We are hereby filing amended and restated annual combined financial statements (**Financial Statements**) and annual management discussion & analysis **(MD&A)** of the Green Thumb Industries (GTI) Group of Companies for the years ended December 31, 2017 and 2016. Such Financial Statements and MD&A are being filed to correct the following:

1. Disclosure on the Combined Statements of Operations regarding Cost of Goods Sold and Net Effect of Changes in Fair Value of Biological Assets;

2. Disclosure in Note 1 (Nature of Operations) and Note 2 (d) Significant Accounting Policies (Basis of Combination) regarding combined financial statements; and

3. Disclosure in Note 4 regarding Biological Assets.

<u>**None of these amendments resulted in changes to any of the net values in these financial statements. Specifically, there is no change to Revenues, Gross Profit or Net Loss Attributable to GTI Group of Companies.**</u>

GREEN THUMB INDUSTRIES (GTI)
GROUP OF COMPANIES

AMENDED AND RESTATED
COMBINED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016

(Expressed in United States Dollars)

GREEN THUMB INDUSTRIES (GTI) GROUP OF COMPANIES
Management's Responsibility for Financial Reporting

To the Members of Green Thumb Industries (GTI) Group of Companies:

The accompanying combined financial statements and other financial information in this annual report were prepared by management of Green Thumb Industries (GTI) Group of Companies (collectively, "the Company"), reviewed by the Audit Committee and approved by the Board of Directors.

Management is responsible for the combined financial statements and believes that they fairly present the Company's financial condition and results of operation in conformity with International Financial Reporting Standards. Management has included in the Company's combined financial statements amounts based on estimates and judgments that it believes are reasonable, under the circumstances.

To discharge its responsibilities for financial reporting and safeguarding of assets, management believes that it has established appropriate systems of internal accounting control which provide reasonable assurance that the financial records are reliable and form a proper basis for the timely and accurate preparation of financial statements. Consistent with the concept of reasonable assurance, the Company recognizes that the relative cost of maintaining these controls should not exceed their expected benefits. Management further assures the quality of the financial records through careful selection and training of personnel and through the adoption and communication of financial and other relevant policies.

These financial statements have been audited by the Company's auditors, Macias Gini & O'Connell, LLP, and their report is presented herein.

Chief Executive Officer

Chief Financial Officer

July 26,2018

GREEN THUMB INDUSTRIES (GTI) GROUP OF COMPANIES
Amended and Restated Index to Combined Financial Statements

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members
Green Thumb Industries (GTI) Group of Companies

We have audited the accompanying amended and restated combined financial statements of Green Thumb Industries (GTI) Group of Companies (the "Company"), which comprise the amended and restated combined statements of financial position at December 31, 2017 and 2016, and the amended and restated combined statements of operations, changes in members' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Combined Financial Statements
Management is responsible for the preparation and fair presentation of these amended and restated combined financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these amended and restated combined financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the amended and restated combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the amended and restated combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the amended and restated combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the amended and restated combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the amended and restated combined financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the amended and restated combined financial statements present fairly, in all material respects, the financial position of GTI Group of Companies at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Macias Gini & O'Connell LLP

Los Angeles, California
July 26, 2018

Macias Gini & O'Connell LLP 2029
Century Park East, Suite 1500
Los Angeles, CA 90067

www.mgocpa.com

GREEN THUMB INDUSTRIES (GTI) GROUP OF COMPANIES
Combined Statements of Financial Position
At December 31, 2017 and 2016

		2017	2016
ASSETS			
Current Assets:			
Cash and Cash Equivalents		$ 29,565,497	$ 12,955,518
Accounts Receivable		892,373	300,347
Members Contribution Receivable	*Note 10*	2,785,998	-
Due from Related Party	*Note 13*	1,188,686	-
Inventories	*Note 3*	2,689,762	1,040,886
Biological Assets	*Note 4*	2,117,131	971,044
Prepaid Expenses and Other Current Assets		550,389	153,546
Total Current Assets		39,789,836	15,421,341
Property and Equipment, Net	*Note 5*	31,558,357	16,276,574
Intangible Assets, Net	*Note 7*	14,161,995	3,384,575
Goodwill		188,260	-
Deposits and Other Assets		1,458,833	397,065
TOTAL ASSETS		$ 87,157,281	$ 35,479,555
LIABILITIES AND MEMBERS' EQUITY			
LIABILITIES			
Current Liabilities:			
Accounts Payable		$ 4,044,760	$ 431,662
Accrued Liabilities		880,771	1,186,940
Current Portion of Notes Payable	*Note 8*	8,861,376	2,000,000
Income Tax Payable	*Note 2*	214,000	-
Distributions Payable to Members		279,750	-
Total Current Liabilities		14,280,657	3,618,602
Long-Term Liabilities:			
Deferred Rent		301,105	-
Notes Payable, Net of Current Portion	*Note 8*	7,206,673	-
TOTAL LIABILITIES		21,788,435	3,618,602
MEMBERS' EQUITY OF GTI GROUP OF COMPANIES	*Note 10*	62,002,496	31,860,953
NON-CONTROLLING INTEREST	*Note 11*	3,366,350	-
TOTAL LIABILITIES AND MEMBERS' EQUITY		$ 87,157,281	$ 35,479,555

Nature of Operations (*Note 1*)
Commitments and Contingencies (*Note 12*)
Subsequent Events (*Note 15*)

Approved and authorized by the Board of Directors on July 26, 2018

Chief Executive Officer

Chief Financial Officer

The accompanying notes are an integral part of these combined financial statements

GREEN THUMB INDUSTRIES (GTI) GROUP OF COMPANIES
Amended and Restated Combined Statements of Operations
For the Years Ended December 31, 2017 and 2016

		2017	2016
Revenues, net of discounts		$ 16,528,779	$ 7,213,711
Cost of Goods Sold, net		(10,446,801)	(5,824,544)
Gross Profit before Biological Asset Adjustment		6,081,978	1,389,167
Net Effect of Changes in Fair Value of Biological Assets	*Note 4*	1,146,087	712,248
Gross Profit		7,228,065	2,101,415
Expenses:			
General and Administrative	*Note 9*	11,039,124	4,540,518
Sales and Marketing		190,384	51,345
Depreciation and Amortization		261,264	71,807
Total Expenses		11,490,772	4,663,670
Loss From Operations		(4,262,707)	(2,562,255)
Other Income (Expense):			
Other Income (Expense), net		544,399	(308,827)
Interest Expense, net		(432,448)	(225,089)
Total Other Income (Expense)		111,951	(533,916)
Loss Before Provision for Income Taxes And Non-Controlling Interest		(4,150,756)	(3,096,171)
Provision For Income Taxes	*Note 2*	214,000	-
Net Loss Before Non-Controlling Interest		(4,364,756)	(3,096,171)
Net Loss Attributable To Non-Controlling Interest		(622,042)	-
Net Loss Attributable To GTI Group of Companies		$ (3,742,714)	$ (3,096,171)

The accompanying notes are an integral part of these combined financial statements

GREEN THUMB INDUSTRIES (GTI) GROUP OF COMPANIES
Amended and Restated Combined Statements of Changes in Members' Equity
For the Years Ended December 31, 2017 and 2016

		Members' Equity	Non-Controlling Interest	Total
Balance, January 1, 2016		$ 23,560,315	$ -	$ 23,560,315
Net Loss		(3,096,171)	-	(3,096,171)
Contributions from members		11,401,809	-	11,401,809
Distributions to members		(5,000)	-	(5,000)
Balance, December 31, 2016		31,860,953	-	31,860,953
Net loss		(3,742,714)	(622,042)	(4,364,756)
Contributions from members		65,385,608	774,468	66,160,076
Conversion of note payable and accrued interest into Class B units		-	2,279,452	2,279,452
Member contributions receivable	*Note 10*	2,785,998	-	2,785,998
Distributions payable to members		(279,750)	-	(279,750)
Initial consolidation of Maryland Entities		-	934,472	934,472
Distributions to members		(34,007,599)	-	(34,007,599)
Balance, December 31, 2017		$ 62,002,496	$ 3,366,350	$ 65,368,846

The accompanying notes are an integral part of these combined financial statements

GREEN THUMB INDUSTRIES (GTI) GROUP OF COMPANIES
Amended and Restated Combined Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss attributable to GTI Group of Companies	$ (3,742,714)	$ (3,096,171)
Net loss attributable to non-controlling interest	(622,042)	-
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	689,988	493,185
Income from joint venture	-	-
Deferred rent	301,105	-
Changes in operating assets and liabilities:		
Accounts receivable	(592,026)	(238,166)
Biological assets	(1,146,087)	(712,298)
Inventory	(1,165,818)	(262,386)
Prepaid expenses and other current assets	(394,922)	(132,490)
Deposits and other assets	(901,768)	17,278
Accounts payable	3,098,293	(296,989)
Accrued liabilities	(26,717)	780,774
Income tax payable	214,000	-
NET CASH USED IN OPERATING ACTIVITIES	(4,288,708)	(3,447,263)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(14,244,340)	(1,130,082)
Advances to related party	(1,188,686)	-
Purchases of licenses	(220,000)	(3,321,075)
Purchase of business, net of cash acquired	(10,372,385)	-
NET CASH USED IN INVESTING ACTIVITIES	(26,025,411)	(4,451,157)
CASH FLOW FROM FINANCING ACTIVITIES		
Contributions from members	66,160,076	11,401,809
Distributions to members	(34,007,599)	(5,000)
Proceeds from issuance of notes payable	15,000,000	2,000,000
Principal repayments of notes payable	(228,379)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	46,924,098	13,396,809
NET INCREASE IN CASH AND CASH EQUIVALENTS	16,609,979	5,498,389
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	12,955,518	7,457,129
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 29,565,497	$ 12,955,518

GREEN THUMB INDUSTRIES (GTI) GROUP OF COMPANIES
Amended and Restated Combined Statements of Cash Flows (Continued)
For the Years Ended December 31, 2017 and 2016

	2017	2016
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$ 149,081	$ -
OTHER NONCASH INVESTING AND FINANCING ACTIVITIES		
Conversion of convertible notes and accrued interest into equity	$ 2,279,452	$ -
Initial consolidation of Maryland Entities, net of cash aquired		
Prepaid expenses	$ 1,921	
Property and equipment	1,287,356	
Deposits	160,000	
Accounts payable	(514,805)	
	$ 934,472	
Acquisition (Note 6)		
Inventory	$ 483,058	
Property and equipment	397,015	
Identifiable intangible assets	10,600,480	
Goodwill	188,260	
Liability assumed	(1,296,428)	
	$ 10,372,385	
Distributions payable to members	$ 279,750	$ -
Due from investors for equity contributions	$ 2,785,998	$ -

The accompanying notes are an integral part of these combined financial statements

1. NATURE OF OPERATIONS

References in this document to "the Company", or "GTI", are intended to mean the Green Thumb Industries (GTI) Group of Companies on a combined basis.

GTI is a vertically integrated cannabis operator that focuses on limited-licensed markets in the United States. As a vertically integrated provider, the Company owns cultivation, processing, and retail licenses across five State markets (Illinois, Maryland, Nevada, Pennsylvania and Massachusetts). The Company is fully licensed in its State markets and has acquired its various State licenses through competitive application processes and / or via purchase.

In addition to the States listed above the Company also conducts pre-licensing activities in other markets including Ohio, Arkansas, and Florida. In these markets, the Company has either applied for licenses, or plans on applying for licenses, but does not currently own any cultivation, production or retail licenses.

The Company's corporate headquarters are at 325 W. Huron St., Chicago, Illinois 60654.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The combined financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC") in effect for the year ended December 31, 2017.

These combined financial statements were approved and authorized for issue by the Board of Directors of the Company on July 26, 2018.

(b) Basis of Measurement

These combined financial statements have been prepared on the going concern basis, under the historical cost convention except for certain financial instruments and biological assets that are measured at fair value as described herein.

(c) Functional Currency

The Company and its affiliates' functional currency, as determined by management, is the United States ("U.S.") dollar. These combined financial statements are presented in U.S. dollars.

(d) Basis of Combination

The accompanying combined financial statements include entities which are controlled either through common control or common management. Common control exists when the same group of shareholders and/or Board members have the power, directly or indirectly, to govern the financial and operating policies of multiple entities and to expose them to the variable returns from their activities. Common management exists when entities operate under the terms of management service agreements that empower the same group of people or entities to directly or indirectly govern the financial and operating policies of multiple entities and to expose them to the variable returns from their activities. All entities were either under common control or common management throughout the years ended December 31, 2017 and 2016.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

These combined financial statements include the accounts of the following entities, either through common control ("CC") or common management ("CM").

- RCP23, LLC, a Delaware limited liability company – CC and CM
- GTI CORE, LLC a Delaware limited liability company – CC and CM
- Vision Management Services, LLC a Delaware limited liability company – CC and CM
- GTI Clinic Illinois Holdings, an Illinois limited liability company - CC

All significant intercompany balances and transactions were eliminated in combination.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash deposits in financial institutions, other deposits that are readily convertible into cash, and cash held at retail locations.

(f) Inventories

Inventories purchased from third parties, which include work in process, finished goods, and packaging and supplies, are valued at the lower of cost and net realizable value. Cost is determined using the weighted average costing method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to sell. The Company reviews inventories for obsolete, redundant and slow moving goods and any such inventories identified are written down to net realizable value. At December 31, 2017 and 2016, there were no reserves for inventories required.

(g) Biological Assets

The Company measures biological assets consisting of medical cannabis plants at fair value less costs to sell and complete up to the point of harvest, which becomes the basis for the cost of internally produced work in process and finished goods inventories after harvest. Unrealized gains or losses arising from changes in fair value less cost to sell during the year are included in the results of operations of the related year. The Company expenses pre-harvest costs as incurred.

(h) Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation and impairment losses, if any. Expenditures that materially increase the life of the assets are capitalized. Ordinary repairs and maintenance are expensed as incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset using the following terms and methods:

Land	Not Depreciated
Buildings and Improvements	39 Years
Furniture and Fixtures	5 – 7 Years
Computer Equipment and Software	5 Years
Leasehold Improvements	Remaining Life of Lease
Manufacturing Equipment	5 - 7 Years
Assets Under Construction	Not Depreciated

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate. An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the Combined Statements of Operations in the year the asset is derecognized.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Intangible Assets

Intangible assets are recorded at cost, less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. Intangible assets, which include cannabis licenses, have indefinite useful lives and are not subject to amortization. Such assets are tested annually for impairment, or more frequently, if events or changes in circumstances indicate that they might be impaired. The estimated useful lives, residual values, and amortization methods are reviewed at each year-end, and any changes in estimates are accounted for prospectively. At December 31, 2017 and 2016, the Company did not recognize any impairment losses.

Patient relationships and non-compete agreements are measured at fair value at the time of acquisition and are amortized on a straight-line basis over a period of five and two years, respectively.

(j) Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash-generating unit ("CGU") or CGUs which are expected to benefit from the synergies of the combination.

Goodwill that has an indefinite useful life is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU.

Any goodwill impairment loss is recognized in the Combined Statements of Operations in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed. At December 2017 and 2016, the Company did not recognize any impairment losses.

(k) Leased Assets

A lease of property and equipment is classified as an operating lease whenever the terms of the lease do not transfer substantially all of the risks and rewards of ownership to the lessee. Lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which the economic benefits are consumed.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Income Taxes

Income tax expense is recognized in the Combined Statements of Operations based on the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end. For the year ended December 31, 2017, Federal and State income tax expense totaled $214,000 and 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 Green Thumb Industries (GTI) Group of Companies were treated as limited liability companies and, accordingly, taxable income and losses flowed through to the respective members.

Deferred tax assets and liabilities and the related deferred income tax expense or recover, if any, are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. At December 31, 2017 and 2016, no deferred income tax assets or liabilities were recorded by the Company.

As the Company operates in the cannabis industry, it is subject to the limits of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E.

(m) Revenue Recognition

Revenue is recognized at the fair value of consideration received or receivable. Revenue from the sale of goods is recognized when all the following conditions have been satisfied, which are generally met once the products are shipped to customers:

- The Company has transferred the significant risks and rewards of ownership of the goods to the customer;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the customer; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Financial Instruments *(Also see Note 14)*

(i) Financial Assets

All financial assets (including assets designated at fair value through profit or loss) are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Company classifies its financial assets as financial assets at fair value through profit or loss or loans and receivables. A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

(ii) Financial Liabilities

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

The Company classifies its financial liabilities as either financial liabilities at fair value through profit or loss or other liabilities. Subsequent to initial recognition other liabilities are measured at amortized cost using the effective interest method. Financial liabilities at fair value are stated at fair value with changes being recognized in the combined statement of operations.

(iii) Classification of Financial Instruments

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics, and management intent as outlined below:

	Classification
Cash and Cash Equivalents	Fair value through profit or loss
Accounts Receivable	Loans and receivables
Accounts Payable and Accrued Liabilities	Other liabilities
Distributions Payable to Members	Other liabilities
Notes Payable	Other liabilities

(iv) Classification of Financial Instruments

Financial assets, other than those classified at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period or whenever circumstances dictate. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's combined financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review 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.

(i) Estimated Useful Lives and Depreciation of Property and Equipment (Also see Note 2(h))

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

(ii) Estimated Useful Lives and Amortization of Intangible Assets (Also see Note 2(i))

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.

(iii) Biological Assets (Also see Note 4)

Management is required to make estimates in calculating the fair value of biological assets and harvested cannabis inventory. These estimates include a number of assumptions, such as estimating the stages of growth or the cannabis, harvested costs, sales price and expected yields.

(iv) Business Combinations (Also see Note 6)

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.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Significant Accounting Judgments, Estimates and Assumptions *(Continued)*

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.

(v) 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.

(p) Recent Accounting Pronouncements

The following IFRS standards have been recently issued by the IASB. The Company 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 Company have been excluded herein.

(i) 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.

(ii) 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 1 January 2018, with early application permitted. The Company does not expect significant impact on its combined financial statements from the adoption of this new standard.

(iii) 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. The Company does not expect significant impact on its combined financial statements from the adoption of this new standard.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Recent Accounting Pronouncements *(Continues)*

(iv) IFRS 16, Leases

In January 2016, the IASB issued IFRS 16, *Leases*, which will replace IAS 17, *Leases*. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15, *Revenue from Contracts with Customers*, at or before the date of initial adoption of IFRS 16. The extent of the impact of adoption of the standard has not yet been determined. However, upon adoption of IFRS 16, the leases described in note 12(a) will likely constitute right of use assets with a corresponding lease obligation.

(v) IAS 16 and IAS 41, Bearer Plants

The Company has implemented amendments to IAS 16 and IAS 41, which became effective for annual periods beginning on January 1, 2016. These amendments are summarized below.

- ‘Bearer plants’ are accounted for as property, plant and equipment and measured at initial recognition at cost or reevaluation basis.
- Bearer plants are defined as a living plant that are used in the production or supply of agricultural produce. Such plants are expected to bear produce for more than one period, and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.
- Bearer plants remain within the scope of IAS 41.

The amendments described above are consistent with the Company’s accounting practices.

3. INVENTORIES

The Company’s inventories include the following at December 31:

	2017	2016
Raw Material		
Harvested Cannabis	$ 601,227	$ 477,675
Packaging and Miscellaneous	500,765	138,378
Total Raw Material	1,101,992	616,053
Work in Process	184,435	152,671
Finished Goods	1,403,335	272,162
Total Inventories	$ 2,689,762	$ 1,040,886

4. BIOLOGICAL ASSETS

Biological assets consist of cannabis plants. At December 31, 2017 and 2016, the changes in the carrying value of biological assets are shown below:

Harvest in Process	2017	2016
Beginning balance	$ 971,044	$ 258,796
Net change in fair value less costs to sell due to biological transformation	6,990,524	4,412,451
Transferred to inventory upon harvest	(5,844,437)	(3,700,203)
Ending balance	$ 2,117,131	$ 971,044

The Company values its biological assets at the end of each reporting period at fair value less costs to sell and complete. This is determined using a valuation model to estimate the expected harvest yield per plant applied to the estimated price per gram less processing and selling costs. This model also considers the progress in the plant life cycle.

Management has made the following estimates in this valuation model:

- The average number of weeks in the growing cycle is sixteen weeks from propagation to harvest;
- The average harvest yield of whole flower is 102 grams per plant;
- The average selling price of whole flower is $5.83 per gram;
- Processing costs include drying and curing, testing and packaging, post-harvest overhead allocation, and oil extraction costs estimated to be $0.49 per gram: and
- Selling costs include shipping, order fulfillment, and labelling, estimated to be $0.45 per gram.

The estimates of growing cycle, harvest yield, and costs per gram are based on the Company's historical results. The estimate of the selling price per gram is based on the Company's historical sales in addition to the Company's expected sales price going forward.

Management has quantified the sensitivity of the inputs, and determined the following:

- Selling price per gram - a decrease in the selling price per gram by 5% would result in the biological asset value decreasing by $414,937 (2016 - $201,505) and inventory decreasing by $93,029 (2016 - $42,370).
- Harvest yield per plant - a decrease in the harvest yield per plant of 5% would result in the biological asset value decreasing by $293,365 (2016 - $186,717).

These inputs are level 3 on the fair value hierarchy, and are subject to volatility and several uncontrollable factors, which could significantly affect the fair value of biological assets in future periods.

As at December 31, 2017, the biological assets were on average, 45% complete (2016 – 53%), and the estimated fair value less costs to sell of dry cannabis was $7.89 per gram.

As of December 31, 2017, it is expected that the Company's biological assets will ultimately yield approximately 512kg of cannabis (2016 - 358kg).

5. PROPERTY AND EQUIPMENT

At December 31, property and equipment consists of:

	2017	2016
Land	$ 1,626,989	$ 1,116,641
Buildings and Improvements	13,999,703	13,814,275
Furniture and Fixtures	505,268	258,135
Computer Equipment and Software	381,029	15,958
Leasehold Improvements	2,350,287	298,037
Manufacturing Equipment	1,128,835	761,717
Assets Under Construction	12,762,563	561,200
Total Property and Equipment, Gross	32,754,674	16,825,963
Less: Accumulated Depreciation	(1,196,317)	(549,389)
Property and Equipment, Net	$ 31,558,357	$ 16,276,574

Assets under construction represent construction in progress related to both cultivation and dispensary facilities not yet completed or otherwise not placed in service.

A reconciliation of the beginning and ending balances of property and equipment is as follows:

	Property and Equipment, Gross	**Accumulated Depreciation**	**Property and Equipment, Net**
Balance as of January 1, 2016	**$ 15,695,881**	**$ (56,204)**	**$ 15,639,677**
Additions	1,130,082	-	1,130,082
Depreciation	-	(493,185)	(493,185)
Balance as of December 31, 2016	**16,825,963**	**(549,389)**	**16,276,574**
Additions	14,244,340	-	14,244,340
Business Acquisitions	397,015	-	397,015
Initial Consolidations	1,287,356	-	1,287,356
Depreciation	-	(646,928)	(646,928)
Balance as of December 31, 2017	**$ 32,754,674**	**$ (1,196,317)**	**$ 31,558,357**

Depreciation expense for the years ended December 31, 2017 and 2016, totaled $646,928 and $493,185, respectively, of which $428,724 and $421,378, respectively, is included in cost of goods sold.

6. ACQUISITION

In August 2017, the Company entered into a Membership Interest Purchase Agreement (the "Agreement") with the members of another cannabis company. Pursuant to the terms of the Agreement, the Company acquired all of the entity's assets in exchange for a total consideration of $11,668,813. The transaction closed on October 2, 2017 and was accounted for as a business combination.

The following table summarizes the consideration for the acquisition:

Cash Paid	$ 10,372,385
Liability Assumed (See Note 8)	1,296,428
Total Consideration	**$ 11,668,813**

The following table summarizes the finalized purchase price allocation:

Non-biological Inventory	$ 483,058
Property and Equipment	397,015
Intangible Assets:	
Licenses and Permits	9,400,000
Patient Relationships	820,000
Tradename	360,000
Non-competition Agreements	20,480
Total Identifiable Net Assets	11,480,553
Goodwill	188,260
Net Assets	**$ 11,668,813**

Acquisition costs, which are expensed as incurred, were not significant and were excluded from the consideration transferred.

For the year ended December 31, 2017, the acquired entity accounted for $368,961 in net income since October 2, 2017. This amount included revenues of $1,887,433.

7. INTANGIBLE ASSETS

At December 31, intangible assets consisted of the following:

	Balance at January 1, 2016	Purchases	Additions from Acquisitions	Accumulated Amortization	Balance at December 31, 2016
Indefinite Lives					
Licenses and Permits	$ 63,500	$ 3,321,075	$ -	$ -	$ 3,384,575

7. INTANGIBLE ASSETS *(Continued)*

	Balance at January 1, 2017	Purchases	Additions from Acquisitions	Accumulated Amortization	Balance at December 31, 2017
Indefinite Lives					
Licenses and Permits	$ 3,384,575	$ 220,000	$ 9,400,000	$ -	$ 13,004,575
Tradename	-	-	360,000	-	360,000
Total	3,384,575	220,000	9,760,000	-	13,364,575
Finite Lives					
Patient Relationships	-	-	820,000	(40,500)	779,500
Non-competition Agreements	-	-	20,480	(2,560)	17,920
Total	-	-	840,480	(43,060)	797,420
Total Intangible Assets	**$ 3,384,575**	**$ 220,000**	**$ 10,600,480**	**$ (43,060)**	**$ 14,161,995**

Intangible assets with finite lives are amortized over their estimated useful lives. The Company recorded amortization expense of $43,060 and $0 for the years ended December 31, 2017 and 2016, respectively. Amortization periods of assets with finite lives are based on management's estimates at the date of acquisition.

Based solely on the amortizable intangible assets recorded at December 31, 2017, estimated amortization expense for the years ending December 31, 2018-2022 is as follows:

Year Ending December 31	Estimated Amortization
2018	$ 174,240
2019	171,680
2020	164,000
2021	164,000
2022	123,500
	$ 797,420

Actual amortization expense to be reported in future periods could differ from these estimates as a result of new intangible asset acquisitions, changes in useful lives or other relevant factors or changes.

8. NOTES PAYABLE

At December 31, notes payable consisted of the following:

	2017	2016
Promissory note dated October 2, 2017, in the original amount of $2,500,000 issued to accredited investors, which matures October 1, 2022; monthly payments of $55,611 including interest at 12.5% per annum.	$ 2,438,472	$ -
Promissory note dated October 2, 2017, in the original amount of $5,000,000 issued to accredited investors, which matures October 1, 2022; monthly payments of $112,490 including interest at 12.5% per annum.	4,876,943	-
In connection with the acquisition described in note 6, the Company is required to make quarterly charitable contributions of $50,000 through October 2024. The net present value of these required payments has been recorded as a liability with an interest rate of 2.17%. (See Note 6)	1,252,634	-
Convertible note dated October 31, 2017, in the original amount of $3,000,000 issued to accredited investors, which matures January 31, 2019, and bears interest at a rate of 8.00% per annum. The note and unpaid accrued interest were converted on April 1, 2018, to an 11% member interest in GTI Pennsylvania, LLC.	3,000,000	-
Convertible note dated September 22, 2017, in the original amount of $4,500,000 issued to accredited investors, which matures December 22, 2018, and bears interest at a rate of 8.00% per annum. The note and unpaid accrued interest were converted on April 1, 2018, to a 16.5% member interest in GTI Pennsylvania, LLC.	4,500,000	-
Convertible note dated March 18, 2016, in the original amount of $2,000,000 issued to accredited investors and bore interest at a rate of 15% per annum. The note and unpaid accrued interest were converted into 20 membership units of GTI Nevada LLC during 2017.	-	2,000,000
Total Notes Payable	16,068,049	2,000,000
Less: Current Portion of Notes Payable	(8,861,376)	(2,000,000)
Notes Payable, Net of Current Portion	**$ 7,206,673**	**$ -**

Stated maturities of debt obligations are as follows:

Year Ending December 31,	
2018	$ 8,861,376
2019	888,412
2020	831,815
2021	768,041
2022	585,513
Thereafter	4,132,893
	$ 16,068,049

8. NOTES PAYABLE *(Continued)*

The promissory notes with outstanding balances at December 31, 2017 of $2,438,472 and $4,876,943 are collateralized by substantially all of the assets of GTI Clinic Illinois Holdings LLC and affiliates and certain real estate.

In connection with the notes dated October 2, 2017, the Company is required to comply with financial covenants, including minimum fixed charge coverage and funded debt to EBITDA ratios. At December 31, 2017, the Company was in compliance with these covenants.

9. GENERAL AND ADMINISTRATIVE

For the years ended December 31, general and administrative expenses were comprised of:

	2017	2016
Salaries & Benefits	$ 3,961,245	$ 1,281,746
Professional Fees	3,517,892	1,901,554
Rent	1,071,247	197,201
Other	656,281	449,125
Travel	637,122	302,440
Licenses & Permits	519,255	201,950
Office Equipment and Supplies	248,433	93,428
Charitable Donations	172,417	10,011
Utilities	81,889	35,809
Insurance	78,757	26,045
Bank fees	60,169	23,645
Computer, Telephone, and Internet	34,417	17,564
Total General and Administrative Expenses	$ 11,039,124	$ 4,540,518

10. MEMBERS' EQUITY

The authorized members' equity of the Company consists of Class A, B and C units. Total authorized shares by class are designated by the Board of Directors for specific purposes. Shares are issued directly or upon exercise of conversion of debt.

In 2014, the Company issued 100 shares of Class A units of Clinic Illinois Holdings, LLC, of which 75% are owned by GTI II, LLC and 25% by an unrelated third party. Contributions by members totaling $5,958,500 were made during the year ended December 31, 2014, of which $4,000,000 was repaid as distributions. These Class A units remain outstanding at December 31, 2016 and 2017 with a value of $1,958,500 included in members' equity at January 1, 2016.

During the years ended December 31, 2017 and 2016, contributions by members, net of distributions to members, were $31,403,537 and $11,396,809, respectively, representing the issuance of Class B member units. In addition, at December 31, 2017, certain Class B unit holders owed the Company approximately $2,786,000 for their share of capital committed to the Company, all of which was collected prior to May 16, 2018. Accordingly, this amount is included in members' equity with offset in the accompanying combined financial statements.

During the year ended December 31, 2017, 16.29 Class C shares were issued; however, no cash was received for these shares.

11. NON-CONTROLLING INTEREST

In February 2017, an unrelated third party converted its note and accrued interest totaling $2,279,452 for an approximate 42.5% interest (20 membership units) in GTI Nevada LLC. Subsequently, the third party contributed $748,940 to GTI Nevada LLC, representing its share of total amounts contributed to expand retail operations.

In connection with an operating agreement reached in August 2017, GTI Core, LLC effectively assumed control over the operations of an entity which holds multiple Maryland licenses. This entity also contributed assets in exchange for an ownership interest in a GTI subsidiary. Both entities are included in the combined financial statements with a resulting non-controlling interest reflected therein.

12. COMMITMENTS AND CONTINGENCIES

(a) Office and Operating Leases

The Company leases certain business facilities from third parties under operating lease agreements that specify minimum rentals. The leases expire through 2028 and contain renewal provisions. Additionally, certain leases provide for rent abatement, and rent expense is calculated on straight-line basis over the terms of the leases with the incentives reported as deferred rent. The Company's net rent expense for the years ended December 31, 2017 and 2016, was approximately $927,000 and $197,000, respectively.

Certain facilities are occupied under the terms of lease agreements with related parties. The leases expire through 2024 and contain certain renewal provisions. Rent expense under these leases totaled $144,000 and $0 for the years ended December 31, 2017, and 2016, respectively.

Future minimum lease payments under non-cancelable operating leases having an initial or remaining term of more than one year are as follows:

Year Ending December 31	Third Parties	Related Parties	Total
2018	$ 964,311	$ 447,328	$ 1,411,639
2019	989,716	456,274	1,445,990
2020	925,154	465,400	1,390,554
2021	915,718	474,708	1,390,426
2022	726,757	378,817	1,105,574
2023 and Thereafter	1,604,343	349,322	1,953,665
Total Future Minimum Lease Payments	**$ 6,125,999**	**$ 2,571,849**	**$ 8,697,848**

(b) Contingencies

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulation at December 31, 2017, medical cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

12. COMMITMENTS AND CONTINGENCIES *(Continued)*

(c) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At December 31, 2017, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's combined operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

13. RELATED PARTY TRANSACTIONS

(a) Due from Related Party

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

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

14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, restricted cash, accounts payable and accrued liabilities, short-term note payable, and long-term debt. The carrying values of these financial instruments approximate their fair values at December 31, 2017 and 2016.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

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

There have been no transfers between fair value levels during the years ended December 31, 2017 and 2016.

14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(Continued)*

The following table summarizes the Company's financial instruments at December 31, 2017:

	Loans and Receivables	Financial Liabilities	Total
Financial Assets:			
Cash and Cash Equivalents	$ 29,565,497	$ -	$ 29,565,497
Financial Liabilities			
Accounts Payable and Accrued Liabilities	$ -	$ 4,925,531	$ 4,925,531
Income Tax Payable	$ -	$ 214,000	$ 214,000
Current Portion of Notes Payable	$ -	$ 8,861,376	$ 8,861,376
Distributions Payable to Members	$ -	$ 279,750	$ 279,750
Notes Payable, Net of Current Portion	$ -	$ 7,206,673	$ 7,206,673

The following table summarizes the Company's financial instruments as of December 31, 2016:

	Loans and Receivables	Other Financial Liabilities	Total
Financial Assets:			
Cash and Cash Equivalents	$ 12,955,518	$ -	$ 12,955,518
Financial Liabilities			
Accounts Payable and Accrued Liabilities	$ -	$ 1,618,602	$ 1,618,602
Current Portion of Notes Payable	$ -	$ 2,000,000	$ 2,000,000

Financial Risk Management

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

(a) Credit Risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at December 31, 2017 and 2016 is the carrying amount of cash and cash equivalents. The Company does not have significant credit risk with respect to its customers. All cash and cash equivalents are placed with major U.S. financial institutions.

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

14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Liquidity Risk

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

In addition to the commitments outlined in Note 12, the Company has the following contractual obligations:

	<1 Year	1 to 3 Years	3 to 5 Years	Total
Accounts Payable and Accrued Liabilities	$ 4,925,531	$ -	$ -	$ 4,925,531
Income Tax Payable	$ 214,000	$ -	$ -	$ 214,000

(c) Market Risk

(i) Interest Rate Risk

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

(ii) Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. See Note 4 for the Company's assessment of certain changes in the fair value assumption used in the calculation of biological asset values.

15. SUBSEQUENT EVENTS

(a) GTI Restructuring (Illinois and non-Illinois Businesses)

On January 1, 2018, GTI-Clinic Illinois Holdings, LLC (representing GTI's Illinois operations and ownership) and RCP23, LLC (representing GTI's non-Illinois operations that included Nevada, Pennsylvania, Massachusetts, and Maryland ownership) closed on a restructuring, which combined all of GTI's operational and ownership structure within VCP23, LLC. Prior to January 1, 2018, these businesses were managed by GTI senior management but had a slightly different shareholder base. As part of the restructuring, the owners of the GTI-Clinic Illinois Holdings, LLC and RCP23, LLC received approximately 42.5% and 57.5% of the Preferred and Common Units of VCP23, LLC respectively.

15. SUBSEQUENT EVENTS *(Continued)*

(b) iAnthus Debenture Investment

On January 17, 2018, GTI, through a subsidiary named VCP Bridge, LLC, entered into a Debenture Purchase Agreement with iAnthus Capital Holdings, Inc. whereby GTI loaned $20 million to iAnthus so that they could close on the purchase of a Florida medical cannabis business. As part of the Debenture Purchase Agreement, VCP Bridge, LLC received (i) an Unsecured Debenture with a principal amount of $20 million accruing interest at the rate of 15% per annum, and (ii) a Warrant Certificate providing VCP Bridge, LLC with 10,040,000 iAnthus warrants at a price of $1.9928 per common share. The Unsecured Debenture had a maturity of 12 months but had certain early repayment provisions in the event of subsequent capital offerings made by iAnthus. On May 16, 2018, iAnthus completed a capital raise and subsequently repaid the outstanding principal of $20 million and accrued interest of $978,082 on the Unsecured Debenture. The 10,040,000 warrants associated with this investment remain outstanding and fully un-exercised.

(c) Transaction with Firefly Dispensaries

On February 14, 2018, GTI executed several agreements with KW Ventures Holdings, LLC, d/b/a/ 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 3 retail dispensaries in Pennsylvania, and (iii) a Management Services Agreement for GTI 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.

(d) Letter of Intent

On April 3, 2018, VCP23, LLC executed a letter of intent with a Florida MMTC license holder. The Company's LOI provides the owners of the FL MMTC license with consideration in the form of cash and VCP equity. Both parties have agreed to expedite the transaction and intend to execute a definitive purchase agreement prior to May 31, 2018.

(e) VCP Convertible Debt Offering

On April 30, 2018, VCP23, LLC completed a $45 million private placement of 3-year unsecured convertible promissory notes to accredited investors. An initial $25 million offering was 2x oversubscribed and the Company limited the final amount to $45 million. The cash proceeds of the offering will be used for working capital and acquisition purposes. Terms of the offering include, but are not limited to, (i) an interest rate of 8% per annum simple interest, which will be paid "in kind" and added to the principal, (ii) if converted, a 20% discount on the valuation of a subsequent capital offering, public exchange offering, or a change of control event and (iii) if converted, subject to a specified valuation cap, exclusive of the convertible debt offering.

15. SUBSEQUENT EVENTS *(Continued)*

(f) Reverse Takeover

On June 12, 2018, the Green Thumb Industries, Inc. ("the Corporation"), 1165318 B.C. Ltd. (a wholly-owned subsidiary of Bayswater) ("Subco"), VCP23, LLC ("VCP"), GTI23, Inc. ("GTI23") and GTI Finco Inc. ("GTI Finco") entered into a Business Combination Agreement whereby the Corporation, Subco, VCP, GTI23 and GTI Finco combined their respective businesses (the "Transaction"). The Transaction was structured as a series of transactions, including a Canadian three-cornered amalgamation transaction and a series of U.S. reorganization steps.

At a meeting of shareholders on June 11, 2018, the Corporation's shareholders approved a resolution to restructure the Corporation's share capital to, among other things, re-designate its existing common shares as subordinate voting shares ("Subordinate Voting Shares") and create a class of multiple voting shares ("Multiple Voting Shares") and super voting shares ("Super Voting Shares").

In connection with the Transaction completed on June 12, 2018, the Corporation changed its name from "Bayswater Uranium Corporation" to "Green Thumb Industries Inc." and consolidated its existing common shares on the basis of one Subordinate Voting Share for each 368 existing common shares of the Corporation.

The Corporation, Subco and GTI Finco were parties to a three-cornered amalgamation ("Amalgamation") whereby GTI Finco shareholders received Subordinate Voting Shares of the Corporation on a one-for-one basis and members of VCP contributed their membership interests to GTI23 for shares of GTI23 and then contributed their shares of GTI23 to GTI in exchange for Super Voting Shares and Multiple Voting Shares of GTI.

(g) Definitive Agreement

On or about June 29, 2018, the Company signed a definitive agreement to acquire one of ten licenses in the regulated New York cannabis market. Subject to regulatory approval, the acquisition includes the licenses and assets for one cultivation, one processing and four retail facilities. The closing of the acquisition is subject to a number of conditions, including receipt of regulatory approval. It is anticipated that the closing of the acquisition will occur in the second half of 2018.