FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: Stem Holdings, Inc.

Trading Symbol: STEM

Number of Outstanding Listed Securities: 9,749,110

Date: November 9, 2018

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

(a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.

(b) The term "Issuer" includes the Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

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.

Stem Holdings, Inc. ("Stem Holdings" or the "Company") has positioned itself as a leader in the U.S. cannabis industry by building state-of-the-art licensed solutions to include: cultivation, processing and retail properties across multiple U.S. markets. As an innovative real estate company, Stem Holdings acquires and improves properties for the cannabis industry.

Because traditional institutional lenders have not directly participated in the financing of marijuana-related real estate, there has been a shortage of available improvement capital. Stem Holdings has set itself apart by building and partnering with a variety of marijuana-based businesses, from edibles to hemp cultivation. The Company has partnered with an extensive portfolio of award-winning consumer-facing brands with a proven track record of success, such as TJ's Gardens, Cannavore, Incredibles, Doseology and Green T-Farms. *For more information, visit www.stemholdings.com.*

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

   Management is focused on expansion initiatives to support the acquisition and development of additional assets in the legal medical and recreational cannabis markets.

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.

   As the Company identifies additional opportunities to include both real estate and operational entities, it will consider whether such opportunities meet its investment criteria and will either redeploy capital into future projects or seek to raise additional funds, through equity financings or otherwise, to make such investments.

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.

   Not applicable.

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.

   In April 2018, the Company purchased a 37.5% interest in NVD RE Corp. ("NVD") in consideration for a commitment to contribute $1.275 million to NVD. As of June 30, 2018, the Company had funded approximately $799,000 of these proceeds and has recorded the amount as its investment in equity method investee on the balance sheet. NVD used the funds provided to date by the Company to acquire an under-construction cannabis indoor grow building and to continue the buildout of the property. The Company has no further commitment to fund NVD beyond its initial equity purchase commitment.

   For the period from acquisition through June 30, 2018, NVD had only minimal operations.

As of July 1, 2018, the Company entered into a consulting agreement with an unrelated third party with a term of 12 months. As part of that agreement, the third party agreed to provide assistance for the Company with respect to business affairs relating to business consolidations and financing. As consideration for these services, the Company has agreed to issue to the consultant warrants to acquire 20,000 shares of common stock of the Company.

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.

Not applicable.

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.

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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.

Not applicable.

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

On April 4, 2018, the Company executed a $314,000 mortgage payable on the property located at 7827 SE Powell Blvd, Portland, OR 97206 to acquire additional funds. The mortgage bears interest at 15% per annum. Monthly

interest only payments began May 1, 2018 and continue each month thereafter until paid. The entire unpaid balance is due on April 1, 2020, the maturity date of the mortgage, and is secured by the underlying property. The mortgage terms do not allow participations by the lender in either the appreciation in the fair value of the mortgaged real estate project or the results of operations of the mortgaged real estate project. For the nine months ended June 30, 2018, interest expense related to this mortgage amounted to $ 7,850. The mortgage has been cross guaranteed by the CEO and Director of the Company.

Effective May 24, 2018, the Company entered into a 10-month premium finance agreement in partial consideration for an insurance policy in the principal amount of $13,400. The note bears an annual interest rate of 8.49% and requires the Company to make ten monthly payments of $1,234 over the term of the note. As of June 30, 2018, the obligation outstanding is $9,874.

Effective April 29, 2018, the Company entered into a 36-month premium finance agreement in consideration for a John Deere Gator Tractor in the principal amount of $15,710. The note bears no annual interest rate and requires the Company to make thirty-six monthly payments of $442 over the term of the note. As of June 30, 2018, the obligation outstanding is $15,044.

Effective May 29, 2018, the Company entered into a 24-month premium finance agreement in consideration for a MT85 wide track loader in the principal amount of $27,844.00. The note bears no annual interest rate and requires the Company to make 24 monthly payments of $1,160 over the term of the note. As of June 30, 2018, the obligation outstanding is $26,684.

The Company issued eight senior convertible debentures totaling $1,500,000 executed in May and June of 2018 to accredited investors. Such debentures mature in May 2019 and have an annual rate of interest at 8%. Accrued interest is payable quarterly in arrears on the fifth day of each calendar quarter. Interest is payable either in cash or in common shares of the Company based on the average closing price of the Company's common shares for the 20 trading days prior to the payment date. The principal shall be payable at the earlier to occur of: 1) five days after the company has received in aggregate at least five million of new equity investment since the date of such debentures; or 2) the maturity date. The debentures rank senior to all obligations not designated as a primary obligation by the Company. At any time prior to maturity of the debentures, the holders have the option to convert the indebtedness with accrued interest into the Company's common stock at the rate of $2.50 a share.

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

Security	Number Issued	Details of Issuance	Use of Proceeds
Common Shares	Nil	Nil	Nil
Warrants	Nil	Nil	Nil
Convertible Notes	Nil	Nil	Nil
Options	Nil	Nil	Nil

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

Not applicable.

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

Not applicable.

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

The most significant trends and uncertainties which management expects could impact its business and financial condition are (i) the changing legal and regulatory regime which regulates the production and sale of cannabis and cannabis related product; (ii) the ability of companies who may receive funds from the sale of cannabis and cannabis related products to adequately track and legally transfer such funds; and (iii) the ability of companies to raise adequate capital to carry out their business objectives.

Legal and Regulatory Trends

The Company's flagship investments are in Oregon and currently management expects the legal and regulatory regimes in the United States (on a federal level) and Canada to be the most relevant to its business.

United States

In the United States, thirty states and Washington D.C. have legalized medical marijuana, while eight states and Washington, D.C. have also legalized recreational marijuana. Although cannabis currently remains a Schedule I drug under federal law, the U.S. Department of Justice issued a memorandum, known as the "Cole Memorandum", on August 29, 2013 to the U.S. Attorneys' offices (federal prosecutors) directing that individuals and businesses that rigorously comply with state regulatory provisions in states that have strictly-regulated legalized medical or recreational cannabis programs should not be a prosecutorial priority for violations of federal law. This federal policy was reinforced by passage of a 2015 federal budget bill amendment (passed in 2014) known as the Rohrabacher-Farr Amendment that prohibits the use of federal funds to interfere in the implementation of state medical marijuana laws. This bill targets Department of Justice funding, which encompasses the Drug Enforcement Agency and Offices of the United States Attorneys. This bill shows the development of bi-partisan support in the U.S. Congress for

legalizing the use of cannabis.

On January 4, 2018, the U.S. Department of Justice rescinded the Cole Memorandum. Given that the Cole Memorandum was never legally binding, the U.S. Department of Justice continues to have discretion to enforce federal drug laws.

Under U.S. federal law it may potentially be a violation of federal money laundering statutes for financial institutions to take any proceeds from marijuana sales or the sale of any other Schedule I substance. Canadian banks are also hesitant to deal with cannabis companies, due to the uncertain legal and regulatory framework of the industry. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses. Under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering or conspiracy. Despite these laws, the U.S. Treasury Department issued a memorandum in February of 2014 outlining the pathways for financial institutions to bank marijuana businesses in compliance with federal law. Under these guidelines, financial institutions must submit a "suspicious activity report" (SAR) as required by federal money laundering laws. These marijuana related SARs are divided into three categories: marijuana limited, marijuana priority, and marijuana terminated, based on the financial institution's belief that the marijuana business follows state law, is operating out of compliance with state law, or where the banking relationship has been terminated. In the U.S., a bill has been tabled in Congress to grant banks and other financial institutions immunity from federal criminal prosecution for servicing marijuana-related businesses if the underlying marijuana business follows state law. This bill has not been passed and there can be no assurance with that it will be passed in its current form or at all. In both Canada and the United States, transactions involving banks and other financial institutions are both difficult and unpredictable under the current legal and regulatory landscape.

Political and regulatory risks also exist due to the presidential administration of Donald Trump and his appointment of Sen. Jeff Sessions to the post of Attorney General. President Trump's positions regarding marijuana are difficult to discern; however, AG Sessions has been a consistent opponent of marijuana legalization efforts throughout his political career.

Joyce Amendment

On May 17, 2018 the U.S. House of Representatives Appropriations Committee approved the inclusion of the Rohrabacher-Blumenauer Amendment (previously, the Rohrabacher Farr Amendment), which adds a provision to prohibit the U.S. Department of Justice from using funding

to prevent states from implementing medical marijuana laws through the end of fiscal year 2019 (the “Joyce Amendment”).

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 were 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 November 9, 2018.

Adam Berk
Name of Director or Senior Officer

(signed) "Adam Berk"
Signature
Chief Executive Officer
Official Capacity

Issuer Details Name of Issuer Stem Holdings, Inc	For Month End September 2018	Date of Report YY/MM/D 18/11/09
Issuer Address 7777 Glades Road Suite 203 Boca Raton, Fl. 33434		
City/Province/Postal Code Boca Raton, Fl. 33434	Issuer Fax No. (N/A)	Issuer Telephone No. (561) 948-5410
Contact Name Adam Berk	Contact Position CEO	Contact Telephone No. 561-948-5410
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