



July 18, 2018

Confidential Information of the
Company

Re: Proposal to Purchase the Dispensary License and Membership Interest of MGTM, LLC

Dear [NAME]:

This letter (this "**Letter**") is intended to summarize and confirm the principal terms and conditions of the proposal by GTI Core, LLC, a Delaware limited liability company or its designee (the "**Buyer**") to (i) enter into a Management Service Agreement with MGTM, LLC, a Maryland limited liability company (the "**Company**") (the Company has received Stage 1 pre-approval by the Maryland Medical Cannabis Commission ("**MMCC**") for the operation of a medical marijuana dispensary licenses in Ann Arundel County, Maryland Senate District #33 (the "**Dispensary**")), which shall include an option to purchase 100% of the membership interest in the Company from the Company's owners (collectively, the "**Sellers**") for \$1,350,000 in membership interest in RCP23, LLC ("**RCP23**"), a Delaware limited liability company. The proposed Management Services Agreement and purchase option described above is hereinafter referred to as the "**Transaction**".

1. **Definitive Documents.** The parties will enter into such definitive documents as are necessary to effectuate the Transaction (the "**Definitive Documents**"). Such Definitive Documents will include a Management Services Agreement, form of Membership Interest Purchase Agreement, form of instruments of transfer, and any other documents or instruments necessary to effectuate the terms of the Transaction. The Definitive Documents shall contain standard covenants, indemnification, representations and warranties and will be prepared by the Buyer's legal counsel, subject to negotiation and approval by the Company.
2. **Management Services Agreement.** As part of the Definitive Documents, Buyer and the Company will enter into a long-term Management Services Agreement (the "**MSA**"), the terms of which would be reasonably agreed to by the parties, whereby Buyer would (i) be responsible for the buildout of the Dispensary and obtaining Stage 2 approval by the MMCC to open the Dispensary with good faith cooperation by the Company (the "**Final Approval**"), and (ii) conduct all day-to-day operations for the Dispensary, including but not limited to hiring/firing of employees, supervising and managing the Dispensary general manager, purchasing product inventory, and other services to be agreed to in the MSA. In consideration for the services rendered by Buyer under the MSA, Buyer shall receive a management fee to be negotiated in good faith by the Company and Buyer.
3. **Purchase Option Terms.** The MSA shall incorporate a purchase option (the "**Purchase Option**") whereby Buyer shall have the option to purchase 100% of the membership interest in the Company upon the Company receiving Final Approval for \$1,350,000 in membership interest in RCP23 (the "**Purchase Price**"). Upon Buyer's exercise of the Purchase Option, the Sellers and Buyer shall each put forth best efforts to coordinate final approval for Buyer or its designee to purchase all of the membership interests of the Company.
4. **Start-Up Costs.** Pursuant to the MSA, until the Company receives formal zoning variance approval from Ann Arundel County ("**County Zoning Approval**"), GTI would agree to pay for the Company's real estate lease expense, legal expenses and other start-up costs in an amount not to exceed \$35,000. Any additional start-up costs necessary prior to the Company receiving County Zoning Approval would be the responsibility of the Company and/or Sellers. After receiving County Zoning Approval, GTI would pay for all additional start-up costs.
5. **Conditions.** Buyer's obligation to close the proposed Transaction will be subject to customary conditions, including:
 - (a) Buyer's satisfactory completion of due diligence;
 - (b) the Parties' execution of the Definitive Agreement and the ancillary agreements;



- (c) the Company receiving Final Approval from the MMCC;
 - (d) the Company receiving County Zoning Approval;
 - (e) the Company receiving other regulatory approvals and third party consents, on terms satisfactory to Buyer;
 - (f) there being no material adverse change in the business, results of operations, prospects, condition (financial or otherwise) or assets of the Company.
6. **Due Diligence.** From and after the date of this Letter, Seller will authorize the Company's management to allow Buyer and its advisors full access to the Company's facilities, records, key employees, suppliers and advisors for the purpose of completing Buyer's due diligence review. The due diligence investigation will include, but is not limited to, a review of the Company's financial, legal, tax, intellectual property and labor records and agreements, and any other matters as Buyer's accountants, tax and legal counsel, and other advisors deem relevant.
 7. **Covenants of Seller.** During the period from the signing of this Letter through the execution of the Definitive Agreement, Seller will cause the Company to: (i) conduct its business in the ordinary course in a manner consistent with past practice, (ii) maintain its properties and other assets, if any, in good working condition, and (iii) use its best efforts to maintain the business and employees, customers, assets and operations, as applicable, as an ongoing concern in accordance with past practice.
 8. **Exclusivity.** In consideration of the expenses that Buyer has incurred and will incur in connection with the proposed Transaction, Seller agrees that until such time as this Letter has terminated in accordance with the provisions of paragraph 9 (such period, the "**Exclusivity Period**"), neither the Company or any of its representatives, officers, employees, directors, agents, stockholders, subsidiaries or affiliates nor Seller (the Seller collectively with the Company and all such persons and entities, the "**Seller Group**") shall initiate, solicit, entertain, negotiate, accept or discuss, directly or indirectly, any proposal or offer from any person or group of persons other than Buyer and its affiliates (an "**Acquisition Proposal**") to acquire all or any significant part of the business and properties, membership interest or membership interest equivalents of the Company, whether by merger, purchase of membership interest, purchase of assets, tender offer or otherwise, or provide any non-public information to any third party in connection with an Acquisition Proposal or enter into any agreement, arrangement or understanding requiring it to abandon, terminate or fail to consummate the Transaction with Buyer. Seller agrees to immediately notify Buyer if any member of the Seller Group receives any indications of interest, requests for information or offers in respect of an Acquisition Proposal, and will communicate to Buyer in reasonable detail the terms of any such indication, request or offer, and will provide Buyer with copies of all written communications relating to any such indication, request or offer. Immediately upon execution of this Letter, Seller shall, and shall cause the Seller Group to, terminate any and all existing discussions or negotiations with any person or group of persons other than Buyer and its affiliates regarding an Acquisition Proposal. Seller represents that no member of the Seller Group is party to or bound by any agreement with respect to an Acquisition Proposal other than under this Letter.
 9. **Termination.** This letter will automatically terminate and be of no further force and effect upon the earlier of (i) execution of the Definitive Agreement by Buyer and Seller (and the Company, if required), (ii) mutual agreement of Buyer and Seller, and (iii) October 31, 2017. Notwithstanding anything in the previous sentence, paragraphs 10, 11 and 13 shall survive the termination of this Letter and the termination of this Letter shall not affect any rights any Party has with respect to the breach of this Letter by another Party prior to such termination.
 10. **GOVERNING LAW. THIS LETTER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH INTERNAL LAWS OF THE STATE OF MARYLAND, WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION OR RULE (WHETHER OF THE STATE OF MARYLAND OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF LAWS OF ANY JURISDICTION OTHER THAN THOSE OF THE STATE OF MARYLAND.**



11. Confidentiality. This Letter is confidential to the Parties and their representatives and is subject to the confidentiality agreement entered into between Buyer and Seller on [DATE], which continues in full force and effect.
12. No Third Party Beneficiaries. Except as specifically set forth or referred to herein, nothing herein is intended or shall be construed to confer upon any person or entity other than the Parties and their successors or assigns, any rights or remedies under or by reason of this Letter.
13. Expenses. The Parties will each pay their own transaction expenses, including the fees and expenses of investment bankers and other advisors, incurred in connection with the proposed Transaction.
14. No Binding Agreement. This Letter reflects the intention of the Parties, but for the avoidance of doubt neither this Letter nor its acceptance shall give rise to any legally binding or enforceable obligation on any Party, except with regard to paragraphs 8 through 13 hereof. No contract or agreement providing for any transaction involving the Company shall be deemed to exist between Buyer and any of its affiliates and Seller unless and until a final definitive agreement has been executed and delivered.
15. Miscellaneous. This Letter may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement. The headings of the various sections of this Letter have been inserted for reference only and shall not be deemed to be a part of this Letter.

If you are in agreement with the terms set forth above and desire to proceed with the proposed Transaction on that basis, please sign this Letter in the space provided below and return an executed copy.

Very truly yours,

GTI Core, LLC

By: 

Pete Kadens, Authorized Member

Agreed to and accepted:

MGTM, LLC

Confidential Information of the Company

