

## FORM 51-102F3

### MATERIAL CHANGE REPORT

#### Item 1 – Name and Address of Company:

4Front Ventures Corp.  
5060 North 40<sup>th</sup> Street, Suite 120  
Phoenix, Arizona  
USA 85018

#### Item 2 - Date of Material Change:

October 6, 2021

#### Item 3 – News Release:

News release was disseminated via CNW on October 7, 2021. A copy of the news release has been filed on SEDAR and is available at [www.sedar.com](http://www.sedar.com).

#### Item 4 – Summary of Material Change:

On October 7, 2021, 4Front Ventures Corp. (“**4Front**” or the “**Company**”) announced that on October 6, 2021 it had closed a private placement financing of convertible debt (the “**Notes**”) in the aggregate principal amount of US\$15,000,000.

Further, on October 6, 2021, the Company entered into agreements to acquire 100% interest of New England Cannabis Corporation (“**NECC**”) and real property for total consideration of US\$55,000,000.

#### Item 5 – Full Description of Material Change:

##### 5.1 Full Description of Material Change

###### *Convertible Promissory Note Purchase Agreement*

On October 7, 2021, the Company announced that on October 6, 2021 it had closed a private placement financing of the Notes for proceeds of approximately US\$15,000,000.

The Notes are unsecured convertible notes earning interest at a rate of 6% per annum, subject to adjustment pursuant to the terms of the Notes and maturing on October 6, 2024. The Notes are convertible into subordinate voting shares of the Company at a conversion price of US\$1.03, as adjusted pursuant to the terms of the Notes.

###### *Merger Agreement*

On October 6, 2021, the Company also entered into an agreement and plan of merger (the “**Merger Agreement**”) by and among itself, NECC, an individual residing in the Commonwealth of Massachusetts who is the sole owner of all of the issued and outstanding shares of common stock of NECC (the “**Shareholder**”), and 4Front NECC Acquisition Co., a

Massachusetts corporation (the “**Merger Sub**”). Pursuant to the terms of the Merger Agreement, and subject to its conditions, NECC will be merged with and into the Merger Sub, which will change its name to New England Cannabis Corporation, Inc., and continue its corporate existence as a wholly-owned subsidiary of the Company (the “**Merger**”). The Merger is expected to close no later than three business days after the last of the conditions to closing have been satisfied or waived (the “**Closing Date**”).

As consideration for the Merger, the Company will pay or issue, as applicable, the following to the Shareholder: (i) cash in the amount of four million U.S. dollars (\$4,000,000), plus cash in the amount of two million U.S. dollars as an adjustment on account of the cannabis products and/or inventory transferred from NECC to the Company between the date hereof and the Closing Date, minus the amount outstanding under that certain Loan Agreement between NECC and the Shareholder in the original principal amount of six hundred and seventy-five thousand U.S. dollars (\$675,000); (ii) a promissory note in the initial principal amount of five million U.S. dollars (\$5,000,000), which will bear interest at an annual rate of ten percent (10%) and mature on the second anniversary of the closing of the Merger; and (iii) 25,000,000 Class A subordinate voting shares of the Company (the “**Voting Stock**”), with a deemed value of \$1.20 per share, or a total valuation of \$30 million U.S. dollars.

Completion of the Merger is subject to customary closing conditions, including, among others the consummation of the transactions contemplated by the membership interest purchase agreement entered into by the Company, the Shareholder and Mission Partners RE, LLC, a Delaware limited liability company, as described herein.

#### *Membership Interest Purchase Agreement*

In connection with the Merger Agreement, as indicated above, the Company has also, as of the same date as the Merger Agreement, entered into a membership interest purchase agreement (the “**Purchase Agreement**”) by and among itself, the Shareholder and Mission Partners RE, LLC, a Delaware limited liability company, the sole member of which is a limited liability company controlled by the chief executive officer of the Company (the “**Buyer**”). The Shareholder owns 100% of the issued and outstanding membership interests of 29 Everett Street, LLC, a Massachusetts limited liability company (the “**LLC**”), which owns certain real property that is currently leased to and used by NECC.

The aggregate purchase price of the LLC membership interests is sixteen million U.S. dollars (\$16,000,000), subject to adjustment as set forth in the Purchase Agreement. The closing of the Purchase Agreement is subject to customary closing conditions, as well as, as noted above, the closing of the Merger Agreement.

## **5.2 Disclosure for Restructuring Transactions**

Not applicable.

### **Item 6 – Reliance on subsection 7.1(2) of National Instrument 51-102:**

Not applicable.

### **Item 7 - Omitted Information:**

Not applicable.

**Item 8 – Executive Officer:**

Leonid Gontmakher, Chief Executive Officer  
Phone: 602-633-3067

**Item 9 – Date of Report:**

October 15, 2021