planned capital expenditures, to acquire other entities or investments, and to repay or refinance indebtedness depends on our future operating performance, cash flows, and ability to obtain equity or debt financing, which are subject to prevailing economic conditions, as well as financial, business, and other factors, some of which are beyond our control.

As of December 31, 2020, and 2019, the Company had total current liabilities of \$2,083,365 and \$57,500, respectively, and cash of \$2,470,457 and \$415,950, respectively, to meet its current obligations. As of December 31, 2020, the Company had working capital of \$1,953,719, an increase of \$1,108,804 as compared to December 31, 2019, driven primarily by investments in inventory and notes receivable during 2020.

Cash Flows

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 1,089,533	\$ 1,230,790
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	175,787	56,435
Changes in assets and liabilities:		
Accounts receivable	(276,510)	—
Inventories	(1,101,577)	(16,657)
Prepaid expenses and other current assets	297,925	(305,870)
Deposits and other assets	(55,000)	50,000
Accounts payable and accrued expenses	669,812	(90,925)
Income taxes payable	1,356,053	—
Deferred rent	425,837	6,079
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,581,860</u>	<u>929,852</u>
CASHFLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(527,353)	(15,090)
NET CASH USED IN INVESTING ACTIVITIES	<u>(527,353)</u>	<u>(15,090)</u>
CASHFLOWS FROM FINANCING ACTIVITIES:		
Members' contributions	10,000,000	—
Distributions to members	(10,000,000)	(756,856)
NET CASH USED IN FINANCING ACTIVITIES	<u>—</u>	<u>(756,856)</u>
NET INCREASE IN CASH	2,054,507	157,906
CASH, BEGINNING OF YEAR	415,950	258,044
CASH, END OF YEAR	<u>\$ 2,470,457</u>	<u>\$ 415,950</u>

Operating Activities

Net cash provided by operating activities increased by \$1,652,008 during 2020, as compared to 2019, primarily driven by growth in our retail business, legalization of adult use cannabis in Illinois, and the opening of our second location.

Investing Activities

Net cash used in investing activities increased by \$512,263 during 2020, as compared to 2019, primarily due to our investment in property, plant and equipment.

Financing Activities

Net cash used in financing activities decreased by \$756,856 during 2020, as compared to 2019, primarily due to the Company not distributing funds to members in 2020.

Contractual Obligations and Other Commitments and Contingencies

The following table summarizes the Company's future obligations with respect to operating leases:

<u>Year Ending December 31</u>	<u>Total</u>
2021	\$ 817,995
2022	835,078
2023	852,522
2024	870,333
2025	767,914
2026 and Thereafter	3,063,456
	<u>\$ 7,207,298</u>

Off-Balance Sheet Arrangements

As of the date of this MD&A, we do not have any off-balance-sheet arrangements, as defined by applicable regulations of the Securities and Exchange Commission, that have, or are reasonably likely to have, a current or future effect on the results of our operations or financial condition, including, and without limitation, such considerations as liquidity and capital resources.

Related Party Transactions

We did not identify significant related party transactions during the years ended December 31, 2020 and 2019.

Subsequent Transactions

We did not identify significant subsequent events.

Critical Accounting Policies and Estimates

The preparation of consolidated financial statements in accordance with GAAP requires our management to make certain estimates that affect the reported amounts. The Company's significant accounting policies are described in Note 2, "Summary of Significant Accounting Policies," in the Annual Financial Statements. The Company bases estimates on historical experience, known or expected trends, independent valuations, and various other assumptions that the Company believes to be reasonable under the circumstances. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. The Company believes the following critical accounting policies govern the more significant judgments and estimates used in the preparation of the Annual Financial Statements: estimated useful lives for property and equipment.

Recent Accounting Pronouncements

The following GAAP standards have been recently issued by the Financial Accounting Standards Board ("FASB"). We are assessing the impact of these new standards on future consolidated financial statements. Pronouncements that are not applicable to the Company or where it has been determined do not have a significant impact on us have been excluded herein.

The FASB issued ASU 2014-09, Revenue from Contracts with Customers, (Topic 606) (ASU 2014-09), in May 2014. ASU 2014-09 sets forth a new five-step revenue recognition model that will require the use of more estimates and judgment. ASU 2014-09 will replace current revenue recognition requirements in Topic 605, Revenue Recognition, in its entirety. The standard also requires more detailed disclosures and provides additional guidance

for transactions that were not addressed completely in prior accounting guidance. ASU 2014-09 is effective for annual financial statements of private companies issued for fiscal years beginning after December 15, 2019, and should be applied retrospectively in the year the ASU is first applied using one of two allowable application methods. The Company has adopted this ASU as of January 1, 2019. The impact of the new standard on the financial statements was not significant.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) (“ASC 842”), which will replace ASC 840, “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. For private companies, the standard will be effective for annual periods beginning on or after December 15, 2021, with earlier application permitted. The standard requires a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. The Company is currently evaluating the effect of adopting this ASU on the Company’s financial statements.

In June 2016, the FASB issued ASC 2016-13, Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments. ASU 2016-13 requires entities to measure all expected credit losses for most financial assets held at the reporting date based on an expected loss model which includes historical experience, current conditions, and reasonable and supportable forecasts. Companies will now use forward-looking information to better form their credit loss estimates. ASU 2016-13 also requires enhanced disclosures to help financial statement users better understand significant estimates and judgements used in estimating credit losses, as well as the credit quality and underwriting standards of a company’s portfolio. For private companies, ASU 2016-13 is effective for annual periods beginning after December 15, 2022. The Company does not believe that the impact of the new standard on its financial statements will be material.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740) - Simplifying the Accounting for Income Taxes, which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. For private companies, ASU 2019-12 is effective for annual periods beginning and after December 15, 2021. The Company is currently evaluating the effect of adopting this ASU on the Company’s financial statements.

In October 2018, the FASB issued ASU 2018-17, Targeted improvements to related party guidance for variable interest entities which amended the Consolidation topic (Topic 810) of the Accounting Standards Codification. Under the amended guidance, a nonpublic entity has the option to exempt itself from applying the variable interest entity (VIE) consolidation model to qualifying common control arrangements. The amendments are effective for annual periods beginning after December 15, 2020, and interim periods within annual periods beginning after December 15, 2021, with early adoption permitted. The Company adopted the amended guidance and elected to exempt itself from applying the VIE consolidation model to qualifying common control arrangements in 2019.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed in varying degrees to a variety of financial instrument related risks. The Company mitigates these risks by assessing, monitoring and approving our risk management processes.

Credit Risk

Credit risk is the risk of a potential loss to us if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at December 31, 2020 is the carrying amount of cash and cash equivalents. We do not have significant credit risk with respect to our customers. All cash and cash equivalents are placed with major U.S. financial institutions.

We provide credit to our customers in the normal course of business. We have established credit evaluation and monitoring processes to mitigate credit risk but have limited risk as the majority of our sales are transacted with cash.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations associated with financial liabilities. We manage liquidity risk through the effective management of our capital structure. Our approach to managing liquidity is to ensure that we will have sufficient liquidity at all times to settle obligations and liabilities when due.

Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, raw materials, and other commodity prices. Strategic and operational risks may arise if we fail to carry out business operations and/or raise sufficient equity and/or debt financing. Strategic opportunities or threats may arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. We seek to mitigate such risks by consideration of potential development opportunities and challenges.

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. Cash and cash equivalents bear interest at market rates. Our financial debts have fixed rates of interest and therefore expose us to a limited interest rate fair value risk.

Commodities Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The primary raw materials used by us aside from those cultivated internally are labels and packaging. Management believes a hypothetical 10% change in the price of these materials would not have a significant effect on our consolidated annual results of operations or cash flows, as these costs are generally passed through to our customers. However, such an increase could have an impact on our customers' demand for our products, and we are not able to quantify the impact of such potential change in demand on our annual results of operations or cash flows.

COVID-19 Risk

We are monitoring COVID-19 closely, and although our operations have not been materially affected by the COVID-19 outbreak to date, the ultimate severity of the outbreak and its impact on the economic environment is uncertain. Our operations are ongoing as the cultivation, processing and sale of cannabis products is currently considered an essential business by the states in which we operate with respect to all customers (except for Massachusetts, where cannabis has been deemed essential only for medical patients). In all locations where regulations have been enabled by governmental authorities, we have expanded consumer delivery options and curbside pickup to help protect the health and safety of our employees and customers. The pandemic has not materially impacted our business operations or liquidity position to date. We continue to generate operating cash flows to meet our short-term liquidity needs. The uncertain nature of the spread of COVID-19 may impact our business operations for reasons including the potential quarantine of our employees or those of our supply chain partners or a change in our designation as "essential" in states where we do business that currently or in the future impose restrictions on business operations.



**CHICAGO ALTERNATIVE HEALTH
CENTER HOLDINGS, LLC AND
AFFILIATE
COMBINED FINANCIAL
STATEMENTS
DECEMBER 31, 2020 AND 2019**

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February 15, 2021

To the Board of Directors and Members
Chicago Alternative Health Center Holdings, LLC and Affiliate
Chicago, Illinois

Independent Auditor's Report

We have audited the accompanying combined financial statements of Chicago Alternative Health Center Holdings, LLC and affiliate (collectively the Company) , which comprise the combined balance sheets as of December 31, 2020 and 2019, and the related combined statements of income, changes in Members' equity, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Cannabis Laws

As discussed in Note 8 to the combined financial statements, the Company operates in the cannabis industry which is legal in the state of Illinois but illegal under the United States federal law. Our opinion is not modified with respect to this matter.

/s/ Hill, Barth & King LLC

Certified Public Accountants

CHICAGO ALTERNATIVE HEALTH CENTER HOLDINGS, LLC AND AFFILIATE
Combined Balance Sheets
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets:		
Cash	\$ 376,226	\$ 235,543
Inventories	447,774	225,647
Prepaid expenses and other assets	29,748	5,702
Total Current Assets	853,748	466,892
Property and equipment, net	1,925,771	1,439,656
Other assets	50,000	50,000
TOTAL ASSETS	<u>\$ 2,829,519</u>	<u>\$ 1,956,548</u>
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 358,900	\$ 75,805
Notes payable - members	—	1,580,787
Total Current Liabilities	358,900	1,656,592
TOTAL LIABILITIES	358,900	1,656,592
MEMBERS' EQUITY	<u>2,470,619</u>	<u>299,956</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 2,829,519</u>	<u>\$ 1,956,548</u>

The accompanying notes are an integral part of these combined financial statements

CHICAGO ALTERNATIVE HEALTH CENTER HOLDINGS, LLC AND AFFILIATE
Combined Statements of Income
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenues, Net of Discounts	\$ 11,163,773	\$ 4,062,438
Cost of Goods Sold	<u>7,380,092</u>	<u>2,478,293</u>
Gross Profit	3,783,681	1,584,145
Operating Expenses:		
Selling, General and Administrative Expenses	<u>961,905</u>	<u>1,006,830</u>
Income from Operations Before Taxes	2,821,776	577,315
Provision for Income Taxes	<u>81,379</u>	<u>—</u>
Net Income	<u>\$ 2,740,397</u>	<u>\$ 577,315</u>

The accompanying notes are an integral part of these combined financial statements

CHICAGO ALTERNATIVE HEALTH CENTER HOLDINGS, LLC AND AFFILIATE
Combined Statements of Changes in Members' Equity
For the Years Ended December 31, 2020 and 2019

Balance, January 1, 2019	\$	(57,195)
Net Income		577,315
Distributions to Members		<u>(220,164)</u>
Balance, December 31, 2019		299,956
Net Income		2,740,397
Contributions from Members		600,000
Distributions to Members		<u>(1,169,734)</u>
Balance, December 31, 2020	\$	<u><u>2,470,619</u></u>

The accompanying notes are an integral part of these combined financial statements

CHICAGO ALTERNATIVE HEALTH CENTER HOLDINGS, LLC AND AFFILIATE
Combined Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 2,740,397	\$ 577,315
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	48,726	30,264
Changes in assets and liabilities:		
Inventories	(222,127)	(185,098)
Prepaid expenses and other assets	(24,046)	(5,702)
Accounts payable and accrued expenses	283,095	(202,684)
	<u>2,826,045</u>	<u>214,095</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,826,045</u>	<u>214,095</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(534,841)	(338,999)
	<u>(534,841)</u>	<u>(338,999)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(534,841)</u>	<u>(338,999)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of notes payable - members	1,100,000	656,006
Repayments of notes payable - members	(2,680,787)	(180,000)
Member contributions	600,000	—
Member distributions	(1,169,734)	(220,164)
	<u>(2,150,521)</u>	<u>255,842</u>
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	<u>(2,150,521)</u>	<u>255,842</u>
NET INCREASE IN CASH	140,683	130,938
CASH, BEGINNING OF YEAR	<u>235,543</u>	<u>104,605</u>
CASH, END OF YEAR	<u>\$ 376,226</u>	<u>\$ 235,543</u>

The accompanying notes are an integral part of these combined financial statements

1. NATURE OF OPERATIONS

(a) Business Description

Chicago Alternative Health Center, LLC owns and operates a dispensary in Chicago, Illinois that sells both medical and recreational cannabis. Chicago Alternative Health Center Holdings, LLC is a real estate holding company. Chicago Alternative Health Center, LLC and Chicago Alternative Health Center Holdings, LLC are referred to collectively as the "Company."

On December 15, 2020, the Company entered into an agreement with Ascend Illinois, LLC to sell its membership units for consideration of approximately \$28,000,000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The accompanying combined financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and reflect the accounts and operations of the Company.

(b) Basis of Combination

Affiliates are entities controlled by the Company. 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. The financial statements of affiliates are included in the combined financial statements from the date that control commences until the date that control ceases.

The combined financial statements include the accounts of Chicago Alternative Health Center Holdings, LLC and Chicago Alternative Health Center, LLC. These companies are controlled by common owners and management.

(c) Revenue

Revenue is recognized at the point of sale, at which time title and risk of loss pass to the customers. The Company has customer loyalty programs in which retail customers accumulate points for each dollar of spending. These points are recorded as a contract liability until customers redeem their points for discounts on cannabis and vape products as part of an in-store sales transaction.

(d) Cash

Cash includes cash deposits in financial institutions and other deposits that are readily convertible to cash. The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. At times cash may be in excess of Federal Deposit Insurance Corporation (FDIC) limits.

(e) Inventories

Inventories consist of cannabis and non-cannabis products that are valued at cost and subsequently at the lower of cost and net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. The Company reviews its inventories for obsolete, redundant and slow-moving goods and any such inventories are written down to net realizable value. There were no reserves for obsolete inventories as of December 31, 2020 and 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Property and Equipment

Property and equipment is 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:

Furniture and Fixtures	7 Years
Equipment	5 – 7 Years
Leasehold Improvements	Remaining Life of Lease or Useful Life

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial statement 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 de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in operations in the year the asset is derecognized.

(g) Impairment of Long-Lived Assets

The Company accounts for its long-lived assets such as property and equipment and intangible assets in accordance with FASB ASC Topic No. 360, "Accounting for the Impairment or Disposal of Long-lived Assets" ("ASC 360").

Management reviews long-lived assets for impairment whenever changes in events or circumstances indicate the assets may be impaired, but no less frequently than annually. Pursuant to ASC 360, an impairment loss is to be recorded when the net book value of an asset exceeds the undiscounted cash flows expected to be generated from the use of the asset. If an asset is determined to be impaired, the asset is written down to its realizable value, and the loss is recognized in the statement of income in the period when the determination is made. No impairment charges for long-lived assets have been recorded for the years ended December 31, 2020 and 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Income Taxes

Income tax expense consisting of current and deferred tax expense is recognized in the combined statements of income based on the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end.

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.

The Company is subject to U.S. Internal Revenue Code Section 280E. The 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.

There are no positions for which it is reasonably possible that the uncertain tax benefit will significantly increase or decrease within twelve months. The Company files income tax returns in the United States and Illinois. The federal statute of limitation remains open for the 2017 tax year to the present. The state income tax returns generally remain open for the 2017 tax year through the present.

(i) Fair Value of Financial Instruments

The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the combined financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities that are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as risks inherent in valuation techniques, transfer restrictions and credit risk. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

There were no transfers between levels during the years ended December 31, 2020 and 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Significant Accounting Judgments, Estimates, and Assumptions

The preparation of the Company's combined 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 revision affects both current and future periods.

Significant estimates inherent in the preparation of the Company's combined financial statements include the assumptions related to the estimated useful lives for property and equipment.

The novel coronavirus commonly referred to as "COVID-19" was identified in December 2019 in Wuhan, China. On January 30, 2020, the World Health Organization declared the outbreak a global health emergency, and on March 11, 2020, the spread of COVID-19 was declared a pandemic by the World Health Organization. On March 13, 2020, the spread of COVID-19 was declared a national emergency by President Donald Trump. The outbreak has spread throughout Europe, the Middle East and North America, causing companies and various international jurisdictions to impose restrictions such as quarantines, business closures and travel restrictions.

While these effects are expected to be temporary, the duration of the business disruptions and related financial impact cannot reasonably be estimated at this time. In addition, it is possible that estimates in the Company's combined financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets including intangibles and goodwill. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

(k) Recent Accounting Pronouncements

- (i) The FASB issued ASU 2014-09, Revenue from Contracts with Customers, (Topic 606) (ASU 2014-09), in May 2014. ASU 2014-09 sets forth a new five-step revenue recognition model that will require the use of more estimates and judgment. ASU 2014-09 will replace current revenue recognition requirements in Topic 605, Revenue Recognition, in its entirety. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in prior accounting guidance. ASU 2014-09 is effective for annual financial statements of private companies issued for fiscal years beginning after December 15, 2019, and should be applied retrospectively in the year the ASU is first applied using one of two allowable application methods. The Company has adopted this ASU as of January 1, 2019. The impact of the new standard on the combined financial statements was not significant.
- (ii) In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) ("ASC 842"), which will replace ASC 840, "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. For private companies, the standard will be effective for annual periods beginning on or after December 15 2021, with earlier application permitted. The standard requires a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. The Company is currently evaluating the effect of adopting this ASU on the Company's combined financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Recent Accounting Pronouncements *(Continued)*

- (iii) In June 2016, the FASB issued ASC 2016-13, Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments. ASU 2016-13 requires entities to measure all expected credit losses for most financial assets held at the reporting date based on an expected loss model which includes historical experience, current conditions, and reasonable and supportable forecasts. Companies will now use forward-looking information to better form their credit loss estimates. ASU 2016-13 also requires enhanced disclosures to help financial statement users better understand significant estimates and judgements used in estimating credit losses, as well as the credit quality and underwriting standards of a company's portfolio. For private companies, ASU 2016-13 is effective for annual periods beginning after December 15, 2022. The Company does not believe that the impact of the new standard on its combined financial statements will be material.
- (iv) In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740) - Simplifying the Accounting for Income Taxes, which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. For private companies, ASU 2019-12 is effective for annual periods beginning and after December 15, 2021. The Company is currently evaluating the effect of adopting this ASU on the Company's combined financial statements.
- (v) In October 2018, the FASB issued ASU 2018-17, Targeted Improvements to Related Party guidance for variable interest entities which amended the Consolidation topic (Topic 810) of the Accounting Standards Codification. Under the amended guidance, a nonpublic entity has the option to exempt itself from applying the variable interest entity (VIE) consolidation model to qualifying common control arrangements. The amendments are effective for annual periods beginning after December 15, 2020, and interim periods within annual periods beginning after December 15, 2021, with early adoption permitted. The Company adopted the amended guidance and elected to exempt itself from applying the VIE consolidation model to qualifying common control arrangements in 2019.

CHICAGO ALTERNATIVE HEALTH CENTER HOLDINGS, LLC AND AFFILIATE Notes to the Combined Financial Statements

December 31, 2020 and 2019

3. INVENTORIES

The Company's inventories include the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cannabis	\$ 442,602	\$ 220,985
Non-cannabis	5,172	4,662
Total Inventories	<u>\$ 447,774</u>	<u>\$ 225,647</u>

4. PROPERTY AND EQUIPMENT

At December 31, 2020 and 2019, property and equipment consisted of:

	<u>2020</u>	<u>2019</u>
Furniture and Equipment	\$ 42,993	\$ 42,993
Building	2,074,593	1,211,389
Construction in Progress	—	328,363
Total Property and Equipment, Gross	2,117,586	1,582,745
Less: Accumulated Depreciation	<u>(191,815)</u>	<u>(143,089)</u>
Property and Equipment, Net	<u>\$ 1,925,771</u>	<u>\$ 1,439,656</u>

5. NOTES PAYABLE - MEMBERS

The Company had unsecured notes payable to members with original issuance amounts totaling of \$2,040,787. The notes accrued interest ranging from 1% to 12%. All notes were paid off as of December 15, 2020 in connection with the asset sale (see Note 1).

6. MEMBERS' EQUITY

Effective December 15, 2020, the Company elected to be treated as a C Corporation for federal income tax purposes. Members' equity is comprised of one class of units, as described in the Company's applicable operating agreement.

December 31, 2020 and 2019

7. INCOME TAXES

Provision for income taxes consists of the following for the years ended December 31, 2020 and 2019:

	2020	2019
Current Taxes		
Federal	\$ 58,041	\$ —
State	\$ 23,338	\$ —
Total income tax expense	\$ 81,379	\$ —

Effective December 15, 2020, the Company elected to be treated as a C Corporation for Federal income tax purposes.

As the Company operates in the cannabis industry, it is subject to the limitations of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss. The Company has not identified any uncertain tax positions as of December 31, 2020.

8. CONTINGENCIES

The Company is subject to lawsuits, investigations and other claims related to employment, commercial and other matters that arise out of operations in the normal course of business. Periodically, the Company reviews the status of each significant matter and assesses the potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable, and the amount can be reliably estimated, such amount is recognized in other liabilities.

Contingent liabilities are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. The Company performs evaluations to identify onerous contracts and, where applicable, records contingent liabilities for such contracts.

The Company engages in the marijuana business. Marijuana is currently illegal under U.S. federal law. It is a Schedule I controlled substance. 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 as of December 31, 2020, marijuana 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.

As discussed above, the cultivation, sale, and use of marijuana is illegal under U.S. federal law. Therefore, there is a compelling argument that banks cannot accept deposit funds from the medical marijuana business and therefore would not be able to do business with the Company. As such, the Company may have trouble finding a bank willing to accept its business. There can be no assurance that banks in U.S. states currently or in the future will decide to do business with medical marijuana growers or retailers, or that in the absence of U.S. legislation, U.S. state and federal banking regulators will not strictly enforce current prohibitions on banks handling funds generated from an activity that is illegal under U.S. federal law. This may make it difficult for the Company to open accounts, use the service of banks, and otherwise transact business, which in turn may negatively affect the Company.

9. SUBSEQUENT EVENTS

Management has evaluated significant events or transactions that have occurred since the combined balance sheet date and through the date the combined financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the combined balance sheet date that require additional disclosure in the combined financial statement or notes.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This management discussion and analysis, which we refer to as the “**MD&A**”, of the financial condition and results of operations of Chicago Alternative Health Center Holdings, LLC and Affiliate (the “**Company**”) is for the years ended December 31, 2020 and 2019. It is supplemental to, and should be read in conjunction with, the consolidated financial statements for the years ended December 31, 2020 and 2019, and the accompanying notes thereto (the “**Annual Financial Statements**”). The Annual Financial Statements were prepared in accordance with accounting principles generally accepted in the United States of America, which we refer to as “**GAAP**”.

The following discussion should be read in conjunction with, and is qualified in its entirety by, the Annual Financial Statements and the accompanying notes thereto. In addition to historical information, the discussion in this section contains forward-looking statements and forward-looking information (collectively, forward-looking information) that involve risks and uncertainties. Generally, forward-looking information may be identified by the use of forward-looking terminology such as “plans,” “expects,” “does not expect,” “proposed,” “is expected,” “budgets,” “scheduled,” “estimates,” “forecasts,” “intends,” “anticipates,” “does not anticipate,” “believes,” or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events, or results may, could, would, or might occur or be achieved. There can be no assurance that such forward-looking information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such forward-looking information. Forward-looking information is subject to known and unknown risks, uncertainties, and other factors that may cause the actual results, level of activity, performance, or achievements of the Company to be materially different from those or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; delay or failure to receive board or regulatory approvals; the actual results of future operations; operating and development costs; competition; changes in legislation or regulations affecting the Company; the timing and availability of external financing on acceptable terms; favorable production levels and outputs; the stability of pricing of cannabis products; the level of demand for cannabis product; the availability of third-party service providers and other inputs for the Company’s operations; and lack of qualified, skilled labor or loss of key individuals. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, including those set forth under the “Risk Factors” section and elsewhere in this Prospectus, there may be other factors that cause results not to be as anticipated, estimated or intended. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Financial information presented in this MD&A is presented in thousands of United States dollars (“\$”), unless otherwise indicated. We round amounts in this MD&A to the thousands and calculate all percentages and per-share data from the underlying whole-dollar amounts. Thus, certain amounts may not foot, crossfoot, or recalculate based on reported numbers due to rounding. Unless otherwise indicated, all references to years are to our fiscal year, which ends on December 31.

This MD&A was prepared by management of the Company and is dated and presented as of February 16, 2021.

Business Overview

We were founded in 2016 and operate in one U.S. geographic market. As of February 16, 2021, we employ approximately 30 people. We currently have one open and operating retail location.

Results of Operations

Year Ended December 31, 2020 Compared to 2019

	2020	2019
Revenues, Net of Discounts	\$ 11,163,773	4,062,438
Cost of Goods Sold	7,380,092	2,478,293
Gross Profit	3,783,681	1,584,145
Operating Expenses:		
Selling, General and Administrative Expenses	961,905	1,006,830
Income from Operations Before Income Taxes	2,821,776	577,315
Provision for Income Taxes	81,379	—
Net Income	\$ 2,740,397	577,315

Revenue

Revenue for the year ended December 31, 2020 was \$11,163,773, compared to \$4,062,438 in 2019, primarily driven by growth in our retail business and the legalization of adult use cannabis in Illinois in 2020.

Cost of Goods Sold

Cost of goods sold for the year ended December 31, 2020 was \$7,380,092, compared to \$2,478,293 in 2019.

Gross Profit

Gross profit for the year ended December 31, 2020 was \$3,783,681, representing a gross margin of 34%, compared to 39% in 2019. Gross margin during 2020 reflects strong performance in our retail location.

General and Administrative Expenses

General and administrative expenses for the year ended December 31, 2020 was \$961,905, compared to \$1,006,830 in 2019.

Compensation Expense

Compensation expense for the year ended December 31, 2020 was \$406,674, compared to \$428,163 in 2019, primarily driven by the hiring of personnel to support the expansion of operations during 2020.

Depreciation and Amortization

Depreciation and amortization for the year ended December 31, 2020 was \$48,727, compared to \$30,264 in 2019.

Interest Expense

Interest expense for the year ended December 31, 2020 was \$160,288, compared to \$4,362 in 2019. The increase of \$155,926 was due to an increase in the principal amount of Company debt outstanding during 2020.

Income Tax Expense

Income tax expense is recognized based on the expected tax payable on the taxable income for the year, using tax rates enacted at year-end. For the year ended December 31, 2020, income tax expense totaled \$81,379.

Since the Company operates in the cannabis industry, it is subject to the limitations of Section 280E of the Code, which prohibits businesses engaged in the trafficking of Schedule I or Schedule II controlled substances from deducting normal business expenses, such as payroll and rent, from gross profit (revenue less cost of goods sold). Section 280E was originally intended to penalize criminal market operators, but because cannabis remains a Schedule I controlled substance for federal purposes, the IRS has subsequently applied Section 280E to state legal cannabis businesses. Cannabis businesses operating in states that align their tax codes with the IRC are also unable to deduct normal business expenses from their state taxes. This results in permanent differences between ordinary and necessary business expenses deemed non-deductible under IRC Section 208E. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss, primarily driven by non-deductible expense.

Liquidity and Capital Resources

Our primary sources of liquidity are operating cash flows and borrowings through the issuances of notes payable.

Financing History and Future Capital Requirements

To date, we have used private financing as a source of liquidity for short-term working capital needs and general corporate purposes. Our future ability to fund operations, to make planned capital expenditures, and to repay or refinance indebtedness depends on our future operating performance, cash flows, and ability to obtain equity or debt financing, which are subject to prevailing economic conditions, as well as financial, business, and other factors, some of which are beyond our control.

As of December 31, 2020, and 2019, the Company had total current liabilities of \$358,900 and \$1,656,592, respectively, and cash of \$376,226 and \$235,543, respectively, to meet its current obligations. As of December 31, 2020, the Company had working capital of \$494,848, an increase of \$1,684,548 as compared to December 31, 2019, driven primarily by investments in inventory and notes receivable during 2020.

Cash Flows

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 2,740,397	\$ 577,315
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	48,726	30,264
Change in assets and liabilities:		
Inventories	(222,127)	(185,098)
Prepaid expenses and other assets	(24,046)	(5,702)
Accounts payable and accrued expenses	283,095	214,095
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,826,045	214,095
CASHFLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(534,841)	(338,999)
NET CASH USED IN INVESTING ACTIVITIES	(534,841)	(338,999)
CASHFLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of notes payable - members	1,100,000	656,006
Repayments of notes payable - members	(2,680,787)	(180,000)
Member contributions	600,000	—
Member Distributions	(1,169,734)	(220,164)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(2,150,521)	255,842
NET INCREASE IN CASH	140,683	130,938
CASH, BEGINNING OF YEAR	235,543	104,605
CASH, END OF YEAR	\$ 376,226	\$ 235,543

Operating Activities

Net cash used in operating activities increased by \$2,611,950 during 2020, as compared to 2019, primarily driven by the expansion in our operations.

Investing Activities

Net cash used in investing activities increased by \$195,842 during 2020, as compared to 2019.

Financing Activities

Net cash used in financing activities increased by \$2,406,363 during 2020, as compared to 2019, primarily due to repayment of notes and member distributions.

Off-Balance Sheet Arrangements

As of the date of this MD&A, we do not have any off-balance-sheet arrangements, as defined by applicable regulations of the Securities and Exchange Commission, that have, or are reasonably likely to have, a current or future effect on the results of our operations or financial condition, including, and without limitation, such considerations as liquidity and capital resources.

Related Party Transactions

We did not identify significant related party transactions during the years ended December 31, 2020 and 2019.

Subsequent Transactions

We did not identify significant subsequent events.

Critical Accounting Policies and Estimates

The preparation of consolidated financial statements in accordance with GAAP requires our management to make certain estimates that affect the reported amounts. The Company's significant accounting policies are described in Note 2, "*Summary of Significant Accounting Policies*," in the Annual Financial Statements. The Company bases estimates on historical experience, known or expected trends, independent valuations, and various other assumptions that the Company believes to be reasonable under the circumstances. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. The Company believes the following critical accounting policies govern the more significant judgments and estimates used in the preparation of the Annual Financial Statements. Significant estimates inherent in the preparation of the Company's combined financial statements include the assumptions related to the estimated useful lives for property and equipment.

Recent Accounting Pronouncements

The following GAAP standards have been recently issued by the Financial Accounting Standards Board ("FASB"). We are assessing the impact of these new standards on future consolidated financial statements. Pronouncements that are not applicable to the Company or where it has been determined do not have a significant impact on us have been excluded herein.

The FASB issued ASU 2014-09, Revenue from Contracts with Customers, (Topic 606) (ASU 2014-09), in May 2014. ASU 2014-09 sets forth a new five-step revenue recognition model that will require the use of more estimates and judgment. ASU 2014-09 will replace current revenue recognition requirements in Topic 605, Revenue Recognition, in its entirety. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in prior accounting guidance. ASU 2014-09 is effective for annual financial statements of private companies issued for fiscal years beginning after December 15, 2019, and should be applied retrospectively in the year the ASU is first applied using one of two allowable application methods. The Company has adopted this ASU as of January 1, 2019. The impact of the new standard on the combined financial statements was not significant.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) ("ASC 842"), which will replace ASC 840, "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. For private companies, the standard will be effective for annual periods beginning on or after December 15 2021, with earlier application permitted. The standard requires a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. The Company is currently evaluating the effect of adopting this ASU on the Company's combined financial statements.

In June 2016, the FASB issued ASC 2016-13, Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments. ASU 2016-13 requires entities to measure all expected credit losses for most financial assets held at the reporting date based on an expected loss model which includes historical experience, current conditions, and reasonable and supportable forecasts. Companies will now use forward-looking information to better form their credit loss estimates. ASU 2016-13 also requires enhanced disclosures to help

financial statement users better understand significant estimates and judgements used in estimating credit losses, as well as the credit quality and underwriting standards of a company's portfolio. For private companies, ASU 2016-13 is effective for annual periods beginning after December 15, 2022. The Company does not believe that the impact of the new standard on its combined financial statements will be material.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740) - Simplifying the Accounting for Income Taxes, which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. For private companies, ASU 2019-12 is effective for annual periods beginning and after December 15, 2021. The Company is currently evaluating the effect of adopting this ASU on the Company's combined financial statements.

In October 2018, the FASB issued ASU 2018-17, Targeted Improvements to Related Party guidance for variable interest entities which amended the Consolidation topic (Topic 810) of the Accounting Standards Codification. Under the amended guidance, a nonpublic entity has the option to exempt itself from applying the variable interest entity (VIE) consolidation model to qualifying common control arrangements. The amendments are effective for annual periods beginning after December 15, 2020, and interim periods within annual periods beginning after December 15, 2021, with early adoption permitted. The Company adopted the amended guidance and elected to exempt itself from applying the VIE consolidation model to qualifying common control arrangements in 2019.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed in varying degrees to a variety of financial instrument related risks. The Company mitigates these risks by assessing, monitoring and approving our risk management processes.

Credit Risk

Credit risk is the risk of a potential loss to us if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at December 31, 2020 is the carrying amount of cash and cash equivalents. We do not have significant credit risk with respect to our customers. All cash and cash equivalents are placed with major U.S. financial institutions.

We provide credit to our customers in the normal course of business. We have established credit evaluation and monitoring processes to mitigate credit risk but have limited risk as the majority of our sales are transacted with cash.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations associated with financial liabilities. We manage liquidity risk through the effective management of our capital structure. Our approach to managing liquidity is to ensure that we will have sufficient liquidity at all times to settle obligations and liabilities when due.

Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, raw materials, and other commodity prices. Strategic and operational risks may arise if we fail to carry out business operations and/or raise sufficient equity and/or debt financing. Strategic opportunities or threats may arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. We seek to mitigate such risks by consideration of potential development opportunities and challenges.

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. Cash and cash equivalents bear interest at market rates. Our financial debts have fixed rates of interest and therefore expose us to a limited interest rate fair value risk.

Commodities Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The primary raw materials used by us aside from those cultivated internally are labels and packaging. Management believes a hypothetical 10% change in the price of these materials would not have a significant effect on our consolidated annual results of operations or cash flows, as these costs are generally passed through to our customers. However, such an increase could have an impact on our customers' demand for our products, and we are not able to quantify the impact of such potential change in demand on our annual results of operations or cash flows.

COVID-19 Risk

We are monitoring COVID-19 closely, and although our operations have not been materially affected by the COVID-19 outbreak to date, the ultimate severity of the outbreak and its impact on the economic environment is uncertain. Our operations are ongoing as the cultivation, processing and sale of cannabis products is currently considered an essential business by the states in which we operate with respect to all customers (except for Massachusetts, where cannabis has been deemed essential only for medical patients). In all locations where regulations have been enabled by governmental authorities, we have expanded consumer delivery options and curbside pickup to help protect the health and safety of our employees and customers. The pandemic has not materially impacted our business operations or liquidity position to date. We continue to generate operating cash flows to meet our short-term liquidity needs. The uncertain nature of the spread of COVID-19 may impact our business operations for reasons including the potential quarantine of our employees or those of our supply chain partners or a change in our designation as "essential" in states where we do business that currently or in the future impose restrictions on business operations.



MEDMEN NY, INC.

**AUDITED
FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED
DECEMBER 31, 2020
AND
DECEMBER 31, 2019**

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To the Board of Directors and Shareholders
of MedMen NY, Inc.

We have audited the accompanying financial statements of MedMen NY, Inc., which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations, changes in member's equity, and cash flows for the years ended December 31, 2020 and 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MedMen NY, Inc. as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of MedMen NY, Inc. as of December 31, 2018, were audited by other auditors whose report dated April 3, 2019, expressed an unqualified opinion on those statements.

As part of our audit of the 2020 and 2019 financial statements, we also audited the adjustments described in Note 13 that were applied to restate the 2018 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2018 financial statements of the Company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2018 financial statements as a whole.

/s/ MNP LLP
Calgary, Alberta
February 12, 2021



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MEDMEN NY, INC

Balance Sheets

As of December 31, 2020 and December 31, 2019

ASSETS	December 31, 2020	December 31 2019 (Restated Note 13)
Current Assets:		
Cash and Cash Equivalents	\$ 733,811	\$ 297,150
Restricted Cash	5,280	8,844
Income Taxes Receivable	—	6,805
Prepaid Expenses	2,245,216	2,940,495
Inventory	4,781,229	3,359,689
Total Current Assets	<u>7,765,536</u>	<u>6,612,983</u>
Non-Current Assets:		
Property and Equipment, Net	14,377,150	20,462,060
Intangible Assets, Net	10,951,050	12,400,720
Goodwill	—	10,677,692
Other Assets	1,575,320	1,574,740
Total Non-Current Assets	<u>26,903,520</u>	<u>45,115,212</u>
TOTAL ASSETS	<u>\$ 34,669,056</u>	<u>\$ 51,728,195</u>
 LIABILITIES AND MEMBER'S EQUITY		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 7,526,369	\$ 5,297,406
Income Taxes Payable	1,326,118	1,323,646
Total Current Liabilities	<u>8,852,487</u>	<u>6,621,052</u>
Non-Current Liabilities:		
Deferred Tax Liabilities	5,240,823	5,935,164
Total Non-Current Liabilities	<u>5,240,823</u>	<u>5,935,164</u>
TOTAL LIABILITIES	14,093,310	12,556,216
 SHAREHOLDERS' EQUITY		
Common Stock	—	—
Additional Paid-In Capital	76,198,112	70,433,888
Accumulated Deficit	(55,622,366)	(31,261,909)
TOTAL SHAREHOLDERS' EQUITY	<u>20,575,746</u>	<u>39,171,979</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 34,669,056</u>	<u>\$ 51,728,195</u>

The accompanying notes are an integral part of these Financial Statements.

MEDMEN NY, INC.
Statements of Operations
For the Years Ended December 31, 2020 and December 31, 2019

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Revenues	\$ 9,148,884	\$ 9,189,298
Cost of Goods Sold	<u>4,364,585</u>	<u>4,173,970</u>
Gross Profit	4,784,299	5,015,328
Expenses:		
General and Administrative	10,485,162	13,186,153
Sales and Marketing	14,000	1,617
Impairment	18,074,243	—
Depreciation and Amortization	<u>2,846,311</u>	<u>2,248,452</u>
Total Expenses	<u>31,419,716</u>	<u>15,436,222</u>
Loss from Operations	(26,635,417)	(10,420,894)
Other Expense:		
Interest Expense	656	56,587
Other Expense, Net	—	410,444
Total Other Expense	<u>656</u>	<u>467,031</u>
Loss Before Provision for Income Taxes	(26,636,073)	(10,887,925)
Provision for Income (Benefit) Tax	<u>(2,275,616)</u>	<u>156,571</u>
Net Loss	<u>\$ (24,360,457)</u>	<u>\$ (11,044,496)</u>

The accompanying notes are an integral part of these Financial Statements.

MEDMEN NY, INC.
Statements of Changes in Member's Equity
Year Ended December 31, 2020 and December 31, 2019

	Common Stock	Additional Paid-In Capital	Accumulated Deficit (Restated Note 13)	Total Shareholder's Equity
Balance as of January 1, 2019 (Restated – Note 13)	\$ —	\$ 52,316,410	\$ (20,217,413)	\$ 32,098,997
Net Loss	—	—	(11,044,496)	(11,044,496)
Additional Contributions	—	18,117,478	—	18,117,478
Balance as of December 31, 2019	—	70,433,888	(31,261,909)	39,171,979
Net Loss	—	—	(24,360,457)	(24,360,457)
Additional Contributions	—	5,764,224	—	5,764,224
Balance as of December 31, 2020	\$ —	\$ 76,198,112	\$ 55,622,366	\$ 20,575,746

The accompanying notes are an integral part of these Financial Statements.

MEDMEN NY, INC.
Statements of Cash Flows
Year Ended December 31, 2020 and December 31, 2019

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$ (24,360,457)	\$ (11,044,496)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities		
Depreciation and Amortization	3,373,372	2,600,128
Impairment	18,074,243	—
Deferred Tax Benefit	(2,284,892)	(1,345,086)
Loss on Extinguishment of Debt	—	448,075
Changes in Operating Assets and Liabilities:		
Prepaid Expenses and Other Current Assets	695,279	552,059
Inventory	(1,421,540)	(756,761)
Other Assets	(580)	725,546
Accounts Payable and Accrued Liabilities	2,228,963	4,290,782
Income Taxes Payable & Receivable	(856,511)	47,745
Other Current Liabilities	—	(841,003)
Due to Related Party	—	(192,283)
Other Non-Current Liabilities	—	(853,653)
	<u>(4,552,123)</u>	<u>(6,368,947)</u>
NET CASH USED IN OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment	(779,004)	(9,307,586)
Restricted Cash	3,564	747,694
	<u>(775,440)</u>	<u>(8,559,892)</u>
CASH USED IN INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Member Contributions	5,764,224	14,498,851
	<u>5,764,224</u>	<u>14,498,851</u>
CASH PROVIDED BY FINANCING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	436,661	(429,988)
Cash and Cash Equivalents, Beginning of Year	297,150	727,138
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 733,811	\$ 297,150
SUPPLEMENTAL DISCLOSURE FOR NON-CASH TRANSACTIONS		
Deferred Taxes Incurred Upon Property Purchases	\$ 2,456,339	\$ 3,524,261
Contribution by Parent Company for the Extinguishment of Debt	\$ —	\$ 3,618,626

The accompanying notes are an integral part of these Financial Statements.

NOTE 1 - NATURE OF OPERATIONS

Organization

MedMen NY, Inc. (“MMNY” or “the Company”, formerly known as Bloomfield Industries, Inc.) is a New York corporation. The Company was formed on March 12, 2015 in the State of New York and began operations when it opened its retail storefront in Buffalo (Williamsville), New York in January 2016.

On January 19, 2017, Project Compassion NY, LLC, a Delaware limited liability company (“Project Compassion”), a company controlled by MMMG, LLC, a Nevada Limited liability company (“MMMG” or “MedMen”), acquired all of the assets of the Company.

The Company is a retail seller and cultivator of medical cannabis and has received the necessary governmental approvals and permitting to operate medical cannabis dispensary facilities and a cultivation facility in the State of New York. The dispensary facilities are located in Buffalo (Williamsville; Long Island (lake Success); Syracuse (Salma); and New York City (Fifth Avenue). The cultivation facility is located in Utica.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") and reflect the accounts of and operations of the Company.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the financial statements and the reported amounts of total net revenue and expenses in the reporting periods. The Company regularly evaluates significant estimates and assumptions related to the estimated useful lives, depreciation of property and equipment, amortization of intangible assets, inventory valuation, goodwill impairment, long-lived asset impairment, and going concern. These estimates and assumptions are based on current facts, historical experience and various other factors that the Company believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of revenue, costs and expenses that are not readily apparent from other sources. The actual results the Company experiences may differ materially and adversely from these estimates. To the extent there are material differences between the estimates and actual results, the Company's future results of operations will be affected.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and cash deposits in financial institutions.

Restricted Cash

Restricted cash balances are those which meet the definition of cash and cash equivalents but are not available for use by the Company. As of December 31, 2020 and 2019, restricted cash was \$5,280 and \$8,844, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

The costs of growing cannabis, including but not limited to labor, utilities, nutrition and supplies, are capitalized into inventory until the time of harvest. All direct and indirect costs related to inventory are capitalized when incurred, and subsequently classified to cost of goods sold in the Statement of Operations. Retail inventory is valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. Net realizable value is determined as the estimated selling price in the ordinary course of business less estimated costs to sell. Packaging and supplies are initially valued at cost. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventory is written down to net realizable value. As of December 31, 2020 and 2019, the Company determined that no reserve was necessary.

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation, amortization and impairment losses, if any. Depreciation and amortization is calculated on a straight-line basis over the estimated useful life of the asset using the following terms and methods:

Furniture and Fixtures	3 – 7 Years
Leasehold Improvements	Shorter of Lease Term or Economic Life
Equipment and Software	3 – 7 Years
Construction in Progress	Not Depreciated

Expenditures for major renewals and improvements are capitalized, while minor replacements, maintenance and repairs, which do not extend the asset lives, are charged to operations as incurred. The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting period and adjusted prospectively if appropriate. An item of property and 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 statement of operations in the period the asset is derecognized.

Intangible Assets

Intangible assets are recorded at cost, less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization of definite life intangibles is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. The estimated useful lives, residual values and amortization methods are reviewed at each reporting period, and any changes in estimates are accounted for prospectively. Intangible assets with an indefinite life or not yet available for use are not subject to amortization. Amortization is calculated on a straight-line basis over the estimated useful life of the asset using the following terms and methods:

Dispensary Licenses	15 Years
Customer Relationships	5 Years

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill is measured as the excess of consideration transferred and the net of the acquisition date fair value of assets acquired, and liabilities assumed in a business acquisition. In accordance with ASC 350, "Intangibles—Goodwill and Other", goodwill and other intangible assets with indefinite lives are no longer subject to amortization. The Company reviews the goodwill and other intangible assets for impairment on an annual basis as of year-end or whenever events or changes in circumstances indicate carrying amount it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The carrying amount is determined based upon the assignment of the Company's assets and liabilities, including existing goodwill, to the identified reporting units. Where an acquisition benefits only one reporting unit, the Company allocates, as of the acquisition date, all goodwill for that acquisition to the reporting unit that will benefit. In order to determine if goodwill is impaired, the Company measures the impairment of goodwill by comparing the carrying amount to the estimated fair value. If the carrying amount is in excess of its fair value, the Company recognizes an impairment charge equal to the amount in excess.

Impairment of Long-Lived Assets

Long-lived assets such as property and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, but no less frequently than annually. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows (undiscounted and without interest charges) expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets.

Revenue Recognition

The Company adopted Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers," and all the related amendments, which are also codified into ASC 606. Under the new standard, the Company recognizes a sale as follows:

Revenue is recognized at the fair value of consideration received or receivable. Revenue from the sale of goods is recognized when all the following conditions have been satisfied, which are generally met once the products are shipped to customers:

- The Company has transferred the significant risks and rewards of ownership of the goods to the purchaser;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cost of Sales

Cost of sales includes the costs directly attributable to product sales.

Income Taxes

The Company is treated as a C Corporation for federal income tax purposes and corporate income taxes in the State of New York. Tax expense recognized in profit or loss comprises the sum of current and deferred taxes not recognized in other comprehensive income or directly in equity.

Current Tax

Current tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Income taxes are accounted for under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statement and tax basis of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

Deferred tax assets are recognized to the extent that the Company believe that these assets are more likely than not to be realized. In making such a determination, all available positive and negative evidence are considered, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If it is determined that the Company would be able to realize deferred tax assets in the future in excess of their net recorded amount, an adjustment to the deferred tax asset valuation allowance is recorded, which would reduce the provision for income taxes.

Tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits of the position. ASC 740 also provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

Leased Assets

A lease of property and equipment is classified as a capital lease if it transfers substantially all the risks and rewards incidental to ownership to the Company. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations of Risk

The Company's significant concentrations of risk consists of cash and cash equivalents. The Company maintains its cash with high-credit, quality financial institutions. At times, such deposits may be in excess of amounts insured by the Federal Deposit Insurance Corporation, up to \$250,000 per bank. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk.

There were no customers that comprised more than 10% of the Company's revenue for the year ended December 31, 2020 and 2019.

Advertising Costs

The Company expenses advertising costs as incurred. There were \$14,000 and \$1,617 in advertising costs during the year ended December 31, 2020 and 2019, respectively.

Recently Issued Accounting Standards

FASB ASU No. 2016-02 (Topic 842), "Leases" - Issued in February 2016, ASU No. 2016-02 established ASC Topic 842, Leases, as amended by subsequent ASUs on the topic, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. ASU 2016-02 requires lessees to apply a two-method approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase. Lessees are required to record a right-of-use asset and a lease liability for all leases with a term greater than 12 months. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. Lessees will recognize expense based on the effective interest method for finance leases or on a straight-line basis for operating leases. The accounting applied by the lessor is largely unchanged from that applied under the existing lease standard. The Company will be required to record a right-of-use asset and lease liability equal to the present value of the remaining minimum lease payments and will continue to recognize expense on a straight-line basis upon adoption of this standard. The Company expects to record a decrease in long-term prepaid rent, reduction in its deferred rents, and an increase in lease liabilities and right of use assets upon adoption. The Company does not expect any impact to retained earnings upon transition. ASU 2016-02 is effective for reporting periods beginning after December 15, 2020 for non-public entities.

FASB ASU No. 2019-12 (Topic 740), "Simplifying the Accounting for Income Taxes" - Issued in December 2019, which eliminates certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. It also clarifies and simplifies other aspects of the accounting for income taxes. ASU 2019-12 is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. The Company is currently evaluating the adoption date and impact, if any, adoption will have on its financial position and results of operations.

NOTE 3 - LIQUIDITY AND CAPITAL RESOURCES

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, leading to an economic downturn. It has also disrupted the normal operations of many businesses, including ours. This outbreak has decreased spending, adversely affected demand for our product and harmed our business and results of operations.

As of December 31, 2020 and 2019, the Company had a working capital (deficit) of \$(1,086,951) and \$(8,069), respectively, and net losses of \$24,360,457 and \$11,044,496 for the year ended December 31, 2020 and 2019, respectively. The Company's parent company continues to finance its cash needs through on-demand partner contributions. If management is unsuccessful in its efforts to generate profitable operations and/or continue to receive financial support, the Company may not be able to continue as a going concern.

The ability of the Company to continue as a going concern and to meet its obligations will be dependent upon successful sales of inventory and ultimately successful operations and cash flows. The accompanying combined financial statements do not reflect any adjustment that might result from the outcome of this uncertainty.

NOTE 4 - PREPAID EXPENSES

As of December 31, 2020 and 2019, prepaid expenses was comprised of the following:

	December 31, 2020	December 31, 2019
Prepaid Rent	\$ 2,141,921	\$ 2,711,380
Prepaid Insurance	5,828	55,547
Prepaid Expenses	97,467	173,568
Total Prepaid Expenses	\$ 2,245,216	\$ 2,940,495

NOTE 5 - INVENTORY

As of December 31, 2020 and 2019, inventory was comprised of the following:

	December 31, 2020	December 31, 2019
Raw Materials	\$ 286,271	\$ 281,480
Work-in-Process	2,601,073	1,869,149
Finished Goods	1,893,885	1,209,060
Total Inventory	\$ 4,781,229	\$ 3,359,689

NOTE 6 - PROPERTY AND EQUIPMENT

As of December 31, 2020 and 2019, property and equipment consisted of the following:

	December 31, 2020	December 31, 2019
Furniture and Fixtures	\$ 1,617,686	\$ 1,412,803
Leasehold Improvements	9,245,476	4,989,100
Equipment and Software	4,070,461	4,107,404
Construction in Progress	4,635,218	13,194,586
Total Property and Equipment, Gross	19,568,841	23,703,896
Less: Accumulated Depreciation and Amortization	(5,191,691)	(3,241,833)
Total Property and Equipment, Net	\$ 14,377,150	\$ 20,462,060

For the years ended December 31, 2020 and 2019, the Company recognized \$1,923,702 and \$1,121,114 of depreciation expense, respectively.

During the year ended December 31, 2020, management noted indicators of impairment of its long-lived assets due to the impacts of COVID-19. Accordingly, the Company recorded an impairment of \$7,396,531 of its property which are included as a component of impairment expense in the accompanying statement of operations. The Company used various Level 3 inputs and a discounted cash flow model to determine the fair value of these asset groups.

NOTE 7 - INTANGIBLE ASSETS

As of December 31, 2020 and 2019, intangible assets consisted of the following:

	December 31, 2020	December 31, 2019
Dispensary Licenses	\$ 14,171,600	\$ 14,171,600
Customer Relationships	2,658,600	2,658,600
Total Intangibles, Gross	16,830,200	16,830,200
Less:		
Accumulated Amortization (Dispensary)	(3,769,515)	(2,834,320)
Accumulated Amortization (Customer Relationships)	(2,109,635)	(1,595,160)
Total Accumulated Amortization	(5,879,150)	(4,429,480)
Total Intangibles, Net	\$ 10,951,050	\$ 12,400,720

For the years ended December 31, 2020 and 2019, the Company recognized \$1,449,670 and \$1,479,014 of amortization expense, respectively.

NOTE 8 - GOODWILL

As of December 31, 2020 and 2019, goodwill was \$0 and \$10,677,692, respectively. Goodwill is assigned to the reporting unit, which is the operating segment level or one level below the operating segment. Management considers the Company to be one operating segment and one reporting unit. Goodwill arises from the purchase price for acquired businesses exceeding the fair value of tangible and intangible assets acquired less assumed liabilities. Goodwill is reviewed annually for impairment or more frequently if impairment indicators arise. The Company adopted ASU 2017-04 which eliminates Step 2 from the quantitative assessment of the goodwill impairment test wherein the goodwill impairment loss was measured by comparing the implied fair value of a reporting unit's goodwill with its carrying amount. As a result of the amendment, the goodwill impairment test consists of one step comparing the fair value of a reporting unit with its carrying amount. The amount by which the carrying amount exceeds the reporting unit's fair value is recognized as a goodwill impairment loss.

The Company conducts its annual goodwill impairment assessment during the second quarter of each year. For the purpose of the goodwill impairment for the year ended December 31, 2019, the Company performed the qualitative approach and concluded based upon the qualitative factors, no impairment was required. For the purpose of the goodwill impairment test for the year ended December 31, 2020, due to various factors, the Company forwent the qualitative approach and performed a quantitative assessment wherein the fair value of each reporting unit is determined using a discounted cash flow method (income approach). The earnings forecast for the reporting unit impaired was revised based on a decrease in anticipated operating profits and cash flows for the next five years as it relates to the current economic environment related to COVID-19. The fair value of that reporting unit was estimated using the expected present value of future cash flows. As of December 31, 2020, the Company recorded a goodwill impairment loss in the amount of \$10,677,692 which is included as a component of impairment expense in the accompanying statement of operations.

NOTE 9 - NOTES PAYABLE

The Company had a convertible note dated January 18, 2017 which was issued to accredited investors. The convertible note matured on January 18, 2019. During the year ended December 31, 2019 the Company's parent company paid the debt holders through the issuance of the parent company's shares. The payment is reflected as a contribution in the statement changes in shareholders' equity. As a result, the Company recognized a loss on extinguishment of debt of approximately \$448,000 which is included as a component of other expense in the accompanying statement of operations for the year ended December 31, 2019.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases property from third parties under operating lease agreements that specify minimum rentals. The lease expires 2029 and contains certain renewal provisions. The Company's rent expense was \$4,531,602 and \$4,510,094 for the year ended December 31, 2020 and 2019, respectively and recorded in general and administrative expenses in the accompanying statements of operations.

Future minimum lease payments under non-cancelable operating leases having an initial or remaining term of more than one year are as follows:

Fiscal Year Ending December:	Scheduled Payments
2021	4,838,272
2022	4,687,018
2023	4,542,162
2024	4,680,631
2025	4,817,784
Thereafter	<u>13,999,315</u>
Total Future Minimum Lease Payments	<u>\$ 37,565,183</u>

Contingencies

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of these 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 regulations as of December 31, 2020 and 2019, marijuana 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.

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. As of December 31, 2020 and 2019, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. As of December 31, 2020 and 2019, there are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party to the Company or has a material interest adverse to the Company's interest.

NOTE 11 – PROVISION FOR INCOME TAXES AND DEFERRED TAXES

The Company files a federal income tax return and files tax returns in New York State and New York City jurisdictions. The statutes of limitations for its federal income tax returns are open for fiscal years 2017 and after, and state and local income tax returns are open for fiscal years 2017 and after.

As of December 31, 2020, and December 31, 2019, the Company had unrecognized tax benefits of \$1.5 million and \$1.5 million, respectively, that, if recognized, would affect the Company's effective income tax rate. The company does not expect any significant change to the unrecognized tax benefits over the next 12 months.

The Company's policy is to recognize interest and penalties accrued related to unrecognized tax benefits in income tax expense. As of December 31, 2020, and December 31, 2019, the Company had accrued interest and penalties of approximately \$83,300 and \$41,600, respectively.

The provision for income taxes consists of the following for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Current:		
Federal	\$ —	\$ 1,493,646
State	9,276	8,011
Total Current	<u>9,276</u>	<u>1,501,657</u>
Deferred:		
Federal	(1,595,470)	(1,141,117)
State	(689,422)	(203,969)
Total Deferred	<u>(2,284,892)</u>	<u>(1,345,086)</u>
Total Provision for Income Tax (Benefit) Expense	<u>\$ (2,275,616)</u>	<u>\$ 156,571</u>

A reconciliation of the total income tax expense and the amount computed by applying the federal statutory income tax rate of 21% to the loss before provision from income taxes for the years ended December 31, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Loss from Operations	\$ (26,636,073)	\$ (10,887,925)
Statutory Income Tax Rate	21 %	21 %
Expected tax recovery	\$ (5,593,575)	\$ (2,286,464)
S.280E Non-Deductible Items	4,886,341	2,665,553
Other Items	<u>(1,568,382)</u>	<u>(222,518)</u>
Total Tax (Benefit) Expense	<u>\$ (2,275,616)</u>	<u>\$ 156,571</u>

NOTE 11 – PROVISION FOR INCOME TAXES AND DEFERRED TAXES (Continued)

As of December 31, 2020 and 2019, the components of deferred tax liabilities (assets) were as follows:

	2020	2019
Deferred Tax Liabilities (Assets):		
Depreciable asset basis differences	\$ 5,525,196	\$ 6,023,950
Net Operating Loss	(284,373)	(88,786)
Total Deferred Tax Liabilities, Net	5,240,823	5,935,164
Net Deferred Tax Liabilities (Net):	\$ 5,240,823	\$ 5,935,164

NOTE 12 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through February 12, 2021 which is the date these financial statements were issued and has concluded that the following subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

NOTE 13 – CORRECTION OF ERROR IN PREVIOUSLY ISSUED FINANCIAL STATEMENTS

Subsequent to the issuance of the Financial Statements as of and for the fiscal years ended December 31, 2018 on April 3, 2019, an error in deferred taxes was noted. The Company did not appropriately assess the impact of its tax positions during the year and did not record the deferred tax impact on the intangible assets acquired as part of the Bloomfield acquisition. Following the identification of this error, the Company adjusted the beginning balance of equity for the year ended December 31, 2019. The error was deemed to be an error in previously issued financial statements under ASC 250, “Accounting Changes and Error Corrections”. Management performed additional reviews and analysis of other financial statement line items on the statement of operations, reviewed our accounting policies and noted no additional corrections were required.

The following tables present the summary impacts on the relevant line items of the financial statements on our previously reported balance sheet and statements of operations as of and for the year ended December 31, 2018:

Effect on Balance Sheet

	December 31, 2018	Adjusted	As Corrected
ASSETS			
Non-Current Assets:			
Property and Equipment, Net	\$ 8,751,327	—	8,751,327
Intangible Assets, Net	13,879,734	—	13,879,734
Goodwill	5,527,276	5,150,416	10,677,692
Other Assets	1,698,991	—	1,698,991
Total Non-Current Assets	32,307,328	5,150,416	37,457,744
TOTAL ASSETS	\$ 38,037,781	\$ 5,150,416	\$ 43,188,197

NOTE 13 – CORRECTION OF ERROR IN PREVIOUSLY ISSUED FINANCIAL STATEMENTS (Continued)

	<u>December 31, 2018</u>	<u>Adjusted</u>	<u>As Corrected</u>
LIABILITIES AND MEMBER'S EQUITY			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 1,006,624	\$ —	\$ 1,006,624
Other Current Liabilities	841,004	—	841,004
Income taxes Payable	—	694,500	694,500
Current Portion of Notes Payable	3,170,551	—	3,170,551
Due to Related Parties	192,283	—	192,283
Total Current Liabilities	<u>5,210,462</u>	<u>694,500</u>	<u>5,904,962</u>
Non-Current Liabilities:			
Other Non-Current Liabilities, Net of Current Portion	853,653	—	853,653
Deferred Tax Liabilities	—	4,330,585	4,330,585
Total Non-Current Liabilities	<u>853,653</u>	<u>4,330,585</u>	<u>5,184,238</u>
TOTAL LIABILITIES	<u>6,064,115</u>	<u>5,025,085</u>	<u>11,089,200</u>
SHAREHOLDERS' EQUITY			
Common Stock	—	—	—
Additional Paid-In Capital	52,316,410	—	52,316,410
Accumulated Deficit	(20,342,744)	125,331	(20,217,413)
TOTAL SHAREHOLDERS' EQUITY	<u>31,973,666</u>	<u>125,331</u>	<u>32,098,997</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	<u>\$ 38,037,781</u>	<u>\$ 5,150,416</u>	<u>\$ 43,188,197</u>
Effect on Statement of Operations			
	<u>December 31, 2018</u>	<u>Adjusted</u>	<u>As Corrected</u>
Loss Before Provision for Income Taxes	\$ (9,664,533)	—	\$ (9,664,533)
Provision for Income Tax (Benefit)	—	284,584	284,584
Net Loss	<u>\$ (9,664,533)</u>	<u>\$ 284,584</u>	<u>\$ (9,379,949)</u>

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This management discussion and analysis, which we refer to as the “**MD&A**”, of the financial condition and results of operations of MedMen NY, Inc. (the “**Company**”) is for the years ended December 31, 2020 and 2019. It is supplemental to, and should be read in conjunction with, the consolidated financial statements for the years ended December 31, 2020 and 2019, and the accompanying notes thereto (the “**Annual Financial Statements**”). The Annual Financial Statements were prepared in accordance with accounting principles generally accepted in the United States of America, which we refer to as “**GAAP**”.

The following discussion should be read in conjunction with, and is qualified in its entirety by, the Annual Financial Statements and the accompanying notes thereto. In addition to historical information, the discussion in this section contains forward-looking statements and forward-looking information (collectively, forward-looking information”) that involve risks and uncertainties. Generally, forward-looking information may be identified by the use of forward-looking terminology such as “plans,” “expects,” “does not expect,” “proposed,” “is expected,” “budgets,” “scheduled,” “estimates,” “forecasts,” “intends,” “anticipates,” “does not anticipate,” “believes,” or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events, or results may, could, would, or might occur or be achieved. There can be no assurance that such forward-looking information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such forward-looking information. Forward-looking information is subject to known and unknown risks, uncertainties, and other factors that may cause the actual results, level of activity, performance, or achievements of the Company to be materially different from those or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; delay or failure to receive board or regulatory approvals; the actual results of future operations; operating and development costs; competition; changes in legislation or regulations affecting the Company; the timing and availability of external financing on acceptable terms; favorable production levels and outputs; the stability of pricing of cannabis products; the level of demand for cannabis product; the availability of third-party service providers and other inputs for the Company’s operations; and lack of qualified, skilled labor or loss of key individuals. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, including those set forth under the “Risk Factors” section and elsewhere in this Prospectus, there may be other factors that cause results not to be as anticipated, estimated or intended. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Financial information presented in this MD&A is presented in thousands of United States dollars (“\$”), unless otherwise indicated. We round amounts in this MD&A to the thousands and calculate all percentages and per-share data from the underlying whole-dollar amounts. Thus, certain amounts may not foot, crossfoot, or recalculate based on reported numbers due to rounding. Unless otherwise indicated, all references to years are to our fiscal year, which ends on December 31.

This MD&A was prepared by management of the Company and is dated and presented as of February 12, 2021.

Business Overview

The Company is a retail seller and cultivator of medical cannabis and has received the necessary governmental approvals and permitting to operate medical cannabis dispensary facilities and a cultivation facility in the State of New York. The dispensary facilities are located in Buffalo (Williamsville); Long Island (Lake Success); Syracuse (Galeville); and New York City (Fifth Avenue). The cultivation facility is located in Utica.

We were founded in 2015 and operate in the State of New York. As of February 5, 2021, we employ approximately 75 people.

Our product portfolio consists of a range of cannabis product categories including concentrates, vapes, tinctures, ground flower and other cannabis-related products.

Results of Operations

Year Ended December 31, 2020 Compared to 2020

(\$ in thousands)	Year Ended December 31,			
	2020	2019	Increase / (Decrease)	
Revenue, net	\$ 9,148,884	\$ 9,189,298	\$ (40,414)	(0.4 %)
Cost of goods sold	4,364,585	4,173,970	190,615	4.6 %
Gross profit	4,784,299	5,015,328	(231,029)	(4.6 %)
Gross profit %	52 %	55 %		
Operating expenses				
General and administrative	10,485,162	13,186,153	(2,700,991)	(20.5 %)
Sales and Marketing	14,000	1,617	12,383	n/m
Impairment	18,074,243	0	18,074,243	n/m
Depreciation and amortization	2,846,311	2,248,452	597,859	26.6 %
Total operating expenses	31,419,716	15,436,222	15,983,494	103.5 %
Operating loss	(26,635,417)	(10,420,894)	(16,214,523)	(155.6 %)
Other Expense:				
Interest expense	656	56,587	(55,931)	(98.8 %)
Other	0	410,444	(410,444)	(100.0 %)
Total Other Expense	656	467,031	(466,375)	(99.9 %)
Loss before income taxes	(26,636,073)	(10,887,925)	(15,748,148)	(144.6 %)
Income tax (benefit) expense	(2,275,616)	156,571	(2,432,187)	n/m
Net loss	(24,360,457)	(11,044,496)	(13,315,961)	(120.6 %)

Revenue

Revenue for the year ended December 31, 2020 was \$9,148,884, compared to \$9,189,298 in 2019. The decrease in revenue was due to COVID-19 related restrictions partially offset by increased revenue from broader product offerings.

Cost of Goods Sold

Cost of goods sold for the year ended December 31, 2020 was \$4,364,585, compared to \$4,173,970 in 2019, driven by increased mix of third-party products sold in our retail stores.

Gross Profit

Gross profit for the year ended December 31, 2020 was \$4,784,299, representing a gross margin of 52%, compared to 55% in 2019.

General and Administrative Expenses

General and administrative expenses for the year ended December 31, 2020 was \$10,485,162 compared to \$13,186,153 in 2019. The decrease was primarily driven by lower payroll cost and other operating expenses.

Impairment

During the year ended December 31, 2020, management noted indicators of impairment of its long-lived assets due to the impacts of COVID-19. Accordingly, the Company recorded an impairment of \$7,396,531 of its property which are included as a component of impairment expense in the accompanying statement of operations. In addition, the Company recorded a goodwill impairment loss in the amount of \$10,677,692.

Income Tax Expense

Income tax expense is recognized based on the expected tax payable on the taxable income for the year, using tax rates enacted at year-end. For the year ended December 31, 2020, income tax expense totaled \$2,275,616.

Since the Company operates in the cannabis industry, it is subject to the limitations of Section 280E of the Code, which prohibits businesses engaged in the trafficking of Schedule I or Schedule II controlled substances from deducting normal business expenses, such as payroll and rent, from gross profit (revenue less cost of goods sold). Section 280E was originally intended to penalize criminal market operators, but because cannabis remains a Schedule I controlled substance for federal purposes, the IRS has subsequently applied Section 280E to state legal cannabis businesses. Cannabis businesses operating in states that align their tax codes with the IRC are also unable to deduct normal business expenses from their state taxes. This results in permanent differences between ordinary and necessary business expenses deemed non-deductible under IRC Section 208E. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss, primarily driven by non-deductible expense.

Liquidity and Capital Resources

We are an emerging growth company and our primary sources of liquidity are operating cash flows and contributions from our parent company. We are generating cash from sales and deploying our capital reserves to acquire and develop assets capable of producing additional revenue and earnings over both the immediate and long term. Capital reserves are being utilized for acquisitions in the medical and adult use cannabis markets, for capital expenditures and improvements in existing facilities, product development and marketing, as well as customer, supplier, and investor and industry relations.

Financing History and Future Capital Requirements

To date, we have used contributions from our parent company as a source of liquidity for short-term working capital needs and general corporate purposes.

As of December 31, 2020, and 2019, the Company had total current liabilities of \$8,852,487 and \$6,621,052, respectively, and cash and cash equivalents of \$733,811 and \$297,150, respectively, to meet its current obligations.

Cash Flows

<i>(in thousands)</i>	Year Ended December 31, 2020	Year Ended December 31, 2019
Net cash used in operating activities	\$ 4,552,123	\$ 6,368,947
Net cash used in investing activities	775,440	8,559,892
Net cash provided by financing activities	5,764,224	14,498,851

Operating Activities

Net cash used in operating activities decreased by \$1,816,824 during 2020, as compared to 2019, primarily driven by the decrease in general and administrative expenses.

Investing Activities

Net cash used in investing activities decreased by \$7,784,452 during 2020, as compared to 2019, primarily due to decrease in construction spend and purchases of property and equipment.

Financing Activities

Net cash provided by financing activities decreased by \$8,734,627 during 2020, as compared to 2019, primarily due to decreased cash used in operating and investing activities.

Contractual Obligations and Other Commitments and Contingencies

As of December 31, 2020, the Company does not have material future contractual obligations other than the operating leases disclosed in the financial statements.

Off-Balance Sheet Arrangements

As of the date of this MD&A, we do not have any off-balance-sheet arrangements, as defined by applicable regulations of the Securities and Exchange Commission, that have, or are reasonably likely to have, a current or future effect on the results of our operations or financial condition, including, and without limitation, such considerations as liquidity and capital resources.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed in varying degrees to a variety of financial instrument related risks. The Company mitigates these risks by assessing, monitoring and approving our risk management processes.

Credit Risk

Credit risk is the risk of a potential loss to us if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at December 31, 2020 is the carrying amount of cash and cash equivalents. We do not have significant credit risk with respect to our customers. All cash and cash equivalents are placed with major U.S. financial institutions.

We provide credit to our customers in the normal course of business. We have established credit evaluation and monitoring processes to mitigate credit risk but have limited risk as the majority of our sales are transacted with cash.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations associated with financial liabilities. We manage liquidity risk through the effective management of our capital structure. Our approach to managing liquidity is to ensure that we will have sufficient liquidity at all times to settle obligations and liabilities when due.

Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, raw materials, and other commodity prices. Strategic and operational risks may arise if we fail to carry out business

operations and/or raise sufficient equity and/or debt financing. Strategic opportunities or threats may arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. We seek to mitigate such risks by consideration of potential development opportunities and challenges.

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. Cash and cash equivalents bear interest at market rates. Our financial debts have fixed rates of interest and therefore expose us to a limited interest rate fair value risk.

Commodities Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The primary raw materials used by us aside from those cultivated internally are labels and packaging. Management believes a hypothetical 10% change in the price of these materials would not have a significant effect on our consolidated annual results of operations or cash flows, as these costs are generally passed through to our customers. However, such an increase could have an impact on our customers' demand for our products, and we are not able to quantify the impact of such potential change in demand on our annual results of operations or cash flows.

COVID-19 Risk

We are monitoring COVID-19 closely, and although our operations have not been materially affected by the COVID-19 outbreak to date, the ultimate severity of the outbreak and its impact on the economic environment is uncertain. Our operations are ongoing as the cultivation, processing and sale of cannabis products is currently considered an essential business by the states in which we operate with respect to all customers (except for Massachusetts, where cannabis has been deemed essential only for medical patients). In all locations where regulations have been enabled by governmental authorities, we have expanded consumer delivery options and curbside pickup to help protect the health and safety of our employees and customers. The pandemic has not materially impacted our business operations or liquidity position to date. We continue to generate operating cash flows to meet our short-term liquidity needs. The uncertain nature of the spread of COVID-19 may impact our business operations for reasons including the potential quarantine of our employees or those of our supply chain partners or a change in our designation as "essential" in states where we do business that currently or in the future impose restrictions on business operations.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

Ascend Wellness Holdings, LLC

**Pro Forma Consolidated Statement of Operations
(unaudited)**

For The Year Ended December 31, 2020

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

This Unaudited Pro Forma Consolidated Statement of Operations (“Unaudited Pro Forma Statement of Operations”) of Ascend Wellness Holdings, LLC (“AWH” or the “Company”) is prepared pursuant to Canadian National Policy Section 32.7 of Form 41-101F1—*Information Required in a Prospectus* and reflects the following transactions (collectively referred to as the “Transactions”):

- The acquisition of MOCA, LLC (“MOCA”) on August 1, 2020 (the “MOCA Transaction”);
- The acquisition of Chicago Alternative Health Center, LLC and Chicago Alternative Health Center Holdings, LLC (collectively, “Midway”) on December 15, 2020 (the “Midway Transaction”); and
- The investment in MedMen NY, Inc. (“MMNY”) pursuant to a definitive agreement entered into as of February 25, 2021 (“the “MMNY Investment”).

The Unaudited Pro Forma Statement of Operations for the year ended December 31, 2020 gives effect to the Transactions as if they had been consummated on January 1, 2020. An Unaudited Pro Forma Consolidated Balance Sheet as not been prepared as the MOCA Transaction and Midway Transaction are reflected in the audited Consolidated Balance Sheet of the Company as of December 31, 2020, which is included elsewhere in this Prospectus, and the impact of the MMNY acquired assets is not material to the Company’s Consolidated Balance Sheet.

All financial data in Unaudited Pro Forma Consolidated Statement of Operations is presented in thousands of United States Dollars (“USD”) and has been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). The Unaudited Pro Forma Financial Statements reflect pro forma adjustments to the historical audited consolidated statement of operations of the Company (as described below) after giving effect to the Transactions.

The Unaudited Pro Forma Consolidated Statement of Operations was derived from the following, as presented elsewhere in this Prospectus:

- the audited consolidated financial statements of Ascend Wellness Holdings, LLC as of and for the year ended December 31, 2020 and the related notes prepared in accordance with U.S. GAAP (the “2020 Audited Financial Statements”);
- the audited financial statements of MOCA, LLC as of and for the year ended December 31, 2020 and the related notes prepared in accordance with U.S. GAAP;
- the audited combined financial statements of Chicago Alternative Health Center Holdings, LLC and Affiliate as of and for the year ended December 31, 2020 and the related notes prepared in accordance with U.S. GAAP; and
- the audited financial statements of MedMen NY, Inc. as of and for the year ended December 31, 2020 and the related notes prepared in accordance with U.S. GAAP (collectively, the “Component Statements”).

The historical consolidated financial information has been adjusted to give effect to pro forma events that are directly attributable to the Transactions for which there are firm commitments and for which the complete financial effects are objectively determinable.

The Unaudited Pro Forma Consolidated Statement of Operations is based on preliminary estimates, accounting judgments, and currently available information and assumptions that management believes are reasonable. The notes to the Unaudited Pro Forma Consolidated Statement of Operations provide a detailed discussion of how such adjustments were derived and presented in the Unaudited Pro Forma Consolidated Statement of Operations. The Unaudited Pro Forma Consolidated Statement of Operations should be read in conjunction with “Capitalization,” “Summary Financial Information,” “Management’s Discussion and Analysis of Financial Conditions and Results of Operations,” and the Component Statements and the related notes thereto, included elsewhere in this Prospectus. The Unaudited Pro Forma Consolidated Statement of Operations has been prepared for illustrative purposes only and is not indicative of the Company’s results of operations had the Transactions actually occurred on the date indicated, nor is such pro forma financial information indicative of the results expected in any future period. A number of factors may affect these results.

Ascend Wellness Holdings, LLC
Pro Forma Consolidated Statement of Operations
For the Year Ended December 31, 2020
(Unaudited, Amounts Expressed in United States Dollar Unless Otherwise Stated)

<i>(in thousands)</i>	Ascend Wellness Holdings, LLC	MOCA	Midway	MMNY	Pro Forma Adjustments	Notes	Pro Forma Ascend Wellness Holdings, LLC
Revenue, net	\$ 143,732	\$ 21,626	\$ 11,164	\$ 9,149	\$ (13,758)	A	\$ 171,913
Cost of goods sold	(82,818)	(11,288)	(7,380)	(4,365)	7,174	B	(98,677)
Gross profit	60,914	10,338	3,784	4,784	(6,584)		73,236
Operating expenses							
General and administrative	53,067	6,095	962	31,420	1,278	C, D	92,822
Total operating expenses	53,067	6,095	962	31,420	1,278		92,822
Operating profit (loss)	7,847	4,243	2,822	(26,636)	(7,862)		(19,586)
Other income (expense)							
Interest expense	(12,993)	—	—	(1)	(13,843)	E	(26,837)
Other income	7	—	—	—	—		7
Total other income (expense)	(12,986)	—	—	(1)	(13,843)		(26,830)
Loss before income taxes	(5,139)	4,243	2,822	(26,637)	(21,705)		(46,416)
Provision for income taxes	(18,702)	(3,153)	(81)	2,276	1,723	F	(17,937)
Net loss	(23,841)	1,090	2,741	(24,361)	(19,982)		(64,353)
Less: net loss attributable to non-controlling interests	1,599	—	—	—	(4,221)	G	(2,622)
Net loss attributable to Ascend Wellness Holdings, LLC	\$ (25,440)	\$ 1,090	\$ 2,741	\$ (24,361)	\$ (15,761)		\$ (61,731)

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

MOCA Acquisition

Effective August 1, 2020 (the “MOCA Agreement Date”), the Company acquired MOCA, a dispensary operator in the Chicago, Illinois area for total consideration of \$22,312. The transaction was treated as a business combination under Accounting Standards Codification (“ASC”) Topic 805, *Business Combinations*, and MOCA was consolidated as a Variable Interest Entity (“VIE”) between the MOCA Agreement Date and the closing date in December 2020. The business combination is accounted for by applying the acquisition method, whereby the assets acquired and the liabilities assumed are recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. A preliminary purchase price allocation has been completed for this acquisition, which is included in Note 4 to the Company’s 2020 Audited Financial Statements, included elsewhere in this Prospectus. The final fair value and purchase price allocation may differ from this preliminary determination.

Midway Acquisition

Effective December 15, 2020 (the “Midway Agreement Date”), the Company acquired Midway for total cash consideration of \$28,000, subject to certain adjustments including a customary working capital adjustment. The transaction was treated as a business combination under ASC Topic 805, *Business Combinations*, and is consolidated as a VIE from the Midway Agreement Date through the final closing date, which is pending the state’s approval of the license transfer. The business combination is accounted for by applying the acquisition method, whereby the assets acquired and the liabilities assumed are recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. A preliminary purchase price allocation has been completed for this acquisition, which is included in Note 4 to the Company’s 2020 Audited Financial Statements, included elsewhere in this Prospectus. The final fair value and purchase price allocation may differ from this preliminary determination.

Investment in MMNY

On February 25, 2021, the Company entered into a definitive investment agreement with MedMen Enterprises Inc. (“MedMen”), under which the Company will, subject to regulatory approval, complete an investment of approximately \$73,000 in MMNY, a licensed medical cannabis operator in New York. In connection with the investment, and subject to regulatory approval, MMNY will engage the Company’s services pursuant to a management agreement (the “Management Agreement”) under which we will advise on MMNY’s operations pending regulatory approval of the Investment transaction.

Under the terms of the investment, at closing, MMNY will assume approximately \$73,000 of MedMen’s existing secured debt, AWH will invest \$35,000 in cash in MMNY, and AWH New York, LLC will issue a senior secured promissory note in favor of MMNY’s senior secured lender in the principal amount of \$28,000, guaranteed by AWH, which cash investment and note will be used to reduce the amounts owed to MMNY’s senior secured lender. Following its investment, AWH will hold a controlling interest in MMNY equal to approximately 86.7% of the equity in MMNY, and be provided with an option to acquire MedMen’s remaining interest in MMNY in the future. AWH must also make an additional investment of \$10,000 in exchange for additional equity in MMNY, which investment will also be used to repay MMNY’s senior secured lender if adult-use cannabis sales commence in MMNY’s dispensaries.

The Company has included the results of MMNY in the Unaudited Pro Forma Consolidated Statement of Operations on the basis of the transaction being a probable acquisition during 2021.

Explanatory Notes

- A. The Unaudited Pro Forma Consolidated Statement of Operations was adjusted to exclude \$13,758 of revenue reflected in the consolidated results of AWH following the respective agreement dates for MOCA and Midway.
- B. The Unaudited Pro Forma Consolidated Statement of Operations was adjusted to exclude \$7,174 of cost of goods sold reflected in the consolidated results of AWH following the respective agreement dates for MOCA and Midway.
- C. The Unaudited Pro Forma Consolidated Statement of Operations was adjusted to exclude \$4,497 of general and administrative expenses reflected in the consolidated results of AWH following the respective agreement dates for MOCA and Midway. The Unaudited Pro Forma Consolidated Statement of Operations was also adjusted to exclude \$502 of transaction-related expenses incurred by the Company during the year ended December 31, 2020 that are included in “General and administrative expenses” on the consolidated statement of operations in the Company’s 2020 Audited Financial Statements.
- D. The Unaudited Pro Forma Consolidated Statement of Operations was adjusted to include \$6,277 of additional incremental amortization of intangible assets as if the Transactions occurred on January 1, 2020.
- E. The Unaudited Pro Forma Consolidated Statement of Operations was adjusted to include \$13,843 of additional incremental interest expense on transaction-related financing, as if the Transactions occurred on January 1, 2020.
- F. The Unaudited Pro Forma Consolidated Statement of Operations was adjusted to exclude \$1,723 of income tax expense reflected in the consolidated results of AWH following the respective agreement dates for MOCA and Midway.
- G. The Unaudited Pro Forma Consolidated Statement of Operations was adjusted to reflect an estimate of \$4,221 of net loss attributable to the non-controlling interests of MMNY, as if that transaction occurred on January 1, 2020.