FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: Harborside Inc. (“Harborside” or the “Issuer”)

Trading Symbol: HBOR

Number of Outstanding Listed Securities: 26,535,608 Subordinate Voting Shares

Date: December 31, 2020

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 December 21, 2020, the Issuer announced the closing of the previously announced agreement to acquire 50.1% of the equity (the “Shares”) of FGW Haight, Inc. (“FGW”), a California corporation which has the conditional use approval necessary to operate a cannabis dispensary and related businesses in the Haight Ashbury area of San Francisco, California (the “FGW Acquisition”) (see Question 7 for more details).

   On December 24, 2020, the Issuer announced that it has granted options (each, an “Option”) to purchase an aggregate of 840,000 subordinate voting shares of Harborside (“SVS”) to certain directors of the Issuer. Each Option is exercisable into one SVS in the capital of Harborside at an exercise price of $1.83 per SVS. The Options will expire five years from the date of grant and are subject to vesting conditions.

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

   On September 1, 2020, the Issuer announced that it had commenced a strategic review of the business and opportunities in the marketplace (the “Strategic Review”) to maximize shareholder value including, potential merger and acquisition opportunities, equity financings, and the potential repurchase and financing of the Issuer’s farm operation in Salinas, California (the “Farm”). The Issuer has not established a definitive timeline to complete the Strategic Review, and no decisions related to any strategic alternative has been reached at this time. There can be no assurance as to what, if any, alternative might be pursued by the Issuer as a result of the Strategic Review. The Issuer does not intend to comment further with respect to the Strategic Review unless and until it determines that additional disclosure is appropriate in the circumstances and in accordance with the requirements of applicable securities laws.

The Issuer's management continues to work on the discontinuation of operations of its retail dispensary in Portland, Oregon, as previously announced on April 23, 2020. Additionally, management continues to work on the final disposition of 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.

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.

   There were no products or services which were developed or offered during the month.

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.

   There were no products or services which were discontinued during the month.

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.

   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.

6. 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.

   There were no material contracts or agreements expired or terminated during the month and no other material financing arrangements were cancelled during the month.

7. 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.

On December 21, 2020, the Issuer closed the FGW Acquisition. With the completion of the FGW Acquisition, Harborside expands its retail dispensary footprint in the state of California to five and solidifies a strong presence in the Haight-Ashbury district of San Francisco. Harborside expects to complete the build-out, receive all necessary regulatory approvals, and open the social equity retail dispensary in the third quarter of 2021.

Upon closing of the FGW Acquisition, Harborside paid an aggregate purchase price of USD $2,179,350 based on a post-build-out and proforma working capital enterprise value of USD $4,350,000 (the "Purchase Price"). The Purchase Price is comprised of: (a) USD $1,265,000 as consideration for convertible notes of FGW entitling the Issuer to such number of underlying Shares equal to 29.1% of the Shares; and (b) the balance of the Purchase Price in multiple voting shares ("MVS") valued at CAD$125 per MVS as consideration to certain selling shareholders of FGW for 21% of the issued and outstanding Shares.

Subject to regulatory approval, Harborside has also agreed to purchase an additional 29.9% of the issued and outstanding Shares (the "Subsequent Shares") to get to an 80% ownership of FGW, subject to regulatory approvals. The aggregate purchase price for the Subsequent Shares will be USD $1,300,650, which will be satisfied in MVS valued at the greater of: (i) the 30-day volume-weighted average price of the Issuer's SVS on the Canadian Securities Exchange at the time of issuance less a discount multiplied by 100; (ii) CAD$150 per MVS; or (iii) such other price as may be approved by the CSE. Harborside also retains the right of first refusal to purchase, in its discretion, in whole or in part and in one or more closings, the remaining 20% of the Shares, subject to regulatory approvals.

8. 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.

9. 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.

10. 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.

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

None noted.

12. 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 the Issuer's subsidiary PMACC, while two of these cases involve Issuer subsidiary 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.

On May 26, 2020, the Issuer filed an appeal of the US Tax Court's October 21, 2019 with the US Federal Court of Appeals for the Ninth Circuit. No opinion is expected from the appeal until late 2020, when the case will be argued before the Ninth Circuit.

On October 13, 2020, the Issuer received a summons and complaint filed by putative class representative Ms. Rihanna Shahrohkimanesh. The complaint, filed in the US Federal District Court for the District of Oregon, alleges violations of the US Securities Exchange Act of 1934 (15 USC §§ 78j(b) and 78t(a) and Rule 10b-5 promulgated thereunder (17 CFR § 240.10b-5)) and seeks class certification with respect to a group of individual plaintiffs alleged to be similarly situated to Ms. Shahrohkimanesh. The Issuer believes that the complaint fails to state any claim upon which relief can be granted, and that it has meritorious defenses to the alleged causes of action. The Issuer further believes that Ms. Shahrohkimanesh's allegations fail to adequately represent the claims of any alleged class of similarly situated plaintiffs. The Issuer intends to vigorously defend itself against any such suits.

On January 6, 2020, the Issuer's subsidiary FLRish, Inc. was served with a complaint filed by plaintiff and putative class representative Ms. Gia Calhoun. The complaint, filed on December 17, 2019 in the U.S. Federal District Court for the Northern District of California (the "Court"), alleges

violations of the Telephone Consumer Protection Act (47 USC §227 et seq.), ("TCPA") and seeks class certification with respect to a group of individual plaintiffs alleged to be similarly situated to Ms. Calhoun. The Issuer believes that the complaint fails to state any claim upon which relief can be granted, and that it has meritorious defenses to the alleged causes of action. The Issuer further believes that Ms. Calhoun's allegations fail to adequately represent the claims of any alleged class of similarly situated plaintiffs. On April 6, 2020, the Issuer filed a motion to stay all proceedings in the matter pending a ruling by the U.S. Supreme Court in the case Barr v. Am. Ass'n of Political Consultants, Inc., No. 19-631, concerning the constitutionality of Section 227(b) of the TCPA. On May 13, 2020, the Court granted the Issuer's motion to stay all proceedings in the matter pending the U.S. Supreme Court's decision in the Barr case. The Court further informed the parties that it would be willing to entertain another motion to stay pending the Supreme Court's granting review on the issue of what constitutes an "automatic telephone dialing system" ("ATDS") in the Duguid v. Facebook petition. On July 6, 2020, the U.S. Supreme Court ruled on Barr and invalidated the government-debt call exception, but severed that provision and did not strike down the entire automated call restriction of the TCPA. With respect to the Issuer's litigation, per the Court's order the parties filed a joint status report on July 13, 2020. On July 17, 2020, the parties appeared before the Court for a case management conference. In the interim, the Supreme Court granted review on the issue of what constitutes an ATDS in the Duguid v. Facebook petition, and the Issuer subsequently proposed that the Court extend the stay until the Supreme Court issues a decision on Facebook's petition. At the case management conference on July 17 the Court ruled:

1. **No class-related discovery is permitted**
2. **Within the next 90 days, the Issuer may take discovery on plaintiff's DNC claim**
3. **Within the next 90 days, plaintiff may take discovery on the issue of whether an ATDS was used to call Plaintiff. However, the court expressly ruled that the parties may not engage in any expert discovery on the ATDS issue.**

The court set another Case Management Conference for January 22, 2021, and the parties will file another joint status report a week in advance. No trial date has been set and the case remains in the discovery phase.

On or about January 10, 2020, PMACC was served with a complaint filed by plaintiff and putative class representative Mr. Michael Adams. The complaint, filed on January 7, 2020 in Superior Court of the State of California for Alameda County, alleges violations of California Business and Professions Code §17200 with respect to PMACC's employee wage payment practices, and seeks class certification with respect to a group of individual plaintiffs alleged to be similarly situated to Mr. Adams. The Issuer believes that the complaint fails to state any claim upon which relief can be granted, and that it has meritorious defenses to the alleged causes of action. The Issuer

further believes that Mr. Adams' allegations fail to adequately represent the claims of any alleged class of similarly situated plaintiffs. In late April 2020, the Issuer filed a demurrer/motion to strike as to plaintiff's complaint; the Court granted the Issuer's demurrer/motion to strike in part, with leave for the plaintiffs to amend and refile their original complaint. On or about October 6, 2020, the plaintiff and the Issuer agreed to mediation of the case, with mediation scheduled for March 29, 2021.

On August 21, 2020, the Issuer's subsidiary, San Leandro Wellness Solutions ("SLWS"), pursuant to prior agreement, commenced a demand for arbitration and relief against Agustin J. Lopez, Diana G. Lopez and KSJ Development LLC ("Defendants") with respect to a number of violations of the terms and conditions of the property lease between SLWS and Defendants. On September 8, 2020, Defendants filed its response to SLWS's demand for arbitration, and also asserted a number of counterclaims against SLWS. The Issuer believes that SLWS's demand for arbitration and relief is meritorious, and also believes that Defendants' asserted counterclaims are without merit.

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

    None noted.

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

Security	Number Issued	Details of Issuance	Use of Proceeds[1]
Subordinate Voting Shares	3,956,467	Conversion of Multiple Voting Shares to SVS	N/A
Subordinate Voting Shares	629,420	Exercise of stock options	USD$31,471
Stock options	840,000	Option grants to directors	N/A

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

    None noted.

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

    None noted.

17. 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 www.sedar.com, and which are incorporated into this report by reference thereto.

    In addition, on January 30, 2020, the World Health Organization declared that the recent COVID-19 outbreak was a global health emergency, recognizing that the disease represents a risk outside of China, where it emerged in the last several months. Companies across various industries could be impacted materially by the coronavirus.

    COVID-19's known and unknown impact on earnings, costs, employees, supply chains, customers and other stakeholders, as well as other business matters, may be material for the Issuer, and may have a material impact on the Issuer's gross earnings, net earnings and other business matters. Environmental, social and governance factors may also impact the Issuer's operations in the near future.

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: January 6, 2021.

Matthew Hawkins
Name of Director or Senior Officer

"Matthew Hawkins"
Signature

Director
Official Capacity

Issuer Details Name of Issuer Harborside Inc.	For Month End December 31, 2020	Date of Report 21/01/06
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