



Trulieve Cannabis Corp.
Annual Information Form
For the year ended December 31, 2018
Dated April 10, 2019

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DATE, CURRENCY AND OTHER INFORMATION

In this annual information form ("**AIF**" or "**Annual Information Form**"), unless the context otherwise requires, the "**Corporation**" or "**Trulieve**" refers to Trulieve Cannabis Corp. together with its subsidiaries, Trulieve, Inc. ("**Trulieve US**"), Leef Industries, LLC ("**Leef Industries**"), Life Essence, Inc. ("**Life Essence**") and Trulieve Holdings, Inc. ("**Trulieve Holdings**"). Trulieve US, Life Essence and Trulieve Holdings are wholly-owned by Trulieve. Trulieve currently holds 80% of the issued and outstanding membership interests in Leef Industries and is proposing to acquire the balance of the issued and outstanding membership interests upon receipt of final regulatory approval from the State of California, as contemplated in the definitive agreement of purchase and sale in respect of Leef Industries dated November 8, 2018. References to "**Schyan**" refer to the Corporation prior to completion of the Transaction (as defined herein).

This AIF applies to the business activities and operations of the Corporation for the year ended December 31, 2018, as updated to April 10, 2019. Unless otherwise indicated, the information in this AIF is given as of the date hereof.

Unless otherwise indicated, all references to "\$" or "US\$" in this AIF refer to United States dollars and all references to "C\$" in this AIF refer to Canadian dollars.

This AIF includes market and industry data that has been obtained from third party sources, including industry publications. Trulieve believes that the industry data is accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, Trulieve has not independently verified any of the data from third-party sources referred to in this AIF or ascertained the underlying economic assumptions relied upon by such sources.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

The information provided in this AIF, including information incorporated by reference, may contain "forward-looking statements" about the Corporation. In addition, the Corporation may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Corporation that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Corporation that address activities, events or developments that the Corporation expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on the then current expectations of the party making the statement and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to: the performance of Trulieve's business and operations; the receipt and/or maintenance by Trulieve of required licenses and permits in a timely manner or at all; the intention to grow the business and operations of Trulieve; the expected growth in the number of the people using medical and/or adult use of cannabis products; expectations of market size and growth in the United States; the competitive conditions and increasing competition of the industry; applicable laws, regulations and any amendments thereof; the competitive and business strategies of the Corporation; the Corporation's operations in the United States, the characterization and consequences of those operations under federal United States law, and the framework for the

enforcement of medical and adult use cannabis and cannabis-related offenses in the United States; the proposed acquisition of the balance of the outstanding membership interests of Leef Industries; the completion of additional cultivation and production facilities; the general economic, financial market, regulatory and political conditions in which the Corporation operates; the United States regulatory landscape and enforcement related to cannabis, including political risks; anti-money laundering laws and regulation; other governmental and environmental regulation; public opinion and perception of the cannabis industry; the enforceability of contracts; reliance on the expertise and judgment of senior management of the Corporation; proprietary intellectual property and potential infringement by third parties; the concentrated voting control of the Corporation by the Founders (as hereinafter defined) and the unpredictability caused by the capital structure of the Corporation; the management of growth; risks inherent in an agricultural business; risks relating to energy costs; risks associated to cannabis products manufactured for human consumption including potential product recalls; reliance on key inputs, suppliers and skilled labor; cybersecurity risks; ability and constraints on marketing products; fraudulent activity by employees, contractors and consultants; tax and insurance related risks; risk of litigation; conflicts of interest; risks relating to certain remedies being limited and the difficulty of enforcement of judgments and effect service outside of Canada; risks related to future acquisitions or dispositions; sales by existing shareholders; limited research and data relating to cannabis; the medical benefits, viability, safety, efficacy and social acceptance of cannabis; the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; and other risks described in this AIF and described from time to time in documents filed by the Corporation with Canadian securities regulatory authorities.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including, but not limited to, expectations and assumptions concerning: (i) receipt and/or maintenance of required licenses and third party consents; (ii) the success of the operations of the Corporation; and (iii) the completion of contemplated acquisitions on their current terms and current contemplated timelines, and are based on estimates prepared by Trulieve using data from publicly available governmental sources, as well as from market research and industry analysis, and on assumptions based on data and knowledge of this industry which the Corporation believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While Trulieve is not aware of any misstatement regarding any industry or government data presented herein, the current marijuana industry involves risks and uncertainties and are subject to change based on various factors. Although the Corporation believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks described above and other factors beyond Trulieve's control, as more particularly described under the heading "*Risk Factors*" in this AIF. Consequently, all forward-looking statements made in this AIF are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Corporation. The cautionary statements contained or referred to in this AIF should be considered in connection with any subsequent written or oral forward-looking statements that the Corporation and/or persons acting on its behalf may issue. Trulieve does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Corporation was incorporated under the *Business Corporations Act* (Ontario) on September 17, 1940. The Corporation changed its name from "Bandolac Mining Corporation" to "Schyan Exploration Inc. / Exploration Schyan Inc." on October 29, 2008.

On September 19, 2018, in connection with the Transaction (as defined below), the Corporation filed Articles of Amendment under the *Business Corporations Act* (Ontario) to (i) effect the name change from “Schyan Exploration Inc. / Exploration Schyan Inc.” to “Trulieve Cannabis Corp.”, (ii) re-designate all of the then issued and outstanding common shares of the Corporation into Subordinate Voting Shares (as defined below), on the basis that each one issued and outstanding common share was re-designated into one Subordinate Voting Share, and (iii) increase the authorized capital of the Corporation by creating two new classes of shares, an unlimited number of Super Voting Shares (as defined below) and an unlimited number of Multiple Voting Shares(as defined below).

On September 19, 2018, in connection with the Transaction, the Corporation continued into the Province of British Columbia as a corporation under the *Business Corporations Act* (British Columbia) and consolidated its issued and outstanding Subordinate Voting Shares on the basis of one post-consolidation share for every 80.94486 pre-consolidation shares.

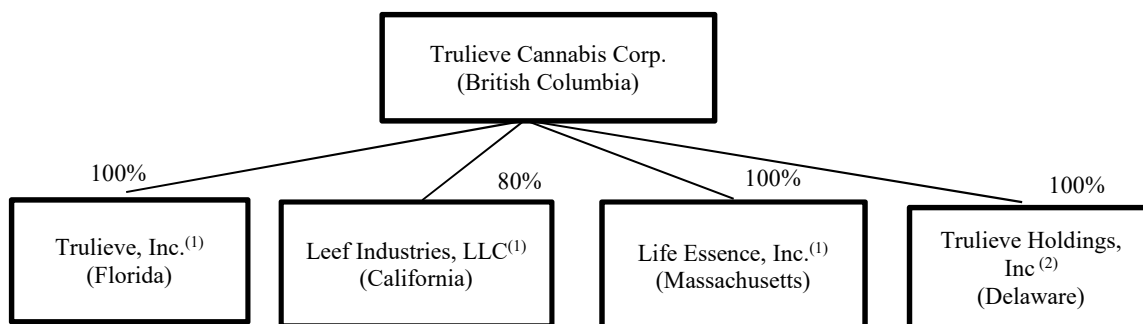
On September 21, 2018, the Corporation completed the Transaction and acquired all of the securities of Trulieve US by way of a plan of merger. Pursuant to the Transaction, a wholly-owned subsidiary of the Corporation created to effect the Transaction merged with and into Trulieve US and Trulieve US became a wholly-owned subsidiary of the Corporation. In addition and in connection with the Transaction, 10,927,500 issued and outstanding subscription receipts of Trulieve US were exchanged for 10,927,500 Subordinate Voting Shares of the Corporation (3,573,450 of which Subordinate Voting Shares were immediately converted into 35,734.50 Multiple Voting Shares), and 548,446 broker warrants of Trulieve US were exchanged for 548,446 broker warrants to purchase Subordinate Voting Shares of the Corporation at an exercise price of \$6.00 until September 21, 2020. As a result of the Transaction, the Corporation met the CSE listing requirements and the Subordinate Voting Shares commenced trading on the Canadian Securities Exchange (the “CSE”) under the symbol “TRUL” on September 25, 2018.

The registered office of the Corporation is located at 2800 Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7. The head office is located at 6749 Ben Bostic Road, Quincy, Florida, 32351.

Inter-Corporate Relationships

Trulieve has four subsidiaries, being Trulieve US, Leef Industries, Life Essence and Trulieve Holdings. Trulieve US, Life Essence and Trulieve Holdings are wholly-owned by Trulieve. Trulieve currently holds 80% of the issued and outstanding membership interests in Leef Industries and is proposing to acquire the balance of the issued and outstanding membership interests upon receipt of final regulatory approval from the State of California, as contemplated in the definitive agreement of purchase and sale in respect of Leef Industries dated November 8, 2018.

The following chart illustrates, as of the date hereof, the Corporation’s corporate structure including details of the jurisdiction of formation of each subsidiary as of the date of this AIF.



Notes:

- (1) The board of directors and executive officers of each of Trulieve US, Leef Industries and Life Essence are the same as Trulieve.
- (2) The board of directors and executive officers of Trulieve Holdings will be: Kim Rivers (director and president), Kevin Darmody (director and vice president), Mohan Srinivasan (treasurer) and Eric Powers (director and secretary).

GENERAL DEVELOPMENT OF THE BUSINESS

Business of Schyan

The Corporation (formerly Schyan) had no active business operations leading up to completion of the Transaction. In connection with the Transaction, the Corporation disposed of a mineral exploration property eight kilometers north east of the town of Cadillac, Quebec.

The Transaction

On September 11, 2018, Trulieve US, Schyan Sub, Inc., a wholly-owned subsidiary of the Corporation formed to complete the Transaction ("**Subco**"), and the Corporation entered into a merger agreement to effect a reverse merger under Florida law whereby Trulieve US and Subco merged, and Trulieve US became a wholly-owned subsidiary of the Corporation (the "**Transaction**").

At the annual and special meeting of the Schyan shareholders held on August 15, 2018 and in connection with the Transaction, the Corporation received approval to continue into the jurisdiction of British Columbia. The Corporation filed articles of continuance pursuant to the *Business Corporations Act* (British Columbia) and completed the continuance on September 19, 2018 (the "**Continuance**"). The Corporation filed articles of amendment on September 19, 2018 for the amendment to the articles of the Corporation providing for the re-designation of the common shares of the Corporation as subordinate voting shares ("**Subordinate Voting Shares**") and to create a class of multiple voting shares ("**Multiple Voting Shares**") and super voting shares ("**Super Voting Shares**") on completion of the Transaction. The Corporation filed articles of amendment on September 19, 2018 to complete the name change of the Corporation to "Trulieve Cannabis Corp." in connection with the Transaction.

In connection with the Transaction, the Corporation consolidated its existing common shares on the basis of one Subordinate Voting Share for each 80.94486 existing common shares of the Corporation.

Prior to the Transaction, Trulieve US completed a brokered and a non-brokered subscription receipt financing (the "**SR Offering**") at a price of C\$6.00 per subscription receipt for aggregate gross proceeds of approximately C\$65 million. The brokered portion of the SR Offering was co-led by Canaccord Genuity Corp. and GMP Securities L.P.

Holders of the subscription receipts that participated in the SR Offering on a non-brokered basis and whom were residents of the United States agreed to exchange the Subordinate Voting Shares issued to such holders on exercise of the subscription receipts for Multiple Voting Shares on the basis of one Multiple Voting Share for each 100 Subordinate Voting Shares to assist the Corporation in its efforts to maintain its status as a "foreign private issuer" (as determined in accordance with Rule 3b-4 under the Exchange Act) on closing of the Transaction.

In connection with the Transaction and pursuant to the SR Offering, a total of 7,554,050 Subordinate Voting Shares, 170,102.50 Multiple Voting Shares and 852,466 Super Voting Shares were issued and outstanding after completion of the Transaction, including Subordinate Voting Shares and Multiple Voting Shares issued to former holders of the subscription receipts issued in the SR Offering. Each Super Voting Share is convertible into Multiple Voting Shares at the option of the holder or upon certain triggering events. Each Multiple Voting Share, including those issued upon conversion of the Super Voting Shares, is convertible into 100 Subordinate Voting Shares at the option of the holder or upon certain triggering events.

The Subordinate Voting Shares began trading on the CSE on September 25, 2018 under the symbol "TRUL".

Business of the Corporation

The Corporation is a multi-state cannabis operator which currently operates under licenses in three states. Headquartered in Quincy, Florida, the Corporation is focused on being the brand leader for quality medical and recreational cannabis products and service in all markets it serves. As of February 2019, the Corporation employs over 1,700 people and is committed to providing patients a consistent and welcoming retail experience across Trulieve branded stores. The Corporation's experience in the vertically integrated market of Florida has given it the ability to scale and penetrate in all necessary business segments (cultivation, production, sales and distribution) which has provided the Corporation with the unique ability to secure and maintain the position of market leader in Florida and to inject that expertise effectively into other regulated market opportunities.

Trulieve US is the first fully licensed medical cannabis company in Florida and the first company to reach scale. Trulieve US has capitalized on its first mover advantage by capturing (on average) 67.4% market share in 2018 as reported by the Department (as defined below) in milligrams dispensed since January 1, 2018. Today, Trulieve US owns and operates 26 of the 108 open dispensary locations throughout Florida and also services patients via home delivery service. Since opening and as of February 2019, Trulieve US has served over 137,500 unique patients in the state of Florida.

Due to its patient-first mantra, the Corporation has developed a suite of Trulieve branded products with over 170 stock keeping units ("**SKUs**"), including smokable flower, flower pods for vaporizing, concentrates, topicals, capsules, tinctures, and vape cartridges. This wide variety of products gives patients the ability to select the product that provides them with the most desired effect and delivery mechanism. Trulieve branded products are distributed across the Trulieve store platform as well as via home delivery.

The Corporation operates one medical and adult use dispensary in Palm Springs, California and is in the process of identifying possible locations and is working with local municipalities to obtain the requisite permission and permitting to operate medical and adult use cannabis dispensaries in the Commonwealth of Massachusetts. The Corporation cannot predict the timing or grant of regulatory approvals.

Trulieve US operates approximately 638,008 square feet of total cultivation facilities with an estimated 72,000 square feet of indoor cultivation to be added in Q2 2019.

Trulieve US operates a Good Manufacturing Practices ("**GMP**") certified processing facility, encompassing approximately 55,000 square feet. Trulieve US produces over 170 different SKUs, including smokable flower, flower pods for vaporizing, concentrates, topicals, capsules, tinctures, and vape cartridges.

Life Essence is currently in the permitting and development phase for multiple adult-use and medical cannabis retail locations, as well as a cultivation and product manufacturing facility in Massachusetts. Life Essence has been awarded Provisional Certificates of Registration from the Massachusetts Department of Health to operate medical marijuana dispensaries in the Cities of Cambridge, Holyoke, and Northampton, Massachusetts, as well as a 126,000 square-foot medical marijuana cultivation and processing facility. Life Essence has also been awarded letters of support from these cities. Subject to receipt of Final Certificates of Registration and local permitting, these initiatives will allow Life Essence to build out its infrastructure and engage in medical cannabis cultivation, processing and retailing in Massachusetts. Additionally, Life Essence has executed statutorily required Host Community Agreements with the City of Holyoke that, subject to receipt of other state and local approvals, authorizes Life Essence to cultivate and process adult use cannabis, and with the City of

Northampton that, subject to receipt of other state and local approvals, authorizes Life Essence to operate a retail marijuana establishment.

Leef Industries operates one licensed medical and adult-use cannabis dispensary located in Palm Springs, California. Trulieve believes Leef Industries has demonstrated encouraging growth in the market, offering in-store and online shopping, along with product home delivery.

Recent Developments

Voluntary Lock-Ups

On January 16, 2019, Trulieve announced that Kim Rivers, Ben Atkins, Thad Beshears, Telogia Pharm, LLC, KOPUS, LLC and Shade Leaf Holding LLC (together, the “**Founders**”) had entered into voluntary lock-up agreements with the Corporation in respect of 75,510,694 Subordinate Voting Shares (the “**Subject Securities**”) (on an as-if converted basis), representing 68.6% of the Subordinate Voting Shares, assuming the conversion of all issued and outstanding Multiple Voting Shares and Super Voting Shares of the Corporation. The voluntary lock-up agreements stipulate that the Founders will not offer to sell, contract to sell or otherwise dispose of any of the Subject Securities, or enter into any transaction to such effect, directly or indirectly, in addition to other restrictions, on or before July 25, 2019.

Patient Access Lawsuit

On February 4, 2019, Trulieve announced that it had won a lawsuit alleging the statutory caps on the number of dispensaries permitted for each licensed medical marijuana treatment center were unfairly and wrongly added by the state legislature after voters approved the Florida Medical Marijuana Legalization Initiative (“**Amendment 2**”) in 2016. Judge Karen Gievers of Florida’s Second Judicial Circuit ruled that Trulieve may open an additional 14 dispensary locations based on previous vesting and, in the alternative, the statutory caps placed on the number of dispensaries allowed across the state were not only unconstitutionally added after Amendment 2 had been approved by voters, but were adversely impacting patient access. The Corporation has settled its challenge with the Florida Department of Health. Trulieve’s 14 dispensaries that were established before the statewide cap was enacted are now excluded from the statutory cap.

Management Changes

On March 14, 2019, the Corporation announced the appointment of Timothy Morey as the Corporation’s director of retail. Mr. Morey has over 15 years of retail sector experience, with a focus on operational best practices and leveraging technology to enhance consumer engagements. Most recently, Mr. Morey served as Senior Director of Store Operations for Finish Line from October 2013 to September 2018, overseeing more than 900 stores and 45 district sales managers. Mr. Morey is a resident of Tallahassee, Florida and holds an associate degree, applied science, from Snow College, Utah. Mr. Morley does not own any Super Voting Shares, Multiple Voting Shares or Subordinate Voting Shares of the Corporation.

On March 14, 2019, the Corporation announced Eric Powers had been named General Counsel and Corporate Secretary of Trulieve. Prior to joining the Corporation, Mr. Powers spent 13 years as an in-house attorney for Crawford & Company, a publicly traded insurance services firm, where he served in numerous roles within the legal department, most recently as a Vice President and Corporate Secretary. Mr. Powers was in private practice for over 10 years with the law firms of Troutman Sanders LLP and Capell & Howard LLP, specializing in corporate and tax law. Overall, Mr. Powers brings over 20 years of legal experience to Trulieve. Mr. Powers holds a J.D. from The University of Alabama Law School and a B.A. in History from Auburn University. Mr. Powers also received his LLM in Taxation from New York University. Mr. Powers is a resident of Tallahassee, Florida and does not own any Super Voting Shares, Multiple Voting Shares or Subordinate Voting Shares of the Corporation.

The Corporation further announced that Beau Williamson had been named Trulieve's Research and Development Director, following the retirement of Craig Kirkland. Mr. Williamson has spent the last two years as a laboratory manager at Green Thumb Industries Inc. Prior to that, Mr. Williamson held a research scientist position at Grain Processing Corporation, a major supplier of beverage grade ethanol and carbohydrate products from November 2011 to May 2017. Mr. Williamson is a United States Air Force veteran and holds a B.S. in Chemistry and Biology from Illinois State University. Mr. Williamson is a resident of Tallahassee, Florida and does not own any Super Voting Shares, Multiple Voting Shares or Subordinate Voting Shares of the Corporation.

Finally, the Corporation announced that Kevin Darmody, the Corporation's Director of Investor Relations, will transition into the role of Chief Operating Officer of the Corporation, where he will be responsible for all Trulieve operations throughout the United States. Mr. Darmody will be replaced in his current Investor Relations role by Lynn Ricci. Ms. Ricci brings nearly two decades of investor relations, public relations and corporate communications experience to Trulieve. Prior to joining Trulieve, Ms. Ricci held a corporate communications role for Momenta Pharmaceuticals from September 2017 to March 2019. Before that, she served as Director of Investor Relations at SoundBite Communications and Lightbridge Corporation, and Head of Investor Relations for NMS Communications. She is an active member of the National Investor Relations Institute (NIRI) and previously served on the NIRI Boston Chapter board of directors. Ms. Ricci attended Massachusetts College of Art and the Investor Relations program at Bentley College. Ms. Ricci is a resident of Burlington, Massachusetts and does not own any Super Voting Shares, Multiple Voting Shares or Subordinate Voting Shares of the Corporation.

On March 11, 2019, the Corporation announced that Benjamin Atkins, one of the original investors in Trulieve, had resigned from the Board of Directors of the Corporation for personal reasons.

Three-Year History

Trulieve US was incorporated as a Georgia Corporation under the name "George Hackney, Inc." on January 25, 1990. On June 11, 2018, Trulieve US domesticated to Florida with the Florida Division of Corporations pursuant to Florida Statute 607.1801. On July 18, 2018, Trulieve US changed its name to "Trulieve, Inc." On August 27, 2018, Trulieve US increased its authorized share capital to 25,000,000 shares of common stock and 20,000 shares of preferred stock with a par value of \$0.001 per share. On September 11, 2018, Trulieve US approved a reclassification of the issued and outstanding share capital of Trulieve US whereby each issued and outstanding share of common stock was split and became 150 shares of common stock such that there were 986,835 shares of common stock of Trulieve US issued and outstanding prior to the closing of the Transaction.

Trulieve US has been registered as a nursery in the State of Florida since June 2, 1981. On November 23, 2015, Trulieve, Inc. was awarded a license to operate in the State of Florida as a Medical Marijuana Dispensing Organization. Trulieve US filed a fictitious name application with the Florida Division of Corporations for the name "Trulieve" on March 20, 2016 and changed its name to "Trulieve, Inc." on July 18, 2018. Pursuant to current law, Trulieve US is now a Medical Marijuana Treatment Center ("**MMTC**") in the State of Florida.

Trulieve is licensed to produce and sell medical cannabis in the State of Florida through the Florida Department of Health, Office of Medical Marijuana Use (the "**Department**"). The Department issued a license to Trulieve US (the "**License**") on November 23, 2015.

On November 8, 2018, the Corporation announced it had entered into a stock purchase agreement (the "**Life Essence Purchase Agreement**") dated as of November 7, 2018 between Life Essence, the shareholders of Life Essence named therein and the Corporation to acquire all of the issued and outstanding capital stock of Life Essence. Life Essence is a Massachusetts corporation currently in the permitting and development phase for multiple adult-use and medical cannabis retail locations, and a cultivation and product manufacturing facility in Massachusetts. Life Essence has been awarded Provisional Certificates of Registration from the Massachusetts Department of Health to operate medical marijuana dispensaries in the Cities of Cambridge, Holyoke, and Northampton, Massachusetts, as well as

a 126,000 square-foot medical marijuana cultivation and processing facility. Life Essence has also been awarded letters of support from these cities. Subject to receipt of Final Certificates of Registration and local permitting, these initiatives will allow Life Essence to build out its infrastructure and engage in medical cannabis cultivation, processing and retailing in Massachusetts. Additionally, Life Essence has executed statutorily required Host Community Agreements with the City of Holyoke that, subject to receipt of other state and local approvals, authorizes Life Essence to cultivate and process adult use cannabis, and with the City of Northampton that, subject to receipt of other state and local approvals, authorizes Life Essence to operate a retail marijuana establishment.

On November 8, 2018, the Corporation announced it had entered into a LLC membership interest purchase agreement (the “**Leef Industries Purchase Agreement**”) dated as of November 7, 2018 between Kort Potter (“**Potter**”) and the Corporation to acquire all of the issued and outstanding membership interests of Leef Industries, a California limited liability company. Leef Industries is a licensed medical and adult-use cannabis dispensary located in Palm Springs, California. Trulieve believes Leef Industries has demonstrated encouraging growth in the market, offering in-store and online shopping, along with product home delivery.

To date, the Corporation has acquired 80% of the issued and outstanding membership interests of Leef Industries. In accordance with the terms of the Leef Industries Purchase Agreement, within three business days following the final approval from the city of Palm Springs and the State of California and the transfer of any remaining dispensary permits and licenses to the Corporation, the Corporation is to purchase the remaining 20% membership interest in Leef Industries on payment of the balance of the Leef Industries Purchase Price of US\$800,000. All payments from the Corporation not passed through to Potter are to be held in escrow until final approval from the city of Palm Springs and the proposed transfer of dispensary permits and licenses to the Corporation has been fully approved. The Corporation cannot predict the timing or grant of regulatory approvals. See “*Risk Factors*”.

Financing Activities

In April 2016, Trulieve US issued a \$1,000,000 promissory note (the “**2016 Note**”) to George Hackney, a director and shareholder of the Corporation, to finance the acquisition of certain tradename and professional reputation necessary to obtain its initial medical cannabis licenses. The 2016 Note matures in April 2026 and bears interest at an annual rate of 8%. During 2017, \$448,391 principal amount of the 2016 Note was converted into 328.90 shares, or 4,933,500 as if converted, of common stock of Trulieve US with a fair value of \$1,217,030, which resulted in an additional loss on settlement of \$768,639. The remaining balance of the 2016 Note plus accrued interest was repaid in April 2018.

In April 2016, Trulieve US issued a \$5,000,000 convertible note (the “**CTC Note**”) to Coast to Coast Management LLC (“**C2C**”), an entity controlled by a member of management and a shareholder of the Corporation. During the year ended December 31, 2017, Trulieve US and C2C determined that \$375,000 of the principal amount of the CTC Note was a license fee and such amount was recognized as revenue by Trulieve US. The remaining principal amount of the CTC Note was converted into 1,250 shares, or 18,750,000 as if converted, of common stock of Trulieve US in November 2017.

During the years ended December 31, 2016 and 2017, Trulieve US entered into various lines of credit with C2C and other entities controlled by members of management and shareholders of the Corporation to finance the buildout of various dispensary locations. Each line of credit bears 8% annual interest and, depending on the amount, matures between one to three years from initial drawdown. As of December 31, 2018, an aggregate of \$1,474,379 remains outstanding under these lines of credit.

In April 2017, Trulieve US issued a \$3,999,999 promissory note to Shelter Rock Capital Advisors, LLC (the “**Shelter Rock Note**”). The Shelter Rock Note was amended in January 2019 to extend the maturity of three tranches until April, May and June of 2022, respectively, and bears interest at an annual rate of 12%. Benjamin Atkins, a former director of the Corporation, provided a guarantee of the Shelter Rock Note and, in consideration for such guarantee, Trulieve US granted a mortgage in the amount of \$3,999,999 in favour of Mr. Atkins.

In September 2017, Trulieve US issued a \$1,300,000 promissory note to a shareholder of the Corporation (the “**Beshears Note**”). The Beshears Note bears interest at an annual rate of 12%. The Beshears Note, would have matured in January 2018, but was rolled into a subsequent financing and exchanged for the Clearwater GPC, Traunch 4 and Rivers Notes.

In November 2017, Trulieve US issued a \$1,844,596 promissory note to Inkbridge, LLC (the “**Inkbridge Note**”), an entity controlled by the Corporation’s Chief Executive Officer. The Inkbridge Note bears interest at an annual rate of 12% and matures in November 2019. The Inkbridge Note was rolled into a subsequent financing and exchanged for the Clearwater GPC, Traunch 4 and Rivers Notes.

In December 2017, Trulieve US issued a \$2,000,000 promissory note (the “**Vandagraff Note**”) to Vandagraff One, LLC pursuant to the terms of a loan and security agreement dated as of December 7, 2017. The Vandagraff Note bears interest at an annual rate of 12% and matures in December 2021. In conjunction with the SR Offering, the Vandagraff Note became due on demand.

In January 2018, Trulieve US issued a \$6,000,000 promissory note (the “**Track V Note**”) to Track V, LLC pursuant to the terms of a loan and security agreement dated as of January 11, 2018. The Track V Note matures in January 2020 and bears interest at an annual rate of 12%. Trulieve US is to make monthly interest payments, and all outstanding principal and any unpaid accrued interest is due and payable, in full, on maturity. If Trulieve US lists its securities on a foreign or domestic exchange, the Track V Note is to become due and payable within 90 days of such listing. In connection with the Track V Note financing, shareholders of Trulieve US agreed to dilute their share ownership by 1% and to transfer shares of common stock of Trulieve US to certain individuals representing the holder of the Track V Note as a cost of raising the funds.

In March, April and May 2018, Trulieve US issued three separate promissory notes (the “**Clearwater GPC, Traunch 4 and Rivers Notes**”) in an aggregate principal amount of \$18,000,000. Each of the Clearwater GPC, Traunch 4 and Rivers Notes has a 24-month maturity and bears interest at a rate of 12% per annum. In connection with the Clearwater GPC, Traunch 4 and Rivers Note financing, shareholders of Trulieve US agreed to dilute their share ownership by 3.0% (1% respectively, per Clearwater, GPC, Traunch 4 and Rivers Note) and to transfer shares of common stock of Trulieve US to certain individuals representing the holders of the Clearwater GPC, Traunch 4 and Rivers Notes as a cost of raising the funds.

Throughout 2018, the Corporation entered into four separate 24-month loans, each with an 8% annual interest rate, with a related party for a total of \$895,775.

Prior to the Transaction, Trulieve US completed the SR Offering for aggregate gross proceeds of approximately C\$65 million. The brokered portion of the SR Offering was co-led by Canaccord Genuity Corp. and GMP Securities L.P.

Following closing of the Transaction, the Corporation repaid the Track V Notes and the Clearwater GPC Note.

DESCRIPTION OF THE BUSINESS

General

Trulieve has four subsidiaries, being Trulieve US, Leef Industries, Life Essence and Trulieve Holdings. Trulieve US, Life Essence and Trulieve Holdings are wholly-owned by Trulieve. Trulieve currently holds 80% of the issued and outstanding membership interests in Leef Industries and is proposing to acquire the balance of the issued and outstanding membership interests upon receipt of final regulatory approval from the State of California, as contemplated in the Leef Industries Purchase Agreement. Trulieve US is a vertically integrated “seed to sale” cannabis company and is the first and largest fully licensed medical marijuana company in the State of Florida. Trulieve US cultivates and

produces all of its products in-house and distributes those products to Trulieve branded stores (dispensaries) throughout the State of Florida as well as directly to patients via home delivery.

Trulieve US operates approximately 638,008 square feet of total cultivation facilities with an estimated 72,000 square feet to be added in Q2 2019.

Trulieve US operates a Good Manufacturing Practices (“GMP”) certified processing facility, encompassing approximately 55,000 square feet. Trulieve US currently produces over 170 different SKUs, including smokable flower, flower pods for vaporizing, concentrates, topicals, capsules, tinctures, and vape cartridges.

Trulieve US had 119,811 unique customers as of December 31, 2018 and distributes its products to these customers in Trulieve branded retail stores or home delivery. Trulieve US currently operates 26 stores throughout the State of Florida and initiated Florida’s first next-day, state-wide delivery program. Patients are further served by a Clearwater-based call center, which receives an average of 2,000 calls per day.

Life Essence is currently in the permitting and development phase for multiple adult-use and medical cannabis retail locations, as well as a cultivation and product manufacturing facility in Massachusetts. Life Essence has been awarded Provisional Certificates of Registration from the Massachusetts Department of Health to operate medical marijuana dispensaries in the Cities of Cambridge, Holyoke, and Northampton, Massachusetts, as well as a 126,000 square-foot medical marijuana cultivation and processing facility. Life Essence has also been awarded letters of support from these cities. Subject to receipt of Final Certificates of Registration and local permitting, these initiatives will allow Life Essence to build out its infrastructure and engage in medical cannabis cultivation, processing and retailing in Massachusetts. Additionally, Life Essence has executed statutorily required Host Community Agreements with the City of Holyoke that, subject to receipt of other state and local approvals, authorizes Life Essence to cultivate and process adult use cannabis, and with the City of Northampton that, subject to receipt of other state and local approvals, authorizes Life Essence to operate a retail marijuana establishment.

Leef Industries is a licensed medical and adult-use cannabis dispensary located in Palm Springs, California. Trulieve believes Leef Industries has demonstrated encouraging growth in the market, offering in-store and online shopping, along with product home delivery.

Summary of Operating Businesses

The Corporation is a successful cannabis company operating in highly-regulated markets, requiring expertise in cultivation, processing, distribution and retail activities. The Corporation has developed proficiencies in each of these functions and is committed to utilizing predictive analytics which inform it of sales trends, patient demographics, new product launch criteria and capacity requirements. This is the foundation upon which the Corporation has built sustainable, profitable growth.

In states that require cannabis companies to be vertically integrated, ownership of the entire supply chain mitigates potential third-party risks and allows the Corporation to completely control the quality of the product and the brand experience. This results in high patient retention and repeat customers. The Corporation successfully operates at scale the core business functions of cultivation, production and distribution. The Trulieve brand philosophy of “Patients First” permeates the Corporation’s culture, beginning with cultivation to production, distribution to its stores and continued customer services through the Corporation’s in-house call center.

Data Utilization to create Predictive Analytics

Trulieve US collects and analyzes data throughout the entire seed to sale process of the enterprise. All strategic and tactical business decisions are driven by historical data coupled with

predictive analytics to ensure the best possible solution is formulated and executed. Data collection systems are cloud based and backed up to ensure the utmost security and integrity of data repositories.

In its cultivation activities, Trulieve US uses data analytics to record, monitor, communicate and optimize the yield potential of each harvest of cannabis by strain. Daily logs are recorded on a cloud-hosted database to capture such metrics as nutrient application, temperature, humidity, carbon dioxide levels, light intensity, light duration, grow medium pH and grow medium electro-conductivity at various locations within each growing room. These data sets are continuously monitored to ensure peak performance of each strain maintained by the Corporation. At harvest, the cultivation log is paired with the room's daily log and analyzed against previous harvests of the same strain to ensure consistency of products.

All strain weights and potencies are recorded by batch and stored in the database. Trulieve US uses this data to predict future yields and planning of future crop rotations to meet patient demands. The predictive analysis is completed to ensure efficient operations to maximize the harvest output to cost ratio.

Trulieve US also uses data analytics throughout the entire manufacturing process to monitor progress real-time, to ensure quality is maintained at the highest level and analyzed to maximize lean flow efficiency. Consistency is paramount to the Corporation and tracking of the recorded data assists in ensuring uniformity for all products shipped.

Once the Corporation's products are in Trulieve stores, each sales transaction is recorded. The reports derived from the recorded information allows Trulieve to track and analyze, by retail location, sales trends, grams dispensed and products sold by subcategory. The Corporation uses this data for regression and predictive analysis, for cultivation crop planning, final derivative product production planning and patient marketing. The data is also key in planning future cultivation, processing and retail expansion.

High-Yield Cultivation Facilities and Techniques

Trulieve US transforms raw cannabis flower into the Trulieve portfolio of products sold in Trulieve stores. With a focus on scalable operations, the Corporation has detailed Standard Operating Procedures as well as robust training protocols across its cultivation facilities to grow a consistent, high quality product.

Trulieve US currently operates 638,008 square feet of cultivation facilities across four sites, with an estimated 72,000 square feet of indoor cultivation facilities to be added in Q2 2019. Per Florida law, the Corporation grows in enclosed structures operating both indoor and greenhouse style grows. The Corporation currently has the ability to grow 29,235 kg of cannabis annually. The Corporation is working to rapidly and substantially increase its greenhouse capacity. The ability to quickly execute and operate high-yield, scaled cultivation operations is critical in Florida as well as other vertical markets. The Corporation grows a variety of 45 cannabis flower strains and is poised for expansion now that Florida allows flower products for smoking. Continuing the Trulieve philosophy of standing behind the products it sells, the Corporation utilizes third-party companies to certify the genetic composition of each strain of cannabis the Corporation produces and provides the certified reports to patients and physicians.

Scaled, Quality Production

As a vertically-integrated company, Trulieve US produces 100% of the products sold in its Florida stores. The Corporation currently extracts approximately 50,000 grams of active THC or CBD per week (depending on the product requirements) and manufactures (on average) 80,000 products for sale each week. The Corporation has successfully obtained Good Manufacturing Practices ("**GMP**") certification for its production facilities and has detailed Standard Operating Procedures and Quality Control measures in place to ensure quality products are delivered to the Corporation's patients.

The Corporation primarily utilizes super critical ethanol extraction systems and techniques for the majority of its products. The Corporation recently installed a carbon dioxide system and has launched new products utilizing this technology. The Corporation has an approximately 55,000 square foot building for its production and shipping activities, which also will house a state-of-the-art kitchen for edible cannabis products and a hydrocarbon extraction facility in anticipation of hydrocarbon cannabis products being permitted for sale by Florida regulators.

Currently the Corporation manufactures, assembles, packages and ships products in a variety of market segments with over 170 SKUs. These product segments are as follows:

- Smokable flower – 1/8th of an ounce or 3.5 grams
- Inhalation – 250 mg, 600 mg vape cartridges, 400 mg CO₂ vape cartridges with cannabis derived terpenes, 1:1:1 375mg vape cartridge with Delta 8 THC and Trulieve engineered flower containers for vaporization
- Oral – 10 mg and 50 mg capsules
- Sublingual – 500 mg CBD and 1:1 ratio tinctures
- Topical – 250 mg lotion, sunscreen and muscle rub products
- Inter-nasal – licensed inter-nasal spray product
- Concentrates – 800 mg TruPods and 850 mg TruClear and TruShatter concentrate products

Quality is paramount to the Corporation and its patients. The Corporation has a robust quality control department with dedicated quality trained specialists to perform in-line and end product inspections. All quality issues are reported, logged and investigated to inform process improvements. In addition, the Corporation has on-site testing capabilities via its state-of-the-art laboratory. The Corporation tests all final batches of products to ensure compliance with State and internal quality standards. The Corporation also utilizes independent third-party labs to test every batch of its products. Although not a state requirement, the Corporation's goal is to ensure a safe product and transparency with patients regarding Trulieve products. The Corporation has third party testing completed for the following items: potency, terpene profile, pesticides, microbials, mycotoxins, heavy metals and residual solvents. These reports are available on the Trulieve website for patients or physicians to access. With a historical product return rate of less than 2%, the Corporation has worked to achieve high patient satisfaction with its products.

Marketing and Community Outreach

The Corporation's marketing strategies center around education and outreach to three main categories: physicians, patients and potential patients.

Physicians are a critical component in the Corporation's success to date. The Corporation provides industry leading education, outreach and support to all registered Florida medical cannabis physicians. The Corporation's educational materials are designed to help physicians understand the science behind cannabis, the high standards by which the Corporation's plants are cultivated and that the Corporation's products are created to provide relief to the physician's patients. The Corporation has developed educational tools in both print and digital form to allow for quick dissemination of new information and ease of access. The Corporation's dedicated physician education team delivers in-person outreach on a consistent basis, as well as immediate phone support through a dedicated physician education team member within the Trulieve call center.

Patients are made aware of Trulieve through the success of the Corporation's physician education program as well as many patient-centric community activities. The Corporation participates in multiple patient outreach and community events on a monthly basis. An engaged patient audience is captured through the Corporation's digital content marketing, which includes e-mail, website, a mobile application, social media and mainstream industry websites.

Potential patients are also targeted by the Corporation's marketing strategies. The Corporation participates in many events focused on educating non-patients who may benefit from the Corporation's products. The Corporation utilizes press releases to cover important information and reach a large audience. Search engine optimization of the Corporation's website also captures potential patients researching the benefits of medical marijuana. The Corporation's easy to use "Find a Doctor" tool and the question and answer section of the Corporation's website have been designed to help individuals become Trulieve patients.

Patient Focused Experiences

It is the Corporation's goal to create enthusiastic patients loyal to the Trulieve brand and, in return, to provide these patients a superior level of customer service and product selection. The Corporation accomplishes this goal through several key strategies:

- Training the Corporation's employees to focus on the patient experience and the delivery of exceptional service;
- Measuring customer service success;
- Creating positive patient experiences through the consistent design of Trulieve dispensaries;
- Giving patients multiple methods by which to order products, including home delivery;
- Creating and executing the Truliever Loyalty Program; and
- Continuous product innovation through research and development activities.

Training

Patient experience is an area of high-focus for the Corporation. The Corporation employs a number of training protocols and systems to ensure patient experience is positive across all Trulieve branded locations. The Corporation utilizes online training modules to effectively communicate updates to company policies, regulatory changes and new product launches so that every Trulieve employee receives consistent and timely information. Managers track completion and competency within the training system and have the ability to re-assign modules or require additional training in areas where further work is required. In addition to online training, Trulieve managers employ on-the-job training sessions with employees centered around relevant topics.

Measuring Success

Training must be followed up with measured success protocols. In the Trulieve Call Center, technology allows the Corporation to monitor its service level activity percentage (80%+) to ensure all calls are answered and serviced in an efficient manner. The Corporation calculates patient's time spent in store in an effort to decrease wait times and maintain a high level of capacity. To assess the Corporation's success in providing a positive experience, the Corporation monitors and responds to patient reviews on multiple platforms, receives shopper surveys monthly and sends out direct patient and physician satisfaction surveys on a regular basis.

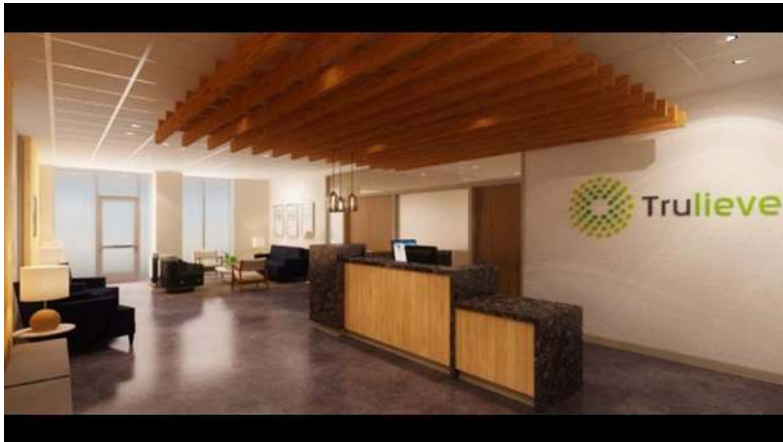
Branded Store Experiences

The Trulieve patient experience is enhanced at Trulieve dispensaries with a consistent atmosphere in every Trulieve store. Brand and development guidelines have been implemented to ensure each store utilizes the same design, color scheme and layout and provides a consistent, comfortable, and welcoming environment. Light, bright lobbies are outfitted with comfortable seating in the waiting areas. Each Trulieve dispensary features a private patient consultation area where education sessions regarding the Corporation's products or general medical cannabis questions can occur. The products are dispensed through a secure door, which opens into open display areas where the Corporation's products are displayed and product menu boards list products and pricing. Patient consultants are available to answer questions about the products and pull products for sale. Point of Sale systems tie into the State registry

and the Corporations internal accounting system to seamlessly complete transactions. Each Trulieve store is designed for high throughput.



Exterior of Trulieve location in Clearwater, Florida



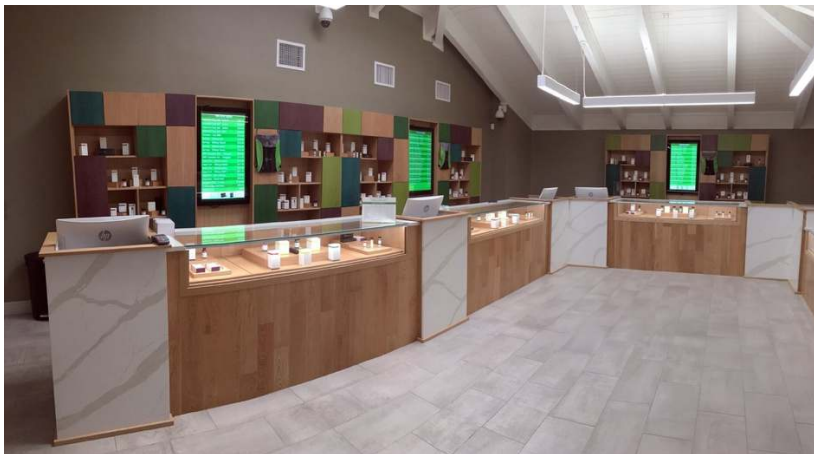
Representative Trulieve store lobby and waiting area



Representative Trulieve store private consultation room graphic



Representative Trulieve store showrooms



Brand Strategy

The foundation of the Corporation's brand strategy is production of top quality Trulieve branded products. The Trulieve house brand is established in Florida as synonymous with quality and consistency. In addition, the Corporation is partnering with strategic brands that will be featured in its locations. To date, the Corporation has announced partnerships with Bhang, Binske, Loves Oven, SLANG and Blue River. Each of these companies are customer-favorites with unique value propositions and market penetration strategies.

Multiple Channels of Distribution

The Corporation provides patients with several different purchase options. The Corporation's patients can order products for delivery on-line or by calling the Trulieve Call Center. The Corporation fully-staffed call center fields an average of 2,000 calls per day, answering patient questions and facilitating patient orders. The Corporation offers next day delivery service in most areas of Florida. Patients can also place orders for in-store pick-up either online or via the Trulieve Call Center. Finally, patients can walk into any Trulieve dispensary location and place an order in person. The Corporation

has patient consultants available to answer questions and to offer in-depth consultations for new or returning patients.

Loyalty Program and Communication Platforms

The Trulieve Loyalty Program was created as a patient-based loyalty program whereby the Corporation's patients earn points for dollars spent, which they can use for discounts at pre-determined point totals. Trulievers are given advance notice of special discounts or limited release product offerings and have access to Trulieve-only promotions and events. The Corporation communicates with patients and physicians through a variety of methods including e-mail, text messaging, social media and online chat. The Corporation's Facebook page has over 50,000 followers. The Corporation's patients also engage with the Trulieve brand via its Instagram and Twitter platforms.

Research and Development

The Corporation's commitment to patients extends to the variety and quality of the Corporation's products. The Corporation has a dedicated research and development team focused on technology innovations and cutting-edge product development. This team evaluates new technologies and performs rigorous testing prior to recommending the introduction of new products.

Competitive Conditions and Position

In Florida, the Corporation was the first company to complete a sale of medical cannabis, the first company to open a dispensary and the first company to make a delivery of medical cannabis to a patient's home. Nineteen of the Corporation's 26 stores were the first cannabis dispensaries to open in their respective locations. The Corporation is the clear market leader, selling the majority of all milligrams sold in Florida week over week.

The following chart provides a summary of the principal medical cannabis companies operating in Florida as at the date of this AIF, the number of locations of such companies, whether such companies deliver their products to their patients and the types of products sold.

Medical Marijuana Treatment Center	Trulieve	Suterra	Liberty Health Sciences	Knox	Coralleaf	Grow Healthy	AltMed/MJ/V	VIDACANN	Med Men	Columbia Care	Blue (STI)	Harvest
Locations	Boynton Beach, Bradenton, Clearwater, Dania Beach, Deerfield Beach, Edgewater, Fort Myers, Gainesville, Jacksonville, Lady Lake, Melbourne, Miami, Miami Gardens, Miami Kendall, New Port Richey, Orlando, Palm Coast, Pensacola, Sarasota, St. Augustine, St. Petersburg, Tallahassee, Tampa, Venice, Vero Beach, West Palm Beach	Bonita Springs, Brandon, Dadeland, Deltona, Jacksonville, Key West, Lakeland, Largo, Miami Beach, New Port Richey, North Port, Ocala, Orange Park, Orlando, Palm Bay, Palm Beach, Pensacola, Port Orange, Port St. Lucie, St. Petersburg/Tallahassee, Tampa North, Tampa South	Dania Beach, Gainesville, Merritt Island, Miami (1), Miami (2), Orange Park, Palm Harbor, Port St. Lucie, St. Petersburg, Summerfield, Tampa, Winter Haven.	Clearwater, Fort Walton Beach, Gainesville, Jacksonville, Lake Worth, North Miami Beach, Orlando, St. Petersburg, Tallahassee	Bonita Springs, Daytona, Deerfield Beach, Ft. Myers, Fort Pierce, Gainesville, Jacksonville, Kendal, Lakeland, Lake Worth, Lutz, Miami (1), North Miami, Miami (2), Ocala, Orlando (1), Orlando (2), Palm Bay, Palm Harbor, St. Petersburg, Tallahassee, Tampa, Titusville	Brandon, Lake Worth, West Palm Beach	Apollo Beach, Sarasota, Tampa, Wellington	Bradenton, Deerfield Beach, Holly Hill, Orlando, Palm Bay, St. Petersburg, Tallahassee, Tampa	Delivery Only	Delivery Only	Deerfield Beach	Kissimmee, Longwood, Tallahassee
Delivery	Yes	Yes	Yes	Yes	Yes	Yes	Yes - 25 mile radius	Yes	No	Yes	Yes	Yes
Products												
Flower for Smoking	x				x							
Flower for Vaporization	x				x		x	x				
Vaporizer Cartridges	x	x	x	x	x	x	x	x	x		x	x
Shatter/Crumble	x						x					
Oral Concentrates	x	x	x	x	x	x	x	x				
Tinctures	x	x	x	x		x	x	x		x	x	
Sprays		x					x					
Oral Syringes	x											
Capsules	x	x	x	x	x			x				
Topical Creams	x	x	x	x	x			x				
Patches		x	x					x				
Inhalers/Nebulizers	x						x					
Suppositories				x								

The Corporation's current operational footprint exists in a market with relatively high barriers to entry and limited market participants. The State of Florida has regulations that impose limitations on the number of business licenses that can be awarded.

The Corporation faces competition from companies that may have greater capitalization, access to public equity markets, more experienced management or more maturity as a business. The vast majority of both manufacturing and retail competitors in the cannabis market consists of localized businesses (those doing business in a single state). There are a few multistate operators that the Corporation

competes directly with. Aside from this direct competition, out-of-state operators that are capitalized well enough to enter markets through acquisitive growth are also considered part of the competitive landscape. Similarly, as the Corporation executes its growth strategy, operators in our future state markets will inevitably become direct competitors. See *Risk Factors – Competition*.

Business Objectives of the Corporation

The Corporation will continue to focus on rapid growth in Florida, California and Massachusetts, while also moving into other states to expand the reach of the Trulieve brand. The Corporation will continue to execute on the Corporation’s established business plan of being the clear market leader in the State of Florida. The Corporation’s growth plans are comprised of three key strategies. In the next 12 months, the Corporation expects to:

- *Expand Current Cultivation and Production Operations:* The Corporation will continue to scale cultivation and production operations as justified by supply-demand market dynamics, expanding its Florida indoor cultivation facilities by 72,000 square feet and opening a 126,000 square-foot cultivation and processing facility in Massachusetts.
- *Expand Current Market Retail Footprint:* The Corporation will continue to scale retail footprint, opening at least 14 Trulieve locations in Florida and up to three locations in Massachusetts.
- *New Market Expansion:* The Corporation will identify new markets that support the Corporation’s business model.

Significant Events or Milestones

In order to successfully reach the Corporation’s goals regarding the construction of new facilities for the cultivation, production and sale of the Corporation’s products, the Corporation must complete all construction on time and within budget. In addition, associated personnel must be located, hired and trained. All permits and other regulatory approvals must also be obtained by the Corporation in a timely fashion.

There are 14 locations budgeted to open in Florida before December 31, 2019 at an anticipated cost of \$5,477,000. Cultivation and manufacturing expansion in Florida and Massachusetts are budgeted with a projected spend of \$67,965,000 during 2019. The accomplishment of the proposed dispensary, cultivation and processing expansion are significant milestones to the Corporation accomplishing its revenue goals.

Business Segment	To Open By December 31, 2019	Projected Cost	Opened as of February 28, 2019	Unspent as of February 28, 2019	Acquisitions
Dispensaries Florida	14	\$5,477,000	2	\$3,743,841	N/A
Dispensary California	1	\$2,650,000	0	\$2,621,433	N/A
Dispensaries Massachusetts	5	\$6,400,000	0	\$6,278,232	N/A
Cultivation/MFC Florida	N/A	\$30,764,894	N/A	\$21,236,292	N/A
Cultivation/MFC Massachusetts	N/A	\$37,200,000	N/A	\$37,200,000	N/A
Infrastructure Florida	N/A	\$1,010,011	N/A	\$835,576	N/A
Total	N/A	\$83,501,905	N/A	\$71,915,374	N/A

The Corporation must also continue to execute on its existing business model. As further described below, it is anticipated that \$2.5 million per month of the costs associated with the construction of new facilities will be funded from the Corporation's balance sheet. Material market changes or delayed store openings that impact the Corporation's revenue would require additional capital to meet the Corporation's goals regarding new facilities in the next 12 months.

Finally, the Corporation must successfully identify and negotiate acquisitions in additional markets within identified timelines. Successful hiring and training of personnel and execution of the Corporation's plans through the launch of each new market will be key to the Corporation's success, as will the successful navigation of any market-specific regulatory requirements encountered by the Corporation in these new markets. See "*Risk Factors*".

Principal Products or Services

As a vertically-licensed medical cannabis provider, the Corporation distributes its products using a variety of distribution channels, including sales through the Corporation's network of retail locations and direct delivery. Patients can place orders online as well as by phone for delivery or in store pick-up. In addition, patients can walk into any Trulieve location and purchase the Corporation's products.

The Corporation's principal market is the state of Florida and, as the largest medical cannabis company in Florida, the Corporation has deep market penetration, servicing patients statewide. In addition, the Corporation operates one dispensary in the State of California and anticipates commencing operations in Massachusetts in 2019.

The Corporation currently produces over 170 SKUs across multiple product lines. All products are available utilizing multiple strains grown in the Corporation's cultivation facilities and formulated to varying strengths. Each product line is specifically formulated to ensure high quality for that particular product type and for certain patient needs. For example, the Trulieve inhalation line has five product types: Smokable Flower: 1/8th of an ounce or 3.5 grams; TruFlower, 250 mg standard wick cartridges, 600 mg ceramic cartridges, 400 mg CO₂ cartridges with cannabis derived terpenes; 375 mg 1:1:1 cartridge with Delta 8 THC; 800 mg TruPods and TruShatter. TruFlower is a product designed in-house that consists of a ceramic container meeting the Florida statutory requirement of a tamperproof container intended for vaporizing. Three TruFlower containers are sold in a single package and equate to an eighth of flower. The Corporation was the first and is currently one of only two companies in Florida with this product. This product was developed for patients who benefit from whole plant cannabis and the associated medically beneficial entourage effect and for those patients who desire a more natural product. The standard 250mg cartridges are popular among patients who are new to cannabis and new to vaporization. These cartridges come in several different strain formulations in hybrid, sativa and indica categories. The 600 mg cartridges feature a ceramic cartridge design and utilize ethanol extracted oil mixed with MCT oil to reach the specified 600 mg of active THC per cartridge and are one of the most popular products in the Corporation's product line. The Corporation offers a wide variety of strains in this format including 1:1 THC and CBD ratio cartridges. The newly introduced 400mg CO₂ cartridge is comprised of CO₂ cannabis distillate with cannabis derived terpenes to provide an effect that is similar to a whole plant product. The 1:1:1 375 mg cartridge features one-part THC, one-part CBD and one-part Delta 8 THC. Delta 8 THC is purported to have anti-nausea and appetite stimulating effects, making this product popular for patients who are undergoing treatment such as chemotherapy or have a condition whereby appetite is suppressed. The 800 mg TruPod cartridge is a pure, uncut distillate product and is a popular choice for patients who require a higher dose or those that do not want any additional cutting agents added to their cartridge products. Finally, TruShatter is a full-spectrum concentrate sold in a shatter consistency for inhalation utilizing the Trulieve concentrate pen.

Currently, the Corporation sells its products across all 26 Trulieve branded retail locations throughout the state of Florida and in one location in California.

For the year ended December 31, 2016, Trulieve US had revenue of \$161,145, of which approximately 22.25% was from delivery-based sales and the balance was from in-store purchases. of Such sales for the year ended December 31, 2016 consisted of approximately 49.9% inhalation products, 16.2% oral syringes, 10.2% accessory devices, 15.4% capsules and 8.3% in topical and other categories.

For the year ended December 31, 2017, Trulieve US had total revenue of \$19,778,344, of which 20.3% was from delivery-based sales and the balance was from in-store purchases. Such sales for the year ended December 31, 2017 consisted of approximately 62.5% inhalation products, 13.9% oral syringes, 10.4% ancillary devices, 6.1% capsules and 7.1% in topical and other categories.

For the year ended December 31, 2018, Trulieve had total revenue of \$102,816,631, of which 8.9% was from delivery-based sales and the balance was from in-store purchases. Such sales for the year ended December 31, 2017 consisted of approximately 61.1% inhalation products, 21.7% oral syringes, 8.2% ancillary devices, 9.0% capsules, topical and other categories.

The Corporation has a research and development program led by its R&D Manager who is responsible for vetting new product and technology opportunities and making recommendations to invest in or launch new products and/or technology across all business functions. The current suite of in-house the Corporation's products (apart from nasal spray products) have been developed and produced solely by the Corporation. The Corporation will continue research and development of cultivation and production techniques, as well as cutting-edge product development.

Operational Foundation in Florida

The Corporation is focused on continued penetration of the Florida cannabis market, with plans to open at least 14 additional stores in Florida by January 2020. The Corporation is targeting retail locations in Florida with high concentrations of authorized physicians and potential patients. Ideal locations also provide distribution efficiencies with proximity to key highways or other thoroughfares. The Corporation has been delivering products to patients state-wide since inception, and it has amassed data from existing patients, providing critical intelligence on where current Trulieve patients live and associated drive-times to dispensary locations, further informing expansion decisions. Utilizing this matrix, the Corporation has identified locations for the Corporation's next 14 locations and will endeavor to open these locations within the next 12 months.

Entry to Other Markets

In addition to retaining its position as the Florida leader, the Corporation is focused on leveraging its manufacturing and retail expertise in Massachusetts and California and expansion into other states. The Corporation will focus on opportunities where its expertise in product development, patient acquisition and patient service can be leveraged to create scale. By focusing on markets where there is little to no true brand experience, the Corporation believes it can quickly penetrate these new markets by introducing its branded product line and consistent store experience, as well as patient and physician-focused resources.

Production and Sales

As a vertically-integrated company, the Corporation produces 100% of all products sold in its Florida stores. Due to the saturation of the growth and production market, the Corporation currently acquires products from wholesalers in California.

The Corporation primarily utilizes super critical ethanol extraction systems and techniques as well as CO₂ extraction for production of its processed cannabis products. Hydrocarbon extraction of cannabis is contemplated; however, the Department must pass associated rules prior to hydrocarbon extraction being permitted in the State of Florida. The Corporation plans to produce products using hydrocarbon extraction techniques as soon as authorized by the Department and has a state-of-the-art hydrocarbon

extraction facility within its 55,000 square foot production facility in anticipation of the Department's approval of such technique.

In addition, the Corporation is preparing for the production of edible cannabis products in Florida. Trulieve has partnered with several well-known edible cannabis brands from across the United States and plans to bring their expertise into the Florida market via licensing arrangements. The Corporation has a kitchen, with an estimated 9,000 square feet, for production of edible products. Edible products will be produced by Trulieve and co-branded and distributed through Trulieve stores. To date, Trulieve has announced partnerships with Bhang, Binske, Loves Oven, SLANG and Blue River. Each of these companies are customer-favorites with unique value propositions and market penetration strategies.

Trulieve Leases

The Corporation leases all its store locations. The Corporation does not have any one lease representing over 10% of the consolidated leasing costs of the Corporation and, as a result, does not consider any of its leases to be material contracts entered into outside the ordinary course of business.

Specialized Skills

The Corporation is constantly recruiting and retaining talented individuals to join the Trulieve team. The Corporation employs a wide range of skill sets, including employees with PhD and master's degrees. Many of the Corporation's employees are college graduates and many have specific skills related to their job function. The Corporation is recruiting individuals with production-level cooking experience to build out its edibles division as well as individuals with hydrocarbon extraction experience for that product line. The Corporation will continue to build out its research and development team with scientists and other area specialists. The Corporation utilizes a variety of recruiting techniques, including online resources as well as recruiting professionals, to assist with filling specialized roles.

Supply Chain

Other than in the California market, the Corporation is a true seed to sale company and, as such, controls the supply chain and distribution of its products. Aside from hardware components that are readily available, such as childproof packaging, and ingredients which are readily attainable, such as olive oil or coconut oil, raw materials are produced by the Corporation. Materials not produced in-house are purchased at market prices from vetted suppliers.

Brand Recognition and Intellectual Property

The Corporation has been registered as a nursery in the State of Florida since June 2, 1981 and was awarded a license to operate in Florida as a Medical Marijuana Dispensing Organization in 2015. Since that time, the Corporation has built brand recognition throughout the State of Florida. The Corporation maintains a consistent approach to the design of each of its stores to create a uniform experience for the its patients.

The Corporation has received trademark approval from the State of Florida for the name Trulieve. The Corporation owns the domain name trulieve.com as well as several additional related domain names. The Corporation has not registered any patents nor is it in the process of registering any patents. The Corporation relies on non-disclosure and confidentiality agreements to protect its intellectual property rights. To the extent the Corporation is required to make disclosure regarding specific proprietary or trade secret information, such information is redacted prior to public disclosure.

Year-Round Business

The Corporation's medical cannabis business is year-round and neither cyclical nor seasonal.

Employees

The Corporation is committed to hiring talented individuals and maximizing individual potential, while fostering growth and career advancement. Since the opening of its first store in 2016, the Corporation's workforce has grown to over 1700 employees, including personnel in the Corporation's cultivation, production, transportation and retail divisions, along with the Corporation's executive and support services teams. The Corporation's goal is to use the highest standards in attracting the best talent, offering competitive compensation, as well as implementing best practices in evaluating, recruiting and onboarding its human capital. The Corporation's employees are split across company divisions as follows:

Accounting:	12
Call Center	85
Cultivation:	552
Human Resources, Management and R&D:	34
Production:	249
Retail:	834
Transportation:	21
Total:	1,787

The Corporation strives to be an employer of choice through its ongoing commitment to diversity and inclusion in the workplace. The Corporation recently hired a third-party consulting firm to conduct a diversity audit and establish a subsequent action plan to maintain and improve its commitment in this regard. The audit found that 43% of the Corporation's employees were minorities and 37% were women. The Corporation continues to follow the recommendations outlined in the diversity action plan to maintain the Corporation's high rating as a diverse and inclusive workplace. Corporation-wide leadership training helps to create awareness, perpetuate the Corporation's core values and further define the Corporation's culture as truly diverse and inclusive.

The Corporation is committed to maintaining a zero-tolerance policy for all forms of harassment, discrimination and retaliation. Ongoing policy training serves to educate and set context around company policies and protocols, while reinforcing the Corporation's commitment to sustaining a workplace free of all forms of harassment and discrimination. The Corporation is also committed to safety in the workplace and has an environmental, health & safety manager on staff to oversee safety initiatives in its facilities. In addition, the Corporation requires specific training on workplace safety.

The Corporation's culture is defined by its commitment to quality products and exemplary customer service. The Corporation's outreach within communities serves to fortify and expand the Trulieve brand. The Corporation strives to cultivate a service mentality, prioritizing transparency in communications throughout the organization.

UNITED STATES REGULATORY OVERVIEW

In accordance with the Canadian Securities Administrators Staff Notice 51-352 (Revised) dated February 8, 2018 – *Issuers with U.S. Marijuana-Related Activities* ("**Staff Notice 51-352**"), below is a discussion of the federal and state-level U.S. regulatory regimes in those jurisdictions where the Corporation is currently directly involved, through its subsidiaries, in the cannabis industry. Trulieve US is directly engaged in the manufacture, possession, sale or distribution of cannabis in the medicinal cannabis marketplace in the State of Florida. Leef Industries is directly involved in the possession, use, sale and distribution of cannabis in the medicinal and adult use cannabis marketplace in the State of California. Life Essence is in the process of building out its infrastructure to engage in cannabis cultivation, processing and retailing in the medicinal and adult use cannabis marketplace in the Commonwealth of Massachusetts.

In accordance with Staff Notice 51-352, the Corporation will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented and amended to

investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding marijuana regulation. Any non-compliance, citations or notices of violation which may have an impact on the Corporation's license, business activities or operations will be promptly disclosed by the Corporation.

Regulation of Cannabis in the United States Federally

The United States federal government regulates drugs through the Controlled Substances Act (the "CSA"), which places controlled substances, including cannabis, in one of five different schedules. Cannabis is classified as a Schedule I drug. As a Schedule I drug, the federal Drug Enforcement Agency ("DEA") considers marijuana to have a high potential for abuse; no currently accepted medical use in treatment in the United States; and a lack of accepted safety for use of the drug under medical supervision.¹ The classification of marijuana as a Schedule I drug is inconsistent with what the Corporation believes to be many valuable medical uses for marijuana accepted by physicians, researchers, patients, and others. As evidence of this, the federal Food and Drug Administration ("FDA") on June 25, 2018 approved Epidiolex (cannabidiol) ("CBD") oral solution with an active ingredient derived from the cannabis plant for the treatment of seizures associated with two rare and severe forms of epilepsy, Lennox-Gastaut syndrome and Dravet syndrome, in patients two years of age and older. This is the first FDA-approved drug that contains a purified drug substance derived from the cannabis plant. In this case, the substance is CBD, a chemical component of marijuana that does not contain the intoxication properties of tetrahydrocannabinol ("THC"), the primary psychoactive component of marijuana. The Corporation believes the CSA categorization as a Schedule I drug is not reflective of the medicinal properties of marijuana or the public perception thereof, and numerous studies show cannabis is not able to be abused in the same way as other Schedule I drugs, has medicinal properties, and can be safely administered.²

The federal position is also not necessarily consistent with democratic approval of marijuana at the state government level in the United States. Unlike in Canada, which has federal legislation uniformly governing the cultivation, distribution, sale and possession of marijuana under the *Cannabis Act* (Canada), marijuana is largely regulated at the state level in the United States. State laws regulating cannabis conflict with the CSA, which makes cannabis use and possession federally illegal. Although certain states and territories of the United States authorize medical or adult-use cannabis production and distribution by licensed or registered entities, under United States federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal, and any such acts are criminal acts. Although the Corporation's activities are compliant with applicable Florida and California state and local laws, strict compliance with state and local laws with respect to cannabis may neither absolve the Corporation of liability under United States federal law nor provide a defense to federal criminal charges that may be brought against the Corporation. 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, federal law shall apply.

¹ 21 U.S.C. 812(b)(1).

² See Lachenmeier, DW & Rehm, J. (2015). Comparative risk assessment of alcohol, tobacco, cannabis and other illicit drugs using the margin of exposure approach. *Scientific Reports*, 5, 8126. doi: 10.1038/srep08126; Thomas, G & Davis, C. (2009). Cannabis, Tobacco and Alcohol Use in Canada: Comparing risks of harm and costs to society. *Visions Journal*, 5. Retrieved from http://www.heretohelp.bc.ca/sites/default/files/visions_cannabis.pdf; Jacobus et al. (2009). White matter integrity in adolescents with histories of marijuana use and binge drinking. *Neurotoxicology and Teratology*, 31, 349-355. <https://doi.org/10.1016/j.ntt.2009.07.006>; Could smoking pot cut risk of head, neck cancer? (2009 August 25). Retrieved from <https://www.reuters.com/article/us-smoking-pot/could-smoking-pot-cut-risk-of-head-neck-cancer-idUSTRE57O5DC20090825>; Watson, S.J, Benson JA Jr. & Joy, J.E. (2000). Marijuana and medicine: assessing the science base: a summary of the 1999 Institute of Medicine report. *Arch Gen Psychiatry Review*, 57, 547-552. Retrieved from <https://www.ncbi.nlm.nih.gov/pubmed/10839332>; Hoaken, Peter N.S. & Stewart, Sherry H. (2003). Drugs of abuse and the elicitation of human aggressive behavior. *Addictive Behaviours*, 28, 1533-1554. Retrieved from <http://www.ukcia.org/research/AggressiveBehavior.pdf>; and Fals-Steward, W., Golden, J. & Schumacher, JA. (2003). Intimate partner violence and substance use: a longitudinal day-to-day examination. *Addictive Behaviours*, 28, 1555-1574. Retrieved from <https://www.ncbi.nlm.nih.gov/pubmed/14656545>.

Nonetheless, 33 states and the District of Columbia in the United States have legalized some form cannabis for medical use, while 10 states and the District of Columbia have legalized the adult use of cannabis for recreational purposes. As more and more states legalized medical and/or adult-use marijuana, the federal government attempted to provide clarity on the incongruity between federal prohibition under the CSA and these state-legal regulatory frameworks. Until 2018, the federal government provided guidance to federal law enforcement agencies and banking institutions through a series of United States Department of Justice (“DOJ”) memoranda. The most recent such memorandum was drafted by former Deputy Attorney General James Cole on August 29, 2013 (the “**Cole Memorandum**”).³

The Cole Memorandum offered guidance to federal enforcement agencies as to how to prioritize civil enforcement, criminal investigations and prosecutions regarding marijuana in all states. The memo put forth eight prosecution priorities:

1. Preventing the distribution of marijuana to minors;
2. Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs and cartels;
3. Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
4. Preventing the state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
5. Preventing the violence and the use of firearms in the cultivation and distribution of marijuana;
6. Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
7. Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
8. Preventing marijuana possession or use on federal property.

The Cole Memorandum was seen by many state-legal marijuana companies as a safe harbor – albeit an imperfect one – for their licensed operations that were conducted in full compliance with all applicable state and local regulations.

On January 4, 2018, former United States Attorney General Jeff Sessions rescinded the Cole Memorandum by issuing a new memorandum to all United States Attorneys (the “**Sessions Memo**”). Rather than establish national enforcement priorities particular to marijuana-related crimes in jurisdictions where certain marijuana activity was legal under state law, the Sessions Memo instructs that “[i]n deciding which marijuana activities to prosecute... with the [DOJ’s] finite resources, prosecutors should follow the well-established principles that govern all federal prosecutions.” Namely, these include the seriousness of the offense, history of criminal activity, deterrent effect of prosecution, the interests of victims, and other principles.

In the absence of a uniform federal policy, as had been established by the Cole Memorandum, numerous United States Attorneys with state-legal marijuana programs within their jurisdictions have announced enforcement priorities for their respective offices. For instance, Andrew Lelling, United States

³ See James M. Cole, *Memorandum for All United States Attorneys* (Aug. 29, 2013), available at <https://www.justice.gov/iso/opa/resources/3052013829132756857467.pdf>.

Attorney for the District of Massachusetts, stated that while his office would not immunize any businesses from federal prosecution, he anticipated focusing the office's marijuana enforcement efforts on: (1) overproduction; (2) targeted sales to minors; and (3) organized crime and interstate transportation of drug proceeds. Other United States attorneys provided less assurance, promising to enforce federal law, including the CSA in appropriate circumstances.

Former United States Attorney General Sessions resigned on November 7, 2018. He was replaced by William Barr on February 14, 2019. It is unclear what specific impact this development will have on U.S. federal government enforcement policy. However, in a written response to questions from U.S. Senator Cory Booker made as a nominee, Attorney General Barr stated "I do not intend to go after parties who have complied with state law in reliance on the Cole Memorandum."⁴ Nonetheless, there is no guarantee 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. Unless and until the United States Congress amends the CSA 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.

The Corporation believes it is too soon to determine if any prosecutorial effects will be undertaken by the rescission of the Cole Memorandum, or if Attorney General Barr will reinstitute the Cole Memorandum or a similar guidance document for United States attorneys. The sheer size of the cannabis industry, in addition to participation by State and local governments and investors, suggests that a large-scale enforcement operation would possibly create unwanted political backlash for the Department of Justice and the Trump administration.

As an industry best practice, despite the recent rescission of the Cole Memorandum, the Corporation abides by the following standard operating policies and procedures to ensure compliance with the guidance provided by the Cole Memorandum:

1. 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;
2. 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);
3. implement policies and procedures to ensure that cannabis products are not distributed to minors;
4. implement policies and procedures to ensure that funds are not distributed to criminal enterprises, gangs or cartels;
5. 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 across any state lines in general;
6. ensure that its state-authorized cannabis business activity is not used as a cover or pretense for trafficking of other illegal drugs, is engaged in any other illegal activity or any activities that are contrary to any applicable anti-money laundering statutes; and
7. 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.

⁴ *Questions for the Record William P. Barr Nominee to be United States Attorney General*, available at <https://www.judiciary.senate.gov/imo/media/doc/Barr%20Responses%20to%20Booker%20QFRs1.pdf>.

In addition, the Corporation conducts background checks to ensure that the principals and management of its operating subsidiaries are of good character, have not been involved with other illegal drugs, engaged in illegal activity or activities involving violence, or use of firearms in cultivation, manufacturing or distribution of cannabis. The Corporation will also conduct ongoing reviews of the activities of its cannabis businesses, the premises on which they operate and the policies and procedures that are related to possession of cannabis or cannabis products outside of the licensed premises, including the cases where such possession is permitted by regulation. See “*Risk Factors*.”

Although the Cole Memorandum has been rescinded, one legislative safeguard for the medical marijuana industry remains in place: Congress has passed a so-called “rider” provision in the FY 2015, 2016, 2017 and 2018 Consolidated Appropriations Acts to prevent the federal government from using congressionally appropriated funds to enforce federal marijuana laws against regulated medical marijuana actors operating in compliance with state and local law. The rider is known as the “Rohrbacher-Farr” Amendment after its original lead sponsors (it is also sometimes referred to as the “Rohrbacher-Blumenauer” or “Joyce-Leahy” Amendment, but it is referred to in this Annual Information Form as “**Rohrbacher-Farr**”). Most recently, the Rohrbacher-Farr Amendment was included in the Consolidated Appropriations Act of 2019, which was signed by President Trump on February 14, 2019 and funds the departments of the federal government through the fiscal year ending September 30, 2019. In signing the Act, President Trump issued a signing statement noting that the Act “provides that the Department of Justice may not use any funds to prevent implementation of medical marijuana laws by various States and territories,” and further stating “I will treat this provision consistent with the President’s constitutional responsibility to faithfully execute the laws of the United States.” While the signing statement can fairly be read to mean that the executive branch intends to enforce the CSA and other federal laws prohibiting the sale and possession of medical marijuana, the president did issue a similar signing statement in 2017 and no major federal enforcement actions followed.

There is a growing consensus among marijuana businesses and numerous congressmen and congresswomen that guidance is not law and temporary legislative riders, such as the Rohrbacher-Farr Amendment, are an inappropriate way to protect lawful medical marijuana businesses. Numerous bills have been introduced in Congress in recent years to decriminalize aspects of state-legal marijuana trades. For fiscal year 2019, the strategy amongst the bipartisan Congressional Marijuana Working Group in Congress, is to introduce numerous marijuana-related appropriations amendments in the Appropriations Committee in both the House and Senate, similar to the strategy employed in fiscal year 2018. The amendments will include protections for marijuana-related businesses in states with medical and adult-use marijuana laws, as well as protections for financial institutions that provide banking services to state-legal marijuana businesses. The Corporation also has observed that each year more congressmen and congresswomen sign on and co-sponsor marijuana legalization bills. These include the CARERS Act, REFER Act and others. While there are different perspectives on the most effective route to end federal marijuana prohibition, Congressman Blumenauer and Senator Wyden have introduced the three-bill package, Path to Marijuana Reform, which would fix the so-called Internal Revenue Service 280E provision that provides tax burdens for marijuana businesses, eliminate civil asset forfeiture and federal criminal penalties for marijuana businesses complying with state law, reduce barriers to banking, de-schedule marijuana from the federal list of controlled substances, and tax and regulate marijuana.⁵ Senator Booker has also introduced the Marijuana Justice Act, which would de-schedule marijuana, and in 2018 Congresswoman Barbara Lee introduced the House companion. Colorado Republican Senator Cory Gardner has reportedly secured a probable assurance from President Trump that he would sign a bill to allow states to legalize and regulate marijuana without federal intervention.⁶

⁵ Wyden, Blumenauer. (2017 March 30). Wyden, Blumenauer announce bipartisan path to marijuana reform. Retrieved from <https://blumenauer.house.gov/media-center/press-releases/wyden-blumenauer-announce-bipartisan-path-marijuana-reform>.

⁶ Mark. K. Matthews, *Donald Trump would “probably” support legalizing Colorado’s marijuana industry – through bid by Cory Gardner and Elizabeth Warren*, THE DENVER POST (June 8, 2018), available at <https://www.denverpost.com/2018/06/08/colorado-marijuana-industry-sanctioning-donald-trump/>.

In light of all of this, it was anticipated that the federal government will eventually repeal the federal prohibition on cannabis and thereby leave the states to decide for themselves whether to permit regulated cannabis cultivation, production and sale, just as states are free today to decide policies governing the distribution of alcohol or tobacco. Given current political trends, however, the Corporation considers these developments unlikely in the near-term. For the time being, marijuana remains a Schedule I controlled substance at the federal level, and neither the Cole Memorandum nor its rescission nor the continued passage of the Rohrbacher-Farr Amendment has altered that fact. The federal government of the United States has always reserved the right to enforce federal law regarding the sale and disbursement of medical or adult-use marijuana, even if state law sanctions such sale and disbursement. If the United States federal government begins to enforce United States federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Corporation's business, results of operations, financial condition and prospects could be materially adversely affected.

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 any Schedule I controlled substance. Due to the CSA categorization of marijuana as a Schedule I drug, federal law makes it illegal for financial institutions that depend on the Federal Reserve's money transfer system to take any proceeds from marijuana sales as deposits. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses under the United States Currency and Foreign Transactions Reporting Act of 1970 (the "**Bank Secrecy Act**"). Therefore, under 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 charged with money laundering or conspiracy.

While there has been no change in U.S. federal banking laws to accommodate businesses in the large and increasing number of U.S. states that have legalized medical and/or adult-use marijuana, in 2014, the Department of the Treasury Financial Crimes Enforcement Network ("**FinCEN**") issued guidance to prosecutors of money laundering and other financial crimes (the "**FinCEN Guidance**"). The FinCEN Guidance advised prosecutors not to focus their enforcement efforts on banks and other financial institutions that serve marijuana-related businesses so long as that business is legal in their state and none of the federal enforcement priorities referenced in the Cole Memorandum are being violated (such as keeping marijuana away from children and out of the hands of organized crime). The FinCEN Guidance also clarifies how financial institutions can provide services to marijuana-related businesses consistent with their Bank Secrecy Act obligations, including thorough customer due diligence, but makes it clear that they are doing so at their own risk. The customer due diligence steps include:

1. Verifying with the appropriate state authorities whether the business is duly licensed and registered;
2. Reviewing the license application (and related documentation) submitted by the business for obtaining a state license to operate its marijuana-related business;
3. Requesting from state licensing and enforcement authorities available information about the business and related parties;
4. Developing an understanding of the normal and expected activity for the business, including the types of products to be sold and the type of customers to be served (e.g., medical versus adult-use customers);
5. Ongoing monitoring of publicly available sources for adverse information about the business and related parties;
6. Ongoing monitoring for suspicious activity, including for any of the red flags described in this guidance; and

7. Refreshing information obtained as part of customer due diligence on a periodic basis and commensurate with the risk.

With respect to information regarding state licensure obtained in connection with such customer due diligence, a financial institution may reasonably rely on the accuracy of information provided by state licensing authorities, where states make such information available.

Because most banks and other financial institutions are unwilling to provide any banking or financial services to marijuana businesses, these businesses can be forced into becoming "cash-only" businesses. While the FinCEN Guidance decreased some risk for banks and financial institutions considering serving the industry, in practice it has not increased banks' willingness to provide services to marijuana businesses. This is because, as described above, the current law does not guarantee banks immunity from prosecution, and it also requires banks and other financial institutions to undertake time-consuming and costly due diligence on each marijuana business they accept as a customer.

The few state-chartered banks and/or credit unions that have agreed to work with marijuana businesses are limiting those accounts to small percentages of their total deposits to avoid creating a liquidity risk. Since, theoretically, the federal government could change the banking laws as it relates to marijuana businesses at any time and without notice, these credit unions must keep sufficient cash on hand to be able to return the full value of all deposits from marijuana businesses in a single day, while also keeping sufficient liquid capital on hand to serve their other customers. Those state-chartered banks and credit unions that do have customers in the marijuana industry charge marijuana businesses high fees to pass on the added cost of ensuring compliance with the FinCEN Guidance.

Unlike the Cole Memorandum, however, the FinCEN Guidance from 2014 has not been rescinded. The Secretary of the U.S. Department of the Treasury, Stephen Mnuchin, has publicly stated that the Department was not informed of any plans to rescind the Cole Memorandum. Secretary Mnuchin stated that he does not have a desire to rescind the FinCEN Guidance.⁷ As an industry best practice and consistent with its standard operating procedures, the Corporation adheres to all customer due diligence steps in the FinCEN Guidance.

In the United States, a bill has been tabled in Congress to grant banks and other financial institutions immunity from federal criminal prosecution for servicing marijuana-related businesses if the underlying marijuana business follows state law. This bill has not been passed and there can be no assurance with that it will be passed in its current form or at all. In both Canada and the United States, transactions involving banks and other financial institutions are both difficult and unpredictable under the current legal and regulatory landscape. Legislative changes could help to reduce or eliminate these challenges for companies in the cannabis space and would improve the efficiency of both significant and minor financial transactions.

An additional challenge to marijuana-related businesses is that the provisions of Internal Revenue Code Section 280E are being applied by the IRS to businesses operating in the medical and adult-use marijuana industry. Section 280E prohibits marijuana businesses from deducting ordinary and necessary business expenses, forcing them to pay higher effective federal tax rates than similar companies in other industries. The effective tax rate on a marijuana business depends on how large its ratio of non-deductible expenses is to its total revenues. Therefore, businesses in the legal cannabis industry may be less profitable than they would otherwise be.

⁷ Angell, Tom. (2018 February 6). Trump Treasury Secretary Wants Marijuana Money In Banks, *available at* <https://www.forbes.com/sites/tomangell/2018/02/06/trump-treasury-secretary-wants-marijuana-money-in-banks/#2848046a3a53>; see also Mnuchin: Treasury is reviewing cannabis policies. (2018 February 7), *available at* <http://www.scotsmanguide.com/News/2018/02/Mnuchin--Treasury-is-reviewing-cannabis-policies/>.

CBD is a product that often is derived from hemp, which contains only trace amounts of THC, the psychoactive substance found in marijuana. On December 20, 2018, President Trump signed the Agriculture Improvement Act of 2018 (popularly known as the “**2018 Farm Bill**”) into law.⁸ Until the 2018 Farm Bill became law, hemp and products derived from it, such as CBD, fell within the definition of “marijuana” under the CSA and the DEA classified hemp as a Schedule I controlled substance because hemp is part of the cannabis plant.⁹

The 2018 Farm Bill defines hemp as the plant *Cannabis sativa* L. and any part of the plant with a delta-9 THC concentration of not more than 0.3 percent by dry weight and removes hemp from the CSA. The 2018 Farm Bill also allows states to create regulatory programs allowing for the licensed cultivation of hemp and production of hemp-derived products. Hemp and products derived from it, such as CBD, may then be sold into commerce and transported across state lines provided that the hemp from which any product is derived was cultivated under a license issued by an authorized state program approved by the U.S. Department of Agriculture and otherwise meets the definition of hemp removed from the CSA. The introduction of hemp and products derived from it, such as CBD, in foods, beverages, and dietary supplements has not – except in limited circumstances – been approved by the FDA. The FDA expects to engage in rulemaking on this subject.

Regulation of the Medical Cannabis Market in Florida

In 2014, the Florida Legislature passed the Compassionate Use Act (the “CUA”) which was a low-THC (CBD) law, allowing cannabis containing less than 0.8%THC to be sold to patients diagnosed with severe seizures or muscle spasms and cancer. The CUA created a competitive licensing structure and originally allowed for one vertically integrated license to be awarded per five regions of the State. The CUA set forth the criteria for applicants as well as the minimum qualifying criteria, which included the requirement to hold a nursery certificate for a minimum of 400,000 plants and to be a registered nursery for at least 30 continuous years. The CUA also created a state registry to track dispensations.

In 2016, the Florida Legislature passed the Right to Try Act (the “RTA”), which expanded the State’s medical cannabis program to allow for full potency THC products to be sold as “medical cannabis” to patients with a terminal condition that had been diagnosed by two physicians.

In November of 2016, the Florida Medical Marijuana Legalization ballot initiative (the “Initiative”) to expand the medical cannabis program under the RTA was approved by 71.3% of voters, thereby amending the Florida constitution. The Initiative is now Article X, Section 29 of the Florida Constitution. The Initiative added 10 medical conditions to the list of conditions for which the use of medical cannabis is permitted in Florida. The Initiative also provided for the implementation of state-issued medical cannabis identification cards.

In 2017, the Florida Legislature passed legislation implementing the constitutional amendment and codifying the changes set forth in the constitution. The 2017 law provides for another four licenses to be issued for every 100,000 active qualified patients added to the registry and initially limited license holders to a maximum of 25 dispensary locations with the ability to purchase additional dispensary locations from one another and for an additional five locations to be allowed by the State for every 100,000 active qualified patients added to the registry. The 2017 legislation’s cap on dispensing facilities expires on April 1, 2020.

⁸ H.R.2 - 115th Congress (2017-2018): Agriculture Improvement Act of 2018, Congress.gov (2018), <https://www.congress.gov/bill/115th-congress/house-bill/2/text>.

⁹ See, e.g., 21 C.F.R. § 1308.35.

Trulieve License

Under Florida law, a licensee is required to cultivate, process and dispense medical cannabis. Licenses are issued by the Department and may be renewed biennially. The Corporation received its most recent license renewal on June 13, 2018 and is classified as an MMTC under Florida law.

In Florida, there is no state-imposed limitation on the permitted size of cultivation or processing facilities, nor is there a limit on the number of plants that may be grown.

Under its license, the Corporation is permitted to sell cannabis to those patients who are entered into the State's electronic medical marijuana use registry by a qualified physician and possess a state-issued medical marijuana identification card. The physician determines patient eligibility as well as the routes of administration (e.g. topical, oral, inhalation) and number of milligrams per day a patient can obtain under the program. The physician may order a certification for up to three 70-day supply limits of marijuana, following which the certification expires and a new certification must be issued by a physician. The number of milligrams dispensed, the category of cannabis (either low-THC or medical cannabis) and whether a delivery device such as a vaporizer has been authorized is all recorded in the registry for each patient transaction.

The Corporation is authorized to sell a variety of products and currently offers over 170 SKUs in various product categories for sale. Edible products were authorized by the Florida Legislature in 2017 pending rulemaking by the Florida Department of Health, Office of Medical Marijuana Use (the "Department"). The Department has held workshops regarding edibles but has not yet drafted the contemplated regulations. Hydrocarbon extracted products are also contemplated in the 2017 law and are awaiting rulemaking by the Department.

Dispensaries may be located in any location throughout the State of Florida as long as the local government has not issued a prohibition against MMTC dispensaries in their respective municipality. Provided there is not a ban, the Corporation may locate a dispensary in a site zoned for a pharmacy so long as the location is greater than 500 feet from a public or private elementary, middle, or secondary school. Pursuant to section 381.986, Florida Statutes (2017), the State provides for a limitation of 25 dispensary locations per MMTC with an additional five locations per MMTC authorized once the registry reaches 100,000 active patients. Prior to the 2017 amendment of the law, the number of locations an MMTC could open was not limited. The Corporation filed a claim in the Court for the Second Judicial Circuit in Leon County (the "**Court**") asking the Court to disregard the dispensary locations the Corporation had open and/or applied for prior to the limitation becoming effective. On February 4, 2019, Trulieve announced that it had won its lawsuit in the trial court. The Court ruled that Trulieve may open an additional 14 dispensary locations based on previous vesting and, in the alternative, the statutory caps placed on the number of dispensaries allowed across the state were not only unconstitutionally added after Amendment 2 had been approved by voters but were adversely impacting patient access. The Corporation has settled its challenge with the Florida Department of Health. Trulieve's 14 dispensaries that were established before the statewide cap was enacted are now excluded from the statutory cap. The Corporation currently has 26 approved dispensaries operating in the State of Florida. In addition, the Corporation's license allows the Corporation to deliver products directly to patients.

Florida Reporting Requirements

The Department is to establish, maintain, and control a computer software tracking system that traces cannabis from seed to sale and allows real-time, 24-hour access by the Department to such data. The tracking system must allow for integration of other seed-to-sale systems and, at a minimum, include notification of certain events, including when marijuana seeds are planted, when marijuana plants are harvested and destroyed and when cannabis is transported, sold, stolen, diverted, or lost. Each medical marijuana treatment center shall use the seed-to-sale tracking system established by the department or integrate its own seed-to-sale tracking system with the seed-to-sale tracking system established by the department. Additionally, the Department also maintains a patient and physician registry and the licensee must comply with all requirements and regulations relative to the provision of required data or proof of key

events to said system in order to retain its license. Florida requires all MMTCs to abide by representations made in their original application to the State of Florida. Any changes or expansions must be requested via an amendment or variance process.

Florida Licensing Requirements

Licenses issued by the Department may be renewed biennially so long as the licensee continues to meet the requirements of the Florida Statute 381.986 and pays a renewal fee. License holders can only own one license within the State of Florida. MMTC's can operate up to a maximum of 25 dispensaries throughout the State with an additional five locations granted with every 100,000 additional patients added to the registry provided, however, Trulieve's 14 dispensaries that were established before the statewide cap was enacted are now excluded from the statutory cap. Applicants must demonstrate (and licensed MMTC's must maintain) that: (i) they have been registered to do business in the State of Florida for the previous five years, (ii) they possess a valid certificate of registration issued by the Florida Department of Agriculture & Consumer Services, (iii) they have the technical and technological ability to cultivate and produce cannabis, including, but not limited to, low-THC cannabis, (iv) they have the ability to secure the premises, resources, and personnel necessary to operate as an MMTC, (v) they have the ability to maintain accountability of all raw materials, finished products, and any by-products to prevent diversion or unlawful access to or possession of these substances, (vi) they have an infrastructure reasonably located to dispense cannabis to registered qualified patients statewide or regionally as determined by the Department, (vii) they have the financial ability to maintain operations for the duration of the two-year approval cycle, including the provision of certified financial statements to the Department, (viii) all owners, officers, board members and managers have passed a Level II background screening, inclusive of fingerprinting, and ensure that a medical director is employed to supervise the activities of the MMTC, and (ix) they have a diversity plan and veterans plan accompanied by a contractual process for establishing business relationships with veterans and minority contractors and/or employees. Upon approval of the application by the Department, the applicant must post a performance bond of up to US \$5 million, which may be reduced to US \$2 million once the licensee has served 1,000 patients (which Trulieve has accomplished).

Regulation of the Medical Cannabis Market in Massachusetts

The Commonwealth of Massachusetts has authorized the cultivation, possession and distribution of marijuana for medical purposes by certain licensed Massachusetts marijuana businesses. The Medical Use of Marijuana Program (the "**MUMP**") registers qualifying patients, personal caregivers, Registered Marijuana Dispensaries ("**RMDs**"), and RMD agents. The MUMP was established by Chapter 369 of the Acts of 2012, "An Act for the Humanitarian Medical Use of Marijuana", following the passage of the Massachusetts Medical Marijuana Initiative, Ballot Question 3, in the 2012 general election. Additional statutory requirements governing the MUMP were enacted by the Legislature in 2017 and codified at G.L. c. 94I, et. seq. (the "**Massachusetts Medical Act**"). RMD Certificates of Registration are vertically integrated licenses in that each RMD Certificate of Registration entitles a license holder to one cultivation facility, one processing facility and one dispensary locations. There is a limit of three RMD licenses per person/entity.

The Commonwealth of Massachusetts Cannabis Control Commission ("**CCC**") regulations, 935 CMR 501.000 et seq. ("**Massachusetts Medical Regulations**"), provide a regulatory framework that requires RMDs to cultivate, process, transport and dispense medical cannabis in a vertically integrated marketplace. Patients with debilitating medical conditions qualify to participate in the program, including conditions such as cancer, glaucoma, positive status for human immunodeficiency virus (HIV), acquired immune deficiency virus (AIDS), hepatitis C, amyotrophic lateral sclerosis (ALS), Crohn's disease, Parkinson's disease, and multiple sclerosis (MS) when such diseases are debilitating, and other debilitating conditions as determined in writing by a qualifying patient's healthcare provider. The CCC assumed control of the MUMP from the Department of Public Health on December 23, 2018.

Massachusetts Licensing Requirements (Medical)

The Massachusetts Medical Regulations delineate the licensing requirements for RMDs in Massachusetts. Licensed entities must demonstrate the following: (i) they are licensed and in good standing with the Secretary of the Commonwealth of Massachusetts; (ii) no executive, member or any entity owned or controlled by such executive or member directly or indirectly controls more than three RMD licenses; (iii) vaporizers must be made available for sale; (iv) an RMD may not cultivate and dispense medical cannabis from more than two locations statewide; (v) dispensary agents must be registered with the Massachusetts Cannabis Control Commission; (vi) an RMD must have a program to provide reduced cost or free marijuana to patients with documented verifiable financial hardships; (vii) one executive of an RMD must register with the Massachusetts Department of Criminal Justice Information Services on behalf of the entity as an organization user of the Criminal Offender Record Information (iCORI) system; (viii) the RMD applicant has at least \$500,000 in its control as evidenced by bank statements, lines of credit or equivalent; and (ix) payment of the required application fee.

In an RMD application, an applicant must also demonstrate or include: (i) the name, address date of birth and resumes of each executive of the applicant and of the members of the entity; (ii) proof of liability insurance coverage in compliance with statutes; (iii) detailed summary of the business plan for the RMD; (iv) an operational plan for the cultivation of marijuana including a detailed summary of policies and procedures; and (v) a detailed summary of the operating policies and procedures for the operations of the RMD including security, prevention of diversion, storage of marijuana, transportation of marijuana, inventory procedures, procedures for quality control and testing of product for potential contaminants, procedures for maintaining confidentiality as required by law, personnel policies, dispensing procedures, record keeping procedures, plans for patient education and any plans for patient or personal caregiver home delivery. An RMD applicant must also demonstrate that it has (i) a successful track record of running a business; (ii) a history of providing healthcare services or services providing marijuana for medical purposes in or outside of Massachusetts; (iii) proof of compliance with the laws of the Commonwealth of Massachusetts; (iv) complied with the laws and orders of the Commonwealth of Massachusetts; and (v) a satisfactory criminal and civil background.

Upon the determination by the CCC that an RMD applicant has responded to the application requirements in a satisfactory fashion, the RMD applicant is required to pay the applicable registration fee and shall be issued a provisional certificate of registration (“PCR”). Trulieve’s wholly owned subsidiary, Life Essence, holds the following PCRs.

Massachusetts Licenses (Medical)

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
Life Essence	Provisional RMD Certificate of Registration	Holyoke, MA	12/6/19	Dispensary Cultivation/Product Manufacturing
Life Essence	RMD Provisional Certificate of Registration	Northampton, MA Holyoke, MA	12/6/19	Dispensary Cultivation/Product Manufacturing
Life Essence	RMD Provisional Certificate of Registration	Cambridge, MA Holyoke, MA	12/6/19	Dispensary Cultivation/Product Manufacturing

Thereafter, the CCC shall review architectural plans for the building of the RMD’s cultivation facility and/or dispensing facilities, and shall either approve, modify or deny the same. Once approved, the RMD provisional license holder shall construct its facilities in conformance with the requirements of the Massachusetts Regulations. Once the CCC completes its inspections and issues approval for an RMD of its facilities, the CCC shall issue a final certificate of registration (“FCR”) to the RMD applicant. FCRs are valid for one year, and shall be renewed by filing the required renewal application no later than sixty days prior to the expiration of the certificate of registration.

PCRs and FCRs in Massachusetts are renewed annually. Before expiry, licensees are required to submit a renewal application. While renewals are granted annually, there is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable license, Life Essence, Inc. would expect to receive the applicable renewed license in the ordinary course of business.

Massachusetts Dispensary Requirements (Medical)

A RMD is to follow its written and approved operation procedures in the operation of its dispensary locations. A RMD is to follow its written and approved operation procedures in the operation of its dispensary locations. Operating procedures shall include (i) security measures in compliance with the Massachusetts Regulations; (ii) employee security policies including personal safety and crime prevention techniques; (iii) hours of operation and after-hours contact information; (iv) a price list for marijuana; (v) storage protocols in compliance with state law; (vi) a description of the various strains of marijuana that will be cultivated and dispensed, and the forms that will be dispensed; (vii) procedures to ensure accurate recordkeeping including inventory protocols; (viii) plans for quality control; (ix) a staffing plan and staffing records; (x) diversion identification and reporting protocols; and (xi) policies and procedures for the handling of cash on RMD premises including storage, collection frequency and transport to financial institutions. The siting of dispensary locations is expressly subject to local/municipal approvals pursuant to state law, and municipalities control the permitting application process that a RMD must comply with. More specifically, a RMD is to comply with all local requirements regarding siting, provided however that if no local requirements exist, a RMD shall not be sited within a radius of 500 feet of a school, daycare center, or any facility in which children commonly congregate. The 500-foot distance under this section is measured in a straight line from the nearest point of the facility in question to the nearest point of the proposed RMD. The Massachusetts Regulations require that RMDs limit their inventory of seeds, plants, and useable marijuana to reflect the projected needs of registered qualifying patients. A RMD may only dispense to a registered qualifying patient who has a current valid certification.

Massachusetts Security and Storage Requirements (Medical)

A RMD is to implement sufficient security measures to deter and prevent unauthorized entrance into areas containing marijuana and theft of marijuana at the RMD. These measures must include: (i) allowing only registered qualifying patients, caregivers, dispensary agents, authorized persons, or approved outside contractors access to the RMD facility; (ii) preventing individuals from remaining on the premises of a RMD if they are not engaging in activities that are permitted; (iii) disposing of marijuana or byproducts in compliance with law; (iv) establishing limited access areas accessible only to authorized personnel; (v) storing finished marijuana in a secure locked safe or vault; (vi) keeping equipment, safes, vaults or secured areas securely locked; (vii) ensuring that the outside perimeter of the RMD is sufficiently lit to facilitate surveillance; and (viii) ensuring that landscaping or foliage outside of the RMD does not allow a person to conceal themselves. A RMD shall also utilize a security/alarm system that: (i) monitors entry and exit points and windows and doors, (ii) includes a panic/duress alarm, (iii) includes system failure notifications, (iv) includes 24-hour video surveillance of safes, vaults, sales areas, areas where marijuana is cultivated, processed or dispensed, and (v) includes date and time stamping of all records and the ability to produce a clear, color still photo. The video surveillance system shall have the capacity to remain operational during a power outage. The RMD must also maintain a backup alarm system with the capabilities of the primary system, and both systems shall be maintained in good working order and shall be inspected and tested on regular intervals.

Massachusetts Transportation Requirements (Medical)

Marijuana or marijuana-infused products (“MIPs”) may only be transported by dispensary agents on behalf of a RMD: (i) between separately-owned RMDs in compliance with 935 CMR 501.110(5); (ii) between RMD sites owned by the same non-profit entity; (iii) between a RMD and a testing laboratory; (iv) from the RMD to the destruction or disposal site; or (v) from a RMD to the primary residences of registered qualifying patients. A RMD shall staff transport vehicles with a minimum of two dispensary agents. At least one dispensary agent shall remain with the vehicle when the vehicle contains marijuana

or MIPs. Prior to leaving the origination location, a RMD must weigh, inventory, and account for, on video, the marijuana to be transported.

Marijuana must be packaged in sealed, labeled, and tamper-proof packaging prior to and during transportation. In the case of an emergency stop, a log must be maintained describing the reason for the stop, the duration, the location, and any activities of personnel exiting the vehicle. A RMD shall ensure that delivery times and routes are randomized. Each dispensary agent shall carry his or her CCC-issued MUMP ID Card when transporting marijuana or MIPs and shall produce it to CCC representatives or law enforcement officials upon request. Where videotaping is required when weighing, inventorying, and accounting of marijuana before transportation or after receipt, the video must show each product being weighed, the weight, and the manifest. A RMD must document and report any unusual discrepancy in weight or inventory to the CCC and local law enforcement within 24 hours. A RMD shall report to the CCC and local law enforcement any vehicle accidents, diversions, losses, or other reportable incidents that occur during transport, within 24 hours. A RMD shall retain transportation manifests for no less than one year and make them available to the CCC upon request. Any cash received from a qualifying patient or personal caregiver must be transported to a RMD immediately upon completion of the scheduled deliveries. Vehicles used in transportation must be owned, leased or rented by the RMD, be properly registered, and contain a GPS system that is monitored by the RMD during transport of marijuana and said vehicle must be inspected and approved by the CCC prior to use.

During transit, a RMD shall ensure that: (i) marijuana or MIPs are transported in a secure, locked storage compartment that is part of the vehicle transporting the marijuana or MIPs; (ii) the storage compartment cannot be easily removed (for example, bolts, fittings, straps or other types of fasteners may not be easily accessible and not capable of being manipulated with commonly available tools); (iii) marijuana or MIPs are not visible from outside the vehicle; and (iv) product is transported in a vehicle that bears no markings indicating that the vehicle is being used to transport marijuana or MIPs and does not indicate the name of the RMD. Each dispensary agent transporting marijuana or MIPs shall have access to a secure form of communication with personnel at the origination location when the vehicle contains marijuana or MIPs.

CCC Inspections (Medical)

The CCC or its agents may inspect a RMD and affiliated vehicles at any time without prior notice. A RMD shall immediately upon request make available to the CCC information that may be relevant to a CCC inspection, and the CCC may direct a RMD to test marijuana for contaminants. Any violations found will be noted in a deficiency statement that will be provided to the RMD, and the RMD shall thereafter submit a Plan of Correction to the CCC outlining with particularity each deficiency and the timetable and steps to remediate the same. The CCC shall have the authority to suspend or revoke a certificate of registration in accordance with 105 CMR 725.405 of the Regulation of adult-use cannabis in Massachusetts.

Regulation of the Adult Use Cannabis Market in Massachusetts

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

Massachusetts Licensing Requirements (Adult-Use)

Many of the same application requirements exist for a Marijuana Establishment license as a RMD application, and each owner, officer or member must undergo background checks and fingerprinting with the CCC. Applicants must submit the location and identification of each site, and must establish a property interest in the same, and the applicant and the local municipality must have entered into a host agreement authorizing the location of the adult-use Marijuana Establishment within the municipality, and

said agreement must be included in the application. Applicants must include disclosure of any regulatory actions against it by the Commonwealth of Massachusetts, as well as the civil and criminal history of the applicant and its owners, officers, principals or members. The application must include the RMD applicant's plans for separating medical and adult-use operations, proposed timeline for achieving operations, liability insurance, business plan, and a detailed summary describing and/or updating or modifying the RMD's existing medical marijuana operating policies and procedures for adult-use including security, prevention of diversion, storage, transportation, inventory procedures, quality control, dispensing procedures, personnel policies, record keeping, maintenance of financial records and employee training protocols.

No person or entity may own more than 10% or "control" more than three licenses in each Marijuana Establishment class (i.e., marijuana retailer, marijuana cultivator, marijuana product manufacturer). Additionally, there is a 100,000 square foot cultivation canopy for adult-use licenses; however, there is no canopy restriction for RMD license holders relative to their cultivation facility.

Massachusetts Dispensary Requirements (Adult-Use)

Marijuana retailers are subject to certain operational requirements in addition to those imposed on marijuana establishments generally. Dispensaries must immediately inspect patrons' identification to ensure that everyone who enters is at least twenty-one years of age. Dispensaries may not dispense more than one ounce of marijuana or five grams of marijuana concentrate per transaction. Point-of-sale systems must be approved by the CCC, and retailers must record sales data. Records must be retained and available for auditing by the CCC and Department of Revenue. Dispensaries must also make patient education materials available to patrons. Such materials must include:

- A warning that marijuana has not been analyzed or approved by the FDA, that there is limited information on side effects, that there may be health risks associated with using marijuana, and that it should be kept away from children;
- A warning that when under the influence of marijuana, driving is prohibited by M.G.L. c. 90, § 24, and machinery should not be operated;
- Information to assist in the selection of marijuana, describing the potential differing effects of various strains of marijuana, as well as various forms and routes of administration;
- Materials offered to consumers to enable them to track the strains used and their associated effects;
- Information describing proper dosage and titration for different routes of administration, with an emphasis on using the smallest amount possible to achieve the desired effect;
- A discussion of tolerance, dependence, and withdrawal;
- Facts regarding substance abuse signs and symptoms, as well as referral information for substance abuse treatment programs;
- A statement that consumers may not sell marijuana to any other individual;
- Information regarding penalties for possession or distribution of marijuana in violation of Massachusetts law; and
- Any other information required by the CCC.

Massachusetts Security and Storage Requirements (Adult-Use)

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

- Positively identifying individuals seeking access to the premises of the Marijuana Establishment or to whom or marijuana products are being transported pursuant to 935 CMR 500.105(14) 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 these regulations and its enabling statute are allowed to remain on the premises;
- Disposing of marijuana 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 marijuana 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 marijuana products securely locked and protected from entry, except for the actual time required to remove or replace marijuana;
- 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 marijuana 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 marijuana, 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; 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.
- Marijuana must be stored in special limited access areas, and alarm systems must meet certain technical requirements, including the ability to record footage to be retained for at least 90 days.

Massachusetts Transportation Requirements (Adult-Use)

Marijuana products may only be transported between licensed marijuana establishments by registered marijuana establishment agents. A licensed marijuana transporter may contract with a licensed marijuana establishment to transport that licensee's marijuana products to other licensed establishments. The originating and receiving licensed establishments shall ensure that all transported marijuana products are linked to the 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 marijuana product that is undeliverable or is refused by the destination marijuana establishment shall be transported back to the originating establishment. All vehicles transporting marijuana 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 marijuana or marijuana products. Prior to the products leaving a marijuana establishment for the purpose of transporting marijuana products, the originating marijuana establishment must weigh, inventory, and account for, on video, all marijuana 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 marijuana products transported. When videotaping the weighing, inventorying, and accounting of marijuana products before transportation or after receipt, the video must show each product being weighed, the weight, and the manifest. Marijuana 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 marijuana 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 marijuana transporter transporting marijuana products is required to ensure that all transportation times and routes are randomized. An establishment or transporter transporting marijuana 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. Marijuana may not be visible from outside the vehicle, and it must be transported in a secure, locked storage compartment. Each vehicle must have a global positioning system, and any agent transporting marijuana must have access to a secure form of communication with the originating location.

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 Commission 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 marijuana 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 marijuana by the Massachusetts Department of Agricultural Resources.

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

Regulation of the Marijuana Market in California

In 1996, California was the first state to legalize medical marijuana through Proposition 215, the Compassionate Use Act of 1996 ("**CUA**"). This provided an affirmative defense for defendants charged with the use, possession and cultivation of medical marijuana by patients with a physician recommendation for treatment of cancer, anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis, migraine, or any other illness for which marijuana provides relief. In 2003, Senate Bill 420 was signed into law, decriminalizing the use, possession, and collective cultivation of medical marijuana, and establishing an optional identification card system for medical marijuana patients.

In September 2015, the California legislature passed three bills collectively known as the "Medical Marijuana Regulation and Safety Act" ("**MCRSA**"). The MCRSA established a licensing and regulatory framework for medical marijuana businesses in California. The system created testing laboratories, and distributors. Edible infused product manufacturers would require either volatile solvent or non-volatile solvent manufacturing licenses depending on their specific extraction methodology. Multiple agencies would oversee different aspects of the program and businesses would require a state license and local approval to operate. However, in November 2016, voters in California overwhelmingly passed Proposition 64, the "Adult Use of Marijuana Act" ("**AUMA**") creating an adult-use marijuana program for adult-use 21 years of age or older. In June 2017, the California State Legislature passed Senate Bill No. 94, known as Medicinal and Adult-Use Marijuana Regulation and Safety Act ("**MAUCRSA**"), which amalgamated MCRSA and AUMA to provide a set of regulations to govern the medical and adult-use licensing regime for marijuana businesses in the State of California. MAUCRSA went into effect on January 1, 2018. The four agencies that regulate marijuana at the state level are BCC, California Department of Food and Agriculture, California Department of Public Health, and California Department of Tax and Fee Administration.

One of the central features of MAUCRSA is known as “local control.” In order to legally operate a medical or adult-use marijuana business in California, an operator must have both a local and state license. This requires license-holders to operate in cities or counties with marijuana licensing programs. Cities and counties in California are allowed to determine the number of licenses they will issue to marijuana operators, or can choose to outright ban marijuana.

California License Types

Once an operator obtains local approval, the operator must obtain state licenses before conducting any commercial marijuana activity. There are twelve different license types that cover all commercial activity. License types 1-3 and 5 authorize the cultivation of medical and/or adult-use marijuana plants. Type 4 licenses are for nurseries that cultivate and sell clones and “teens” (immature marijuana plants that have established roots but require further vegetation prior to being sent into the flowering period). Type 6 and 7 licenses authorize manufacturers to process marijuana biomass into certain value-added products such as shatter or marijuana distillate oil with the use of volatile or non-volatile solvents, depending on the license type. Type 8 licenses are held by testing facilities who test samples of marijuana products and generate “certificates of analysis,” which include important information regarding the potency of products and whether products have passed or failed certain threshold tests for pesticide and microbiological contamination. Type 9 licenses are issued to “non-storefront” retailers, commonly called delivery services, who bring marijuana products directly to customers and patients at their residences or other chosen delivery location. Type 10 licenses are issued to storefront retailers, or dispensaries, which are open to the public and sell marijuana products onsite. Type 11 licenses are known as “Transport-Only” distribution licenses, and they allow the distributor to transport marijuana and marijuana products between licensees, but not to retailers. Type 12 licenses are issued to distributors who move marijuana and marijuana products to all license types, including retailers.

California Agencies Regulating the Commercial Cannabis Industry

There are three agencies tasked with regulating the marijuana industry in California. The California Department of Food and Agriculture (CDFA) oversees nurseries and cultivators; the California Department of Public Health (CDPH) oversees manufacturers, and the newly-created Bureau of Cannabis Control (BCC) oversees distributors, retailers, delivery services, and testing laboratories. Operators must apply to one or more of these agencies for their licenses, and each agency has released regulations specific to the operation of the types of businesses they oversee. The BCC has a number of regulations that apply to *all* licensees, but the CDFA and CDPH regulations only apply to the licensees in their charge.

The Marijuana Supply Chain in California

In California, depending on a local government’s own marijuana ordinances, plants may be cultivated outdoors, using mixed-light methods, or fully indoors. Cultivators must initially acquire seeds, clones, teens, or other immature plants from nurseries.

The cultivation, processing, and movement of marijuana within the state is tracked by the METRC system, into which all licensees are required to input their track and trace data (either manually or using another software that automatically uploads to METRC). Immature plants are assigned a Unique Identifier number (UID), and this number follows the flowers and biomass resulting from that plant through the supply chain, all the way to the consumer. Each licensee in the supply chain is required to meticulously log any processing, packaging, and sales associated with that UID.

When marijuana plants mature and complete their life cycle, they are harvested, cured, and trimmed, in preparation of being sold to distributors or manufacturers. Cultivators have two main products: flowers, or “buds,” and the biomass, or “trim,” which is typically removed from the mature flowers. Trim is commonly sold to Manufacturers for further processing into cannabis extracts. Buds may also be sold to Manufacturers, or to Distributors for sale to Retailers. The Cultivator may package and

label its marijuana flowers, or may sell flower in bulk and the Distributor may package and label the flower.

Manufactured marijuana goods may be sold from a manufacturer to a Distributor, but have to be provided to Distributors in their final packaging. Distributors may not package manufactured marijuana goods. Certain tax rates apply to the marijuana flower and biomass, which are assessed per ounce of product sold. The tax is paid by the Cultivator to the Distributor, or alternatively the Manufacturer, who has the responsibility of tendering the fees to the State of California.

Marijuana in California may only be transported by licensed distributors. Some cultivators and manufacturers have their own distribution licenses, and others contract with third-party distributors. Distributors may or may not take possession of the marijuana and marijuana products. How this is evolving in California currently is that, similar to the alcohol distribution model, retailers are choosing from a portfolio of products carried by the Distributors they work with. Brands are doing some direct marketing to Retailers, but may Brands target their marketing to Distributors.

Distributors are the point in the supply chain where final quality assurance testing is performed on products before they go to a retailer. Retailers may not accept product without an accompanying certificate of analysis (COA). Distributors must hold product to be tested on their premises in “quarantine” and arrange for an employee of a licensed testing laboratory to come to their premises and obtain samples from any and all goods proposed to be shipped to a retailer. Marijuana and marijuana products are issued either a “pass” or “fail” by the testing laboratory. Under some circumstances, the BCC’s regulations allow for failing product to be “remediated” or to be re-labeled to more accurately reflect the COA.

Retail Compliance in California

California requires that certain warnings, images, and content information be printed on all marijuana packaging. BCC regulations also include certain requirements about tamper-evident and child-resistant packaging. Distributors and retailers are responsible for confirming that products are properly labeled and packaged before they are sold to a customer.

Consumers aged 21 and up may purchase marijuana in California from a dispensary with an “adult-use” license. Some localities still only allow medicinal dispensaries. Consumers aged 18 and up with a valid physician’s recommendation may purchase marijuana from a medicinal-only dispensary or an adult-use dispensary. Consumers without valid physician’s recommendations may not purchase marijuana from a medicinal-only dispensary. All marijuana businesses are prohibited from hiring employees under the age of 21.

Security Requirements

Each local government in California has its own security requirements for cannabis businesses, which usually include comprehensive video surveillance, intrusion detection and alarms, and limited access areas in the dispensary. The State also has similar security requirements, including that there be limited-access areas where only employees and other authorized individuals may enter. All Licensee employees must wear employee badges. The limited access areas must be locked with “commercial-grade, nonresidential door locks on all points of entry and exit to the licensed premises.”

Each licensed premises must have a digital video surveillance system that can “effectively and clearly” record images of the area under surveillance. Cameras must be “in a location that allows the camera to clearly record activity occurring within 20 feet of all points of entry and exit on the licensed premises.” The regulations list specific areas which must be under surveillance, including places where cannabis goods are weighed, packed, stored, loaded, and unloaded, security rooms, and entrances and exits to the premises. Retailers must record point of sale areas on the video surveillance system.

Licensed retailers must hire security personnel to provide on-site security services for the licensed retail premises during hours of operation. All security personnel must be licensed by the Bureau of Security and Investigative Services.

California also has extensive record-keeping and track and trace requirements for all licensees.

Inspections

All licensees are subject to annual and random inspections of their premises. Cultivators may be inspected by the California Department of Fish and Wildlife, the California Regional Water Quality Control Boards, and the California Department of Food and Agriculture. Manufacturers are subject to inspection by the California Department of Public Health, and Retailers, Distributors, Testing Laboratories, and Delivery services are subject to inspection by the Bureau of Cannabis Control. Inspections can result in notices to correct, or notices of violation, fines, or other disciplinary action by the inspecting agency.

Marijuana taxes in California

Several taxes are imposed at the point of sale and are required to be collected by the retailer. The State imposes an excise tax of 15%, and a sales and use tax is assessed on top of that. Cities and Counties apply their sales tax along with the State's sales and use tax, and many cities and counties have also authorized the imposition of special cannabis business taxes which can range from 2% to 10% of gross receipts of the business.

In connection with the proposed acquisition of all of the issued and outstanding membership interests of Leef Industries, a licensed dispensary in the City of Palm Springs, the Corporation has retained legal counsel and/or other advisors in connection with California's marijuana regulatory program. The Corporation has been approved as an 80% owner of Leef Industries by the City of Palm Springs and the State of California. The remaining 20% will be acquired upon receipt of final regulatory approval from the State of California, which is expected to occur in the second quarter of 2019. The Corporation has and will only engage in transactions with other licensed California marijuana businesses, and has a compliance officer to oversee dispensary operations in the State. The Corporation is developing standard operating procedures for this and future California holdings to ensure consistency and compliance across its California holdings. The Corporation and, to the best of the knowledge of the Corporation, Leef Industries are in compliance with California's marijuana regulatory program.

Compliance with Applicable State Law in the United States

The Corporation is classified as having a "direct" involvement in the United States cannabis industry and is in compliance with applicable United States state law and related licensing requirements and the regulatory framework enacted by the State of Florida, the State of California and the Commonwealth of Massachusetts. The Corporation is not subject to any citations or notices of violation with applicable licensing requirements and the regulatory frameworks which may have an impact on its licenses, business activities or operations. The Corporation uses reasonable commercial efforts to ensure that its business is in compliance with applicable licensing requirements and the regulatory frameworks enacted by Florida, Massachusetts and California, through the advice of its Director of Compliance, who monitors and reviews its business practices and changes to U.S. Federal enforcement priorities. The Issuer's General Counsel works with external legal advisors in Florida, Massachusetts and California to ensure that the Issuer is in on-going compliance with applicable state law.

The Corporation will continue to ensure it is in compliance with applicable licensing requirements and the regulatory framework enacted in states where it conducts business by continuous review of its licenses and affirmation certifications from management. The Corporation has state and local regulatory/compliance counsel engaged in every jurisdiction in which it operates. The Corporation oversees training for all employees, including on the following topics:

- compliance with state and local laws
- dispensing procedures

- security and safety policies and procedures
- inventory control
- quality control
- transportation procedures

The Corporation's training program emphasizes security and inventory control to ensure strict monitoring of cannabis and inventory from delivery to sale or disposal. Only authorized, properly trained employees are allowed to access the Corporation's computerized seed- to-sale system. All Trulieve facilities are monitored 24-hours a day, seven days a week. The Corporation's Director of Security monitors all security risks, both internal and external, to ensure patient and employee safety as well as to deter diversion. The Corporation's Director of Security oversees all security personnel including armed personnel at each dispensary location and at all processing and cultivation facilities.

The Corporation monitors all compliance notifications from the regulators and inspectors in each market, in an effort to resolve any issues identified on a timely basis. The Corporation keeps records of all compliance notifications received from the state regulators or inspectors and how and when the issue was resolved.

Further, the Corporation has 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, as well as procedures for performing inventory reconciliation and ensuring the accuracy of inventory tracking and recordkeeping. The Corporation maintains records of its inventory at all licensed facilities. Adherence to the Corporation's standard operating procedures is mandatory and ensures that the Corporation's operations are compliant with the rules set forth by the applicable state and local laws, regulations, ordinances, licenses and other requirements. Trulieve ensures adherence to standard operating procedures by regularly conducting internal inspections and is committed to ensuring any issues identified are resolved quickly and thoroughly.

In order to comply with industry best practices, despite the rescission of the Cole Memorandum, the Corporation continues to do the following to ensure compliance with the guidance provided by the Cole Memorandum:

- Ensure the operations are compliant with all licensing requirements that are set forth with regards to cannabis operation by the applicable state, county, municipality, town, township, borough, and other political/administrative divisions. To this end, the Corporation retains appropriately experienced legal counsel to conduct the necessary due diligence to ensure compliance of such operations with all applicable regulations;
- The activities relating to cannabis business adhere to the scope of the licensing obtained
 - for example, in Florida only medical cannabis is permitted and therefore the products are only sold to patients who have the appropriate recommendation in the state registry and have a valid state-issued medical identification card;
- The Corporation only works through licensed operators, which must pass a range of requirements, adhere to strict business practice standards and be subjected to strict regulatory oversight whereby sufficient checks and balances ensure that no revenue is distributed to criminal enterprises, gangs and cartels; and
- The Corporation conducts reviews of products and product packaging to ensure that the 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

The Corporation will continue to monitor compliance on an ongoing basis in accordance with its compliance program and standard operating procedures. While the Corporation's operations are in full compliance with all applicable state laws, regulations and licensing requirements, such activities remain illegal under United States federal law. For the reasons described above and the risks further described in *Risk Factors* below, there are significant risks associated with the business of the Corporation. See *Risk Factors*.

Ability to Access Public and Private Capital

Given the current laws regarding cannabis at the federal level in the United States, traditional bank financing is typically not available to United States cannabis companies. Specifically, the federal illegality of marijuana in the United States means that financial transactions involving proceeds generated by cannabis-related conduct can form the basis for prosecution under money laundering statutes, the unlicensed money transmitter statute and the *Bank Secrecy Act* (the "**BSA**"). As a result, businesses involved in the cannabis industry often have difficulty finding a bank willing to accept their business. Banks who do accept deposits from cannabis-related businesses in the United States must do so in compliance with the Cole Financial Crime Memo and the FinCEN Memo, each dated February 14th, 2014. The Cole Financial Crime Memo states that prosecutors should 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 marijuana-related conduct. The FinCEN Memo provides guidelines to banks on how to accept deposits from cannabis-related businesses while remaining compliant with the BSA. The Financial Crime Enforcement Network has not rescinded the FinCEN Memo following the United States Department of Justice's January 4, 2018 announcement rescinding the Cole Memorandum.

Trulieve US has banking relationships with two Florida state-chartered banks for deposits and payroll, however Trulieve, Inc. does not have access to traditional bank financing.

Trulieve has been successful at raising capital privately and raised over \$22 million prior to the closing of the SR Offering. Pursuant to the SR Offering, the Corporation raised approximately C\$65 million. The Corporation expects to generate adequate cash to fund its continuing operations. The Corporation's business plan includes aggressive growth, both in the form of additional acquisitions and through facility expansion and improvements. Accordingly, the Corporation expects to raise additional capital. There can be no assurance that additional financing will be available to the Corporation when needed or on terms which are acceptable. See *Risk Factors*.

RISK FACTORS

Cannabis is Illegal under Federal United States Law

In the United States, cannabis is largely regulated at the State level. As of November 7, 2018, 33 states and the District of Columbia have passed laws broadly legalizing marijuana for medicinal use by eligible patients.¹⁰ In the District of Columbia and 10 of these states – Alaska, California, Colorado, Maine, Massachusetts, Michigan, Nevada, Oregon, Vermont and Washington – marijuana is legal for adult-use regardless of medical condition. Additional States have pending legislation regarding the same. The large increase in recent statewide referenda and legislation that liberalizes marijuana laws is consistent with public opinion. Public polling routinely shows large majorities of Americans in favor of the legalization of marijuana. For instance, a Gallup Organization survey in October of 2018 found that 66% of respondents in the United States support the legalization of marijuana compared to the 32% who do not.¹¹

¹⁰ *Governing Magazine*, State Marijuana Laws in 2018 Map, available at <http://www.governing.com/gov-data/safety-justice/state-marijuana-laws-map-medical-recreational.html> (visited Nov. 7, 2018).

¹¹ Justin McCarthy, *Two in Three Americans Now Support Legalizing Marijuana*, GALLUP (Oct. 22, 2018), available at <https://news.gallup.com/poll/243908/two-three-americans-support-legalizing-marijuana.aspx>.

Although each State in which Trulieve operates (and anticipates operating) authorizes, as applicable, medical and/or adult-use cannabis production and distribution by licensed or registered entities, and numerous other States have legalized cannabis in some form, 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 any and all circumstances under the CSA. The concepts of “medical cannabis”, “retail cannabis” and “adult-use cannabis” do not exist under U.S. federal law. Marijuana is a Schedule I drug under the CSA. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision. Although Trulieve believes that its business activities are compliant with applicable state and local laws of the United States, strict compliance with state and local laws with respect to cannabis may neither absolve the Corporation of liability under United States federal law nor provide a defense to any federal proceeding which may be brought against the Corporation. Any such proceedings brought against the Corporation may result in a material adverse effect on the Corporation. Trulieve derives 100% of its revenues from the cannabis industry in certain States, which industry is illegal under United States federal law. Even where the Corporation’s cannabis-related activities are compliant with applicable State and local law, such activities remain illegal under United States federal law. The enforcement of relevant federal laws is a significant risk.

The CBP enforces the laws of the United States. Crossing the border while in violation of the CSA and other related United States federal laws may result in denied admission, seizures, fines, and apprehension. CBP officers administer the United States Immigration and Nationality Act to determine the admissibility of travelers, who are non-U.S. citizens, into the United States. An investment in the Corporation, if it became known to CBP, could have an impact on a shareholder’s admissibility into the United States and could lead to a lifetime ban on admission. See *“Risk Factors - U.S. border officials could deny entry of non-US citizens into the U.S. to employees of or investors in companies with cannabis operations in the United States and Canada.”*

Medical cannabis has been protected against enforcement by enacted legislation from the United States Congress in the form of the Rohrabacher-Farr Amendment, which prevents federal prosecutors from using federal funds to impede the implementation of medical cannabis laws enacted at the state level, subject to the United States Congress restoring such funding. This amendment has historically been passed as an amendment to omnibus appropriations bills, which by their nature expire at the end of a fiscal year or other defined term. Subsequent to the issuance of the Sessions Memo, the United States Congress passed its omnibus appropriations bill, SJ 1662, which for the fourth consecutive year contained the Rohrabacher-Farr Amendment language (referred to in 2018 as the Leahy Amendment) and continued the protections for the medical cannabis marketplace and its lawful participants from interference by the Department of Justice. The Rohrbacher-Farr Amendment again was included in the Consolidated Appropriations Act of 2019, which was signed by President Trump on February 14, 2019 and funds the departments of the federal government through the fiscal year ending September 30, 2019.¹² Notably, such Amendments have always applied only to medical cannabis programs, and have no effect on pursuit of recreational cannabis activities.

United States Regulatory Uncertainty

The activities of the Corporation are subject to regulation by governmental authorities. The Corporation’s business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products in each jurisdiction in which it operates. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Corporation. Furthermore, although the operations of the Corporation are currently carried out in accordance with all

¹² 2019 Appropriations Act, Public Law No. 116-6, Div. C § 537.

applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Corporation's ability to import, distribute or, in the future, produce marijuana. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of marijuana, or more stringent implementation thereof could have a substantial adverse impact on the Corporation.

As a result of the conflicting views between State legislatures and the federal government regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. The response to this inconsistency was addressed in the Cole Memorandum addressed to all United States district attorneys acknowledging that notwithstanding the designation of cannabis as a controlled substance at the federal level in the United States, several states have enacted laws relating to cannabis for medical purposes. The Cole Memorandum outlined certain priorities for the United States Department of Justice relating to the prosecution of cannabis offenses. In particular, the Cole Memorandum 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, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the United States Department of Justice has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memorandum standard. In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the United States Department of Justice should be focused on addressing only the most significant threats related to cannabis. States where medical cannabis had been legalized were not characterized as a high priority.

In March 2017, then Attorney General Sessions again noted limited federal resources and acknowledged that much of the Cole Memorandum had merit; however, he had previously stated that he did not believe it had been implemented effectively and, on January 4, 2018, former Attorney General Jeff Sessions issued the Sessions Memorandum, which rescinded the Cole Memorandum. The Sessions Memo rescinded previous nationwide guidance specific to the prosecutorial authority of United States Attorneys relative to cannabis enforcement on the basis that they are unnecessary, given the well-established principles governing federal prosecution that are already in place. Those principles are included in chapter 9.27.000 of the United States Attorneys Manual and require federal prosecutors deciding which cases to prosecute to weigh all relevant considerations, including federal law enforcement priorities set by the Attorney General, the seriousness of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community. 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 Memo as to the priority they should ascribe to such cannabis activities, and it is uncertain how active U.S. federal prosecutors will be in relation to such activities, particularly under Attorney General Barr.

Attorney General Sessions was replaced by William Barr on February 14, 2019. In a written response to questions from U.S. Senator Cory Booker made as a nominee, Attorney General Barr stated "I do not intend to go after parties who have complied with state law in reliance on the Cole Memorandum."¹³ Attorney General Barr served in the same position under former President George H.W. Bush and promoted an anti-drug stance during his tenure. However, during his Senate confirmation hearing, Mr. Barr testified (similar to his written responses) that although he disagrees with efforts by states to legalize marijuana, he "won't go after" marijuana companies in states that have authorized regulated adult use. He stated further that he would not upset settled expectations that have arisen as a result of the Cole Memorandum, notwithstanding his predecessor's rescission of the Cole Memorandum.

¹³ *Questions for the Record William P. Barr Nominee to be United States Attorney General*, available at <https://www.judiciary.senate.gov/imo/media/doc/Barr%20Responses%20to%20Booker%20QFRs1.pdf>.

Notwithstanding this testimony, there is no guarantee that Attorney General Barr plans to or will forbid federal prosecution of state-licensed marijuana companies. It is important to note that in the United States, individual United States attorneys operate within state- or district-level jurisdictions and enjoy a substantial degree of autonomy in determining which criminal actions to pursue. While dozens of United States attorneys from across the country have affirmed that their view of federal enforcement priorities has not changed, there can be no assurances that such views are universally held or will continue in the near future. In California, at least one United States Attorney has made comments indicating a desire to enforce the CSA, stating that the Sessions Memo and the rescission of the Cole Memorandum “returns trust and local control to federal prosecutors” to enforce the CSA. These and other so called “enforcement hawks” in California or elsewhere may choose to enforce the CSA in accordance with federal policies prior to the issuance of the Cole Memorandum. As such, there can be no assurance that the United States federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with State law. Contrastingly, Andrew Lelling, the United States Attorney for the District of Massachusetts, issued a statement explaining that while marijuana is illegal under federal law, his “office’s resources [...] are primarily focused on the opioid epidemic.” In this statement, United States Attorney Lelling also clarified that his marijuana enforcement efforts will be focused on overproduction, targeted sales to minors, and organized crime and interstate transportation of drug proceeds. In sum, there is no certainty as to how the Department of Justice, Federal Bureau of Investigation and other government agencies will handle cannabis matters in the future. There can be no assurances that the Trump administration would not change the current enforcement policy and decide to strongly enforce the federal laws. The Corporation regularly monitors the activities of the current administration in this regard.

Money Laundering Laws and Access to Banking

The Corporation is subject to a variety of laws and regulations in the United States that involve money laundering, financial recordkeeping and proceeds of crime, including the Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States.

In February 2014, FinCen issued the FinCen Memo providing instructions to banks seeking to provide services to cannabis-related businesses. The FinCEN Memo states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance that Deputy Attorney General Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the CSA. It is unclear at this time whether the current administration will follow the guidelines of the FinCEN Memo.

In the event that any of the Corporation’s 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 could 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 the ability of the Corporation to declare or pay dividends or effect other distributions.

Competition

The Corporation may face increasing and intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Corporation. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Corporation.

If the number of users of medical marijuana in the United States increases, the demand for products will increase and the Corporation expects that competition will become more intense, as current

and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Corporation will require a continued level of investment in research and development, marketing, sales and client support. The Corporation 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 the business, financial condition and results of operations of the Corporation.

The Corporation's industry is experiencing rapid growth and consolidation that may cause the Corporation to lose key relationships and intensify competition. The cannabis industry is undergoing rapid growth and substantial change, which has resulted in an increase in competitors, consolidation and formation of strategic relationships. Acquisitions or other consolidating transactions could harm the Corporation in a number of ways, including losing customers, revenue and market share, or forcing the Corporation to expend greater resources to meet new or additional competitive threats, all of which could harm the Corporation's operating results. As competitors enter the market and become increasingly sophisticated, competition in the Corporation's industry may intensify and place downward pressure on retail prices for its products and services, which could negatively impact its profitability.

Re-Classification of Cannabis or Changes in United States Controlled Substance Laws and Regulations

If cannabis is re-categorized as a Schedule II or lower controlled substance, the ability to conduct research on the medical benefits of cannabis would most likely be more accessible; however, if cannabis is re-categorized as a Schedule II or other controlled substance, the resulting re-classification would result in the need for approval by the FDA if medical claims are made for the Corporation's products, such as medical cannabis. As a result, the manufacture, importation, exportation, domestic distribution, storage, sale and use of such products may be subject to a significant degree of regulation by the DEA. In that case, Trulieve may be required to be registered (licensed) to perform these activities and have the security, control, recordkeeping, reporting and inventory mechanisms required by the DEA to prevent drug loss and diversion. Obtaining the necessary registrations may result in delay of the manufacturing or distribution of the Corporation's products. The DEA conducts periodic inspections of certain registered establishments that handle controlled substances. Failure to maintain compliance could have a material adverse effect on the Corporation's business, financial condition and results of operations. The DEA may seek civil penalties, refuse to renew necessary registrations, or initiate proceedings to restrict, suspend or revoke those registrations. In certain circumstances, violations could lead to criminal proceedings.

Potential FDA Regulation

Should the United States federal government legalize cannabis, it is possible that the FDA, would seek to regulate it 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 and processing of medical cannabis. Clinical trials may be needed to verify efficacy and safety. It is also possible that the FDA would require that facilities where medical-use cannabis is grown register with the agency and comply with certain federally prescribed regulations. In the event that some or all of these regulations are imposed, the impact on the cannabis industry is uncertain, including what costs, requirements, and possible prohibitions may be imposed. If the Corporation is unable to comply with the regulations or registration as prescribed by the FDA it may have an adverse effect on the Corporation's business, operating results, and financial condition.

United States Border Entry

Because cannabis remains illegal under United States federal law, those investing in Canadian companies with operations in the United States cannabis industry could face detention, denial of entry, or lifetime bans from the United States for their business associations with United States cannabis businesses. Entry happens at the sole discretion of CBP officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a non-US citizen or foreign national. The government of Canada has started warning travelers on its website that previous use of cannabis, or any substance prohibited by United States federal laws, could mean denial of entry to the United States.

Business or financial involvement in the cannabis industry in the United States could also be reason enough for United States border guards to deny entry. On September 21, 2018, CBP released a statement outlining its current position with respect to enforcement of the laws of the United States. It stated that Canada's legalization of cannabis will not change CBP enforcement of United States laws regarding controlled substances and because cannabis continues to be a controlled substance under United States law, working in or facilitating the proliferation of the legal marijuana industry in U.S. states where it is deemed legal may affect admissibility to the United States. As a result, CBP has affirmed that, employees, directors, officers, managers and investors of companies involved in business activities related to cannabis in the United States (such as Trulieve), who are not United States citizens face the risk of being barred from entry into the United States for life.

Heightened Scrutiny of Cannabis Companies in Canada

The Corporation's existing operations in the United States, and any future operations, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in the United States and Canada.

Given the heightened risk profile associated with cannabis in the United States, CDS Clearing and Depository Services Inc. ("**CDS**") may implement procedures or protocols that would prohibit or significantly impair the ability of CDS to settle trades for companies that have cannabis businesses or assets in the United States.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding ("**TMX MOU**") with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSX Venture Exchange. The TMX 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 TMX MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States. However, there can be no assurances given that this approach to regulation will continue in the future. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of the Subordinate Voting Shares to settle trades. In particular, the Subordinate Voting Shares would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of the Subordinate Voting Shares through the facilities of a stock exchange.

Costs and Obligations Related to Investment In Infrastructure, Growth, Regulatory Compliance and Operations

The Corporation expects to incur significant ongoing costs and obligations related to its investment in infrastructure and growth and for regulatory compliance, which could have a material adverse impact on the Corporation results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Corporation's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Corporation. The Corporation's efforts to grow its business may be more costly than expected, and the Corporation may not be able to increase its revenue enough to offset its higher operating expenses. The Corporation may incur significant losses in the future for a number of reasons, including unforeseen expenses, difficulties, complications and delays, and other unknown events. If the Corporation is unable to achieve and sustain profitability, the market price of the securities of the Corporation may significantly decrease.

Availability of Favorable Locations

In Massachusetts and other states, the local municipality has authority to choose where any cannabis establishment will be located. These authorized areas are frequently removed from other retail operations. Because the cannabis industry remains illegal under United States federal law, the disadvantaged tax status of businesses deriving their income from cannabis, and the reluctance of the banking industry to support cannabis businesses, it may be difficult for Trulieve to locate and obtain the rights to operate at various preferred locations. Property owners may violate their mortgages by leasing to the Corporation, and those property owners that are willing to allow use of their facilities may require payment of above fair market value rents to reflect the scarcity of such locations and the risks and costs of providing such facilities.

Unfavorable Tax Treatment of Cannabis Businesses

Under Section 280E (“**Section 280E**”) of the United States Internal Revenue Code of 1986, as amended (the “**U.S. Tax Code**”), “no deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of Schedule I and II of the Controlled Substances Act) which is prohibited by Federal law or the law of any State in which such trade or business is conducted.” This provision has been applied by the United States Internal Revenue Service to cannabis operations, prohibiting them from deducting expenses directly associated with the sale of cannabis. Section 280E, therefore, has a significant impact on the retail side of cannabis, but a lesser impact on cultivation and manufacturing operations. A result of Section 280E is that an otherwise profitable business may, in fact, operate at a loss, after taking into account its United States income tax expenses.

United States Tax Classification of the Corporation

The Corporation, which is and will continue to be a Canadian company as of the date of this AIF, generally would be classified as a non-United States company under general rules of United States federal income taxation. Section 7874 of the U.S. Tax Code, however, contains rules that can cause a non-United States company to be taxed as a United States company for United States federal income tax purposes. Under section 7874 of the U.S. Tax Code, a company created or organized outside the United States. (i.e., a non-United States company) will nevertheless be treated as a United States company for United States federal income tax purposes (such treatment is referred to as an “**Inversion**”) if each of the following three conditions are met: (i) the non-United States company acquires, directly or indirectly, or is treated as acquiring under applicable United States Treasury Regulations, substantially all of the assets held, directly or indirectly, by a United States company, (ii) after the acquisition, the former stockholders of the acquired United States Corporation hold at least 80% (by vote or value) of the shares of the non-United States company by reason of holding shares of the United States acquired company, and (iii) after the acquisition, the non-United States company’s expanded affiliated group does not have substantial business activities in the non- United States company’s country of organization or incorporation when compared to the expanded affiliated group’s total business activities (clauses (i) – (iii), collectively, the “**Inversion Conditions**”).

For this purpose, “expanded affiliated group” means a group of corporations where (i) the non-United States corporation owns stock representing more than 50% of the vote and value of at least one member of the expanded affiliated group, and (ii) stock representing more than 50% of the vote and value of each member is owned by other members of the group. The definition of an “expanded affiliated group” includes partnerships where one or more members of the expanded affiliated group own more than 50% (by vote and value) of the interests of the partnership.

The Corporation intends to be treated as a United States company for United States federal income tax purposes under section 7874 of the U.S. Tax Code and is expected to be subject to United States federal income tax on its worldwide income. However, for Canadian tax purposes, the Corporation is expected, regardless of any application of section 7874 of the U.S. Tax Code, to be treated as a Canadian resident company (as defined in the Income Tax Act (Canada) (the “**ITA**”) for Canadian income

tax purposes. As a result, the Corporation will be subject to taxation both in Canada and the United States, which could have a material adverse effect on its financial condition and results of operations.

Lack of Access to United States Bankruptcy Protections

Because cannabis is a Schedule I substance under the CSA, many courts have denied cannabis businesses federal bankruptcy protections, making it difficult for lenders to be made whole on their investments in the cannabis industry in the event of a bankruptcy. If the Corporation were to experience a bankruptcy, there is no guarantee that United States federal bankruptcy protections would be available to the Corporation, which would have a material adverse effect.

The Corporation is a Holding Corporation

The Corporation is a holding company and essentially all of its assets are the capital stock of its subsidiaries. The Corporation currently conducts substantially all of its business through Trulieve US, which currently generates substantially all of the Corporation's revenues. Consequently, the Corporation's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of Trulieve US and the other subsidiaries of the Corporation and the distribution of those earnings to the Corporation. The ability of Trulieve US and the other subsidiaries of the Corporation to pay dividends and other distributions will depend on such subsidiaries' operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by a subsidiary company and contractual restrictions contained in the instruments governing any current or future indebtedness of the Corporation's subsidiaries. In the event of a bankruptcy, liquidation or reorganization of Trulieve US or another of the Corporation's subsidiaries, holders of indebtedness and trade creditors of such subsidiary may be entitled to payment of their claims from the assets of such subsidiary before the Corporation.

Inability to Enforce Contracts

It is a fundamental principle of law that a contract will not be enforced if it involves a violation of law or public policy. Because cannabis remains illegal at a federal level in the United States, judges in multiple states 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 United States federal law, even if there is no violation of state law. There remains doubt and uncertainty that the Corporation will be able to legally enforce contracts it enters into if necessary. The Corporation cannot be assured that it would have a remedy for breach of any given contract, which would have a material adverse effect on the Corporation.

Limitations on Ownership of Licenses

In certain states, the cannabis laws and regulations limit not only the number of cannabis licenses issued, but also the number of cannabis licenses that one person may own. For example, in Massachusetts, no person may have an ownership interest, or control over, more than three medical licenses or three adult-use licenses in any category – for example, cultivation, product manufacturing, transport or retail. Such limitations on the acquisition of ownership of additional licenses within certain states may limit the Corporation's ability to grow organically or to increase its market share in such states.

The Cannabis Industry is Difficult to Forecast

The Corporation must rely largely on its own market research to forecast sales, as detailed forecasts are not generally obtainable from other sources at this early stage of the cannabis industry. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations, financial condition or prospects of the Corporation. Reliable data on the medical and adult-use cannabis industry is not available. As a result of recent and ongoing regulatory and policy changes in the medical and adult-use cannabis industry, the market data available is limited and unreliable. United States federal and state laws prevent widespread participation and hinder market research. Therefore, market research and

projections by the Corporation of estimated total retail sales, demographics, demand, and similar consumer research, are based on assumptions from limited and unreliable market data, and generally represent the personal opinions of the Corporation's management team as of the date of this AIF.

Voting Control

As a result of the Super Voting Shares that they hold, the Founders, shareholders of the Corporation through which certain of the directors and early investors of the Corporation hold shares of the Corporation, exercise a significant majority of the voting power in respect of the Corporation's outstanding shares. The Subordinate Voting Shares are entitled to one vote per share, Multiple Voting Shares are entitled to 100 votes per share, and the Super Voting Shares are entitled to up to 200 votes per share. As a result, the holders of the Super Voting Shares have the ability to control the outcome of all matters submitted to the Corporation's shareholders for approval, including the election and removal of directors and any arrangement or sale of all or substantially all of the assets of the Corporation.

This concentrated control could delay, defer, or prevent a change of control of the Corporation, arrangement or amalgamation involving the Corporation or sale of all or substantially all of the assets of the Corporation that its other shareholders support. Conversely, this concentrated control could allow the holders of the Super Voting Shares to consummate such a transaction that the Corporation other shareholders do not support.

Future Acquisitions or Dispositions Bear Inherent Risks

Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) potential disruption of the Corporation's ongoing business; (ii) distraction of management; (iii) the Corporation may become more financially leveraged; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected; (v) increased scope and complexity of the Corporation's operations; and (vi) loss or reduction of control over certain of the Corporation's assets. Additionally, the Corporation may issue additional Subordinate Voting Shares in connection with such transactions, which would dilute a shareholder's holdings in the Corporation. The presence of one or more material liabilities of an acquired company that are unknown to the Corporation at the time of acquisition could have a material adverse effect on the business, results of operations, prospects and financial condition of the Corporation. A strategic transaction may result in a significant change in the nature of the Corporation's business, operations and strategy. In addition, the Corporation may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into the Corporation's operations.

Requirement to Maintain Licenses

The Corporation's ability to grow, store and sell medical marijuana and cannabis oil is dependent on maintaining its licenses and permits. Failure to comply with the requirements of such licenses and permits, or any failure to maintain any such licenses and permits held would have a material adverse impact on the business, financial condition and operating results of the Corporation.

To date, the activities and resources of Trulieve US have been focused primarily within the state of Florida. The Corporation expects to continue the focus on this state as it continues to review further expansion opportunities into other jurisdictions in the United States, including California and Massachusetts. Adverse changes or developments within Florida could have a material and adverse effect on the Corporation's business, financial condition and results of operations.

Agricultural Risks

The Corporation's business involves the growing of medical marijuana, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks.

Additional Financing

The Corporation may require equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Corporation when needed or on terms which are acceptable. The Corporation's inability to raise financing to fund on-going operations, capital expenditures or acquisitions could limit its growth and may have a material and adverse effect on the Corporation's business, financial condition and results of operations or prospects. If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Subordinate Voting Shares.

Intellectual Property Risks

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

Risk of Civil Asset Forfeiture

Because the cannabis industry remains illegal under United states federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

Dependence on Personnel

The Corporation will depend on key managerial personnel for its continued success and the Corporation's anticipated growth may require additional expertise and the addition of new qualified personnel. The loss of the services of existing personnel, as well as the failure to recruit additional key managerial personnel in a timely manner, could harm the Corporation's business development programs, and the Corporation's ability to manage day-to-day operations, attract collaboration partners, attract and retain other employees, generate revenues, and could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Greater Risk of Audits

Based on anecdotal information, the Corporation believes there is a greater likelihood that the Internal Revenue Service will audit cannabis-related businesses, including the Corporation. Any such audit could result in the Corporation paying additional tax, interest and penalties, as well as incremental accounting and legal expenses.

Dividends

It is unlikely that the Corporation will pay any dividends on the Subordinate Voting Shares in the foreseeable future. However, dividends received by shareholders who are residents of Canada for purpose of the ITA will be subject to United States withholding tax. Any such dividends may not qualify for

a reduced rate of withholding tax under the Canada-United States tax treaty. In addition, a foreign tax credit or a deduction in respect of foreign taxes may not be available.

Dividends received by United States shareholders will not be subject to United States withholding tax but will be subject to Canadian withholding tax. Dividends paid by the Corporation will be characterized as United States source income for purposes of the foreign tax credit rules under the United States Tax Code. Accordingly, United States shareholders generally will not be able to claim a credit for any Canadian tax withheld unless, depending on the circumstances, they have an excess foreign tax credit limitation due to other foreign source income that is subject to a low or zero rate of foreign tax.

Dividends received by shareholders that are neither Canadian nor United States shareholders will be subject to United States withholding tax and will also be subject to Canadian withholding tax. These dividends may not qualify for a reduced rate of United States withholding tax under any income tax treaty otherwise applicable to a shareholder of the Corporation, subject to examination of the relevant treaty.

Because the Subordinate Voting Shares will be treated as shares of a United States domestic corporation, the United States gift, estate and generation-skipping transfer tax rules generally apply to a non- United States shareholder of Subordinate Voting Shares.

Liability Claims

As a distributor of products designed to be ingested by humans, the Corporation faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. The Corporation may be subject to various product liability claims, including, among others, that the Corporation's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Corporation could result in increased costs, could adversely affect the Corporation's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of the Corporation.

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of the Corporation's products are recalled due to an alleged product defect or for any other reason, the Corporation could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Corporation may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Additionally, if one of the Corporation's brands were subject to recall, the image of that brand and the Corporation could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Corporation's products and could have a material adverse effect on the Corporation's results of operations and financial condition.

Consumer Perception

The Corporation believes the medical marijuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of medical marijuana distributed to such consumers. Consumer perception of the Corporation's products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical marijuana products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical marijuana market or any particular product, or consistent with earlier publicity.

Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Corporation's products and the business, results of operations, financial condition and cash flows.

Security Risks

Given the nature of the Corporation's product and its lack of legal availability outside of channels approved by the Government of the United States, as well as the concentration of inventory in its facilities, despite meeting or exceeding all legislative security requirements, there remains a risk of shrinkage as well as theft. A security breach at one of the Corporation's facilities could expose the Corporation to additional liability and to potentially costly litigation, increase expenses relating to the resolution and future prevention of these breaches and may deter potential patients from choosing the Corporation's products.

In addition, the Corporation collects and stores personal information about its patients and is responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly patient lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on the Corporation's business, financial condition and results of operations.

The Corporation's operations will depend, in part, on how well it protects its networks, equipment, information technology ("IT") systems and software against damage from a number of threats, including, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Corporation's operations will also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Corporation's reputation and results of operations.

Unpredictability Caused by Anticipated Capital Structure and Voting Control

Although other Canadian-based companies have dual class or multiple voting share structures, given the capital structure contemplated in respect of the Corporation and the concentration of voting control held by the holders of the Super Voting Shares, this structure and control could result in a lower trading price for, or greater fluctuations in, the trading price of the Corporation's Subordinate Voting Shares or adverse publicity to the Corporation or other adverse consequences.

Sales of Substantial Amounts of Subordinate Voting Shares

Sales of substantial amounts of Subordinate Voting Shares, or the availability of such securities for sale, could adversely affect the prevailing market prices for the Subordinate Voting Shares. A decline in the market prices of the Subordinate Voting Shares could impair the Corporation's ability to raise additional capital through the sale of securities should it desire to do so.

Volatile market price for the Subordinate Voting Shares

The market price for the Subordinate Voting Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which will be beyond the Corporation's control, including, but not limited to, the following:

- actual or anticipated fluctuations in the Corporation's quarterly results of operations;

- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the cannabis industry;
- addition or departure of the Corporation's executive officers and other key personnel;
- release or expiration of transfer restrictions on the issued and outstanding shares of the Corporation;
- regulatory changes affecting the cannabis industry generally and the business and operations of the Corporation;
- announcements of developments and other material events by the Corporation or its competitors;
- fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Corporation or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Corporation 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 the Corporation's industry or target markets.

Financial markets have experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Subordinate Voting Shares may decline even if the Corporation's 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 are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Corporation's operations could be adversely impacted, and the trading price of the Subordinate Voting Shares may be materially adversely affected.

Liquidity

The Corporation cannot predict at what prices the Subordinate Voting Shares of the Corporation will trade and there can be no assurance that an active trading market will develop or be sustained. There is a significant liquidity risk associated with an investment in the Corporation.

Litigation

The Corporation may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Corporation becomes involved be determined against the Corporation, such a decision could adversely affect the Corporation's ability to continue operating and the market price for the Subordinate Voting Shares. Even if the Corporation is involved in litigation and wins, litigation can redirect significant company resources.

Management of Growth

The Corporation may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of the Corporation to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Corporation to deal with this growth may have a material adverse effect on the Corporation's business, financial condition, results of operations or prospects.

Increased Costs as a Result of Being a Public Corporation

As a public issuer, the Corporation is subject to the reporting requirements and rules and regulations under the applicable Canadian securities laws and rules of any stock exchange on which the Corporation's securities may be listed from time to time. Additional or new regulatory requirements may be adopted in the future. The requirements of existing and potential future rules and regulations will increase the Corporation's legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may also place undue strain on its personnel, systems and resources, which could adversely affect its business, financial condition, and results of operations.

Conflicts of Interest

Certain of the directors and officers of the Corporation are, or may become directors and officers of other companies, and conflicts of interest may arise between their duties as directors and officers of the Corporation and as directors and officers of such other companies.

Insurance Coverage

The Corporation believes will have insurance coverage with respect to workers' compensation, general liability, directors' and officers' insurance, fire and other similar policies customarily obtained for businesses to the extent commercially appropriate; however, because the Corporation is engaged in and operates within the cannabis industry, there are exclusions and additional difficulties and complexities associated with such insurance coverage that could cause the Corporation to suffer uninsured losses, which could adversely affect the Corporation's business, results of operations, and profitability. There is no assurance that the Corporation will be able to obtain insurance coverage at a reasonable cost or fully utilize such insurance coverage, if necessary.

Reliance on Key Utility Services

The Corporation's business is dependent on a number of key inputs and their related costs including raw materials and supplies related to its 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 could materially impact the business, financial condition and operating results of the Corporation. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of the Corporation.

Difficulty in Enforcing Judgments and Effecting Service of Process on Directors and Officers

The directors and officers of the Corporation reside outside of Canada. Some or all of the assets of such persons may be located outside of Canada. Therefore, it may not be possible for the shareholders of the Corporation to collect or to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities laws against such persons. Moreover, it may not be possible for the shareholders of the Corporation to effect service of process within Canada upon such persons.

Community Redevelopment Agency Investigation

In 2015, the United States Grand Jury for the North District of Florida began an investigation in to alleged corruption by local officials in Tallahassee, Florida. In June 2017, the grand jury issued subpoenas to the City of Tallahassee and the Community Redevelopment Agency (the "**Agency**") for records of communications, bids for proposals, applications, and more from approximately two dozen business entities and individuals, including Ms. Rivers, the Chief Executive Officer of the Corporation, her husband, J.T. Burnette, and Inkbridge LLC, a business associated with Ms. Rivers. The grand jury also directly subpoenaed Ms. Rivers for information related to her involvement with the Agency, a specific commissioner of the Agency, and political contributions Ms. Rivers made through an associated business.

Ms. Rivers timely complied with the subpoena. Ms. Rivers has not been charged with any crime. No information was requested of Ms. Rivers in her capacity as an officer, director or employee of the Corporation. Ms. Rivers promptly disclosed the subpoena to the Board and agreed to notify the Board of further developments. Upon disclosure, the Board met independently to consider the matter, the allegations raised thereunder and Ms. Rivers' response to same. In addition, a member of the Board retained counsel to investigate the matter. Based on such review, counsel to the Board member concluded Ms. Rivers was not a target¹⁴ of the investigation. The Board considered the impact of any potential liability in allowing Ms. Rivers to continue as Chief Executive Officer of the Corporation in the face of the investigation and determined that no independent, formal investigation or further action was warranted at the time based on its understanding of the facts as represented by Ms. Rivers. The Corporation remains confident the investigation does not relate to the Corporation or Ms. Rivers' conduct as a director, officer or employee thereof and believes that Ms. Rivers has complied with all requests made of her to date pursuant to the investigation. The investigation however remains ongoing. While there can be no assurances given with respect to the outcome of the investigation, no government official has contacted Ms. Rivers or the Corporation as part of the investigation since Ms. Rivers produced documents in response to the subpoena in June, 2017. Ms. Rivers' counsel contacted the federal prosecutor supervising the investigation in July, 2018, who stated Ms. Rivers was currently not a target of the investigation. The Corporation does not know what impact, if any, this investigation will have on the Corporation's future efforts to maintain and obtain licenses in Florida or elsewhere. Any negative impact on the Corporation's Florida license could have a material adverse effect on the Corporation's business, revenues, operating results and financial condition. It is the Corporation's goal to create patients loyal to the Corporation's brand and in return to provide these patients a superior level of customer service and product selection. Any allegation of wrong doing on the part of Ms. Rivers as a result of the Agency investigation could harm the Corporation's reputation with its customers and could have a material adverse effect on the Corporation's business, revenues, operating results and financial condition as well as the Corporation's reputation, even if the Agency investigation was concluded successfully in favour of Ms. Rivers. In addition, in the event the Agency investigation results in any allegation of wrongdoing or otherwise further targets Ms. Rivers, Ms. Rivers may be unable to continue serving as Chief Executive Officer and director of the Corporation. Qualified individuals within the cannabis industry are in high demand and the Corporation may incur significant costs to attract and retain qualified management personnel. The loss of the services of Ms. Rivers, or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on the Corporation's ability to execute on its business plan and strategy, and the Corporation may be unable to find an adequate replacement on a timely basis. Upon the occurrence of certain events that would be considered to negatively impact Ms. Rivers' involvement with the Corporation, including her becoming a target of the investigation, Ms. Rivers has agreed to convert any Super Voting Shares controlled by her into Multiple Voting Shares.

General Economic Risks

The Corporation's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and spending and, consequently, impact the Corporation's sales and profitability.

DIVIDENDS AND DISTRIBUTIONS

The Corporation has not declared distributions on Subordinate Voting Shares in the past. The Corporation currently intends to reinvest all future earnings to finance the development and growth of its business. As a result, the Corporation does not intend to pay dividends on Subordinate Voting Shares in the foreseeable future. Any future determination to pay distributions will be at the discretion of the board of directors of the Corporation ("**Board**") and will depend on the financial condition, business environment, operating results, capital requirements, any contractual restrictions on the payment of

¹⁴ A "target" is a person as to whom the prosecutor or the grand jury has substantial evidence linking him or her to the commission of a crime and who, in the judgment of the prosecutor, is a putative defendant. <https://www.justice.gov/usam/usam-9-11000-grand-jury#9-11.151>

distributions and any other factors that the Board deems relevant. The Corporation is not bound or limited in any way to pay dividends in the event that the Board determined that a dividend was in the best interest of its shareholders.

DESCRIPTION OF CAPITAL STRUCTURE

Description of the Corporation's Securities

The Corporation is authorized to issue an unlimited number of Subordinate Voting Shares, an unlimited number of Multiple Voting Shares and an unlimited number of Super Voting Shares. The outstanding capital of the Corporation as of April 9, 2019 consists of: (i) 27,115,646.0 Subordinate Voting Shares; (ii) 90,032.22 Multiple Voting Shares, (iii) 740,133.0 Super Voting Shares, and (iv) 214,178 Warrants.

Take-Over Bid Protection

Under applicable Canadian law, an offer to purchase Super Voting Shares would not necessarily require that an offer be made to purchase Subordinate Voting Shares or Multiple Voting Shares. In accordance with the rules applicable to most senior issuers in Canada, in the event of a take-over bid, the holders of Subordinate Voting Shares or of Multiple Voting Shares will be entitled to participate on an equal footing with holders of Super Voting Shares. The Founders, as the owners of all the outstanding Super Voting Shares, have entered into a customary coattail agreement with the Corporation and a trustee (the "**Coattail Agreement**"). The Coattail Agreement contains provisions customary for dual class, listed corporations designed to prevent transactions that otherwise would deprive the holders of Subordinate Voting Shares or of Multiple Voting Shares of rights under applicable provincial take-over bid legislation to which they would have been entitled if the Super Voting Shares had been Subordinate Voting Shares or Multiple Voting Shares.

The undertakings in the Coattail Agreement will not apply to prevent a sale by any holder of Super Voting Shares if concurrently an offer is made to purchase Subordinate Voting Shares and Multiple Voting Shares that:

- (i) offers a price per Subordinate Voting Share or Multiple Voting Share (on an as converted to Subordinate Voting Share basis) at least as high as the highest price per share paid pursuant to the take-over bid for the Super Voting Shares (on an as converted to Subordinate Voting Share basis);
- (ii) provides that the percentage of outstanding Subordinate Voting Shares or Multiple Voting Shares to be taken up (exclusive of shares owned immediately prior to the offer by the offeror or persons acting jointly or in concert with the offeror) is at least as high as the percentage of Super Voting Shares to be sold (exclusive of Super Voting Shares owned immediately prior to the offer by the offeror and persons acting jointly or in concert with the offeror);
- (iii) has no condition attached other than the right not to take up and pay for Subordinate Voting Shares or Multiple Voting Shares tendered if no shares are purchased pursuant to the offer for Super Voting Shares; and
- (iv) is in all other material respects identical to the offer for Super Voting Shares.

In addition, the Coattail Agreement will not prevent the transfer of Super Voting Shares by a Founder to a Permitted Holder (as defined herein). The conversion of Super Voting Shares into Multiple Voting Shares, whether or not such Multiple Voting Shares are subsequently sold or converted into

Subordinate Voting Shares, would not constitute a disposition of Super Voting Shares for the purposes of the Coattail Agreement.

Under the Coattail Agreement, any disposition of Super Voting Shares (including a transfer to a pledgee as security) by a holder of Super Voting Shares party to the agreement is conditional upon the transferee or pledgee becoming a party to the Coattail Agreement, to the extent such transferred Super Voting Shares are not automatically converted into Multiple Voting Shares in accordance with the Articles.

The Coattail Agreement contains provisions for authorizing action by the trustee to enforce the rights under the Coattail Agreement on behalf of the holders of the Subordinate Voting Shares or of the Multiple Voting Shares. The obligation of the trustee to take such action is conditional on the Corporation or holders of the Subordinate Voting Shares or of the Multiple Voting Shares, as the case may be, providing such funds and indemnity as the trustee may require. No holder of Subordinate Voting Shares or of Multiple Voting Shares, as the case may be, has the right, other than through the trustee, to institute any action or proceeding or to exercise any other remedy to enforce any rights arising under the Coattail Agreement unless the trustee fails to act on a request authorized by holders of not less than 10% of the outstanding Subordinate Voting Shares or of Multiple Voting Shares, as the case may be, and reasonable funds and indemnity have been provided to the trustee. The Corporation has agreed to pay the reasonable costs of any action that may be taken in good faith by holders of Subordinate Voting Shares or of Multiple Voting Shares, as the case may be, pursuant to the Coattail Agreement.

The Coattail Agreement may not be amended, and no provision thereof may be waived, unless, prior to giving effect to such amendment or waiver, the following have been obtained: (a) the consent of any applicable securities regulatory authority in Canada and (b) the approval of at least 66-2/3% of the votes cast by holders of Subordinate Voting Shares and 66-2/3% of the votes cast by holders of Multiple Voting Shares excluding votes attached to Subordinate Voting Shares and to Multiple Voting Shares, if any, held by the Principal Shareholders, their affiliates and any persons who have an agreement to purchase Super Voting Shares on terms which would constitute a sale or disposition for purposes of the Coattail Agreement other than as permitted thereby.

No provision of the Coattail Agreement limits the rights of any holders of Subordinate Voting Shares or of Multiple Voting Shares under applicable law.

Subordinate Voting Shares

Voting Rights. Holders of the Subordinate Voting Shares are entitled to notice of and to attend any meeting of the shareholders of the Corporation, except a meeting of which only holders of another particular class or series of shares of the Corporation shall have the right to vote. At each such meeting holders of Subordinate Voting Shares shall be entitled to one vote in respect of each Subordinate Voting Share held.

Alteration to Rights of Subordinate Voting Shares. As long as any Subordinate Voting Shares remain outstanding, the Corporation may not, without the consent of the holders of the Subordinate Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Subordinate Voting Shares.

Dividends. Holders of Subordinate Voting Shares are entitled to receive as and when declared by the directors, dividends in cash or property of the Corporation. No dividend will be declared or paid on the Subordinate Voting Shares unless the Corporation simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Multiple Voting Shares and Super Voting Shares.

Liquidation, Dissolution or Winding-Up. In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of

the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Subordinate Voting Shares are, subject to the prior rights of the holders of any shares of the Corporation ranking in priority to the Subordinate Voting Shares, entitled to participate rateably along with all other holders of Multiple Voting Shares (on an as-converted to Subordinate Voting Share basis), Subordinate Voting Shares and Super Voting Shares (on an as-converted to Subordinate Voting Share basis).

Rights to Subscribe; Pre-Emptive Rights. Holders of Subordinate Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Corporation now or in the future.

Subdivision or Consolidation. No subdivision or consolidation of the Subordinate Voting Shares, Multiple Voting Shares or Super Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares are subdivided or consolidated in the same manner or such other adjustment is made so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

Super Voting Shares

Voting Rights. Holders of Super Voting Shares are entitled to notice of and to attend at any meeting of the shareholders of the Corporation, except a meeting of which only holders of another particular class or series of shares of the Corporation shall have the right to vote. At each such meeting, holders of Super Voting Shares are be entitled to two votes in respect of each Subordinate Voting Share into which such Super Voting Share could ultimately then be converted (initially, 200 votes per Super Voting Share).

Alteration to Rights of Super Voting Shares. As long as any Super Voting Shares remain outstanding, the Corporation may not, without the consent of the holders of the Super Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Super Voting Shares. Consent of the holders of a majority of the outstanding Super Voting Shares is required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Super Voting Shares. In connection with the exercise of the voting rights in respect of any proposed alteration of rights, each holder of Super Voting Shares has one vote in respect of each Super Voting Share held.

Dividends. Holders of Super Voting Shares have the right to receive dividends, out of any cash or other assets legally available therefor, *pari passu* (on an as converted to Subordinated Voting Share basis) as to dividends and any declaration or payment of any dividend on the Subordinate Voting Shares. No dividend is to be declared or paid on the Super Voting Shares unless the Corporation simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Subordinate Voting Shares and Multiple Voting Shares.

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

Rights to Subscribe; Pre-Emptive Rights. Holders of Super Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Corporation now or in the future.

Conversion. Holders of Super Voting Shares Holders have the following conversion rights (the “**Conversion Rights**”):

- (i) **Right to Convert.** Each Super Voting Share is convertible, at the option of the holder thereof, at any time after the date of issuance of such share at the office of the Corporation or any transfer agent for such shares, into such number of fully paid and non-assessable Multiple Voting Shares as is determined by multiplying the number of Super Voting Shares by the Conversion Ratio applicable to such share, determined as hereafter provided, in effect on the date the Super Voting Share is surrendered for conversion. The initial “**Conversion Ratio**” for the Super Voting Shares is one Multiple Voting Share for each Super Voting Share, subject to adjustment in certain events.
- (ii) **Automatic Conversion.** A Super Voting Share will automatically be converted (without further action by the holder thereof) into one Multiple Voting Share upon the transfer by the holder thereof to anyone other than another Founder, an immediate family member of a Founder or a transfer for purposes of estate or tax planning to a company or person that is wholly beneficially owned by a Founder or immediate family members of a Founder or which a Founder or immediate family members of a Founder are the sole beneficiaries thereof (the “**Transfer Conversion**”). In addition, each Super Voting Share held by a particular a Founder will automatically be converted without further action by the holder thereof into Multiple Voting Shares at the Conversion Ratio for each Super Voting Share held if at any time the aggregate number of issued and outstanding Super Voting Shares beneficially owned, directly or indirectly, by that Founder and that Founder’s predecessor or transferor, permitted transferees and permitted successors, divided by the number of Super Voting Shares beneficially owned, directly or indirectly, by that Founder (and the Founder’s predecessor or transferor, permitted transferees and permitted successors) as at the date of completion of the Business Combination is less than 50% (the “**Threshold Conversion**”). Each Super Voting Share will also automatically be converted (the “**Sunset Conversion**” and together with the Transfer Conversion and Threshold Conversion, the “**SVS Mandatory Conversion**”), without further action by the holder thereof, into Multiple Voting Shares at the Conversion Ratio for each Super Voting Share held on the date that is 30 months following the closing of the Transaction.
- (iii) **Anti-Dilution.** The Super Voting Shares are subject to standard anti-dilution adjustments in the event the Corporation declares a distribution to holders of Multiple Voting Shares, effects a recapitalization of the Multiple Voting Shares, issues Multiple Voting Shares as a dividend or other distribution on outstanding Multiple Voting Shares, or subdivides or consolidates the outstanding Multiple Voting Shares.
- (iv) **No Fractional Shares and Certificate as to Adjustments.** No fractional Multiple Voting Shares shall be issued upon the conversion of any share or shares of Super Voting Shares and the number of Multiple Voting Shares to be issued shall be rounded up to the nearest whole Multiple Voting Share.

Multiple Voting Shares

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

Alteration to Rights of Multiple Voting Shares. As long as any Multiple Voting Shares remain outstanding, the Corporation may not, without the consent of the holders of the Multiple Voting Shares and Super Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Multiple Voting Shares. In connection with the exercise of the voting rights relating to any proposed alteration of rights, each holder of Multiple Voting Shares has one vote in respect of each Multiple Voting Share held.

Dividends. Holders of Multiple Voting Shares have the right to receive dividends, out of any cash or other assets legally available therefor, pari passu (on an as converted basis, assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares at the Conversion Ratio) as to dividends and any declaration or payment of any dividend on the Subordinate Voting Shares. No dividend may be declared or paid on the Multiple Voting Shares unless the Corporation simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Subordinate Voting Shares and Super Voting Shares.

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

Rights to Subscribe; Pre-Emptive Rights. Holders of Multiple Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Corporation now or in the future.

Conversion. Subject to the Conversion Restrictions described below, holders of Multiple Voting Shares Holders have the following conversion rights (the “**Conversion Rights**”):

- (i) **Right to Convert.** Each Multiple Voting Share is convertible, at the option of the holder thereof, at any time after the date of issuance of such share, into such number of fully paid and non-assessable Subordinate Voting Shares as is determined by multiplying the number of Multiple Voting Shares by the Conversion Ratio applicable to such share in effect on the date the Multiple Voting Share is surrendered for conversion. The initial “**Conversion Ratio**” for Multiple Voting Shares is 100 Subordinate Voting Shares for each Multiple Voting Share, subject to adjustment in certain events.
- (ii) **Conversion Limitations.** The Corporation is to use commercially reasonable efforts to maintain its status as a “foreign private issuer” (as determined in accordance with Rule 3b-4 under the Exchange Act. Accordingly, the Corporation shall not affect any conversion of Multiple Voting Shares, and holders of Multiple Voting Shares may not convert any portion of the Multiple Voting Shares to the extent that after giving effect to all permitted issuances after such conversions of Multiple Voting Shares, the aggregate number of Subordinate Voting Shares, Super Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by U.S. Residents would exceed 40% (the “**40% Threshold**”) of the aggregate number of Subordinate Voting Shares, Super Voting Shares and Multiple Voting Shares issued and outstanding after giving effect to such conversions (the “**FPI Protective Restriction**”); provided the Board may, by resolution, increase the 40% Threshold to an amount not to exceed 50%.
- (iii) **Mandatory Conversion.** The Corporation may require each holder of Multiple Voting Shares (including any holder of Multiple Voting Shares issued upon conversion of the Super Voting Shares) to convert all, and not less than all, the Multiple Voting Shares at the applicable Conversion Ratio if at any time all the following conditions are satisfied (or otherwise waived by special resolution of holders of Multiple Voting Shares):
 - (A) the Subordinate Voting Shares issuable upon conversion of all the Multiple Voting Shares are registered for resale and may be sold by the holder thereof pursuant to an effective registration statement and/or prospectus covering the Subordinate Voting Shares under the United States Securities Act of 1933, as amended;
 - (B) the Corporation is subject to the reporting requirements of Section 13 or 15(d) of the United States Exchange Act of 1934, as amended; and

(C) the Subordinate Voting Shares are listed or quoted (and are not suspended from trading) on a recognized North American stock exchange or by way of reverse takeover transaction on the Toronto Stock Exchange, the TSX Venture Exchange, the CSE or Aequitas NEO Exchange (or any other stock exchange recognized as such by the Ontario Securities Commission).

(iv) **Anti-Dilution.** The Multiple Voting Shares are subject to standard anti-dilution adjustments in the event the Corporation declares a distribution to holders of Subordinate Voting Shares, effects a recapitalization of the Subordinate Voting Shares, issues Subordinate Voting Shares as a dividend or other distribution on outstanding Subordinate Voting Shares, or subdivides or consolidates the outstanding Subordinate Voting Shares.

(v) **No Fractional Shares and Certificate as to Adjustments.** No fractional Subordinate Voting Shares shall be issued upon the conversion of any share or shares of Multiple Voting Shares and the number of Subordinate Voting Shares to be issued shall be rounded up to the nearest whole Subordinate Voting Share.

MARKET FOR SECURITIES

Trading Price and Volume

The outstanding Super Voting Shares and Multiple Voting Shares of the Corporation are not quoted or listed for trading on a marketplace. The outstanding Subordinate Voting Shares are listed on the CSE and commenced trading under the symbol “TRUL” on September 25, 2018. The following table sets forth, for the periods indicated, the reported high and low prices and the aggregate volume of trading of the Subordinate Voting Shares on the CSE¹.

Period	High Trading Price (C\$)	Low Trading Price (C\$)	Volume (#)
2018			
September 25 - 28	\$16.00	\$9.51	3,843,984
October	23.85	10.20	12,822,328
November	17.49	11.88	5,920,179
December	13.75	9.10	4,192,599

Note:

1. Source: CSE

Prior Sales of Unlisted Securities

Since the beginning of the most recently completed financial year, Trulieve has not issued any securities that are not listed or quoted on a marketplace.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

The Corporation is not subject to escrow requirements under the policies of the CSE.

On January 16, 2019, Trulieve announced the Founders had entered into voluntary lock-up agreements with the Corporation in respect of an aggregate of 75,510,694 Subordinate Voting Shares (the “**Subject Securities**”) (on an as-if converted basis), representing 68.6% of the Subordinate Voting

Shares, assuming the conversion of all issued and outstanding Multiple Voting Shares and Super Voting Shares of the Corporation. The voluntary lock-up agreements stipulate the Founders will not offer to sell, contract to sell or otherwise dispose of any of the Subject Securities, or enter into any transaction to such effect, directly or indirectly, in addition to other restrictions, on or before July 25, 2019.

DIRECTORS AND OFFICERS

The Articles of the Corporation provide for a minimum of one director and a maximum of 10 directors. Shareholders of the Corporation have authorized the directors of the Corporation, by resolution, to determine the number of directors within the minimum and maximum number of directors set out in the Articles. Each director holds office until the close of the next annual general meeting of the Corporation, or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated. The Board currently consists of five directors, of whom two can be defined as an “unrelated director” or a director who is independent of management and is free from any interests and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director’s ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from shareholders, and do not have interests in or relationships with the Corporation.

The following table lists the names, municipalities of residence of the directors and officers of the Corporation, their positions and offices held with the Corporation, their principal occupations during the past five years and the number of securities of the Corporation that are beneficially owned, directly or indirectly, or over which control or direction will be exercised by each as at the date of this AIF.

Name, Municipality of Residence and Position Held	Principal Occupation for Past Five Years	Trulieve Director or Officer Since	Number and Percentage of Super Voting Shares, Multiple Voting Shares (as applicable) Beneficially Owned or Controlled	Subordinate Voting Shares (as applicable) Beneficially Owned or Controlled ⁽¹⁾
Kim Rivers ^{(14), (15)} Tallahassee, Florida Chief Executive Officer, Chairman and Director	Lawyer, business owner, CEO of Trulieve	November, 2015	159,867 Super Voting Shares 5,802 Multiple Voting Shares ⁽²⁾	16,566,900
Mohan Srinivasan ⁽¹⁵⁾ Clearwater, Florida Chief Financial Officer	Chief Financial Officer, Consultant	June, 2018	86.68 Multiple Voting Shares	8,668
Kevin Darmody ⁽¹⁵⁾ Palm Harbor, Florida Chief Operating Officer	Banker	April, 2018	216.70 Multiple Voting Shares	21,670
Jason Pernell Tallahassee, Florida Chief Information Officer	Co-Founder SACS, LLC, Co-Founder 3Jays, LLC and Co-Founder G5	November, 2015	48,752 Super Voting Shares ⁽³⁾	4,875,227

Name, Municipality of Residence and Position Held	Principal Occupation for Past Five Years	Trulieve Director or Officer Since	Number and Percentage of Super Voting Shares, Multiple Voting Shares (as applicable) Beneficially Owned or Controlled	Subordinate Voting Shares (as applicable) Beneficially Owned or Controlled ⁽¹⁾
	Engineering Solutions			
Eric Powers Tallahassee, Florida General Counsel and Corporate Secretary	Attorney, Crawford & Corporation	March, 2019	Nil	Nil
Beau Williamson Tallahassee, Florida Research and Development Manager	Laboratory Manager, Green Thumb Industries Inc. Research Scientist, Grain Processing Corporation	March, 2019	Nil	Nil
Kenneth Brummel-Smith Tallahassee, Florida Medical Director	Professor and Public Speaker	June, 2016	5.20 Multiple Voting Shares	520
Robert Spurgeon Tallahassee, Florida Processing Manager	Pharmaceutical Operations Manager	February, 2018	Nil	Nil
Victoria Walker ⁽¹⁵⁾ Safety Harbor, Florida Marketing Manager	Director of Marketing and Community Relations Manager	July, 2016	82 Multiple Voting Shares ⁽⁵⁾	8,200
Timothy Morey, Tallahassee, Florida Director of Retail	Senior Director of Store Operations, Finish Line	March 2019	Nil	Nil
Steven Ferrell Tallahassee, Florida Senior Human Resources Director	Human Resources Director	November, 2017	86.68 Multiple Voting Shares	8,668
Kyle Landrum Tallahassee, Florida	Management & Cultivation	October, 2017	86.68 Multiple Voting Shares	8,668

Name, Municipality of Residence and Position Held	Principal Occupation for Past Five Years	Trulieve Director or Officer Since	Number and Percentage of Super Voting Shares, Multiple Voting Shares (as applicable) Beneficially Owned or Controlled	Subordinate Voting Shares (as applicable) Beneficially Owned or Controlled ⁽¹⁾
Cultivation Manager	Manager			
Lynn Ricci Burlington, Massachusetts Investor Relations	Corporate Communications, Momenta Pharmaceuticals	March, 2019	Nil	Nil
Thad Beshears ⁽¹⁴⁾ Monticello, Florida Director	Co-Owner and COO of Simpson Nurseries	November, 2015	150,000 Super Voting Shares 2,968 Multiple Voting Shares ⁽⁸⁾	15,296,800
George Hackney ^{(12), (14)} Quincy, Florida Director	President and Owner of Hackney Nursery	November, 2015	28,026.6 Super Voting Shares 501 Multiple Voting Shares ⁽⁹⁾	2,802,660
Richard May ^{(12), (13)} Quincy, Florida Director	General Manager and Sales Manager of May Nurseries	November 2015	18,750 Super Voting Shares 127 Multiple Voting Shares ⁽¹⁰⁾	1,875,150
Michael J. O'Donnell, Sr. ^{(12), (13), (14), (15)} New Smyrna Beach, Florida Director	Executive Director of Office of Innovation and Entrepreneurship at University of Central Florida	June, 2018	41,339 Super Voting Shares ⁽¹¹⁾	4,135,325

Notes:

- (1) On an as-if converted basis
- (2) Includes indirect Share ownership through Traunch Four, LLC, Clearwater GCP, LLC
- (3) Share Ownership through Kopus, LLC
- (4) Indirect Share ownership through Kopus, LLC
- (5) Share ownership through Track V, LLC
- (6) Indirect Share ownership through Clearwater GCP
- (7) Indirect Share ownership through Track V, LLC, Clearwater GCP, LLC
- (8) Indirect Share ownership through Traunch Four
- (9) Indirect Share ownership through Telogia Pharm ,LLC, Traunch Four, LLC
- (10) Indirect Share ownership through Shade Leaf Holding, LLC, Traunch Four, LLC
- (11) Indirect Share ownership through Kopus, LLC
- (12) Member of the Audit Committee
- (13) Member of the Compensation Committee
- (14) Member of the Nominating and Corporate Governance Committee
- (15) Member of the Disclosure Committee

All of the directors of the Corporation have been appointed to hold office until the next annual general meeting of shareholders or until their successors are duly elected or appointed, unless their office is earlier vacated.

As at the date of this AIF, all directors, officers and Insiders, as a group, beneficially own, directly or indirectly, the following shares of the Corporation: (i) 0.00 Subordinate Voting Shares or 0.00% of that share class (non-diluted); (ii) 9,961.94 Multiple Voting Shares or approximately 11.06% of that share class (non-diluted); and 446,734.60 Super Voting Shares or approximately 60.36% of that share class (non-diluted).

Board Committees

The Corporation currently has an audit committee, compensation committee, nominating and corporate governance committee and a disclosure committee. A brief description of each committee is set out below. The directors of the Corporation intend to establish such committees of the Board, as determined to be appropriate, in addition to the audit committee and compensation committee.

Compensation Committee

The Compensation Committee assists the Board in fulfilling its responsibilities for compensation philosophy and guidelines, and fixing compensation levels for the Corporation's executive officers. In addition, the compensation committee is charged with reviewing the Corporation's Stock Option Plan and proposing changes thereto, approving any awards of options under the Stock Option Plan and recommending any other employee benefit plans, incentive awards and perquisites with respect to the Corporation's executive officers. The Compensation Committee is also responsible for reviewing, approving and reporting to the Board annually (or more frequently as required) on the Corporation's succession plans for its executive officers.

The members of the Compensation Committee include the following three directors: Richard May, Thad Beshears and Michael O'Donnell.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee assists the Board in (i) establishing the Corporation's corporate governance policies and practices generally, (ii) identifying individuals qualified to become members of the Board, and (iii) reviewing the composition, effectiveness and independence of the Board and its committees. The Nominating and Corporate Governance Committee reviews and assesses the Corporation's corporate governance policies and practices, reviews and approves the annual disclosure of the Corporation's corporate governance practices in compliance with the requirements of the CSE and other applicable regulatory authorities and assists in identifying individuals qualified to become new Board members, reviews incumbent and new candidates for election as directors and annually recommends nominees to the Board for approval by the Board and election by the shareholders.

The members of the Nominating and Corporate Governance Committee include the following three directors: Kim Rivers, Thad Beshears and Michael O'Donnell.

Disclosure Committee

The Disclosure Committee is responsible for ensuring that all securities regulatory disclosure requirements are met and for overseeing the Corporation's disclosure practices. This responsibility includes the design, implementation and regular evaluation of the Corporation's disclosure controls and procedures to ensure that information required to be disclosed in Corporation filings is made known to the Committee and recorded, processed, summarized and reported within the required time periods.

The Disclosure Committee consists of the CEO, the CFO, the General Counsel, the Chief Operating Officer and the senior investor relations executive of the Corporation. The Disclosure Committee may invite other officers, directors and employees of the Corporation, when deemed advisable, to assist in the discussion and consideration of its duties.

Corporate Cease Trade Orders or Bankruptcies; Penalties or Sanctions; Personal Bankruptcies

No director or officer of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation is, or within 10 years before the date of this AIF has been, a director or officer of any other company that, while the person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties and Sanctions

No director or officer of the Corporation, or shareholder holding a sufficient number of shares of the Corporation to affect materially the control of the Corporation, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

No director or officer of the Corporation, or a shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, or a personal holding company of any such persons has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors, officers and promoters of the Corporation also holding positions as directors or officers of other companies. Some of the individuals that are directors and officers of the Corporation have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Corporation will be in

direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies provided under BCBCA.

Management

Brief Descriptions of the biographies of the directors and officers of the Corporation are set out below:

Kim Rivers - Chief Executive Officer and Chairman of the Board (Age 40)

Ms. Rivers received her Bachelor's degree in Multinational Business and Political Science from Florida State University and her Juris Doctorate from the University of Florida. Ms. Rivers is a member of the Georgia Bar association and she spent several years in private practice as a lawyer where she specialized in mergers, acquisitions, and securities for multi-million dollar companies. For over a decade, Ms. Rivers has run numerous successful businesses from real estate to finance.

Mohan Srinivasan - Chief Financial Officer (Age 66)

Mr. Srinivasan has over 35 years of experience in various areas of finance and accounting and is a versatile senior financial leader in both public and private companies. He has served as Chief Financial Officer for over 12 years with such high growth companies as AINS, Inc., ARA Inc., PPIC Ltd., and Household Financial Toronto where he assisted with strategic planning, capital raise, IPO preparation, governance, and public company reporting. Mr. Srinivasan earned a Master of Business Administration degree from the University of Toronto and has active CPA licenses in Florida, Maryland and Ontario, Canada. He is also a qualified corporate director with ICD.D designation from the Institute of Corporate Directors of Canada. Mr. Srinivasan began working for the Corporation in June, 2018, is a full-time employee and has signed a non-disclosure agreement with Trulieve. Prior to joining Trulieve, Mr. Srinivasan had no experience working in the cannabis industry.

Kevin Darmody - Chief Operating Officer (Age 60)

Mr. Darmody received his Bachelor of Science in Biology from Dickinson College. He served in various senior management roles with Bear Stearns for 29 years and, more recently, with JPMorgan Chase & Co, and Bank Leumi. His achievements include creating and leading a successful, innovative start-up bank in a market-driven, fast-paced, client-focused culture. While serving as the bank's Chief Operating Officer and Chief Lending Officer, Mr. Darmody created cash management tools and operational products for the bank's clients that were not readily available on the Street. Mr. Darmody began working for Trulieve in April 2018, is a full-time employee and has signed a non-disclosure agreement with the company. Prior to joining Trulieve, Mr. Darmody had no experience working in the cannabis industry.

Jason Pernell - Chief Information Officer (Age 42)

Mr. Pernell is an experienced medical marijuana business owner in both California and Oregon. Mr. Pernell earned his Masters of Business Administration Degree from Florida State University after receiving his Bachelor of Science Degree in Electrical engineering. For the past decade, Mr. Pernell has owned and operated successful engineering consulting firms. Additionally, Mr. Pernell has operated several cannabis companies including SACS and 3Jays. Mr. Pernell is a founder and began working for Trulieve in November, 2015, is a full-time employee and has signed a non-disclosure agreement with Trulieve.

Eric Powers - General Counsel and Corporate Secretary (Age 50)

Mr. Powers is the General Counsel and Corporate Secretary of Trulieve. Prior to joining Trulieve, Mr. Powers spent 13 years as an in-house attorney for Crawford & Company, a publicly-traded insurance services firm, where he served in numerous roles within the legal department, most recently as Vice President and Corporate Secretary. Mr. Powers was in private practice for over 10 years with the law firms of Troutman Sanders and Capell & Howard, specializing in corporate and tax law. Overall, Mr.

Powers brings more than 20 years of legal experience to Trulieve, with a broad background in corporate law. Mr. Powers holds a J.D. from The University of Alabama Law School and a B.A. from Auburn University. Mr. Powers also received his LLM in Taxation from New York University. Mr. Powers began working for Trulieve in February, 2019, is a full-time employee and has signed a non-disclosure agreement with Trulieve. Prior to joining Trulieve, Mr. Powers had no experience working in the cannabis industry.

Timothy Morey- Director of Retail (Age 56)

Timothy Morey as the Corporation's director of retail. Mr. Morey, has over 15 years of retail sector experience, with a focus on operational best practices and leveraging technology to enhance consumer engagements. Most recently, Mr. Morey served as Senior Director of Store Operations for Finish Line from October, 2013 to September, 2018, overseeing more than 900 stores and 45 district sales managers. Mr. Morey is a resident of Tallahassee, Florida and holds an associate degree, applied science, from Snow College, Utah. Mr. Morey began working for Trulieve in March, 2019, is a full-time employee and has signed a non-disclosure agreement with Trulieve. Prior to joining Trulieve, Mr. Morey had no experience working in the cannabis industry.

Beau Williamson - Research and Development Manager (Age 39)

Beau Williamson is currently the manager of IR&D at Trulieve where he directs internal research and development. Mr. Williamson leads the development of all Trulieve extraction, manufacturing, and medical products. Prior to joining Trulieve, Mr. Williamson was a laboratory manager at Green Thumb Industries Inc. ("**GTI**"). While at GTI, Mr. Williamson managed all aspects of analytical and microbial analysis of cannabis products, to ensure the quality and performance of cannabis edibles, topicals, vape pens, concentrates, and flower products. Mr. Williamson was also instrumental in research and development and scientific and technical development throughout his tenure at GTI. Prior to joining GTI, Mr. Williamson held a research scientist position at Grain Processing Corporation, a supplier of beverage grade ethanol and carbohydrate products, from November 2011 to May 2017. There Mr. Williamson facilitated the process of up-scaling bench experiments through pilot plant process to full production. Mr. Williamson also was instrumental in the creation of novel carbohydrate products via zymology, ion-exchange, and filtration. Before he entered research and development, Mr. Williamson held a position as a quality control analytical chemist and managed maltodextrin and grain feed co-product laboratories. Mr. Williamson is a United States Air Force veteran and holds B.S. in Chemistry and Biology from Illinois State University. Mr. Williamson began working for Trulieve in March, 2019, is a full-time employee and has signed a non-disclosure agreement with Trulieve.

Kenneth Brummel-Smith - Medical Director (Age 69)

As Medical Director, Dr. Brummel-Smith advises Trulieve on medical issues involving cannabis products. He was first involved with cannabis products in Oregon with the legalization of medical cannabis under Oregon law. Dr. Brummel-Smith has spent a significant portion of his career treating and researching the aging and has served on numerous national boards. Dr. Brummel-Smith graduated from Loyola University in Los Angeles and received his MD from the University of Southern California. Dr. Brummel-Smith began working for Trulieve in June, 2016, is a part-time employee and has signed a non-disclosure agreement with Trulieve.

Robert Spurgeon – Processing Manager (Age 48)

Mr. Spurgeon is responsible for all processing operations with a focus on improving production efficiency and maintaining steady growth. He has extensive experience managing manufacturing processes in various industries, including the pharmaceutical field. Mr. Spurgeon holds a Bachelor of Science degree from Butler University. Mr. Spurgeon began working for Trulieve in February, 2018, is a full-time employee and has signed a non-disclosure agreement with the company. Prior to joining Trulieve, Mr. Spurgeon had no experience working in the cannabis industry.

Kyle Landrum – Cultivation Manager (Age 33)

Mr. Landrum currently manages all aspects of the process of growing and harvesting cannabis plants. Additionally, Mr. Landrum plans the propagation pipeline and manages Trulieve's material acquisition activity. Mr. Landrum graduated from the University of Florida with a degree in Agriculture Economics and received his Master's degree in Agricultural Education. Mr. Landrum began working for Trulieve in October, 2017, is a full-time employee and has signed a non-disclosure agreement with Trulieve. Prior to joining Trulieve, Mr. Landrum had no experience working in the cannabis industry.

Lynn Ricci - Director of Investment Relations (Age 53)

Ms. Ricci is responsible for leading all aspects of the investor relations function and communicating the Corporation's strategy, growth opportunities and business initiatives to shareholders and the investor community. Prior to joining Trulieve, Ms. Ricci held a corporate communications role with Momenta Pharmaceuticals. Before that, Ms. Ricci served as Director of Investor Relations at SoundBite Communications and Lightbridge Corporation, and as Head of Investor Relations for NMS Communications. Ms. Ricci is an active member of the National Investor Relations Institute (NIRI) and previously served on the NIRI Boston Chapter board of directors. Ms. Ricci attended Massachusetts College of Art and the Investor Relations program at Bentley College. Ms. Ricci began working for Trulieve in March, 2019, is a full-time employee and has signed a non-disclosure agreement with Trulieve. Prior to joining Trulieve, Ms. Ricci had no experience working in the cannabis industry.

Victoria Walker – Director of Marketing and Community Relations (Age 34)

Ms. Walker began her career in sales across various media platforms then moved into a strategic marketing role responsible for developing customer-focused products and services, growing revenue and product profitability and expanding the customer base. Ms. Walker has also served as the Marketing and Community Relations Director for a national long-term care company focused on hospital and community relations, census growth and clinical program development. She is a graduate of the University of Pittsburgh. Ms. Walker began working for Trulieve in July, 2016, is a full-time employee and has signed a non-disclosure agreement with Trulieve. Prior to joining Trulieve, Ms. Walker had no experience working in the cannabis industry.

Steven Ferrell – Director of Human Resources (Age 48)

Steven Ferrell is the Senior Human Resources Director at Trulieve. He previously served as Employee Relations Manager with GlaxoSmithKline in Durham, NC. Mr. Ferrell also served in Human Resources Management with Delhaize America, supporting manufacturing, supply chain, and retail for 11 years. Mr. Ferrell studied Spanish Language & Literature at North Carolina State University, and Human Resources Management at Duke University. Mr. Ferrell began working for Trulieve in November, 2017, is a full-time employee and has signed a non-disclosure agreement with Trulieve. Prior to joining Trulieve, Mr. Ferrell had no experience working in the cannabis industry.

Thad Beshears - Director (Age 44)

Mr. Beshears is the Co-Owner and Chief Operating Officer of Simpson Nurseries. He is responsible for all sales operations, production, and inventory tracking for the operation. Mr. Beshears is also the chief executive officer of Simpson Nurseries of Tennessee, where he develops and implements the company's strategic vision while monitoring the market for opportunities for growth and expansion. Mr. Beshears is a founding member of Trulieve and serves on the Board. Prior to working with Trulieve, Mr. Beshears had no experience working in the cannabis industry.

George Hackney – Director (Age 64)

Mr. Hackney is the President and Owner of the Hackney Nursery Corporation in Quincy, Florida. He has presided over all aspects of the operations of the company. Mr. Hackney has served on several

agricultural industry associations' boards and has earned many honours for his commitment to the industry. Mr. Hackney is a founding member of Trulieve and serves on the Board. Prior to working with Trulieve, Mr. Hackney had no experience working in the cannabis industry.

Richard May – Director (Age 41)

Mr. May is the General Manager of May Nursery, Inc. where he also serves as the Sales Manager. He has sat on several agricultural industry boards. He has also served on the Gadsden County Chamber of Commerce Board, including a term as its chairman, as well as contributing to the general Gadsden County community. Mr. May graduated from Auburn University with Bachelor of Science degrees in Agricultural Economics and Horticulture. Mr. May is a founding member of Trulieve and serves on the Board. Prior to working with Trulieve, Mr. May had no experience working in the cannabis industry.

Michael J. O'Donnell, Sr. – Director (Age 67)

Mr. O'Donnell is the Executive Director of the Office of Innovation and Entrepreneurship at the University of Central Florida. He participates in business coaching, program development, business commercialization and trade missions. Mr. O'Donnell formed the Florida Angel Nexus, the FAN Fund I, LLP, which supports select state-wide emerging growth businesses. Additionally, Mr. O'Donnell is principal in MOD Ventures LLC, which invests in new ventures in various sectors. He holds a Bachelor of Science in Business Administration from Central Michigan University and a Master of Science in Management from the University of Central Florida. Mr. O'Donnell joined the Board in July, 2018. Additionally, Mr. O'Donnell has been a co-founder of several cannabis companies, including Trulieve, SACS and 3Jays, and has been a Board Advisor since November 2015.

PROMOTERS

No person or company has been within the two years immediately preceding the date of this AIF, a promoter of the Corporation.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

There are no actual or contemplated legal proceedings material to the Corporation or a subsidiary of the Corporation or of which any of their respective property is the subject matter and there are no such proceedings known to the Corporation to be contemplated.

There have been no penalties or sanctions imposed against the Corporation by a court or regulatory authority, and the Corporation has not entered into any settlement agreements before any court relating to provincial or territorial securities legislation or with any securities regulatory authority, in the three years prior to the date of this AIF.

Regulatory Actions

The Corporation is not subject to: (i) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within three years immediately preceding the date of this AIF; (ii) any other penalties or sanctions imposed by a court or regulatory body against the Corporation that are necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed. The Corporation has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this AIF.

AUDIT COMMITTEE DISCLOSURE

Composition of the Audit Committee

The audit committee of the Board (the “**Audit Committee**”) assists the Board in fulfilling its responsibilities for oversight of financial and accounting matters. The audit committee reviews the financial reports and other financial information provided by the Corporation to regulatory authorities and its shareholder and reviews the Corporation’s system of internal controls regarding finance and accounting including auditing, accounting and financial reporting processes.

As at the date of this AIF, the following are the members of the audit committee. Also indicated is whether they are “independent” and “financially literate” within the meaning of National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”).

Name of Member	Independent ⁽¹⁾	Financially Literate ⁽²⁾
Richard May	Yes	Yes
Michael O’Donnell	Yes	Yes
George Hackney	Yes	Yes

Notes:

- (1) A member of the audit committee is independent if he or she has no direct or indirect ‘material relationship’ with the Corporation. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member’s independent judgment. An executive officer of the Corporation, such as the President or Secretary, is deemed to have a material relationship with the Corporation.
- (2) A member of the audit committee is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

Relevant Education and Experience

Each member of the Audit Committee has experience relevant to his or her responsibilities as an Audit Committee member. See *Directors and Officers – Management* for a description of the education and experience of each Audit Committee member.

Audit Committee Oversight

At no time since the commencement of the Corporation’s most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation’s most recently completely financial year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Audit Committee's Charter

The Board has adopted a written charter for the Audit Committee, in the form set out under Appendix "B" to this AIF, which sets out the Audit Committee’s responsibilities. The Audit Committee’s principal duties and responsibilities include assisting the Board in discharging the oversight of: (i) the

integrity of our consolidated financial statements and accounting and financial processes and the audits of our consolidated financial statements; (ii) compliance with legal and regulatory requirements; (iii) external auditors' qualifications and independence; (iv) the work and performance of financial management and external auditors; and (v) 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 has 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.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of the Corporation or person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series of the outstanding voting securities of the Corporation, or any associate or affiliate of any of the foregoing has or had any material interest, direct or indirect, in any transaction within the three years before the date of this AIF, or in any proposed transaction, which has materially affected or will materially affect the Corporation or any of its subsidiaries.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of the Corporation's Subordinate Voting Shares is Odyssey Trust Corporation located at 835 - 409 Granville Street Vancouver BC V6C 1T2, Canada.

MATERIAL CONTRACTS

This AIF includes a summary description of certain material agreements of the Corporation. The summary description discloses all attributes material to an investor in securities of the Corporation but is not complete and is qualified by reference to the terms of the material agreements, which have been filed under the Corporation's profile on SEDAR at www.sedar.com. Investors are encouraged to read the full text of such material agreements.

Except for certain contracts entered into in the ordinary course business of the Corporation, the following are the only contracts entered into by the Corporation on or after January 1, 2018 (or prior to January 1, 2018 if still in effect) that are material to the Corporation:

- the Traunch Four Loan and Security Agreement;
- the Vandergraff Note;
- the Trademark Licensing Agreement with Bhang;
- the Trademark Licensing Agreement with Loves Oven;
- the Trademark Licensing Agreement with Binske;
- the Trademark Licensing Agreement with SLANG;
- the Trademark Licensing Agreement with Blue River;
- the Life Essence Purchase Agreement; and
- the Leef Industries Purchase Agreement.

To the extent that cannabis-related licenses could also be considered to be material contracts, the following licenses are the material contracts of the Corporation:

<u>State</u>	<u>Entity Holding License</u>	<u>State Licensing Authority</u>	<u>State License</u>	<u>Activity Under License</u>
FL	Trulieve, Inc.	Florida Department of Health Office of Medical Marijuana Use	Medical Marijuana Treatment Center License	The Medical Marijuana Treatment Center license permits the operation of a medical marijuana business, including cultivation, processing, dispensing and transporting activities.
MA	Life Essence, Inc.	Massachusetts Cannabis Control Commission	Three Provisional Certificates of Registration	The Provisional Certificate of Registration is the preliminary license issued for the operation of a vertically integrated medical marijuana business. No plant-touching activities are permitted prior to receiving a Final Certificate of Registration.
CA	Leef Industries, LLC	California Bureau of Cannabis Control	Adult Use – Retailer License	The Adult Use Retailer License permits adult use dispensing activities.

Copies of the above material contracts are available on the Corporation's SEDAR profile at www.sedar.com.

INTERESTS OF EXPERTS

The Corporation's auditors are MNP LLP, Chartered Professional Accountants, located at Toronto, Ontario. MNP LLP has advised that it is independent of the Corporation in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information, including particulars of directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and interests of insiders in material transactions, where applicable, will be contained in the Corporation's management information circular for the 2018 annual meeting of shareholders of the Corporation. Additional financial information is contained in the Corporation's audited financial statements and MD&A for the year ended December 31, 2018. Such documents, as well as additional information about the Corporation, may be found under the Corporation's SEDAR profile at www.sedar.com.

APPENDIX "A" - GLOSSARY

In this AIF, the following words and terms shall have the following meanings:

"Affiliate" means a corporation that is affiliated with another corporation as described below. A corporation is an **"Affiliate"** of another corporation if:

- (a) one of them is the subsidiary of the other; or
- (b) each of them is controlled by the same Person.

A corporation is **"controlled"** by a Person if:

- (a) voting securities of the Corporation are held, other than by way of security only, by or for the benefit of that Person; and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Corporation.

A Person beneficially owns securities that are beneficially owned by:

- (a) a corporation controlled by that Person; or
- (b) an Affiliate of that Person or an Affiliate of any corporation controlled by that Person.

"Associate" when used to indicate a relationship with a Person, means:

- (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer;
- (b) any partner of the Person;
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity; or
- (d) in the case of a Person who is an individual:
 - (i) that Person's spouse or child, or
 - (ii) any relative of the Person or of his spouse who has the same residence as that Person.

"AIF" means this Annual Information Form.

"Audit Committee" has the meaning in *Audit Committee Disclosure*.

"BCBCA" means the *Business Corporations Act* (British Columbia).

"Board" means the board of directors of the Corporation.

"CBD" means cannabidiol, a cannabis compound.

"Coattail Agreement" has the meaning ascribed thereto in *Description of Capital Structure - Description of the Corporation's Securities*.

"Cole Memorandum" has the meaning ascribed thereto in *Risk Factors*.

"CSA" has the meaning ascribed thereto in *Regulatory Overview – Regulation of Cannabis in the United States Federally*.

"Conversion Ratio" has the meaning ascribed thereto in *Description of Capital Structure*.

“**Corporation**” or “**Trulieve**” has the meaning ascribed thereto in *Date, Currency and Other Information*.

“**CSE**” means the Canadian Securities Exchange.

“**Definitive Agreement**” means the business combination agreement entered into among the Corporation, Subco and Trulieve, Inc. on September 11, 2018.

“**Department**” has the meaning ascribed thereto in *General Development of the Business*

“**FDA**” means the United States Federal Drug Administration.

“**FinCEN**” has the meaning ascribed thereto in *Risk Factors*.

“**Founders**” means Kim Rivers, Ben Atkins, Thad Beshears, Telogia Pharm, LLC, KOPUS, LLC and Shade Leaf Holding LLC.

“**Inversion Conditions**” has the meaning ascribed thereto in *Risk Factors*.

“**ITA**” has the meaning ascribed thereto in *Risk Factors*.

“**MOU**” has the meaning ascribed thereto in *Risk Factors*.

“**MMTC**” has the meaning ascribed thereto in *General Development of the Business*.

“**Multiple Voting Shares**” has the meaning ascribed thereto in *General Development of the Business*.

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*.

“**Person**” means any individual, corporation, Corporation, partnership, unincorporated association, trust, joint venture, governmental body or any other legal entity whatsoever.

“**Sessions Memo**” has the meaning ascribed thereto in *Risk Factors*.

“**SKUs**” means stock keeping units.

“**SR Offering**” has the meaning ascribed thereto in *General Development of the Business – Recent Developments*.

“**Staff Notice 51-352**” has the meaning ascribed thereto in *Regulatory Overview*.

“**Subordinate Voting Shares**” has the meaning ascribed thereto in *Description of Capital Structure*.

“**Super Voting Shares**” has the meaning ascribed thereto in *Description of Capital Structure*.

“**THC**” means tetrahydrocannabinol, a compound found in the resin secreted by glands of the marijuana plant.

“**Transaction**” means the acquisition of Trulieve, Inc. by the Corporation, as contemplated by the Definitive Agreement.

“**United States**” and “**U.S.**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

“**U.S. Residents**” means residents of the United States as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Exchange Act of 1934, as amended.

“**U.S. Tax Code**” has the meaning ascribed thereto in *Risk Factors*.

**APPENDIX “B” - CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS
TRULIEVE CANNABIS CORP.**

AUDIT COMMITTEE CHARTER

1. Purpose

The Audit Committee (the “**Committee**”) is a standing committee of the Board of Directors (the “**Board**”) of Trulieve Cannabis Corp. (the “**Corporation**”) appointed as required by National Instrument 52-110 - *Audit Committees* (“**NI 52-110**”). Its purpose is to assist the Board in fulfilling its oversight responsibilities for (i) the integrity of the Corporation’s financial statements, (ii) the Corporation’s compliance with legal and regulatory requirements, and (iii) the qualifications and independence of the auditor of the Corporation (the “**external auditor**”).

2. Authority

The Committee has authority to conduct or authorize investigations into any matter within its scope of responsibility. It is empowered to:

- (a) Recommend to the Board the public accounting firm to be nominated for appointment by the Corporation’s shareholders as the external auditor, including the external auditor’s compensation, and oversee the work of the external auditor. The external auditor will report directly to the Committee.
- (b) Resolve any disagreements between management and the external auditor regarding financial reporting.
- (c) Pre-approve permitted non-audit services performed by the Corporation’s external auditor.
- (d) Retain independent counsel, accountants, or others to advise the Committee or assist in its duties and to set and pay their applicable compensation.
- (e) Meet with the Corporation’s officers, external auditor or outside counsel, as necessary and communicate directly with the Corporation’s shareholders.
- (f) Delegate authority, to the extent permitted by applicable law, to one or more designated members of the Committee, including the authority to pre-approve all permitted non-audit services, provided that such decisions are reported to the full Committee at its next scheduled meeting.

3. Composition

- (a) The Committee must consist of at least three directors, as determined by resolution of the Board from time to time.
- (b) The Compensation, Nominating & Corporate Governance Committee will recommend to the Board applicable directors for appointment to the Committee and the Chair of the Committee.
- (c) If and whenever a vacancy exists on the Committee, the remaining members may exercise all of its powers so long as there continue to be at least three members on the Committee. If at any time a vacancy exists on the Committee that the Board is required to fill, the Board may appoint a new member to fill such vacancy by ordinary resolution of the Board.
- (d) The majority of the members of the Committee shall be independent, as that term is defined in NI 52-110 and in accordance with applicable corporate and securities laws and stock exchange rules.

- (e) Each Committee member must be financially literate as defined in NI 52-110. The Board or the Committee may, from time to time, establish policies limiting the number of audit committees which Committee members may be appointed to.

4. Meetings

- (a) The Committee must meet at least four times per year, and at least annually, privately, with each of management and the external auditor.
- (b) The greater of two members or 50% of the members of the Committee shall constitute a quorum. All resolutions of the Committee shall be made by a majority of its members present at a meeting duly called and held. All Committee members are expected to attend each meeting, in person or by telephone or video conference. Any decision or determination of the Committee reduced to writing and signed by all of the members of the Committee shall be fully as effective as if it had been made at a meeting duly called and held.
- (c) The Committee may invite such officers, directors and employees of the Corporation as it deems necessary or advisable from time to time to attend meetings of the Committee and assist in the discussion and consideration of the duties of the Committee.
- (d) The time at which and place where the meetings of the Committee shall be held and the calling of meetings and the procedure in all things at such meetings shall be determined by the Committee. Following a Committee meeting, the Committee Chair shall report on the Committees' activities to the Board at the next Board meeting. The Committee must keep and approve minutes of its meetings in which shall be recorded all action taken by it, which minutes must be made available to the Board as soon as practicable after each meeting of the Committee.

5. Chair

The Chair of the Committee has the powers and responsibilities set forth in Schedule "A" hereto.

6. Responsibilities

The Committee must:

- (a) Review significant accounting and reporting issues and understand their impact on the financial statements, including but not limited to:
 - (i) complex or unusual transactions and highly judgmental areas;
 - (ii) major issues regarding accounting principles and financial statement presentation, including any significant changes in the Corporation's selection or application of accounting principles;
 - (iii) any significant variances with comparative reporting periods; and
 - (iv) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Corporation.
- (b) Review analyses prepared by management and/or the external auditor relating to significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of the selection or application of the Corporation's accounting principles.
- (c) Review compliance with covenants under any loan agreements.
- (d) Review disclosure requirements for commitments and contingencies.
- (e) Review with management and the external auditor the results of the audit, including any difficulties encountered. This review will include any restrictions on the scope of the external auditor's

activities or on access to requested information, any significant disagreements with management, and adjustments raised by external auditors, whether or not included in the financial reports.

- (f) Review and discuss the annual audited financial statements and quarterly financial statements with management and the external auditor, including the Corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A"), including the discussion of critical accounting estimates included therein.
- (g) Review and recommend to the Board for approval, prior to public disclosure, the annual and quarterly financial statements, MD&A and annual and interim profit or loss press releases.
- (h) Review disclosures made by the Chief Executive Officer and the Chief Financial Officer during the certification process about significant deficiencies or material weakness in the design or operation of internal controls or any fraud that involves management or other employees who have a significant role in the Corporation's internal controls and, if applicable, understand the basis upon which the certifying officers concluded that any particular deficiency or combination of deficiencies did or did not constitute a material weakness.
- (i) Review and recommend to the Board for approval, prior to public disclosure, financial information and earnings guidance provided externally, including to analysts and rating agencies if applicable. This review may be general (i.e., the types of information to be disclosed and the type of presentations to be made).
- (j) Satisfy itself that adequate procedures are in place, and periodically assess the adequacy of those procedures, for the review of any public disclosure of financial information extracted or derived from the financial statements, other than the statements themselves, the MD&A or the press releases referred to above.
- (k) Annually review and assess the Corporation's policies in effect from time to time, including its, Disclosure and Confidentiality Policy and Insider Trading and Reporting Policy and make recommendations to the Board.

7. Internal Control

The Committee shall also:

- (a) Consider the effectiveness of the Corporation's system for internal control over financial reporting, including information technology security and control.
- (b) Review the scope of the external auditor's review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
- (c) Review the external auditor's management letters and management's responses to such letters.
- (d) As requested by the Board, discuss with management and the external auditor the Corporation's identifiable risks arising from any financial, operational or other deficiencies, the adequacy and effectiveness of the Corporation's accounting and financial controls relating thereto, and the steps management has taken to monitor and control identified risks.
- (e) Annually review the Corporation's disclosure controls and procedures, including any significant deficiencies in, or material non-compliance with same, and the steps management has taken to monitor and control such deficiencies or instances of non-compliance.

8. External Audit

The Committee shall also:

- (a) Review the external auditor's proposed audit scope and approach.
- (b) Review the performance of the external auditor. Annually review the report of the external auditor on matters required to be communicated to the Committee under Section 5135 (auditors' responsibility to consider fraud) and Section 5751 (communications with those having oversight responsibility for the financial reporting process-independence) of the Canadian Institute of Chartered Accountants handbook.
- (c) Report any conclusions with respect to the external auditor to the Board.
- (d) Establish and periodically assess the Corporation's hiring policies for partners, employees and former partners and employees of the current or prior external auditor.
- (e) At least once per year, meet privately with the external auditor to discuss any matters that the Committee or the external auditor believes should be discussed privately.
- (f) Review and pre-approve, in accordance with NI 52-110, any non-audit services, provided by the Corporation's external auditor, taking into consideration whether the delivery of non-audit services will interfere with the independence of the auditors. The pre-approval of non-audit services may be further delegated to one or more independent members of the Committee, provided that said pre-approval is presented to the Committee at its first scheduled meeting following such approval. The pre-approval requirement is satisfied with respect to the provision of *de minimis* non-audit services if:
 - (i) the aggregate amount of all such non-audit services provided to the Corporation which were not pre-approved constitutes not more than 5% of the total amount of fees paid by the Corporation and its subsidiaries to the external auditor during the fiscal year in which the non-audit services are provided;
 - (ii) the services were not recognized by the Corporation or its subsidiaries, at the time of the engagement, to be non-audit services; and
 - (iii) the services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee.
- (g) The Committee may from time to time establish specific pre-approval policies and procedures in accordance with NI 52-110.

9. Compliance

The Committee shall also:

- (a) Annually review the effectiveness of the Corporation's system of monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- (b) Establish and periodically assess the adequacy of procedures for: (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees regarding questionable accounting or auditing matters.
- (c) Review findings of any examinations by regulatory agencies, and any external auditor's observations made regarding those findings.

- (d) Review the process for communicating the Code of Business Ethics to Corporation personnel, and for monitoring compliance therewith.

10. Reporting Responsibilities

The Committee shall also:

- (a) Report to the Board about Committee activities and issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements, the performance and independence of the Corporation's external auditor and internal controls over financial reporting.
- (b) Review any other reports the Corporation issues that relate to Committee responsibilities.
- (c) Liaise with the external auditor and the Board to ensure that any material issues that have arisen related to compliance and governance have been addressed and that appropriate actions have been identified and undertaken to mitigate the issues identified.
- (d) The Committee shall at least annually evaluate its own performance and the contents of this Charter, including Schedule "A" attached hereto, and recommend to the Board such changes to the Charter as the Committee deems appropriate.

11. Other responsibilities

The Committee shall also:

- (a) Discuss with management the Corporation's major policies with respect to risk assessment and risk management.
- (b) Perform other activities related to this Charter as requested by the Board.
- (c) Institute and oversee special investigations as required with respect to the discharge of the Committee's duties hereunder.
- (d) Ensure appropriate disclosure of this Charter as may be required by applicable law.

Exhibit "A"

Trulieve Cannabis Corp.

Audit Committee Chair Person Description

In addition to the duties and responsibilities set out in the bylaws and any other applicable charter, mandate or position description, the chair (the "**Chair**") of the Audit Committee (the "**Committee**") of Trulieve Cannabis Corp. has the duties and responsibilities described below.

1. Provide overall leadership to enhance the effectiveness of the Committee, including:
 - (a) overseeing the structure, composition, membership and activities delegated to the Committee;
 - (b) chairing every meeting of the Committee and encouraging free and open discussion at the meeting of the Committee;
 - (c) scheduling and setting the agenda for Committee meetings with input from other Committee members, the Chair of the Board and management as appropriate;
 - (d) facilitating the timely, accurate and proper flow of information to and from the Committee;
 - (e) arranging for management, internal personnel, external advisors and others to attend and present at Committee meetings as appropriate;
 - (f) arranging sufficient time during Committee meetings to fully discuss agenda items;
 - (g) encouraging Committee members to ask questions and express viewpoints during meetings, and
 - (h) taking all other reasonable steps to ensure that the responsibilities and powers of the Committee, as outlined in its Charter, are well understood by the Committee members and executed as effectively as possible.
2. Foster ethical and responsible decision making by the Committee and its individual members.
3. Encourage the Committee members to meet separately from the scheduled Committee meetings to ensure that all members have an opportunity to be fully informed of information that will be addressed by the Committee during the meeting.
4. Following each meeting of the Committee, report to the Board on the activities, findings and any recommendations of the Committee.
5. Carry out such other duties as may reasonably be requested by the Board.