

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Planet 13 Holdings Inc.
2548 West Desert Inn Road
Las Vegas, Nevada 89109

Item 2 Date of Material Change

November 27, 2020

Item 3 News Release

A news release in respect of the material change was disseminated through the facilities of Accesswire on November 27, 2020 and subsequently filed on SEDAR.

Item 4 Summary of Material Change

On November 27, 2020, Planet 13 Holdings Inc. (“**Planet 13**” or the “**Company**”) announced the completion of the second closing (the “**Second Closing**”) pursuant to the asset purchase agreement it had entered into with West Cost Development Nevada, LLC (“**WCDN**”) on July 17, 2020 (the “**Asset Purchase Agreement**”). The Second Closing resulted in the release of 1,374,833 common shares of the Company, which were held in escrow until completion of the Second Closing, to WCDN. Concurrent with the Second Closing, the Company assumed a lease for a 45,000 square foot cultivation facility in Las Vegas, Nevada (the “**Facility**”), which lease was subsequently amended.

Item 5 Full Description of Material Change

On July 17, 2020, Company announced that it had entered into the Asset Purchase Agreement pursuant to which it had acquired cannabis inventory, equipment and tenant improvements and, subject to regulatory approval, that it would acquire the Nevada cultivation and production licenses (the “**Licenses**”) at the Facility, from WCDN. Planet 13 paid US\$1.156 million for the cannabis inventory, and US\$3 million for the operating assets, Licenses, equipment and tenant improvements which payment was comprised of US\$0.5 million in cash and US\$2.5 million of common shares in the capital of Planet 13 (the “**Consideration Shares**”), resulting in the issuance by the Company of 1,374,833 Consideration Shares, all of which shares were being held in escrow until the Second Closing. The Second Closing was pending required state and regulatory approvals for the transfer of the Licenses to the Company and the Company obtaining a business license from the unincorporated Clark County, Nevada. On November 27, 2020, all conditions precedent to the Second Closing were satisfied, including: (i) the receipt on November 4, 2020 of the Licenses from the Nevada Cannabis Compliance Board; (ii) the receipt on November 24, 2020

of a Clark County business license permitting WCDN to conduct business in Clark County; and (iii) the receipt on November 26, 2020 of all closing documents required to effect the Second Closing. The joint escrow instructions directing the release of the Consideration Shares from escrow to WCDN was submitted to the escrow agent, Odyssey Trust Company, on November 27, 2020.

Concurrent with the Second Closing, WCDN assigned to Planet 13's subsidiary MM Development Company, Inc. (“**MMDC**”) the benefits and obligations of WCDN, as tenant, under a lease agreement (the “**Lease**”) with RX Land, LLC (“**RX Land**”), as landlord, in respect of the Facility (the “**Lease Transaction**”). RX Land is an entity owned by Planet 13’s Co-CEOs Robert Groesbeck and Larry Scheffler.

The Lease has an initial term which terminates on June 30, 2030, with MMDC having the right to extend for two additional terms of five years each in its sole discretion. The Lease is triple net, with monthly payments of US\$62,309.60, with a provision for annual rent increase based on the Consumer Price Index for All Urban Consumers (“**CPI-U**”) as published by the United States Bureau of Labor Statistics. The Facility, located at 4801 West Bell Drive, Las Vegas, Nevada 89118, includes all land and the existing building which contains approximately 41,130 square feet of warehouse space and approximately 2,400 square feet of office space. The warehouse space and office space house tenant improvements, including indoor cultivation rooms and a production facility, and is permitted for special-use, cannabis operations by Clark County, Nevada.

The terms of the Lease results in a payment of US\$1.43/square foot per month, subject to potential CPI-U rate increases. This rate is less than the amount paid for MMDC’s cultivation facility at 4280 Wagon Trail Avenue, Las Vegas, Nevada (the “**Wagon Trail Premise**”) , situated within 6,339 square feet of warehouse space (footprint not including tenant improvement mezzanine at that location), having current monthly payments of US\$10,584, subject to further annual rate increases of 3%, resulting in a payment of US\$1.66/square foot per month. The facilities are within two miles of each other and are comparable in use and location. On the basis of this comparison and analysis, the rent under the Lease meets or is more favourable than standard market terms and rates.

When the independent directors of the Company approved the Lease Transaction, this approval permitted the Company through MMDC to enter into a lease agreement with RX Land in respect of the Facility which substantially reflected the terms of MMDC’s lease in respect of the Wagon Trail Premise. As such, following the assumption of the Lease, the Lease was amended (the “**Amended Lease**”) between MMDC and RX Land to reflect the following (i) an increase to the initial term for an additional five years; (ii) an adjustment to the rent to a monthly amount of US\$72,840.80, reflecting a rate of US\$1.66/square foot per month; (iii) an adjustment to the rate increase for rent payments to a 3% increase per annum, as opposed to a CPI-U based rate of increase; and (iv) protection for Planet 13’s ability to expand square footage within the Facility through mezzanine or second floor tenant improvements without a corresponding increase in the rent payable.

The Amended Lease has been approved by the independent directors of the Company, with no

opposition, with Co-Chairmen Robert Groesbeck and Larry Scheffler abstaining from approval of the transaction on the board's determination. The Lease Transaction and the subsequent amendment to the Lease allows Company to preserve capital for further expansion, as opposed to purchasing the underlying land and building.

The Lease Transaction and Amended Lease are with RX Land, as landlord, an entity owned by Planet 13's Co-CEOs, Robert Groesbeck and Larry Scheffler. As such, the Lease Transaction and Amended Lease constitute a "related party transaction" under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). The Company is relying on exemptions from the formal valuation and minority shareholder approval requirements available under MI 61-101. The Company is exempt from the formal valuation requirement in section 5.4 of MI 61-101 in reliance on sections 5.5(a) and (b) of MI 61-101 as the fair market value of each transaction, insofar as it involves interested parties, is not more than 25% of the Company's market capitalization, and no securities of the Company are listed or quoted for trading on prescribed stock exchanges or stock markets. Additionally, the Company is exempt from the minority shareholder approval requirement in section 5.6 of MI 61-101 in reliance on section 5.7(1)(a) as the fair market value of each transaction, insofar as it involves interested parties, is not more than the 25% of the Company's market capitalization. The Lease Transaction and Amended Lease have each been approved by the independent directors of the Company.

The Company did not file this material change report more than 21 days before the Second Closing date as the details of the Amended Lease were not settled until the Second Closing and the Company wished to close the Second Closing transactions on an expedited basis for sound business reasons.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

Robert Groesbeck or Larry Scheffler, Co-Chief Executive Officers, (702) 815-1313, ir@planet13lasvegas.com.

Item 9 Date of Report

December 7, 2020