

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: Harvest Health & Recreation Inc. (the "Issuer").

Trading Symbol: HARV

Number of Outstanding Listed Securities: 223,975,018 subordinate voting shares

Date: February 4, 2021

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.

During the month the Issuer remained committed to executing on its business plan and remains focused on returning to profitability in its operations. The Issuer

continues to operate in its existing markets with minimal disruption from the Covid-19 pandemic and remains vigilant with its safety precautions by continuously reviewing, revising, and implementing appropriate protections and procedures related to its operations during the pandemic on a case by case basis.

On January 19, 2021 the Arizona Department of Health Services (DHS) opened the application process for marijuana establishment licenses for adult use sales. On January 22, 2021, DHS certified all of Issuer's Arizona retail stores for recreational sales and recreational sales at Issuer's Arizona retail stores officially began.

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

The Issuer continues to execute on its core goals which include:

- Scaling Issuer's operating team and general operations to return to profitability.
- Expanding Issuer's retail and wholesale footprint across its target key markets in the US.
- Building and expanding brands and distributing them across its footprint and key markets in the U.S.
- Continued efforts to seek regulatory approval for planned acquisitions/divestments.
- Rationalization of resources following completion of acquisition(s).
- Continuing to operate in a disciplined way, evaluating all opportunities on a prudent basis.

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.

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.

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.

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.

None.

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 January 25, 2021, Issuer announced the closing of a sale leaseback transaction with Innovative Industrial Properties, Inc ("IIP") whereby Issuer sold an industrial property located in Alachua, Florida totaling approximately 292,000 square feet for \$23.8 million. Concurrent with the sale, Issuer entered into a triple net lease with IIP. Issuer plans to continue to operate the property as a licensed cultivation and processing facility and expects to recover up to approximately \$10.8 million in tenant improvements from IIP. The total proceeds for the transaction are expected to be approximately \$34.6 million.

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

Issuer has on-going efforts to attract / retain new patients and customers which include:

- Digital Advertising: Programmatic Digital Advertising campaigns to target likely customers and customers that are shopping at or near competitors locations.
- Paid Listings: Harvest pays for placement on the top two cannabis listing marketplaces to target new patients and drive eCommerce sales.

- Loyalty: Recruitment of Loyalty Club members through in-store activation efforts, via the HarvestHOC.com website, social media and paid digital media.
 - CRM: Text and Email marketing to customers who have “opted-in” to receive communication are sent weekly offers to drive traffic and retain customer loyalty
 - Vendor Partnerships: Execution of exclusive product availability to drive new patients / customers
 - Certification Center Program: Starting in Q1 2021 in certain markets we will begin a program to target local medical marijuana licensing centers.
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.
- None.
10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.
- Hirings: 131 employees; 123 hourly, non-exempt and 8 salary, exempt
- Terminations: 42
- Lay-offs: 0
11. Report on any labour disputes and resolutions of those disputes if applicable.
- None.
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.
- None.
13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

During the month Issuer made regularly scheduled debt payments of principal and interest in the amount of USD \$256,134.85.

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

Security	Number Issued/Granted	Details of Issuance	Use of Proceeds⁽¹⁾
Subordinate Voting Shares ("SVS")	2,274,497	SVS issued upon conversion of multiple voting shares to SVS	No proceeds were received by Issuer.
Subordinate Voting Shares ("SVS")	782,446	SVS were issued upon exercise by certain private investors of warrants issued by Issuer	The Issuer received \$1,859,377.11, to be used for general corporate purposes
Subordinate Voting Shares	4,817	Vesting of Restricted Stock Units	N/A
Stock Options	42,500	Exercise Price CAD \$3.97, expiry date January 15, 2031	N/A

(1) State aggregate proceeds and intended allocation of proceeds.

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

None.

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

None.

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

COVID-19 Update

As of the end of January, all Harvest states have been able to enhance the patient & customer experience by maintaining full retail operations as state and local officials continue to assess public safety orders. Despite increased business limitations in many states, Harvest dispensaries continue to hold their essential service provider status.

Federal Update

In the U.S. House of Representatives, a bill was introduced which exemplifies one of the alternative approaches to cannabis reform being considered by the 117th Congress. Last week, Rep. Greg Steube (R-FL 17) introduced a measure which would require the Attorney General to transfer cannabis from schedule I under the Controlled Substances Act to schedule III.

Changes/Updates to State Laws:

Arizona

On Tuesday January 19th, the Arizona Department of Health Services (DHS) opened the application process for marijuana establishment licenses for adult use sales. In the fastest implementation of a recreational market to date, on Friday January 22nd, DHS approved all of Harvest's marijuana establishment licenses and recreational sales officially began. Harvest of Scottsdale recorded the first legal recreational sale in Arizona.

California

California Governor Newsom's 2020 proposal to merge the three regulatory agencies currently overseeing the state's marijuana industry, into one new department, is slated to be completed by July 2021. The merger, which was sidelined due to the ongoing pandemic, is intended to simplify industry issues, reduce red tape for cannabis operators, and provide a streamlined regulatory structure. California's Bureau of Cannabis Control (BCC), Food and Agriculture (CDFA) and Public Health (CDPH) will be merged into one state agency called the Department of Cannabis Control (DCC).

Pennsylvania

Pennsylvania Governor Wolf is including marijuana legalization in his list of 2021 legislative priorities. He has stated that enacting cannabis policy change should be part of the state's economic recovery, along with promoting social equity. Legalizing adult use marijuana in Pennsylvania has strong bipartisan support and will build on the State's existing medical marijuana program.

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: February 4, 2021

Nicole Stanton
Name of Director or Senior
Officer

/s/ Nicole Stanton
Signature

Secretary
Official Capacity

Issuer Details		For Month End	Date of Report
Name of Issuer		January	02/04/2021
Harvest Health & Recreation Inc.			
Issuer Address			
1155 W. Rio Salado Parkway, Suite 201			
City/Province/Postal Code		Issuer Fax No.	Issuer Telephone No.
Tempe, Arizona 85281		()	(480) 494-2261
Contact Name		Contact Position	Contact Telephone No.
Nicole Stanton		Secretary	(480) 493-2571
Contact Email Address		Web Site Address	
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