AMENDED AND RESTATED ANNUAL AND INTERIM MD&A of VCP23, LLC

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*This management discussion and analysis ("**MD&A**") of the financial condition and results of operations of VCP23, LLC ("**GTI**" or, the "**Corporation**") is for the year ended December 31, 2017. It is supplemental to, and should be read in conjunction with, the Company's amended and restated audited combined financial statements and the accompanying notes for the year ended December 31, 2017. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Financial information presented in this MD&A is presented in United States dollars ("**$**" or "**US$**"), unless otherwise indicated.*

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable United States securities laws and Canadian securities laws. Please refer to the discussion of forward-looking statements and information set out under the heading "Cautionary Note Regarding Forward-Looking Information", located at the beginning of this Circular. As a result of many factors, the Company's actual results may differ materially from those anticipated in these forward-looking statements and information.

All references to "$" are to United States dollars unless otherwise specified.

OVERVIEW OF THE COMPANY

GTI is a leading U.S. multi-state cannabis consumer goods Corporation that reaches over 75 million Americans with a portfolio of cannabis brands and award-winning, customer-first retail experiences that help people feel good and live better, every day.

As a vertically integrated Corporation with a consumer-centric "house of brands" approach, GTI manufactures and sells a well-rounded suite of branded cannabis products, targeted towards different customer segments, including flower, concentrates for dabbing and vaporizing, edibles, and topicals. GTI successfully distributes its portfolio of brands to 100% of open and operating retail stores in its active markets, some of which GTI owns as part of a rapidly growing 50-store national chain of retail cannabis stores called RISE Dispensaries.

Headquartered in Chicago, Illinois, GTI owns 58 operational licenses across seven highly regulated U.S. markets and is dedicated to providing dignified access to safe and effective cannabis nationwide, while giving back to the communities in which they serve. Established in 2015, GTI employs over 300 people and serves hundreds of thousands of customers from coast to coast. The Corporation was voted one of the Best Places to Work in 2018 by Crain's Chicago Business.

Operating Segments

GTI wholly owns and operates two distinct but accretive business units: a wholesale cannabis consumer packaged goods business and a national retail dispensary chain called RISE Dispensaries.

The manufacturing and retail businesses are operational today and vertically integrated across seven highly regulated, limited licensed, and therefore limited legal supply markets: Nevada, Illinois, Maryland, Massachusetts, Pennsylvania, Florida and Ohio. These markets, where supply and demand can be reasonably predicted and forecasted, create the foundation upon which GTI has created sustainable profitable growth.

Importantly, GTI is not yet active in markets popularized by mainstream media like California, Washington, Oregon, and Colorado where loose regulatory frameworks create unpredictable supply-demand market dynamics.

This combination – ownership of wholesale and retail – supports GTI's strategy of distributing brands at scale by enabling GTI to capture large market share, generate brand awareness, and earn customer loyalty in its operating markets. By guaranteeing share of shelf in its own retail stores and its ability to foster mutually beneficial relationships with its third-party dispensary customers as a large supplier of a portfolio of distinct and trusted cannabis brands, the Corporation's wholesale and retail businesses have proven to be more than additive such that one plus one equals three.

With data at a premium in a nascent and highly fragmented industry, the reach, accessibility and deployment of GTI's businesses across multiple states and operating segments enables GTI to analyze and deploy resources with confidence to satisfy the needs of consumers, customers, the business, and investors.

HOUSE OF BRANDS WHOLESALE CANNABIS MANUFACTURING AND DISTRIBUTION

GTI transforms raw cannabis flower into a "House of Brands" portfolio of consumer-packaged goods. Given the lack of a wholesale business to business marketplace for input ingredients like raw cannabis flower and purified cannabis oil, GTI gains leverage from being vertically integrated, and currently controls and operates 100% of the production supply chain, from seed to sale, with focus and prioritization on margin protected, value-add branding, sales and marketing.

Importantly, GTI does not strive to be long-term cannabis farmers, and anticipates that specialization and consolidation along the supply chain will force out high-cost providers, or those that fail to deliver a unique customer value proposition, and are therefore not capable of sustaining profit margin to withstand inevitable price compression of the commoditized portion of the supply chain.

GTI develops, manufactures and distributes a portfolio of branded cannabis products including brands rythm™, and Dogwalkers™, among others, to its retail partners, some of which GTI owns as a chain of retail stores called RISE™ branded dispensaries

To date, GTI has successfully navigated the complex and highly fragmented retail distribution network and has secured 100% retail distribution, with placement of its branded cannabis products in 97 out of 97 open and operating stores in the Corporation's markets currently selling wholesale (Illinois and Maryland).

In the fledgling cannabis industry, for a Corporation in the branded consumer packaged goods business it is highly accretive to own the retail outlets which are singularly permitted to sell finished goods directly to consumers. This symbiotic relationship ensures the Corporation distribution and sales of its portfolio of branded products.

GTI owns and operates a 50-store national chain of retail stores called RISE Dispensaries with mature revenue.

With a deeply embedded community-minded philosophy, RISE takes on the name of each of the communities in which it operates (e.g. RISE Carson City, located in Carson City, Nevada). GTI wholly owns a national footprint of 50 retail licenses, with 13 stores open and operating and with 20+ open stores expected by the end of calendar year 2018.

The portfolio is strong and highly productive with same store sales averaging 80%+ and average annualized revenue per square foot exceeding $2,300. The average selling footprint for the operating portfolio is 1,875 square feet. The productivity of the RISE retail portfolio is 2.5x greater than the $974 per square foot cited for the average marijuana dispensary by *Marijuana Business Daily*[1]. A primary reason that the Company is able to generate sales per square foot greater than the industry average is the fact that it focuses on limited licensed markets where competition is more limited than other markets.

GTI aims to deliver a consistent, repeatable and reliable retail experience for consumers across its store base, enabled by its corporate operating structure and rooted in delivering legendary customer service by offering a wide assortment of safe and tested cannabis products at fair prices.

To meet the array of unique customer needs, GTI sells a variety of cannabis products at each of its RISE stores, totaling thousands of SKUs in managed inventory, comprehensive of product categories including: flower, concentrates for dabbing and for vaporizing (including disposable and pre-filled cartridges), topicals (bath and beauty products), and edibles (confection, beverages, snacks).

RISE dispensaries is not a low-cost provider, nor is it a boutique, premium outlet. Rather, GTI offers its variety at a range of price points following a “good, better, best” approach, offering opportunities for low barrier to entry trial as well as premium trade-up offerings.

Operational Foundation in Seven Highly Regulated, Oligopolistic Markets

Illinois Operations

The *Compassionate Use of Medical Cannabis Pilot Program Act*, which allows individuals diagnosed with a debilitating medical condition access to medical marijuana, became effective January 1, 2014 and is extended through July 1, 2020. There are over 35 qualifying conditions as part of the medical program, including epilepsy, traumatic brain injury, and PTSD. The Corporation owns and controls two of the 20 cultivation/processing licenses issued as well as four of the 60 retail dispensary licenses issued to service the entire state of over 12 million residents. Licenses were awarded based on merit in a highly competitive application process to applicants who demonstrated strong operational expertise and financial backing. There are over 38,000 registered patients across the state[2].

Illinois’ retail market size for 2017 was over US$85 million, representing an over 140% year-over-year increase. In the first three calendar months of 2018, recorded state-wide sales are

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[1] https://mjbizdaily.com/chart-of-the-week-cannabis-retailers-excel-in-key-revenue-metric/
[2] https://www2.illinois.gov/sites/mcpp/Pages/update06062018.aspx

already over 1/3 of the total market size for all of 2017. The first quarter net revenues of 2018 represent an approximate 14% sequential increase over the fourth quarter of 2017.

In March 2018, Cook County voters (which is the most populous county in the state, encompassing all of Chicagoland metro area) responded positively for state-wide recreational legalization with a 63% majority. Although the vote was non-binding, the voting leverage of Cook County, which encompasses more than 130 municipalities, is anticipated to play a significant role in the November 2018 gubernatorial elections for which numerous candidates have outwardly pledged their support for cannabis legislation[3].

The Corporation operates two cultivation and processing facilities in Illinois and commands significant wholesale market share since its first sale on the first day for the State's program in November 2015. Since then, GTI has continued to optimize the branded assortment of products it distributes to the 55 out of 55 open and operating retail stores across the State. To continue to drive down cost of goods and expand capacity and capabilities in its most mature facility, the Corporation is undergoing construction and buildout of additional indoor cultivation capacity.

GTI owns and operates four of the 55 State-issued licenses. GTI was the first to sell cannabis to retail consumers on the first day of the program in November 2015.

The Illinois market contributed the majority of the Corporation's revenue for fiscal year ended December 31, 2017. It will remain a significant contributor in 2018, though continue to reduce in share of revenue as the rest of the GTI business expands and scales.

Nevada Operations

Nevada became a medical marijuana state in 2001. In 2013, Nevada legislature passed SB374, providing for state licensing of medical marijuana establishments. On November 8, 2016, Nevada voters pass NRS 435D by ballot initiative allowing for the sale of marijuana for adult use starting on July 1, 2017. There are 115 cultivators, 80 producers, and 61 dispensaries licensed for adult-use in the entire state. Approximately 75% of the state licensed marijuana operations exist within Clark county / Las Vegas city limits, representing a densely populated competitive zone in an approximate 8,000 square foot area. The remaining 25% of licenses exist throughout the rest of the entire state, primarily in Northern Nevada.

In the first eight months of Nevada adult use sales, recreational retail sales have been reported at over US $260 million, averaging almost US $33 million per month and trending materially higher than forecasts submitted by the Nevada Department of Taxation.[7] The State has opened up applications for additional adult use licenses and given priority to businesses with current licenses, allowing for greater opportunity for the Corporation to increase the Nevada footprint at an expedited pace.

Whereas supply-demand market dynamics did not justify the buildout of a cultivation facility when the Corporation first acquired its licenses in early 2016, GTI maintained the license in good-standing such that now with increased demand from the commencement of recreational sales for adults 21+, market dynamics now warrant capital allocation. As such, the Corporation is completing the construction and buildout of a cultivation and processing facility in Northern Nevada, with estimated first sale of finished goods Q4 2018. The Corporation will begin by

[3] http://www.chicagotribune.com/suburbs/ct-evr-marijuana-referendum-tl-0329-20180320-story.html

primarily manufacturing and distributing its portfolio of branded products throughout Nevada and to its own retail stores.

GTI owns and operates two RISE stores in Northern Nevada, one in the state capital of Carson City and one in Reno, Nevada. Open since September 2016 and October 2017, respectively, both stores currently sell cannabis products to all adults aged 21+. RISE Carson City was voted Best Customer service in 2017 and is the Corporation's flagship training center.

Maryland Operations

In 2012, a State law was enacted in Maryland to establish a state-regulated medical marijuana program. Legislation was signed in May 2013 and the program became operational on December 1, 2017. The Maryland Medical Cannabis Commission regulates the state program and awarded operational licenses in a highly competitive application process. 102 dispensary licenses were awarded out of a pool of over 800 applicants while an original 15 processing and 15 cultivation licenses were awarded out of a pool of over 150 applicants. The Corporation has controlling ownership over five retail dispensaries, one processing license, and one cultivation license.

As of April 2018, there were over 20,000 registered and certified patients in Maryland's medical marijuana program and over 550 medical practitioners registered to certify patients as eligible. The program was written to allow access to medical marijuana for patients with any condition that is considered "severe" for which other medical treatments have proven ineffective, including chronic pain, nausea, seizures, glaucoma and PTSD. All major product forms are allowed for sale and consumption with the exception of edibles. Some market estimates peg the medical market size to reach approximately US $221 million by 2021.

In April 2018, Maryland lawmakers agreed to expand the state's medical marijuana industry by awarding another 20 licenses, seven for cultivation and 13 for processing. One of the seven newly granted cultivation permits was awarded to the Corporation as a priority applicant and allowed for an immediate pathway to full supply chain integration for the Corporation.

GTI is completing the construction and buildout plans for capacity expansion of the already existing and operating processing facility where it will cultivate flower which will serve as direct raw material input to the adjacent and already operating processing and manufacturing facility, which has contributed revenue since December 2017 and has already generated approximately $1,000,000 monthly revenue in less than four months of operating, driven by consistently available and high quality branded finished goods with 100% retail distribution in the 42 open and operating retail stores. This figure excludes wholesale revenue of flower as a finished good, which the company expects to begin wholesale distributing toward the end of 2018, beginning of 2019. Flower is typically 50% of market demand as a product category.

In addition, the Corporation owns and operates five stores in Maryland, two of which are in the D.C. metro area. Three of the five are currently operating as of April 27, 2018, and the remaining two stores are under construction for openings scheduled in Q3 2018.

Pennsylvania Operations

The Pennsylvania medical marijuana program was signed into law on April 17, 2016 under Act 16 and provided access to state residents with one of 17 qualifying conditions, including epilepsy, chronic pain, and PTSD. The state, which consists of over 12 million US citizens and qualifies as the 5th largest population in the US, operates as a high-barrier market with very limited market participation. The state originally awarded only 12 licenses to cultivate/process and 27 licenses to operate retail dispensaries (which entitled holders to up to three medical dispensary locations). Out of the hundreds of applicants in each license category, the Corporation was awarded the max number of licenses and was awarded the top dispensary score out of 280 applications and the top cultivation/processing score out of 177 applications.

Retail sales opened in February 2018 to a limited number of retail locations across the state. The Corporation's first of six controlled dispensaries opened its doors on April 18, 2018. As of April 2018, there were over 30,000 registered patients across the state which is quickly moving toward market size estimates of approximately US $700 million by 2020[4].

On March 22, 2018, it was announced that the final phase of the Pennsylvania medical marijuana program would initiate its rollout, which will include 13 additional cultivation/processing licenses and 23 additional dispensary licenses. The application period ran from April 2018 through May 17, 2018. VCP submitted multiple dispensary applications and anticipates that the Pennsylvania Department of Health will announce the license awards in the fourth quarter of 2018.

In the introductory months of the program, the State's medical marijuana dispensaries experienced supply shortages and were unable to keep up with statewide demand. It was announced on April 17, 2018 that dry flower would be included in the regulations as an approved product form for sale and consumption (in addition to the already approved forms of concentrates, pills, and tinctures). Simultaneously, it was announced that the list of qualifying conditions would expand from 17 to 21, including additions of cancer remission therapy and opioid-addiction therapy.

The Corporation is on track for wholesale revenues to commence in Q2 2018. GTI is finalizing capacity expansion plans to accommodate the expected market demand for flower as a finished good. Flower as a product category is typically 50% of retail demand.

GTI owns and operates six retail locations under the banner RISE in the Northwest and South Central regions. Three retail stores are open and operating as of May 6, 2018, with the balance on-schedule openings slated for Q3 2018, one of which is located on a hospital campus.

Massachusetts Operations

The Medical Use of Marijuana Program of Massachusetts was established following the ballot question three in the 2012 general election. Subsequently, voters legalized adult-use marijuana access on election night 2016. Being one of only a few adult-use states on the East Coast and with the sale of all product forms allowed, Massachusetts is widely considered to be one of the biggest legal marijuana markets between 2018-2020. As of April 2018, there were approximately 35 wholesale operating facilities licensed for business and 120 retail dispensaries licensed for consumer sales.10 Applications for adult-use sales opened on April 17, 2018.

As of March 31, 2018, Massachusetts had 24 retail dispensaries open for sales to over 48,000 registered and active patients across the state. In the 8 months since July 1, 2017, over 235,000 ounces of medical marijuana were dispensed across the state. 2017 retail sales have been

[4] http://wnep.com/2018/04/16/pa-health-secretary-approves-dry-leaf-for-medical-marijuana-patients/

estimated at over US $100 million and are forecasted at over US $1 billion by 2020 with the implementation of recreational sales[5].

The Corporation owns three licenses to cultivate, process and distribute cannabis in Massachusetts, but importantly for capital efficiency has only allocated the buildout of only one facility to begin wholesale distribution of the Corporation's branded cannabis. GTI is currently growing cannabis in Massachusetts with estimated first sale of finished goods commencing Q4 2018.

GTI owns and operates three retail stores in Massachusetts, with the first completed and ready to open Q2 2018 in Amherst – one of the Nation's most densely populated college towns and what will be only one of three stores serving Western Massachusetts. The Corporation's remaining two stores are scheduled for openings in Q4 2018/Q1 2019 – one will add to the Western Massachusetts fleet and the other anticipated to be located in the Eastern urban corridor.

The Corporation's status as an existing medical marijuana license holder (three licenses under controlling ownership) gives it priority certification for adult-use licensing which would allow GTI to participate in the expanded market when adult use sales commence, expected to begin in late summer 2018.

Florida Operations

In 2014, the Florida Legislature passed the Compassionate Use Act which was the first legal medical cannabis program in the state's history. The original Compassionate Use Act only allowed for low-THC cannabis (Charlotte's Web strain) to be dispensed and purchased by patients suffering from cancer and epilepsy.[6]

In 2016, the Legislature passed the Right To Try act which allowed for full potency cannabis to be dispensed to patients suffering from a diagnosed terminal condition. Also in 2016, the Florida Medical Marijuana Legalization Initiative was introduced by citizen referendum and passed with a 71.3% majority on November 8. This language amended the state constitution and mandated an expansion of the state's medical cannabis program.

Amendment 2, and the expanded qualifying medical conditions, became effective on January 3, 2017. The Florida Department of Health, physicians, dispensing organizations, and patients are bound by Article X Section 29 of the Florida Constitution and 381.986 Florida Statutes. On June 9, 2017, the Florida House of Representatives and Florida Senate passed respective legislation to implement the expanded program by replacing large portions of the existing Compassionate Use Act, which officially became law on June 23, 2017.

As of May 4, 2018, there were 106,348 patients in the registry, 13 approved medical marijuana treatment centers (of which 6 are cultivation only), and 34 approved retail dispensing locations. The law regulating Amendment 2 provides for another four licenses to be issued for every

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[5] The Medical Use of Marijuana Program. (2018 April 17). Massachusetts Medical Use of Marijuana Program: External Dashboard. Retrieved from https://www.mass.gov/files/documents/2018/04/17/2018-3-external-dashboard.pdf.

[6] Florida Department of Health, Office of Medical Marijuana Use; May 4, 2018 http://www.floridahealth.gov/programs-and-services/office-of-medical-marijuana-use/ommu-updates/_documents/180504-bi-weekly-update.pdf

100,000 patients added to the state's medical marijuana registry and would allow growers to open 25 dispensaries, plus an additional five dispensaries for every 100,000 patients.[7]

The Corporation has executed a definitive agreement for a vertically integrated license to cultivate, process, and sell cannabis. The license entitles GTI to open and operate up to 25 retail stores across the State. GTI is identifying real estate in marquee, high traffic locations for expected store openings by the end of 2018.

The Corporation has consolidated financials across all of its operating businesses. For the purpose of analysis, GTI considers two operating business units – Wholesale and Retail – with perspectives by each operating market: Nevada, Illinois, Maryland, Pennsylvania, Massachusetts, and Florida.

SELECTED ANNUAL FINANCIAL INFORMATION

The following is selected financial data derived from the amended and restated audited annual consolidated financial statements of the Corporation as at December 31, 2016 and December 31, 2017.

The selected combined financial information set out below may not be indicative of the Corporation's future performance:

	As of and for the Year Ended December 31,	
	2017	**2016**
Total Revenues, net of discounts	$ 16,528,779	$ 7,213,711
Cost of Goods Sold (excluding biological assets)	$ 10,446,801	$ 5,824,544
Gross Profit	$ 7,228,065	$ 2,101,415
Total Expenses	$ 11,490,772	$ 4,663,670
Operating Loss	$ (4,262,707)	$ (2,562,255)
Total Assets	$ 87,157,281	$ 35,479,555
Long-Term Liabilities	$ 7,507,778	$ -

Year Ended December 31, 2016 Compared to Year Ended December 31, 2017

Revenue

Revenue for fiscal year ended December 31, 2017 was $16,528,779, an increase of $9,315,068, or 129%, compared to revenue of $7,213,711 for prior fiscal year ended December 31, 2016. The increase in revenue was driven by a full fiscal year of revenue from the retail business in Nevada, which contributed revenue growth of 376% vs. 2016, out of a single retail store. Expansion of the Illinois wholesale and retail businesses drove the balance of growth, up 93% and 86% vs. prior fiscal year, respectively. Growth of the Illinois wholesale business was due to expansion of product offerings and increased distribution to third-party retailers; and retail performance was driven by the opening and acquisition of two more stores, for a total of four,

[7]Marijuana Policy Project; October 10, 2017 https://www.mpp.org/states/florida/

the combination of which command significant market share. Finally, first-time wholesale and retail sales contributed from the Maryland market commenced in December 2017.

For the years ended December 31, 2017 and 2016, amounts recorded as revenues are net of allowances, discounts, and rebates totaling $556,814 and $139,612, respectively.

Cost of Goods Sold & Biological Assets

Cost of goods sold are derived from cost related to the internal cultivation and production of cannabis and from retail purchases made from other licensed producers operating within our state markets.

Cost of goods sold, excluding any adjustments to the fair value of biological assets, for fiscal year ended December 31, 2017 was $10,446,801, an increase of $4,622,257 or 79% over cost of goods sold, excluding any adjustments to the fair value of biological assets, for fiscal year ended December 31, 2016, driven by the expansion of wholesale and retail business units in Illinois and Nevada.

Inventory of plants under production is considered a biological asset. Under IFRS, biological assets are to be recorded at fair value at the time of harvest, less costs to sell, which are transferred to inventory and the transfer becomes the deemed cost on a go-forward basis. When the product is sold, the fair value is relieved from inventory and the transfer is booked to cost of sales. In addition, the cost of sales also includes products and costs related to other products acquired from other producers and sold by the Corporation.

Biological asset transformation totaled a net gain of $1,146,087, for fiscal year ended December 31, 2017, up 61% or $433,839 from prior fiscal year ended December 31, 2016.

Gross Profit

Gross profit before biological asset adjustments for the fiscal year ended December 31, 2017 was $6,081,978, representing a gross margin on the sale of cannabis, cannabis extractions and edibles and from related accessories of 36.8%. This is compared to gross profit before biological asset adjustments for the fiscal year ended December 31, 2016 of $1,389,167, which represented a 19.3% gross margin.

Gross profit after net gains on biological asset transformation for fiscal year ended December 31, 2017 was $7,228,065, representing a gross margin of 43.2%, compared with gross profit after net gains on biological asset transformation of $2,101,415, or 29.1% gross margin, for the fiscal year ended December 31, 2016.

Total Expenses

Total expenses for fiscal year ended December 31, 2017 were $11,490,772, an increase of $6,827,102 or 146%, compared to total expenses of $4,663,670 for fiscal year ended December 31, 2016, which represents 69.5% of revenue for the fiscal year ended December 31, 2017 compared to 64.6% of revenue for the prior year. Increase in total expenses was attributable to an increase in general and administrative expenses, particularly sales & benefits of $3,961,245 which represented an increase over 2016 of $2,679,499 due to an increase in headcount from the Corporation’s operating markets in Illinois, Nevada and Maryland, and start-up headcount of Massachusetts and Pennsylvania.

Additionally, the Corporation had professional fees of $3,517,892 in 2017 which represented an increase to 2016's professional fees of $1,616,338. This increase is due to the change in volume and complexity of accounting and legal services required by the Corporation after its ramp up of new operating markets and acquisitions.

Total Other Income (Expense)

Total other income for fiscal year ended December 31, 2017 was $111,951, an increase of $645,867 compared to prior fiscal year ended December 31, 2016.

Provision for Income Taxes

Income tax expense is recognized based on the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end. For fiscal year ended December 31, 2017, Federal and State income tax expense totaled $214,000 compared to no provision for income taxes for the prior fiscal year ended December 31, 2016. It is computed on taxable income of GTI Nevada LLC, in which GTI Core, LLC holds a 57.5% ownership interest. In 2017, GTI Core, LLC elected to be taxed as a C Corporation. For the years ended December 31, 2017 and 2016, all of the other GTI Group of Companies were treated as limited liability companies and, accordingly, taxable income and losses flowed through to the respective members.

On January 1, 2018, the Corporation closed on a restructuring of its Illinois operation and ownership with its non-Illinois operations (which included Nevada, Pennsylvania, Massachusetts, and Maryland ownership), which combined all of the Corporation's operational and ownership structure. Prior to January 1, 2018, these businesses were managed by the Corporation's senior management. In 2018, the GTI Core, LLC will continue to be taxed as a C Corporation.

Net Operating Loss

Net operating loss for fiscal year ended December 31, 2017 was $4,262,707, an increase of $1,785,264, or 70%, compared to a net loss of $2,562,255 for fiscal year ended December 31, 2016. The increase in net operating loss was driven by the factors described above.

Drivers of our Results of Operations

Revenue

The Corporation derives its revenue from both its wholesale and retail business in which it manufactures, sells and distributes packaged cannabis products to third-party retail customers, and from direct sales to end consumers in its retail stores. For the fiscal year ended December 31, 2017, approximately 39.9% of revenue was generated from the wholesale business and 60.1% from the retail business, respectively. Revenue was contributed approximately 77.6% from Illinois operations, 17.4% Nevada operations, 5.0% from Maryland operations.

We expect the proportion of wholesale-based revenue to increase gradually throughout the the Corporation's fiscal year 2018 as the Massachusetts and Pennsylvania markets become operational (both expected in the second quarter 2018), and as the Corporation's distribution footprint scales. However, we don't expect material shifts in the revenue split between wholesale and retail segments until fiscal year 2019 due to the Corporation's planned expansion and opening of approximately 12 to 15 more retail dispensaries in the remaining periods of fiscal year 2018.

Gross Profit

Gross profit is revenue less cost of goods sold. Cost of goods sold includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles, and concentrates, as well as packaging and other supplies, fees for services and processing, allocated overhead which includes allocations of rent, administrative salaries, utilities, and related costs. Cannabis costs are affected by various state regulations that limits the sourcing and procurement of cannabis product, which may create fluctuations in gross profit over comparative periods as the regulatory environment changes. Gross margin measures our gross profit as a percentage of revenue.

Over the past two years, execution on the Corporation's national expansion strategy and revenue growth have taken priority. We expect to continue our growth strategy for the foreseeable future as the Corporation expands its footprint within its current markets with acquisitions and partnerships and scales resources into new markets. In the markets in which we are already operational, we expect to realize gradual price compression as these state markets mature which will put downward pressure on both our retail and wholesale gross margins. However, the Corporation's current production capacity has not been fully realized and it is expected that price compression at the wholesale level will be more than offset by the scalability of our production facilities and continued realization of significant distribution market share. As a result, the Corporation expects overall consolidated gross margins (before the adjustment for the unrealized gain or loss in the fair value of biological assets) to steadily increase over the foreseeable future.

Total Expenses

Total expenses other than the cost of goods sold consist of selling costs to support our customer relationships and to deliver product to our retail stores. It also includes a significant investment in marketing and brand activities and the corporate infrastructure required to support ongoing business.

Selling costs generally correlate to revenue. As a percentage of sales, we expect selling costs to remain relatively flat in our currently operational markets (Illinois, Nevada, Maryland) and increase in our up and coming markets as our business continues to grow there (Massachusetts, Pennsylvania, Florida). The increase is expected to be driven primarily by the growth of our Retail and Wholesale channels and the ramp up from pre-revenue to sustainable market share.

General and administrative expenses represent costs incurred at our corporate offices, primarily related to personnel costs, including salaries, incentive compensation, benefits, share-based compensation and other professional service costs, including legal and accounting. We expect to continue to invest considerably in this area to support our aggressive expansion plans and to support the increasing complexity of the cannabis business. Furthermore, we expect to continue to incur acquisition and transaction costs related to our expansion plans, and we anticipate a significant increase in stock compensation expenses related to recruiting and hiring talent, accounting, legal and professional fees associated with being a publicly traded company.

Provision for Income Taxes

We are subject to income taxes in the jurisdictions in which we operate and, consequently, income tax expense is a function of the allocation of taxable income by jurisdiction and the various activities that impact the timing of taxable events. As the Corporation operates in the legal cannabis industry, the Corporation is subject to the limits of IRC Section 280E under which the Corporation is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E and a higher effective tax rate than most industries.

Liquidity, Financing Activities During the Period, and Capital Resources

As at December 31, 2017, the Corporation had total current liabilities of $14,280,657 (December 31, 2016 had $3,618,602) and cash and cash equivalents of $29,565,497 (December 31, 2016 had $12,955,518) to meet its current obligations. As at December 31, 2017, the Corporation had working capital of $25,509,179 compared to $11,802,739 at December 31, 2016.

On January 17, 2018, the Corporation, through a subsidiary, entered into a debenture purchase agreement with iAnthus Capital Holdings, Inc. whereby the subsidiary loaned $20 million to iAnthus so that they could purchase a Florida medical cannabis business. As part of the debenture purchase agreement, the subsidiary received (i) an unsecured debenture with a principal amount of $20 million accruing interest at the rate of 15% per annum, and (ii) 10,040,000 iAnthus warrants at an exercise price of $1.9928 per common share expiring January 17, 2021. The unsecured debenture matures in 12 months but has certain early repayment provisions in the event of subsequent capital offerings made by iAnthus. The subsidiary was capitalized by the Corporation and a group of private investors.

On February 14, 2018, the Corporation executed several agreements with KW Ventures Holdings, LLC, doing business as Firefly Dispensaries, which received a medical cannabis dispensary license from the Pennsylvania Department of Health in 2017. The executed agreements include, but are not limited to (i) a contribution agreement for the future acquisition of the equity in Firefly Dispensaries, subject to applicable regulatory approvals, in exchange for a 9.9% direct membership interest in GTI Pennsylvania, LLC, (ii) a line of credit which provides $3 million in working capital to Firefly Dispensaries to finance working capital and buildout expenses to open its three retail dispensaries in Pennsylvania, and (iii) a management services agreement for the Corporation to support the dispensary buildout and pre-operational activity of Firefly Dispensaries as well as the management of the dispensaries upon receiving regulatory approvals to sell to patients in Pennsylvania.

On April 30, 2018, VCP23, LLC completed a private placement financing of approximately $45 million private placement of 3-year unsecured convertible promissory notes. An initial $25 million offering was almost 2x oversubscribed and the Corporation limited the final amount to approximately $45 million. The cash proceeds from the transaction will be used for working capital and acquisition purposes.

In addition to the working capital and recent convertible promissory note private placement described above, the Corporation intends to generate adequate cash to fund its business operations. However, the Corporation's business plan includes aggressive growth, both in the form of additional acquisitions and through facility expansion and improvements. Initiatives in U.S. markets outside of those already within the Corporation's platform are expected in the coming months. Accordingly, the Corporation expects to raise additional capital, both in the form of debt and new equity offerings, during the next fiscal year

The Corporation is an early-stage growth company. It is generating cash from sales and is deploying its capital reserves to acquire and develop assets capable of producing additional revenues and earnings over both the immediate and near term. Capital reserves are being utilized for acquisitions in the medical and adult use cannabis industry, for capital expenditures and improvements in existing facilities, product development and marketing, as well as customer, supplier and investor and industry relations.

Cash Flows

Cash Used in Operating Activities

Net cash used in operating activities was $4.29 million for the year ended December 31, 2017, an increase of $0.84 million, or 24.4%, compared to $3.45 million for the year ended December 31, 2016. The increase in net cash used in operating activities was primarily due to an increase in net loss of $1.27 million, a $0.35 million increase in accounts receivable, a $0.26 million increase in prepaid expenses and other current assets.

Cash Flow form Investing Activities

Net cash used in investing activities was $26.03 million for the year ended December 31, 2017, an increase of $21.57 million, or 484.7%, compared to $4.45 million for the year ended December 31, 2016. The increase in net cash used in investing activities was primarily due to an increase in purchases of property and equipment to expand into new medical markets of $13.11 million, and an increase from acquisitions of existing retail businesses of $10.37 million.

Cash Flow from Financing Activities

Net cash provided by financing activities was $46.92 million for the year ended December 31, 2017, an increase of $33.53 million, or 250.3%, compared to $13.40 million for the year ended December 31, 2016. The increase in net cash provided by financing activities was primarily due to an increase in capital contributions from members of $54.76 million, and an increase in cash received from issuance of notes payable of $13.00 million, partially offset by increases in distributions to members of $34.00 million.

Contractual Obligations

Contractual Obligations	**Payments Due by Period**				
	Total	**Less than 1 year**	**1 - 3 years**	**4 - 5 years**	**After 5 years**
Long Term Debt	$ 7,315,415	$ 1,188,087	$ 4,547,199	$ 1,580,130	Nil
Capital Lease Obligations	Nil	Nil	Nil	Nil	Nil
Operating Leases	$ 8,697,848	$ 1,411,639	$ 4,226,970	$ 1,976,551	$ 1,082,688
Purchase Obligations[1]	Nil	Nil	Nil	Nil	Nil
Other Long Term Obligations [2]	$ 1,252,634	$ 200,000	$ 600,000	$ 400,000	$ 52,634
Total Contractual Obligations	$ 17,265,897	$ 2,799,726	$ 9,374,169	$ 3,956,681	$ 1,135,322

NOTES:

1 "Purchase Obligation" means an agreement to purchase goods or services that is enforceable and legally binding on the Corporation that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.
2 "Other Long Term Obligations" means other long-term liabilities reflected on the Issuer's balance sheet.

The financial performance and its cash flows for the years ended in December 31, 2017 and 2016 were evaluated in accordance with International Financial Reporting Standards. All future financial documents will be reported under IFRS.

Off-Balance Sheet Arrangements

As of the date of this filing, the Corporation does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Corporation, including, and without limitation, such considerations as liquidity and capital resources.

Transactions with Related Parties

At December 31, 2017 and 2016, amounts due from related parties consisted of:

	2017	2016
Note receivable dated December 15, 2017, principal due by December 31, 2018, plus interest at 1.52%(1)	$605,000	$ -
Note receivable dated July 20, 2017, principal due the earlier of July 19, 2018 or upon the achievement of defined capital raisings activities; plus interest at 2%; note repaid on February 13, 2018(2)	$575,000	$ -
Other(3)	$8,686	$ -
Total Due from Related Party	$1,188,686	$ -

Notes:

(1) The Promissory Note in the amount of $605,000, dated December 15, 2017, was entered into by GTI Pennsylvania, LLC, a Pennsylvania limited liability company and Wendy Berger for the purpose of acquiring real estate for the Corporation's medical marijuana dispensary in Erie, Pennsylvania. Wendy Berger is a member of VCP's Board of Directors. The loan was satisfied by Wendy Berger and GTI Pennsylvania, LLC subsequently became the owner of such real estate as of January 1, 2018.
(2) The Promissory Note in the amount of $575,000, dated July 20, 2017, was entered into by Vision Management Services, LLC, a Delaware limited liability company and Mosaic Real Estate Sparks, LLC, an Illinois limited liability company for the purpose of acquiring real estate for the Corporation's medical and adult use dispensary in Sparks, Nevada. Wendy Berger is an owner of Mosaic Real Estate Sparks, LLC and is a member of VPC's Board of Directors. The Promissory Note was repaid by Mosaic Real Estate Sparks, LLC on February, 13, 2018.
(3) Miscellaneous expenses and receipts related to the acquisition of real estate in Erie, Pennsylvania by Wendy Berger.

Proposed Transactions

VCP has a contribution agreement for the future acquisition of the equity in Firefly Dispensaries, subject to applicable regulatory approvals, in exchange for a 9.9% direct membership interest in GTI Pennsylvania, LLC.

VCP executed a definitive agreement for the acquisition of a vertically integrated Florida license which includes cultivation, processing and up to 25 retail licenses and expects to close on the definitive agreement in the fourth quarter of 2018.

Changes in or Adoption of Accounting Practices

There were no new standards effective December 31, 2016 that had an impact on the Corporation's combined financial statements. The following IFRS standards have been recently issued by the IASB. The Corporation is assessing the impact of these new standards on future combined financial statements. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Corporation have been excluded herein.

IFRS 7, Financial instruments: Disclosure

IFRS 7, Financial instruments: Disclosure was amended to require additional disclosures on transition from IAS 39 to IFRS 9. IFRS 7 is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018.

IFRS 9, Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments*, which reflects all phases of the financial instruments project and replaces IAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted.

IFRS 15, Revenue from Contracts with Customers

The IASB replaced IAS 18, *Revenue*, in its entirety with IFRS 15, *Revenue from Contracts with Customers*. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early application permitted.

CRITICAL ACCOUNTING ESTIMATES

The Corporation makes judgements, estimates and assumptions about the future that affect the reported amounts of assets and liabilities, and revenues and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

The preparation of the Corporation's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the combined financial statements are described below.

Estimated Useful Lives and Depreciation of Property and Equipment

Depreciation of property and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Estimated Useful Lives and Amortization of Intangible Assets

Amortization of intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Business Combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will last for one year from the acquisition date.

Goodwill Impairment

Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill has been impaired. In order to determine if the value of goodwill has been impaired, the cash-generating unit to which goodwill has been allocated must be valued using present value techniques. When applying this valuation technique, the Company relies on a number of factors, including historical results, business plans, forecasts and market data. Changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill.

Deferred Tax Asset and Valuation Allowance

Deferred tax assets, including those arising from tax loss carry-forwards, requires management to assess the likelihood that the Corporation will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Corporation to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Corporation to realize the net deferred tax assets recorded at the reporting date could be impacted.

Financial Instruments and Financial Risk Management

The Corporation's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities; short-term note payable; and long-term debt. The carrying values of these financial instruments approximate their fair values. Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1:	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2:	Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3:	Inputs for the asset or liability that are not based on observable market data.

Financial Risk Management

The Corporation is exposed in varying degrees to a variety of financial instrument related risks. The board of directors of the Corporation mitigates these risks by assessing, monitoring and approving the Corporation's risk management processes:

Credit Risk

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

The Corporation provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk but has limited risk as the majority of sales are transacted with cash.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations associated with financial liabilities. The Corporation manages liquidity risk through the management of its capital structure. The Corporation's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

Market Risk

Currency Risk

The operating results and financial position of the Corporation are reported in U.S. dollars. Some of the Corporation's financial transactions are denominated in currencies other than the U.S. dollar. The results of the Corporation's operations are subject to currency transaction and translation risks.

The Corporation has no hedging agreements in place with respect to foreign exchange rates. The Corporation has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash and cash equivalents bear interest at market rates. The Corporation's financial debts have fixed rates of interest and therefore expose the Corporation to a limited interest rate fair value risk.

Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices.

AMENDED AND RESTATED INTERIM MD&A of VCP23, LLC

*This management discussion and analysis ("**MD&A**") of the financial condition and results of operations of VCP23, LLC ("**GTI**" or, the "**Corporation**") is for the three months March 31, 2018. It is supplemental to, and should be read in conjunction with, the Company's amended and restated unaudited consolidated financial statements and the accompanying notes for the three months ended March 31, 2018. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Financial information presented in this MD&A is presented in United States dollars ("**$**" or "**US$**"), unless otherwise indicated.*

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable United States securities laws and Canadian securities laws. Please refer to the discussion of forward-looking statements and information set out under the heading "Cautionary Note Regarding Forward-Looking Information", located at the beginning of this Circular. As a result of many factors, the Company's actual results may differ materially from those anticipated in these forward-looking statements and information.

All references to "$" are to United States dollars unless otherwise specified.

OVERVIEW OF THE COMPANY

GTI is a U.S. multi-state cannabis consumer goods Corporation that reaches over 75 million Americans with a portfolio of cannabis brands and award-winning, customer-first retail experiences that help people feel good and live better, every day.

Headquartered in Chicago, Illinois, GTI owns and operates 7 cultivation and manufacturing facilities and a 50-store retail chain across seven highly regulated U.S. markets and is dedicated to providing dignified access to safe and effective cannabis nationwide, while giving back to the communities in which they serve. Established in 2015, GTI employs over 300 people and serves hundreds of thousands of customers from coast to coast. The Corporation was voted one of the Best Places to Work in 2018 by Crain's Chicago Business.

Operating Segments

The Corporation has consolidated financials across its operating businesses. For the purpose of analysis, GTI considers two operating business units – Wholesale and Retail – in which it manufactures, sells and distributes packaged cannabis products to third-party retail customers, and from direct sales to end consumers in its retail stores, with perspectives by each operating market: Nevada, Illinois, Maryland, Pennsylvania, Massachusetts, Florida and Ohio.

As of the three months ended March 31, 2018, GTI has operating revenue in three of its seven markets: Nevada, Illinois, and Maryland and ramp up expenses related to build out of new markets Massachusetts and Pennsylvania in preparation for revenue generation as of the second quarter of 2018.

SELECTED FINANCIAL INFORMATION

The following is selected financial data derived from the amended and restated unaudited consolidated financial statements of the Corporation for the three months ending March 31, 2018 and March 31, 2017.

The selected combined financial information set out below may not be indicative of the Corporation's future performance:

	As of and for the First Quarter Ended March 31, 2018	As of and for the First Quarter Ended March 31, 2017
Total Revenues, net of discounts	$ 10,925,898	$ 3,018,649
Cost of Goods Sold (excluding biological assets)	$ 6,212,963	$ 1,946,738
Gross Profit	$ 4,863,980	$ 2,917,872
Total Expenses	$ 6,255,638	$ 2,195,208
Operating Income (Loss)	$ (929,419)	$ 1,217,556
Total Assets	$ 104,729,363	$ 87,157,281
Long-Term Liabilities	$ 8,156,615	$ -

Three Months Ended March 31, 2018

Revenue

Revenue for the three months ended March 31, 2018 was $10,925,898, up 262% from $3,018,649 for three months ended March 31, 2017 due to revenue contributions across both Wholesale and Retail business units from Illinois, Nevada, and Maryland. Key performance drivers are: expansion of branded product offerings and increased retail distribution from the Illinois and Maryland Wholesale businesses of GTI's portfolio of branded consumer cannabis products, and continued increases in new Retail customers across all three markets. In particular, retail growth was driven by new store openings and acquisitions: notably, revenue from two Illinois stores which were acquired in October 2017, the opening of three RISE stores in Maryland, the September 2017 opening of a second RISE store in Nevada, and the commencement of adult use sales for both RISE Nevada stores as of January 1, 2018, all incremental compared to the three months ending March 31, 2017.

Cost of Goods Sold & Biological Assets

Cost of goods sold are derived from cost related to the internal cultivation and production of cannabis and from retail purchases made from other licensed producers operating within our state markets.

Three months ended March 31, 2018 cost of goods sold, excluding any adjustments to the fair value of biological assets, of $6,212,963 was up $4,266,225 or 219% compared to three months ended March 31, 2017, driven by the first full quarter of Wholesale and Retail businesses in Maryland and material increases in daily transactions from the onset of adult use sales for the Nevada Retail business.

Inventory of plants under production is considered a biological asset. Under IFRS, biological assets are to be recorded at fair value at the time of harvest, less costs to sell, which are transferred to inventory and the transfer becomes the deemed cost on a go-forward basis.

When the product is sold, the fair value is relieved from inventory and the transfer is booked to cost of sales. In addition, the cost of sales also includes products and costs related to other products acquired from other producers and sold by the Corporation.

Gross Profit

Gross profit before biological asset adjustments for the three months ended March 31, 2018 was $4,712,935, representing a gross margin on the sale of branded cannabis flower and processed and packaged products including concentrates, edibles, topicals, vaporizers, of 43%. This is compared to gross profit before biological asset adjustments for the three months ended March 31, 2017 of $1,071,911 or a 36% gross margin.

Gross profit after net gains on biological asset transformation for three months ended March 31, 2018 was $4,863,980, representing a gross margin of 45%, compared with gross profit after net gains on biological asset transformation of $2,917,872 or 97% gross margin, for the three months ended March 31, 2017, driven by increased harvested cannabis and wholesale shipments.

Total Expenses

Total expenses for three months ended March 31, 2018 were $6,255,638, an increase of $4,060,430, compared to three months ended March 31, 2017, which represents 57% of revenue for the three months ended March 31, 2018, down from 73% of revenue for the prior year.

Increase in total expenses was attributable to an increase in general and administrative expenses, particularly salaries & benefits of $3,332,347 which represented an increase of $2,735,399 over the 2017 amount of $596,948, due to an increase in headcount from the Corporation’s retail and wholesale facilities in Illinois, Nevada and Maryland, and start-up headcount of Massachusetts and Pennsylvania.

Additionally, the Corporation had professional fees of $1,020,859 in three months ended March 31, 2018 which remained flat to first quarter professional fees in the prior year.

Total Other Income (Expense)

Total other income for three months ended March 31, 2018 was $462,239, down $32,653 compared to prior three months ended March 31, 2017.

Provision for Income Taxes

Income tax expense is recognized based on the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end. For three months ended March 31, 2018, Federal and State income tax expense totaled $35,000 compared to no provision for income taxes for the prior three months ended March 31, 2017.

On January 1, 2018, the Corporation closed on a restructuring of its Illinois operation and ownership with its non-Illinois operations (which included Nevada, Pennsylvania, Massachusetts, and Maryland ownership), which combined all of the Corporation’s operational and ownership structure. Prior to January 1, 2018, these businesses were managed by the Corporation’s senior management.

Net Operating Loss

Net operating loss before provision for income taxes and non-controlling interest for three months ended March 31, 2018 was $929,419, an increase of $2,146,975 for three months ended March 31, 2017. The increase in net operating loss was driven by the factors described above, namely business expansion.

Drivers of our Results of Operations

Revenue

The Corporation derives its revenue from both its wholesale and retail business in which it manufactures, sells and distributes packaged cannabis products to third-party retail customers, and from direct sales to end consumers in its retail stores.

For the three months ended March 31, 2018, revenue was contributed from both wholesale and retail business units in Ilinois, Nevada, and Maryland.

Gross Profit

Gross profit is revenue less cost of goods sold. Cost of goods sold includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles, and concentrates, as well as packaging and other supplies, fees for services and processing, allocated overhead which includes allocations of rent, administrative salaries, utilities, and related costs. Cannabis costs are affected by various state regulations that limits the sourcing and procurement of cannabis product, which may create fluctuations in gross profit over comparative periods as the regulatory environment changes. Gross margin measures our gross profit as a percentage of revenue.

Over the three months ended March 31, 2018, the Corporation continues to be focused on executing sustainable profitable growth of the Corporation's base business while pursuing national expansion. GTI expects to continue our growth strategy for the foreseeable future as the Corporation expands its footprint within its current markets with acquisitions and partnerships and scales resources into new markets, such as Massachusetts and Pennsylvania.

In the markets in which GTI is already operational, we expect to realize gradual price compression as these state markets mature which will put downward pressure on both our retail and wholesale gross margins. However, the Corporation's current production capacity has not been fully realized and it is expected that price compression at the wholesale level will be more than offset by the scalability of our production facilities and continued realization of significant distribution market share. As a result, the Corporation expects overall consolidated gross margins (before the adjustment for the unrealized gain or loss in the fair value of biological assets) to steadily increase over the foreseeable future.

Total Expenses

Total expenses other than the cost of goods sold consist of selling costs to support our customer relationships and to deliver product to our retail stores. It also includes a significant investment in marketing and brand activities and the corporate infrastructure required to support ongoing business.

Selling costs generally correlate to revenue. As a percentage of sales, we expect selling costs to remain relatively flat in our currently operational markets (Illinois, Nevada, Maryland) and increase in our up and coming markets as our business continues to grow (Massachusetts, Pennsylvania, Florida, Ohio). The increase is expected to be driven primarily by the growth of our Retail and Wholesale channels and the ramp up from pre-revenue to sustainable market share.

General and administrative expenses represent costs incurred at our corporate offices, primarily related to personnel costs, including salaries, incentive compensation, benefits, share-based compensation and other professional service costs, including legal and accounting. We expect to continue to invest considerably in this area to support our aggressive expansion plans and to support the increasing complexity of the cannabis business. Furthermore, we expect to continue to incur acquisition and transaction costs related to our expansion plans, and we anticipate a significant increase in stock compensation expenses related to recruiting and hiring talent, accounting, legal and professional fees associated with being a publicly traded company.

Provision for Income Taxes

We are subject to income taxes in the jurisdictions in which we operate and, consequently, income tax expense is a function of the allocation of taxable income by jurisdiction and the various activities that impact the timing of taxable events. As the Corporation operates in the legal cannabis industry, the Corporation is subject to the limits of IRC Section 280E under which the Corporation is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E and a higher effective tax rate than most industries.

Liquidity, Financing Activities During the Period, and Capital Resources

As at three months ended March 1, 2018, the Corporation had total current liabilities of $14,996,035 (March 31, 2017 had $14,280,657) and cash and cash equivalents of $18,920,337 (March 31, 2017 had $29,565,497) to meet its current obligations. As at March 31, 2018, the Corporation had working capital of $35,524,301 up $10,015122 or 39% compared to three months ended March 31, 2017.

On January 17, 2018, the Corporation, through a subsidiary, entered into a debenture purchase agreement with iAnthus Capital Holdings, Inc. whereby the subsidiary loaned $20 million to iAnthus so that they could purchase a Florida medical cannabis business. As part of the debenture purchase agreement, the subsidiary received (i) an unsecured debenture with a principal amount of $20 million accruing interest at the rate of 15% per annum, and (ii) 10,040,000 iAnthus warrants at an exercise price of $1.9928 per common share expiring January 17, 2021. The unsecured debenture matures in 12 months but has certain early repayment provisions in the event of subsequent capital offerings made by iAnthus. The subsidiary was capitalized by the Corporation and a group of private investors.

On February 14, 2018, the Corporation executed several agreements with KW Ventures Holdings, LLC, doing business as Firefly Dispensaries, which received a medical cannabis dispensary license from the Pennsylvania Department of Health in 2017. The executed agreements include, but are not limited to (i) a contribution agreement for the future acquisition of the equity in Firefly Dispensaries, subject to applicable regulatory approvals, in exchange for a 9.9% direct membership interest in GTI Pennsylvania, LLC, (ii) a line of credit which provides $3 million in working capital to Firefly Dispensaries to finance working capital and buildout expenses to open its three retail dispensaries in Pennsylvania, and (iii) a management services agreement for the Corporation to support the dispensary buildout and pre-operational activity of Firefly Dispensaries as well as the management of the dispensaries upon receiving regulatory approvals to sell to patients in Pennsylvania.

On April 30, 2018, VCP23, LLC completed a private placement financing of $45 million of 3-year unsecured convertible promissory notes. An initial $25 million offering was approximately 2x oversubscribed and the Corporation limited the final amount to approximately $45 million. The cash proceeds from the transaction will be used for working capital and acquisition purposes.

In addition to the working capital and recent convertible promissory note private placement described above, the Corporation intends to generate adequate cash to fund its business operations. However, the Corporation's business plan includes aggressive growth, both in the form of additional acquisitions and through facility expansion and improvements. Initiatives in U.S. markets outside of those already within the Corporation's platform are expected in the coming months. Accordingly, the Corporation expects to raise additional capital, both in the form of debt and new equity offerings, during the next fiscal year

The Corporation is an early-stage growth company. It is generating cash from sales and is deploying its capital reserves to acquire and develop assets capable of producing additional revenues and earnings over both the immediate and near term. Capital reserves are being utilized for acquisitions in the medical and adult use cannabis markets, for capital expenditures and improvements in existing facilities, product development and marketing, as well as customer, supplier and investor and industry relations.

Cash Flows

Cash Used in Operating Activities

Net cash used in operating activities was $2,388,209 for the three months ended March 31, 2018, an increase of $1,245,961 compared to the three months ended March 31, 2017. The increase in net cash used in operating activities was primarily due to an increase in net loss of $2,798,525 and a $798,793 increase in accounts receivable.

Cash Flow from Investing Activities

Net cash used in investing activities was $26,541,176 for the three months ended March 31, 2018, an increase of $25,412,754, compared to $1,128,422 for the three months ended March 31, 2017. The increase in net cash used in investing activities was due to a $20,000,000 investment in iAnthus Debentures in January 2018. Part of the debenture purchase agreement, through a subsidiary received (i) an unsecured debenture with a principal amount of $20,000,000 accuring interest at the rate of 15% per annum, and (ii) 10,040,000 iAnthus warrants at an exercise price of $1.9928 per common share expring January 17, 2021. The subsidiary was capitalized by the Corporation and a group of private investors.

Cash Flow from Financing Activities

Net cash provided by financing activities was $18,284,225 for the three months ended March 31, 2018, an increase of $16,974,349 compared to $1,309,876 for the three months ended March 31, 2017. The increase in net cash provided by financing activities was primarily due to an increase in capital contributions from members of $19,412,610.

Off-Balance Sheet Arrangements

As of the date of this filing, the Corporation does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Corporation, including, and without limitation, such considerations as liquidity and capital resources.

Transactions with Related Parties

At March 31, 2018 and 2017, amounts due from related parties consisted of:

	2018	2017
Note receivable dated December 15, 2017, principal due by December 31, 2018, plus interest at 1.52%[(1)]	$ -	$ 605,000
Note receivable from Firefly Dispensaries dated February 14, 2018 due the 6 months after the date of termination of the Services Agreement or the one year anniversary of the Note; plus interest at 10%[(2)]	$ 2,000,000	$ -
Note receivable dated July 20, 2017, principal due the earlier of July 19, 2018 or upon the achievement of defined capital raisings activities; plus interest at 2%; note repaid on February 13, 2018[(2)]	$ -	$ 575,000
Other[(3)]	$ 141,007	$ 8,686
Total Due from Related Party	$ 2,141,007	$ 1,188,686

Notes:

(1) The Promissory Note in the amount of $605,000, dated December 15, 2017, was entered into by GTI Pennsylvania, LLC, a Pennsylvania limited liability company and Wendy Berger for the purpose of acquiring real estate for the Corporation's medical marijuana dispensary in Erie, Pennsylvania. Wendy Berger is a member of VCP's Board of Directors. The loan was satisfied by Wendy Berger and GTI Pennsylvania, LLC subsequently became the owner of such real estate as of January 1, 2018.

(2) The Promissory Note in the amount of $2,000,000 dated February 14, 2018, was entered into by GTI Pennsylvania, LLC, a Pennsylvania limited liability company and KW Ventures Holdings, LLC, d/b/a Firefly Dispensaries. The promissory note is part of a $3,000,000 working capital line to credit to support dispensary build out and pre-operating activities.

(3) The Promissory Note in the amount of $575,000, dated July 20, 2017, was entered into by Vision Management Services, LLC, a Delaware limited liability company and Mosaic Real Estate Sparks, LLC, an Illinois limited liability company for the purpose of acquiring real estate for the Corporation's medical and adult use dispensary in Sparks, Nevada. Wendy Berger is an owner of Mosaic Real Estate Sparks, LLC and is a member of VPC's Board of Directors. The Promissory Note was repaid by Mosaic Real Estate Sparks, LLC on February, 13, 2018.

(4) Miscellaneous expenses and receipts related to the acquisition of real estate in Erie, Pennsylvania by Wendy Berger.

Proposed Transactions

VCP has a contribution agreement for the future acquisition of the equity in Firefly Dispensaries, subject to applicable regulatory approvals, in exchange for a 9.9% direct membership interest in GTI Pennsylvania, LLC.

VCP executed a definitive agreement for the acquisition of a vertically integrated Florida license which includes cultivation, processing and up to 25 retail licenses and expects to close on the definitive agreement in the fourth quarter of 2018.

Changes in or Adoption of Accounting Practices

There were no new standards effective December 31, 2016 that had an impact on the Corporation's combined financial statements. The following IFRS standards have been recently issued by the IASB. The Corporation is assessing the impact of these new standards on future combined financial statements. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Corporation have been excluded herein.

IFRS 7, Financial instruments: Disclosure

IFRS 7, Financial instruments: Disclosure was amended to require additional disclosures on transition from IAS 39 to IFRS 9. IFRS 7 is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018.

IFRS 9, Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments*, which reflects all phases of the financial instruments project and replaces IAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted.

IFRS 15, Revenue from Contracts with Customers

The IASB replaced IAS 18, *Revenue*, in its entirety with IFRS 15, *Revenue from Contracts with Customers*. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early application permitted.

CRITICAL ACCOUNTING ESTIMATES

The Corporation makes judgements, estimates and assumptions about the future that affect the reported amounts of assets and liabilities, and revenues and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

The preparation of the Corporation's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the combined financial statements are described below.

Estimated Useful Lives and Depreciation of Property and Equipment

Depreciation of property and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Estimated Useful Lives and Amortization of Intangible Assets

Amortization of intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Business Combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will last for one year from the acquisition date.

Goodwill Impairment

Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill has been impaired. In order to determine if the value of goodwill has been impaired, the cash-generating unit to which goodwill has been allocated must be valued using present value techniques. When applying this valuation technique, the Company relies on a number of factors, including historical results, business plans, forecasts and market data. Changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill.

Deferred Tax Asset and Valuation Allowance

Deferred tax assets, including those arising from tax loss carry-forwards, requires management to assess the likelihood that the Corporation will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Corporation to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Corporation to realize the net deferred tax assets recorded at the reporting date could be impacted.

Financial Instruments and Financial Risk Management

The Corporation's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities; short-term note payable; and long-term debt. The carrying values of these financial instruments approximate their fair values. Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1:	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2:	Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3:	Inputs for the asset or liability that are not based on observable market data.

Financial Risk Management

The Corporation is exposed in varying degrees to a variety of financial instrument related risks. The board of directors of the Corporation mitigates these risks by assessing, monitoring and approving the Corporation's risk management processes:

Credit Risk

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

The Corporation provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk but has limited risk as the majority of sales are transacted with cash.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations associated with financial liabilities. The Corporation manages liquidity risk through the management of its capital structure. The Corporation's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

Market Risk

Currency Risk

The operating results and financial position of the Corporation are reported in U.S. dollars. Some of the Corporation's financial transactions are denominated in currencies other than the U.S. dollar. The results of the Corporation's operations are subject to currency transaction and translation risks.

The Corporation has no hedging agreements in place with respect to foreign exchange rates. The Corporation has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash and cash equivalents bear interest at market rates. The Corporation's financial debts have fixed rates of interest and therefore expose the Corporation to a limited interest rate fair value risk.

Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices.