## FORM 7

# **MONTHLY PROGRESS REPORT**

Name of Listed Issuer: <u>Harborside Inc. (the "Issuer")</u>
Trading Symbol: HBOR
Number of Outstanding Listed Securities: 19,086,999 Subordinate Voting Shares
Date: November 30, 2019

# **Report on Business**

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

On November 27, 2019, the Issuer announced that its Founder & Chairman Emeritus, Mr. Steve DeAngelo, was presented with a Lifetime Achievement Award from the California Cannabis Awards (CCAs). Steve has worked tirelessly as an advocate for cannabis legalization for the past four decades, and is most famous for his successful litigation against the Department of Justice, which halted DOJ's 2011 campaign to shut down California's medical cannabis dispensaries.

2. Provide a general overview and discussion of the activities of management.

The Issuer's management continues to integrate its two dispensaries in Portland, Oregon and Eugene, Oregon, which operate under the "Terpene Station" brand.

Issuer's management also continues to work on closing the acquisition previously announced by the Issuer of a 100% interest in Altai Partners, LLC ("Altai"), a Delaware limited liability company with its principal place of business located in California. Altai has a binding agreement to acquire a minimum 45% ownership interest in Lucrum Enterprises Inc., d/b/a LUX Cannabis Dispensary ("LUX"), which is one of only 16 licensed dispensaries operating in San Jose, California. On March 28, 2019, concurrent to its agreement to acquire a 45% ownership interest in LUX, Altai entered into an additional agreement to acquire the remaining 55% ownership interest in LUX. LUX is a grassroots, community-based dispensary that offers support and alternative health resources to patients facing health challenges, and which provides a local, affordable, and safe environment to dispense medical marijuana. The Issuer expects to complete the acquisition of LUX by the end of the fourth quarter of 2019, subject to satisfaction of closing conditions.

Issuer's management also continues to work on the integration of San Leandro Wellness Solutions Inc. into the Issuer's existing retail dispensary operations, and also continues to work on the development of its integrated cultivation and greenhouse grow operations.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

### None noted.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

## None noted.

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

#### None noted.

6. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

Aside from business relationships entered into in the normal course of business from time to time during the last month, the Issuer has no further new business relationships to report. None of the new business relationships entered into by Issuer during the last month was with a Related Person.

7. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

#### None noted.

8. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable

together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

## None noted.

9. Describe the acquisition of new customers or loss of customers.

Aside from the acquisition or loss of retail consumer customers in the normal course of business, the Issuer has no further customer acquisitions or losses to report.

10. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trademarks.

None noted.

11. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

Aside from the hiring or termination of employees in the normal course of business, the Issuer had no further hirings or terminations to report. There were no lay-offs or material reductions of employee workforce in the last month.

12. Report on any labour disputes and resolutions of those disputes if applicable.

None noted.

13. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

As previously disclosed, certain of the Issuer's US subsidiaries are involved in five US Tax Court cases involving application of Internal Revenue Code Section 280E to the Issuer's business. Three of these cases involve Issuer subsidiary Patients Mutual Assistance Collective Corporation ("PMACC"), while two of these cases involve Issuer subsidiary San Jose Wellness ("SJW").

On October 21, 2019, the US Tax Court issued a final decision under Tax Court Rule 155 on the income tax deficiency for PMACC, which ruled that PMACC owes an aggregate tax deficiency of approximately \$11 million for the fiscal years 2007 through 2012, which is consistent with the Issuer's one-time provision for its estimated tax obligation for PMACC expensed in its financial results for the three months ended June 30, 2019. The Issuer has

90 days within which to file an appeal with the US Court of Appeals for the Ninth Circuit (the "Ninth Circuit").

As management disagrees with the liability in its entirety, the Issuer intends to appeal this ruling to the Ninth Circuit.

14. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

None noted.

15. Provide details of any securities issued and options or warrants granted.

None noted.

16. Provide details of any loans to or by Related Persons.

None noted.

17. Provide details of any changes in directors, officers or committee members.

None noted.

18. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

The trends and risks which are likely to impact the Issuer are detailed in the Issuer's Listing Statement dated May 30, 2019, under the heading "Risk Factors"; in the Issuer's most recently filed management's discussion and analysis; and in the Issuer's other public filings, all of which are available under the Issuer's SEDAR profile at <a href="www.sedar.com">www.sedar.com</a>, and which are incorporated into this report by reference thereto.

## **Certificate of Compliance**

The undersigned hereby certifies that:

- 1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
- 2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
- 3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
- 4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: December 4, 2019	<del>.</del>
	Peter Bilodeau
	Name of Director or Senior Officer
	"Peter Bilodeau"
	Signature
	Interim Chief Executive Officer
	Official Capacity

Issuer Details Name of Issuer Harborside Inc. (formerly Lineage Grow Company Ltd.)	For Month End November 30, 2019	Date of Report 19/12/04
Issuer Address 2100 Embarcadero, Suite 202		
City/Province/Postal Code Oakland/California/94606	Issuer Fax No.	Issuer Telephone No. (416) 840-3798
Contact Name Keith Li	Contact Position CFO	Contact Telephone No. (647) 660-8703
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