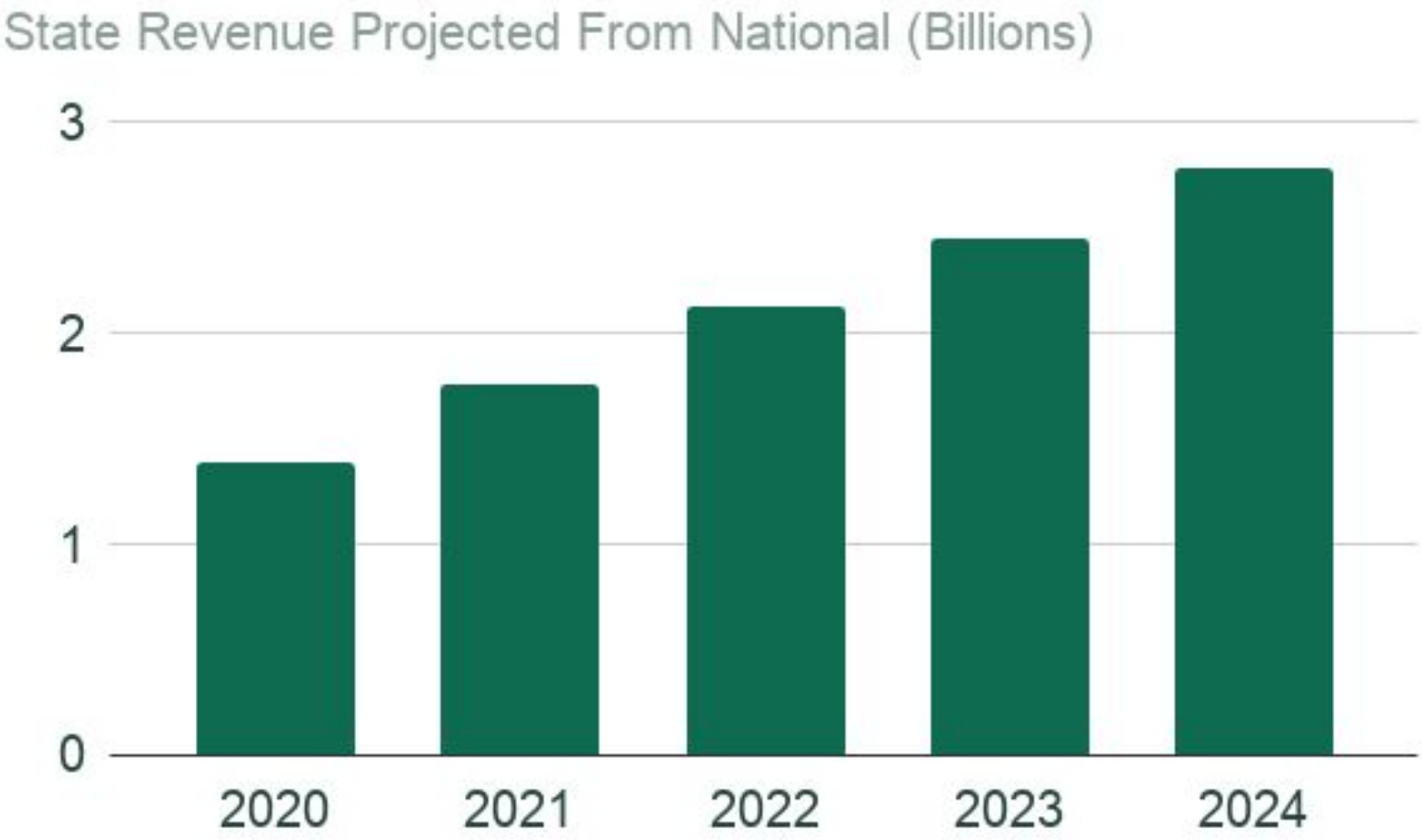
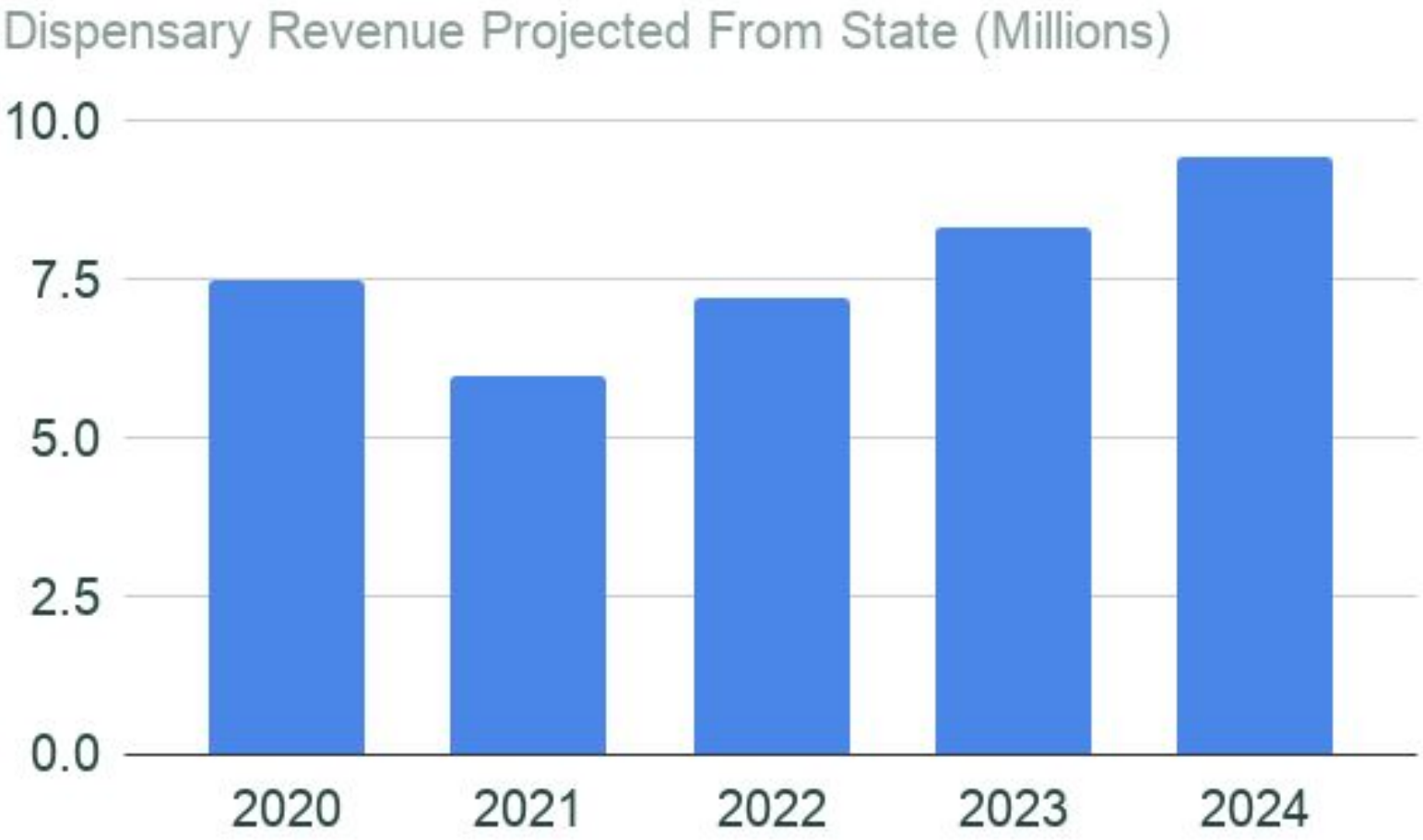
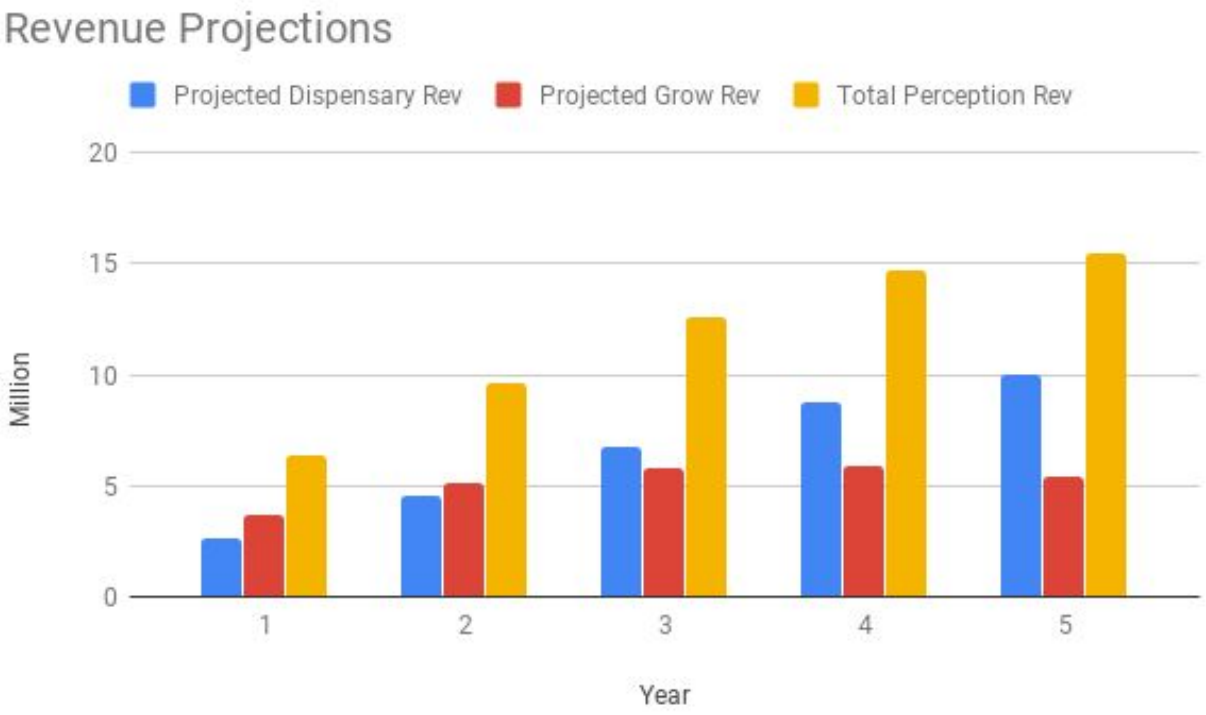
Perception Farms

Vertically Integrated Concept

The opportunity...


State Revenue Projected From National (Billions)
3
2
1
0
2020
2021
2022
2023
2024


Dispensary Revenue Projected From State (Millions)
10.0
7.5
5.0
2.5
0.0
2020
2021
2022
2023
2024



Revenue example for a vertically integrated craft grow & dispensary in Logan Square. Revenue growth model is based on Colorado medical -> recreational market behaviors while adjusting for supply constraints unique to the IL legislation.

The challenge...

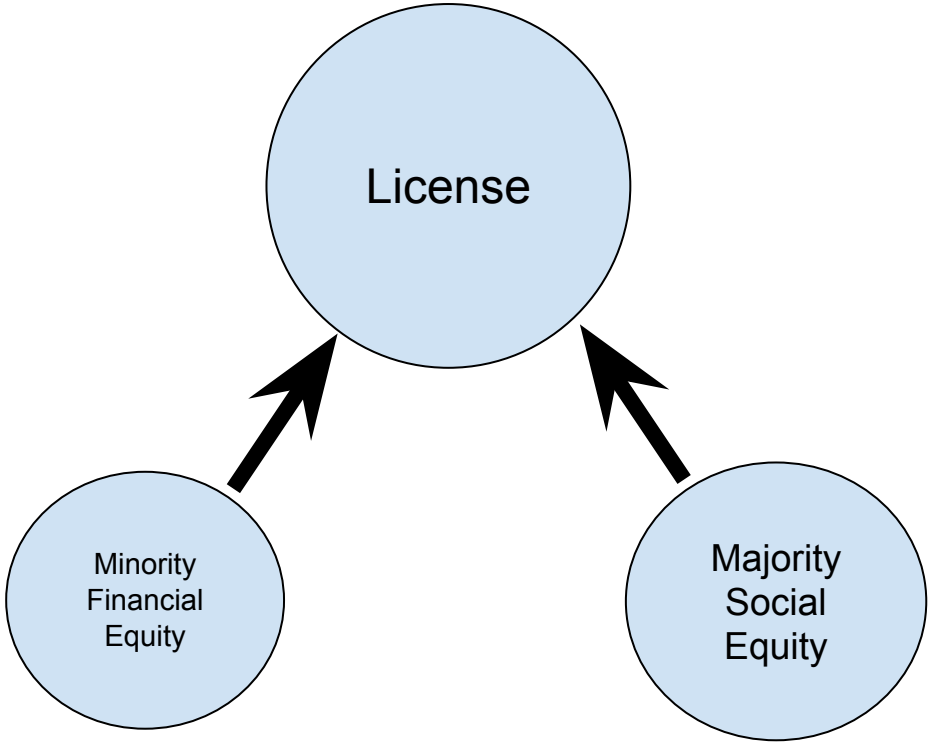
250 Points :

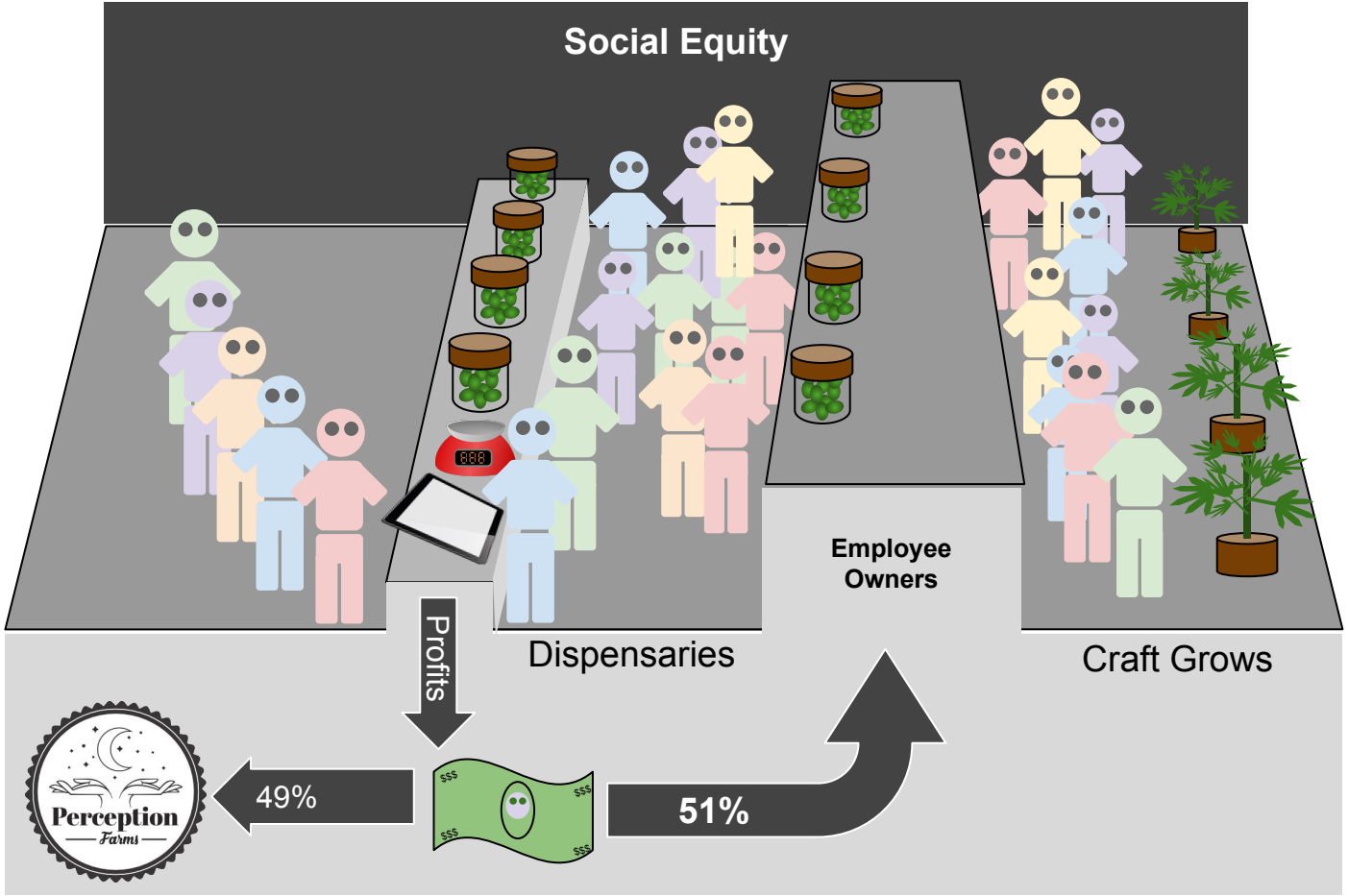
- Employee Training Plan (15)
- Security Plan (32.5)
- Record Keeping Plan (32.5)
- Business Plan (16.25)
- Operating Plan (16.25)
- Floor Plan (16.25)
- Environmental Plan (15)
- Veteran Status (5)
- Financial Plan (16.25)
- Knowledge And Experience (30)
- Social Equity Status (50)
- Illinois Ownership Status (5)
- Diversity Plan (5)
- Community Engagement Plan (2 tiebreaker)

~340 Pages:

- Principal Officer Forms (36)
- Employee Training Plan (15)
- Purchaser Education Plan (10)
- Security Plan (50)
- Record Keeping Plan (15)
- Business Plan (30)
- Recall, Quarantine and Destruction Plan (10)
- Operating Plan (40)
- Floor Plan (10)
- Financial Plan (No Limit - 30)
- Knowledge And Experience (36)
- Social Equity Status (No Limit - 30)
- Labor And Employment Plan (10)
- Illinois Ownership Status (No Limit - 0)
- Diversity Plan (2500 words)
- Community Engagement Plan (10)
- Environmental Plan (5)
- Veteran Status (No Limit)

The solution:


License
Minority Financial Equity
Majority Social Equity


Social Equity
Employee Owners
Dispensaries
Craft Grows
Profits
49%
51%
Perception Farms

PERCEPTION FARMS

PROPOSED ROLES AND RESPONSIBILITIES (12/4/19)

SOCIAL EQUITY MEMBERS

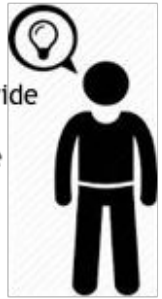
Social Equity Members, as employee-owners, will receive wages on W2s, and will be responsible filing taxes on shares valued at $0.

APPLICANT
PERCEPTION
FARMS I Inc (IL C-corp)

PERCEPTION FARMS, INC. (IL)

Perception Farms Inc. will provide holistic management services, including know-how, back office support, accounting and legal

FOUNDERS



PFI Investors will provide the investment vehicle for the Founders and external Investors

Founders' ownership percentage in **PFI Investors** scaled to value of sweat equity versus amount received from external Investors

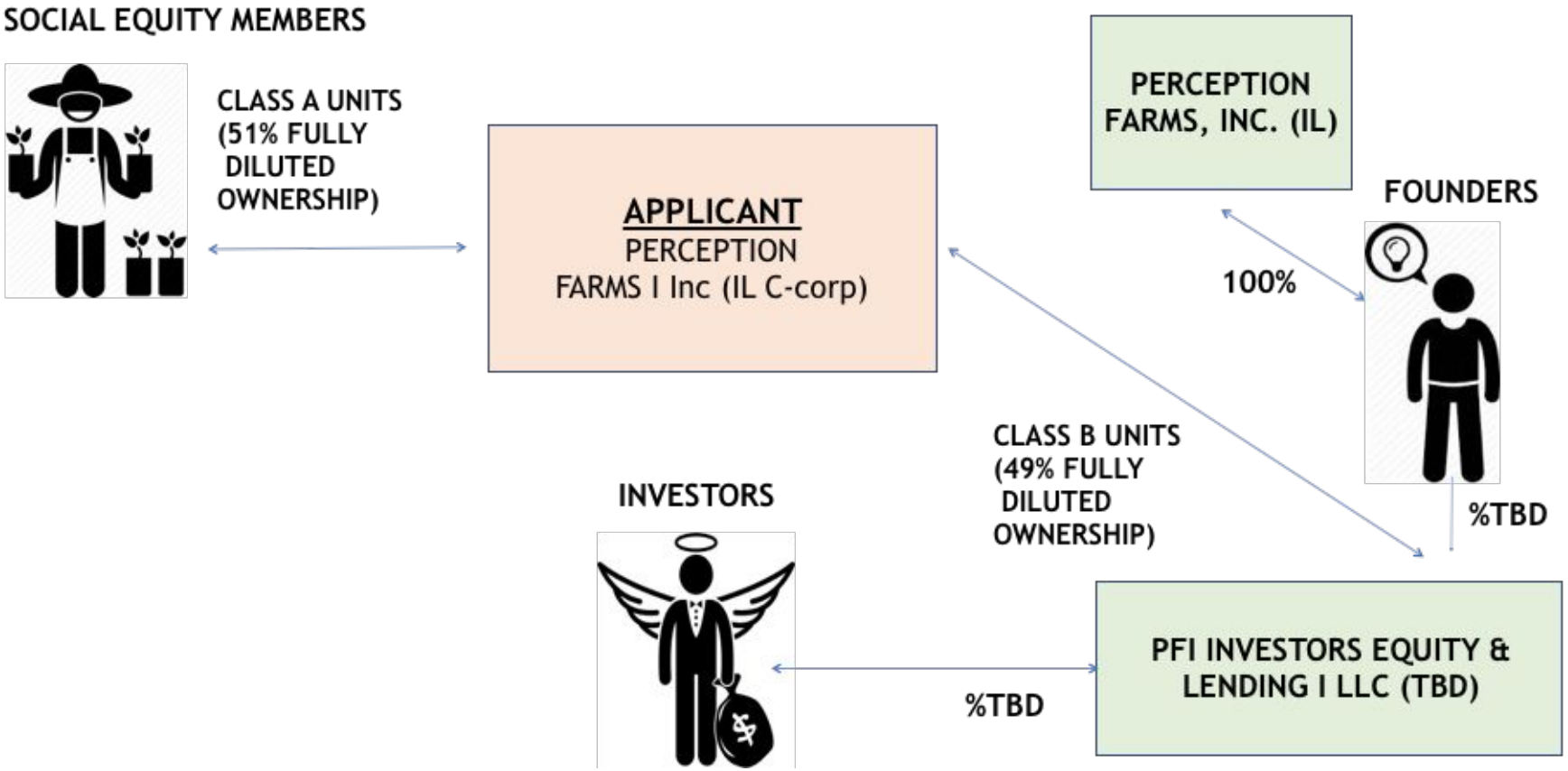
INVESTORS

PFI Investors Equity & Lending will provide a $1M loan for start-up costs with "preferred return" interest rate. **Investors'** ownership percentage in **PFI Investors Equity & Lending is** scaled to amount invested versus value of Founder sweat equity.

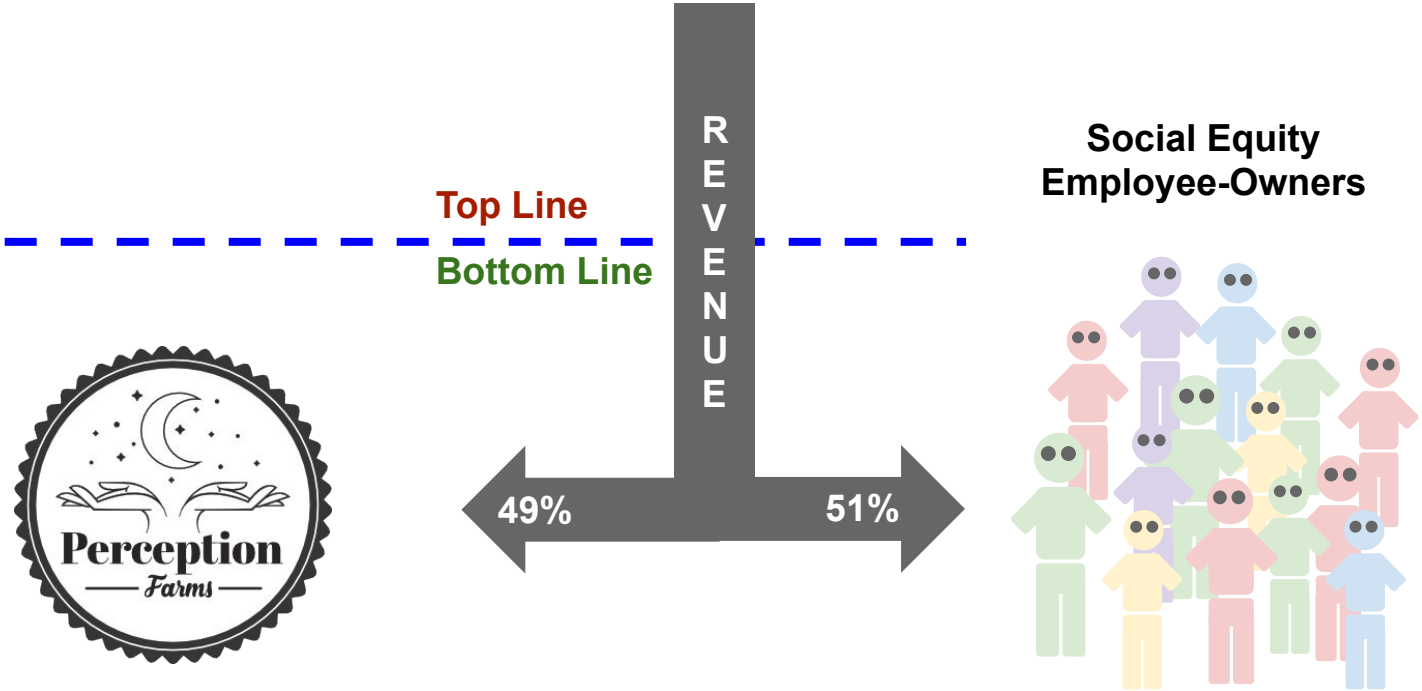
PFI INVESTORS EQUITY & LENDING I LLC (TBD)

PERCEPTION FARMS

PROPOSED ORG CHART (12/4/19)



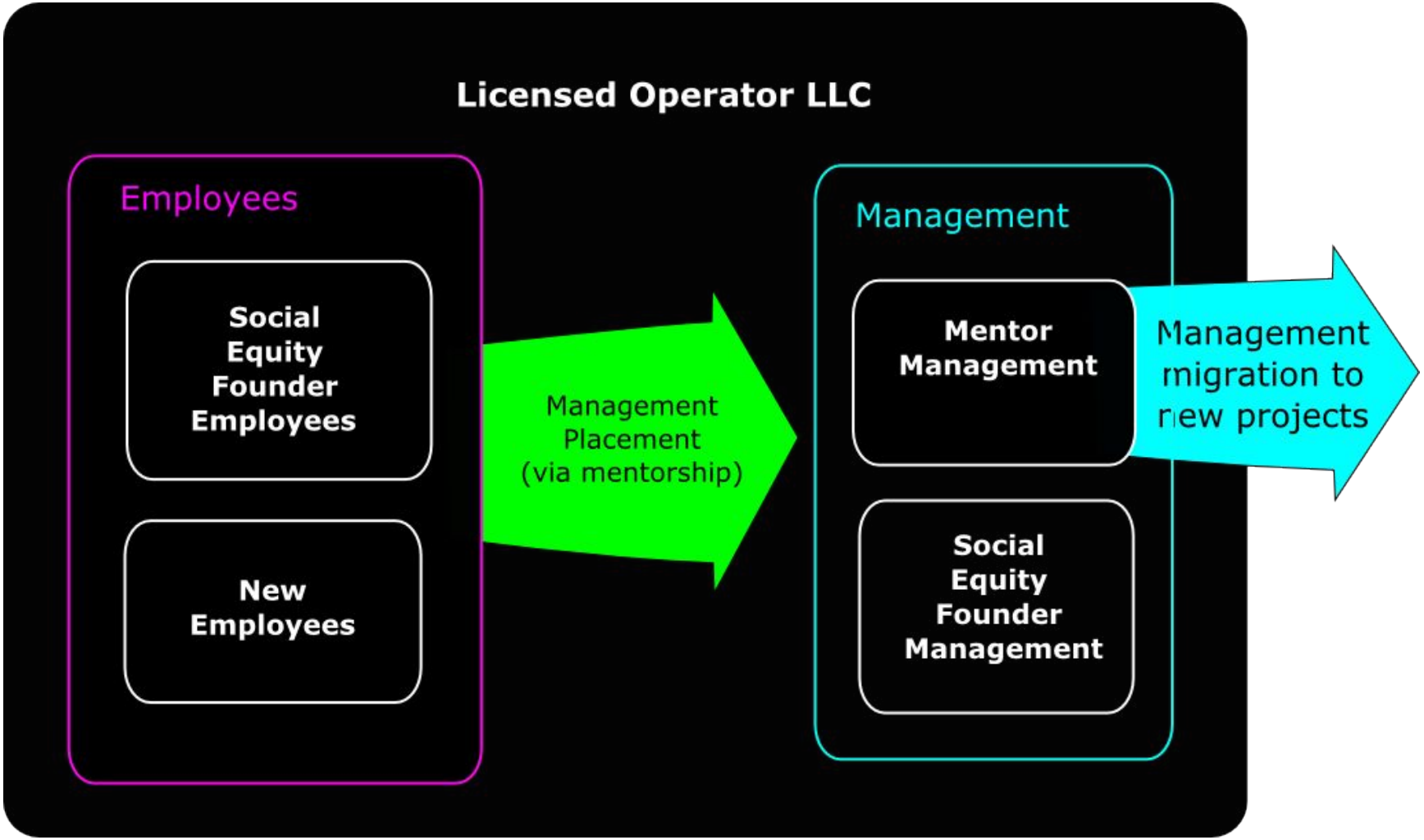
Profit Interests:

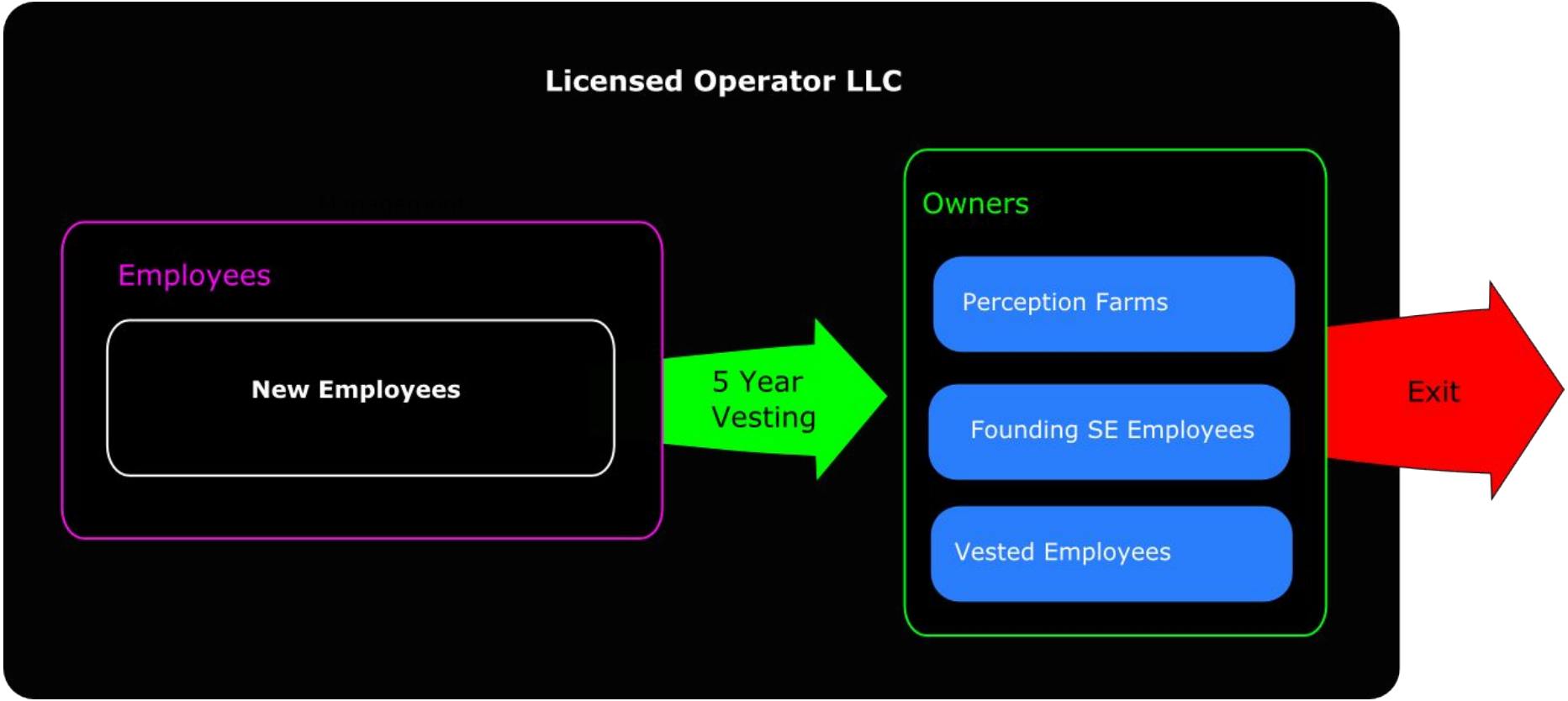


Social Equity Incubation:

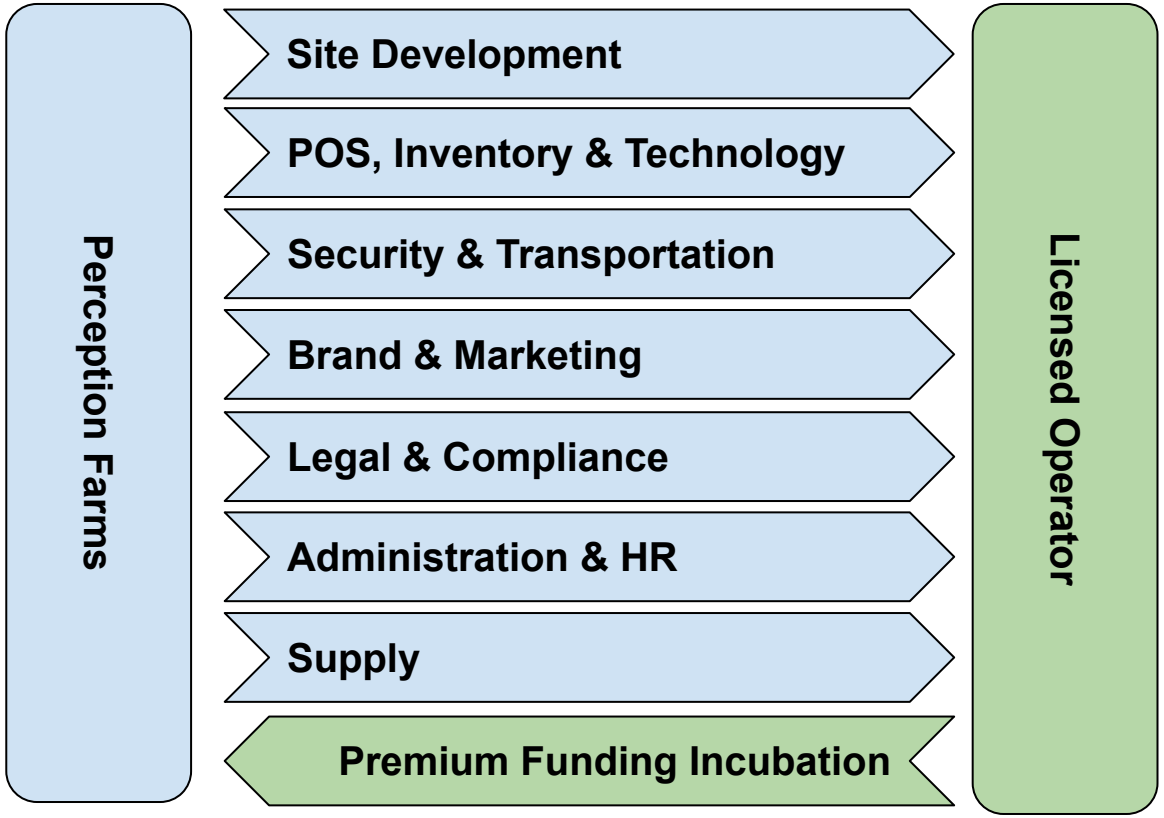
Perception provides:

- Legal Formation & Placement.
- Majority Ownership & Control
- Training & Expungement assistance
- Startup Funding
- Managed Infrastructure


Licensed Operator LLC
Employees
Social Equity Founder Employees
New Employees
Management Placement (via mentorship)
Management
Mentor Management
Social Equity Founder Management
Management migration to new projects


Licensed Operator LLC
Employees
New Employees
5 Year Vesting
Owners
Perception Farms
Founding SE Employees
Vested Employees
Exit

Hosted Site & Managed Services



Managed Infrastructure:

- HR,
- Legal,
- Compliance
- Administrative
- Accounting
- Financial
- Development
- Technology
- Horticultural
- Processing
- Branding & Marketing
- Many more

PERCEPTION CANNABIS

PERCEPTION LABS

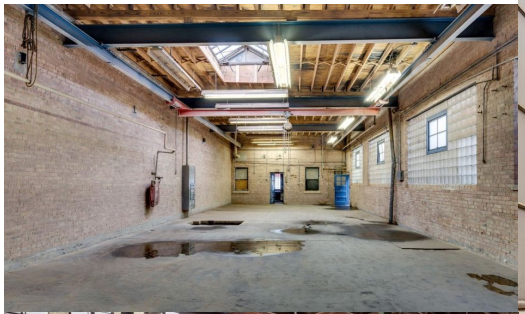
PERCEPTION GARDENS

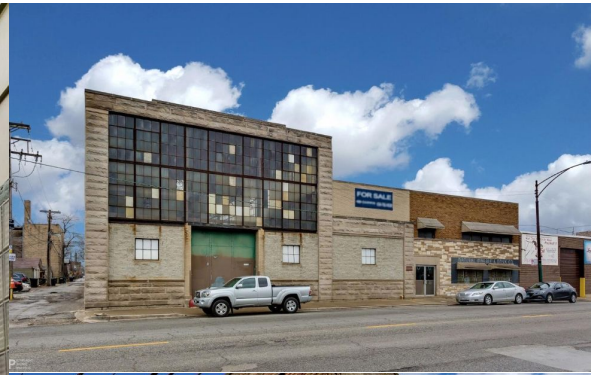
Round 1 Prototype

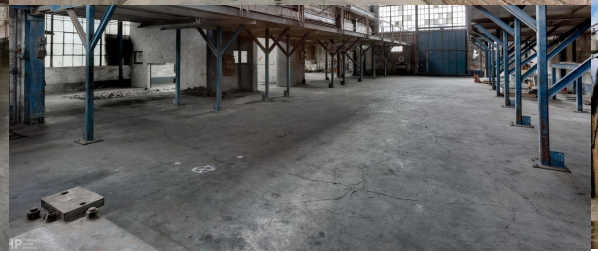
LOGAN SQUARE

WEST WRIGHTWOOD AVENUE
NORTH PULASKI ROAD
SERVICE ALLEY
N

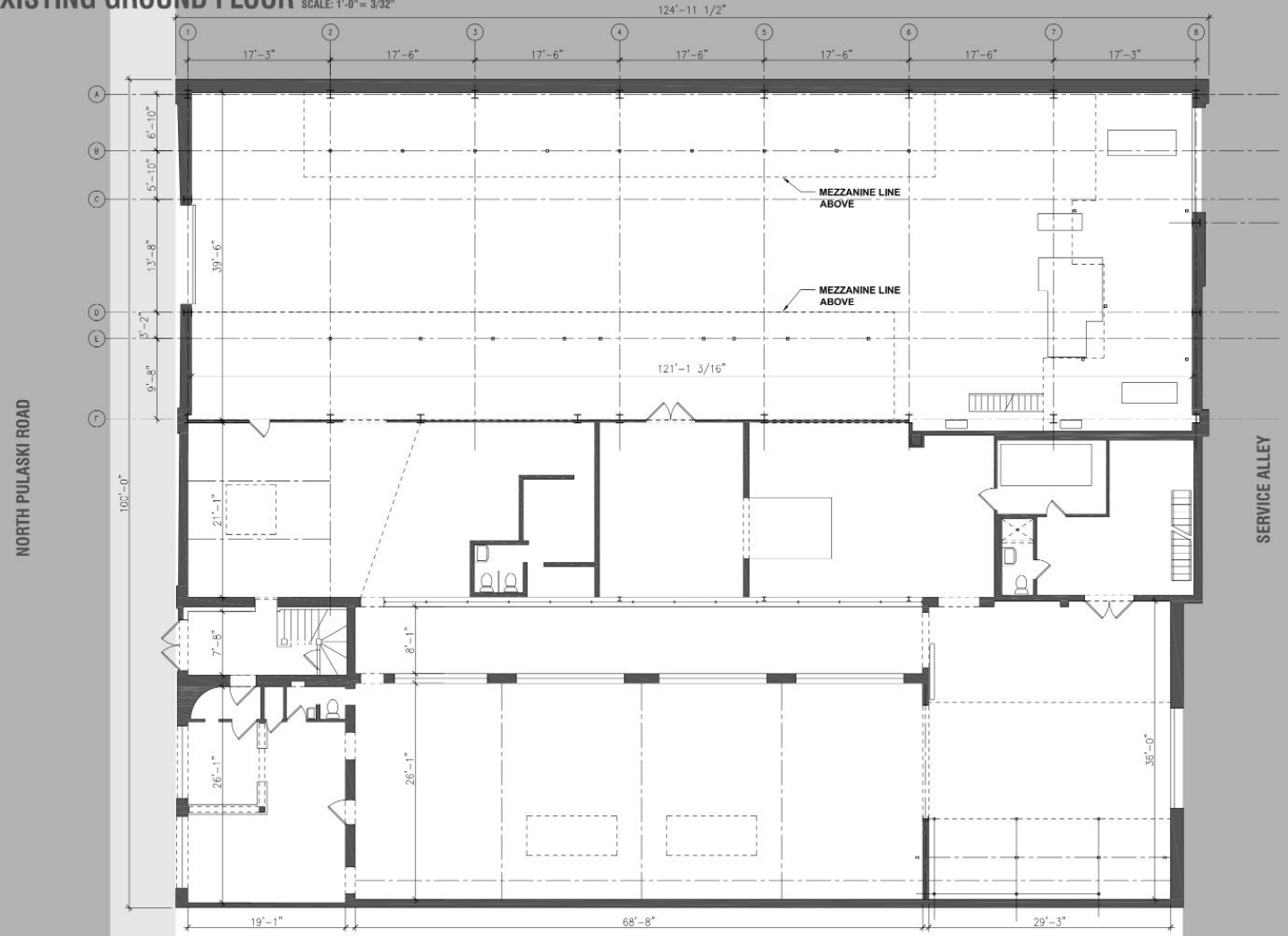
Before:



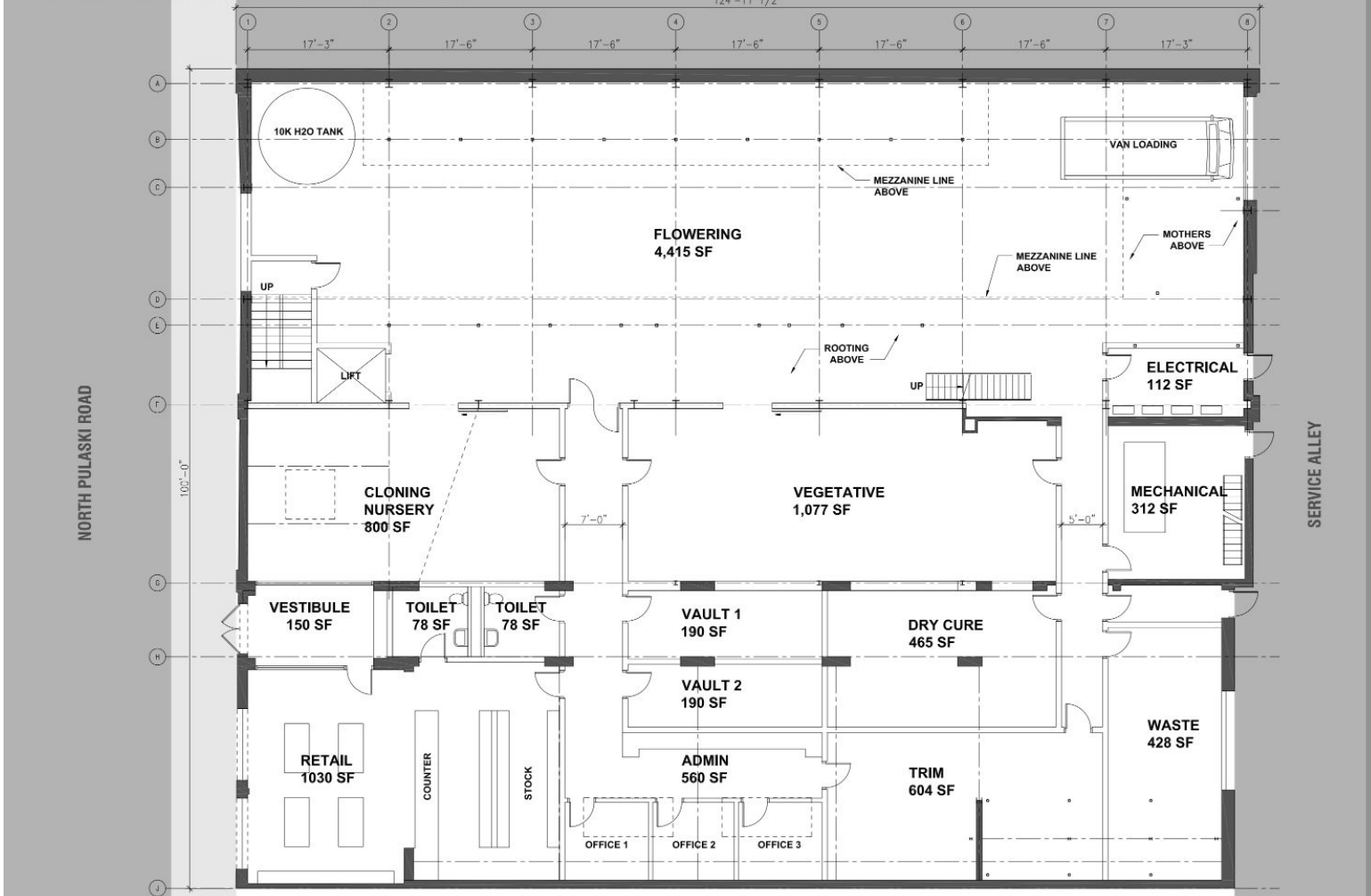




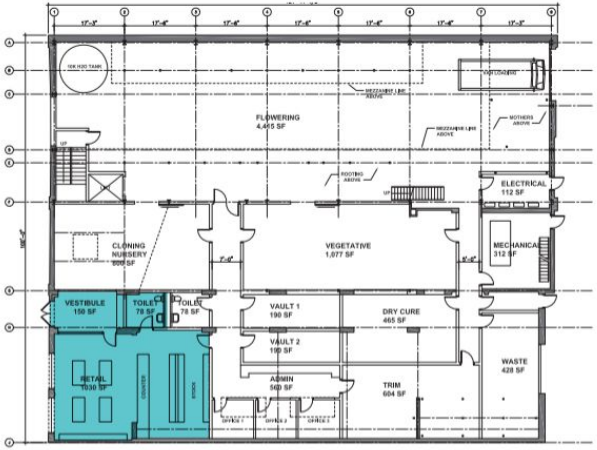
EXISTING GROUND FLOOR SCALE: 1'-0" = 3/32"



PROPOSED GROUND FLOOR SCALE: 1'-0" = 3/32"

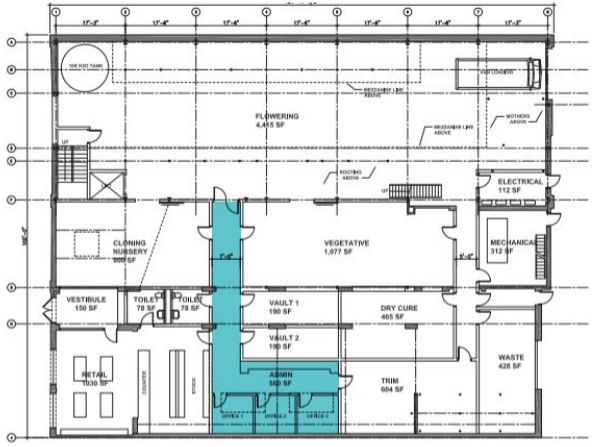


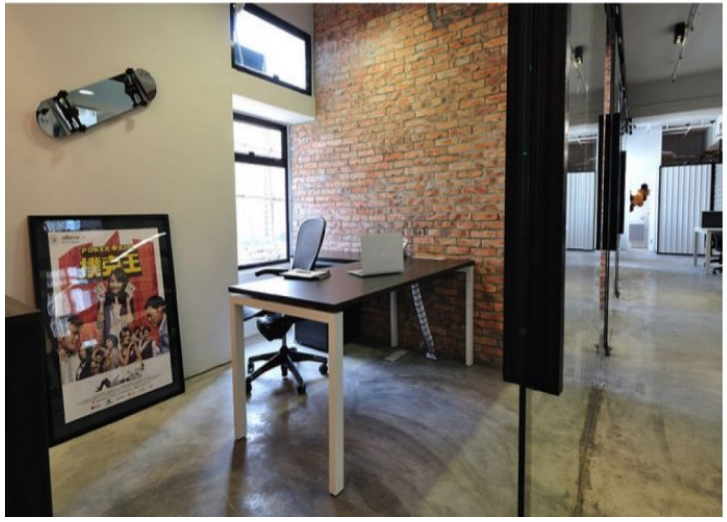
ENTRY VESTIBLE AND RETAIL AREA PUBLIC INTERFACE

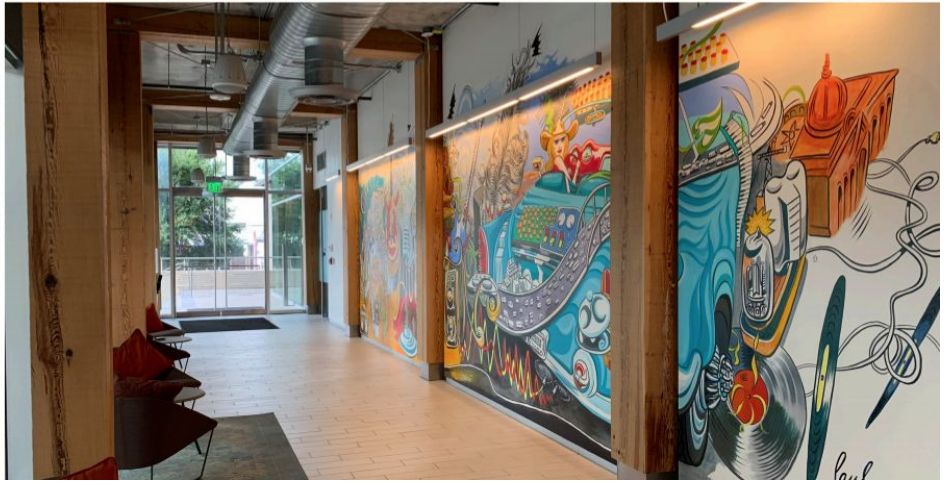


ajoya
ajoya
1
2
3
4

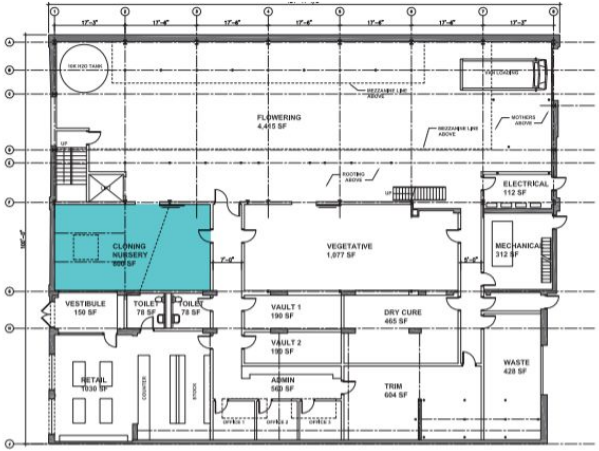
ADMINISTRATION, OFFICES, CORRIDOR PRIVATE



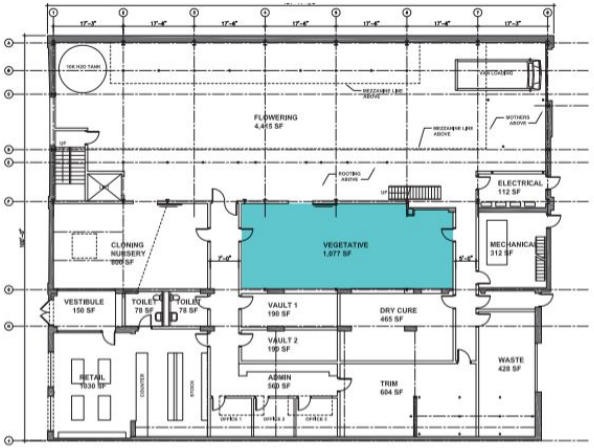




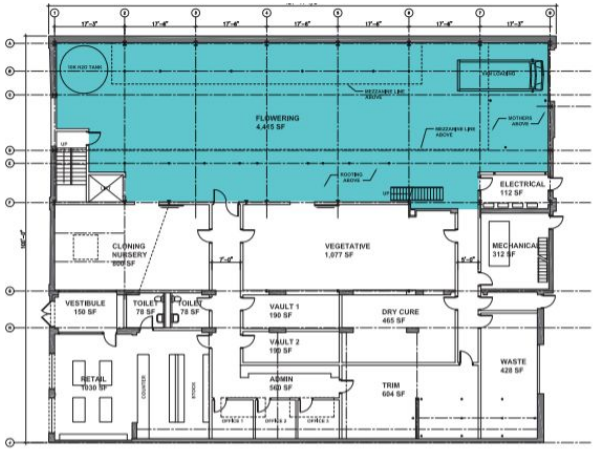
CLONING NURSERY PRIVATE



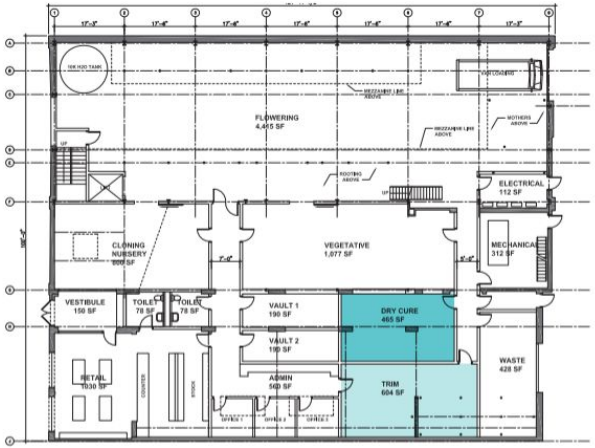
VEGETATIVE PRIVATE

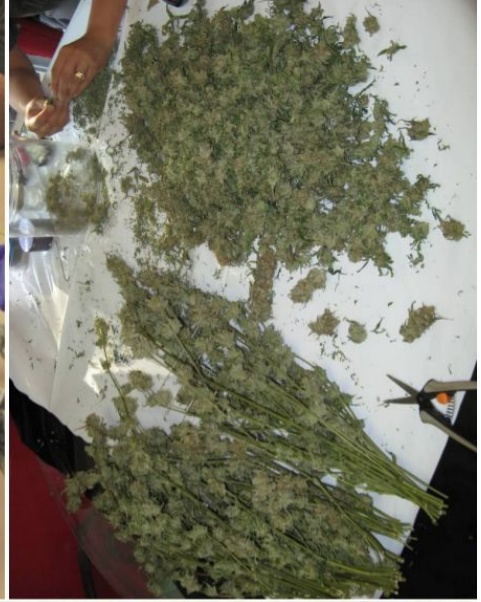


FLOWERING PRIVATE



DRY CURE AND TRIM PRIVATE



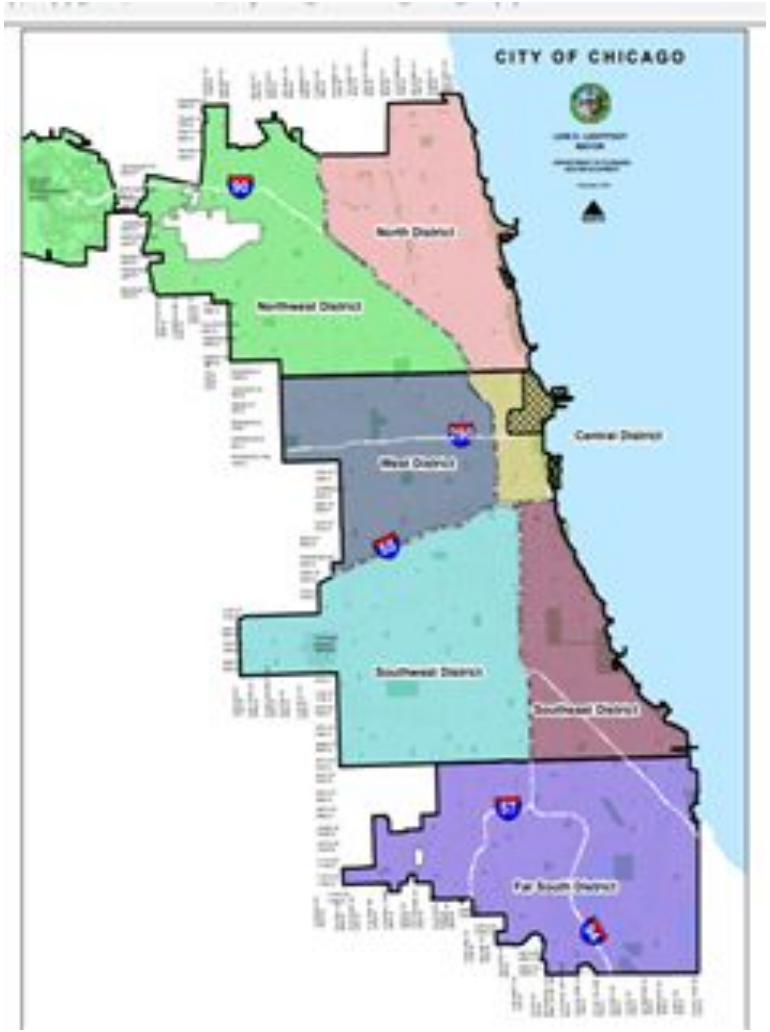


Beyond The Prototype:

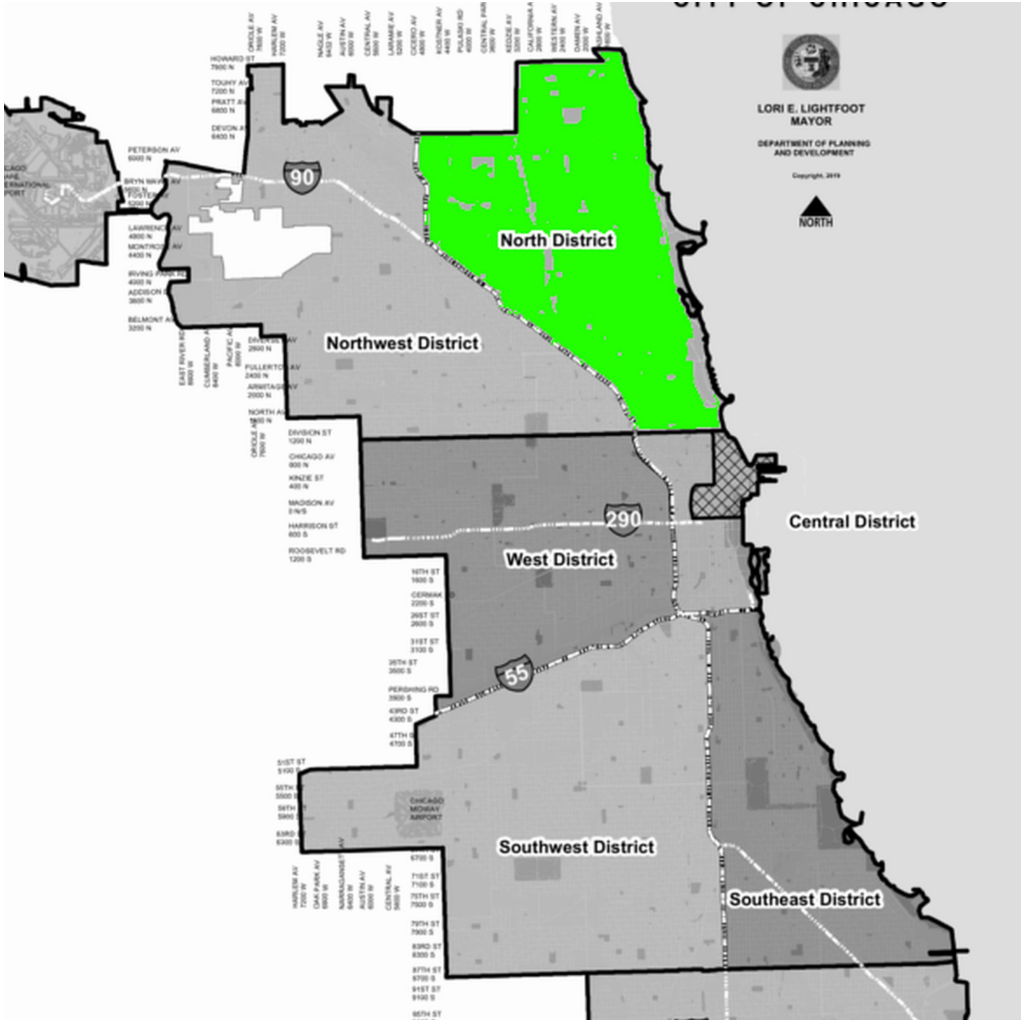
- Up to 3 craft growing, 3 infuser, and 10 dispensary locations over first 3 years
- State will probably need to expand flowering canopy early.
- Targeting all regions within the City of Chicago

7 Regions:

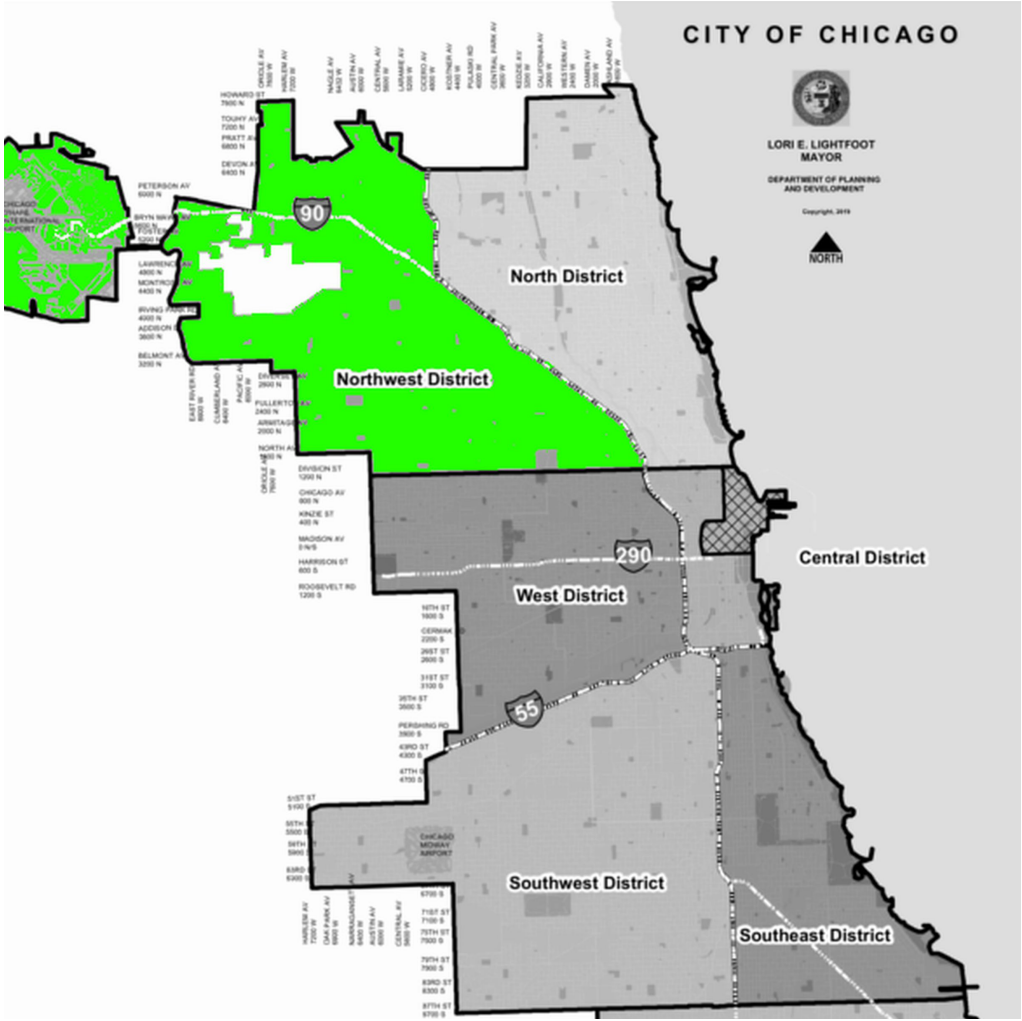
North
Northwest
West
Central
Southwest
South
FarSouth



North District



This district will be the first to run out of license supply during the city lottery. Ultimately competitive and if you can't make money here, you ought to get out of the game.

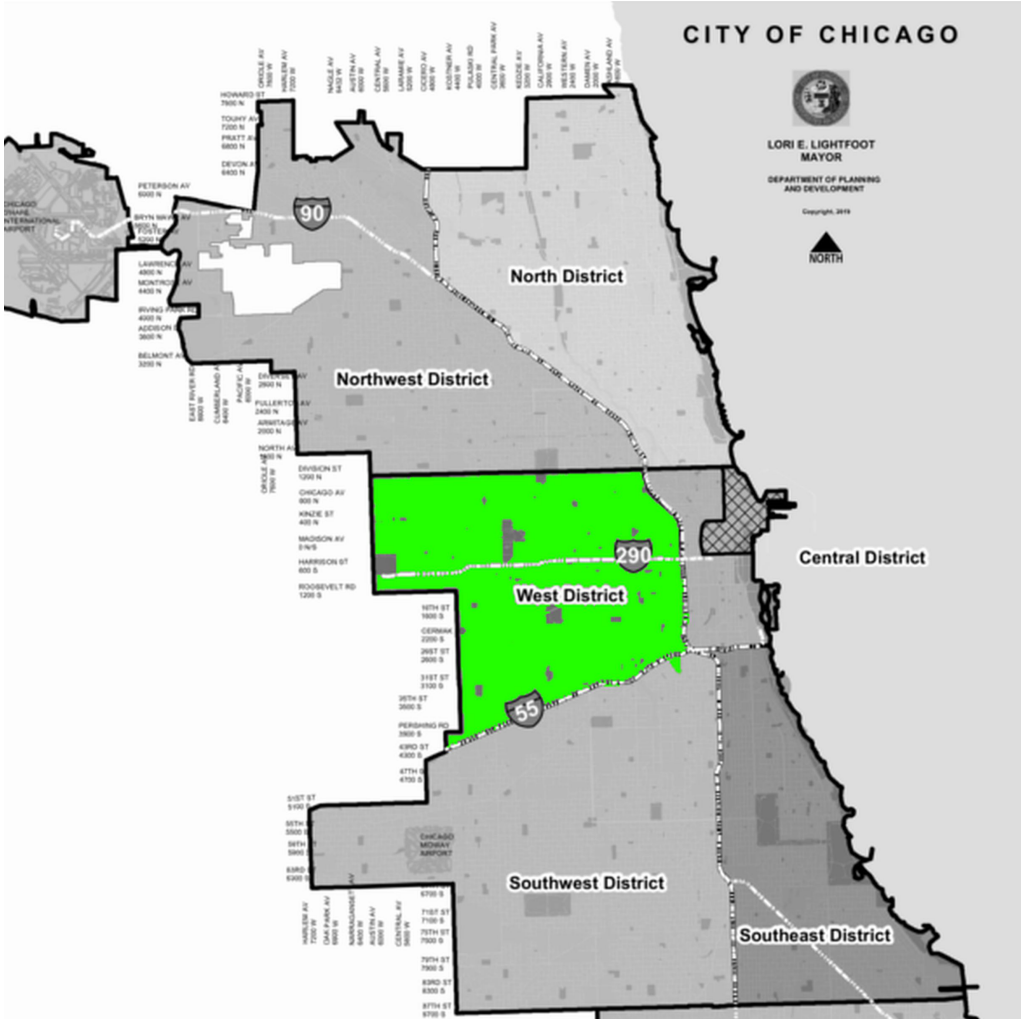


Northwest District

Opportunities:

- O’hare.
- Logan Square

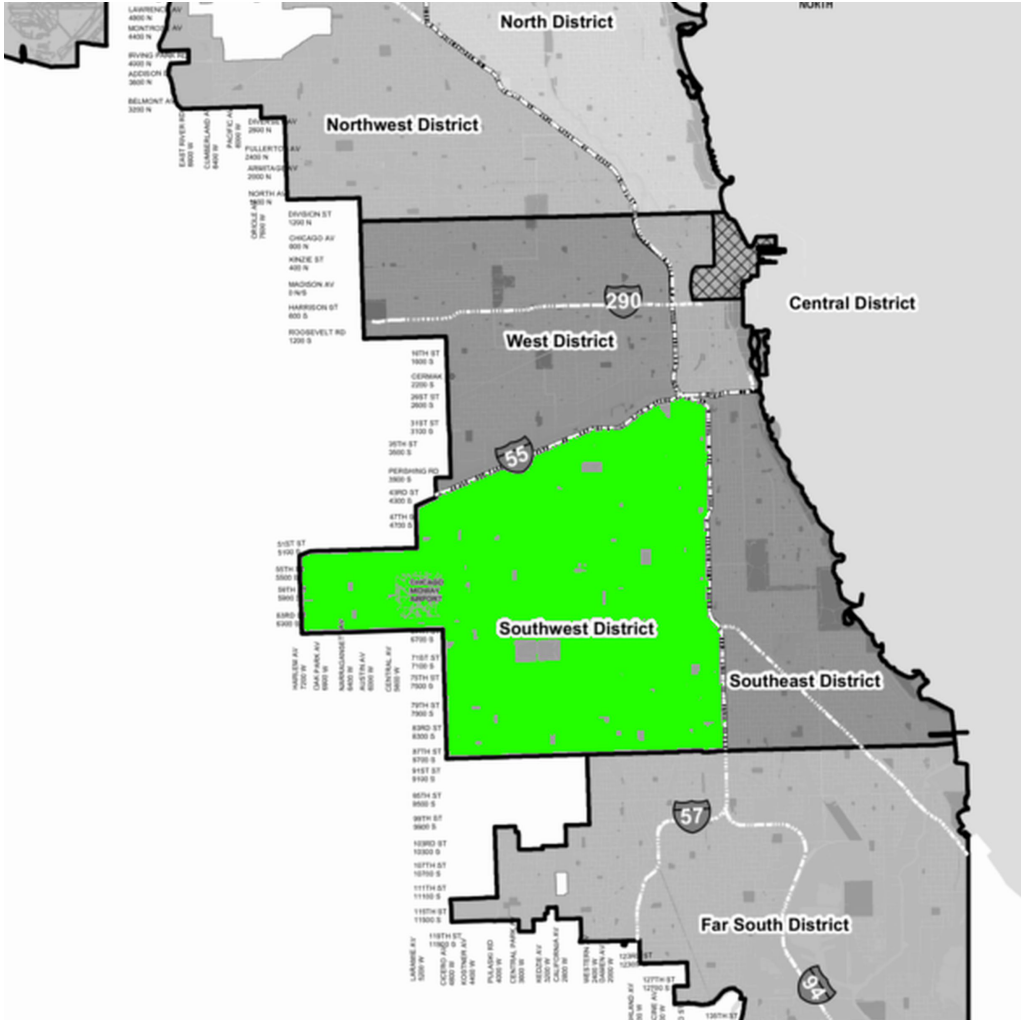
West District



Opportunities:

- East Garfield
- Pilsen

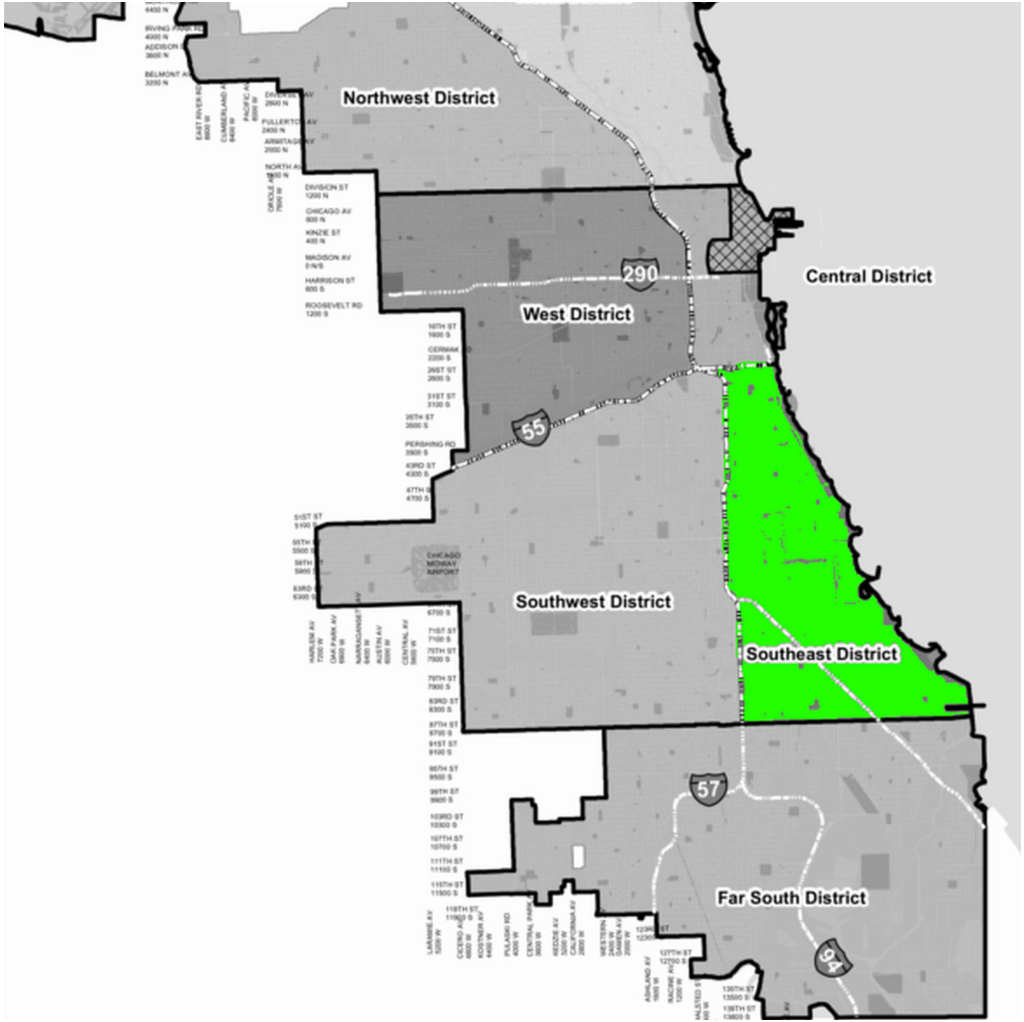
Southwest District



Opportunities:

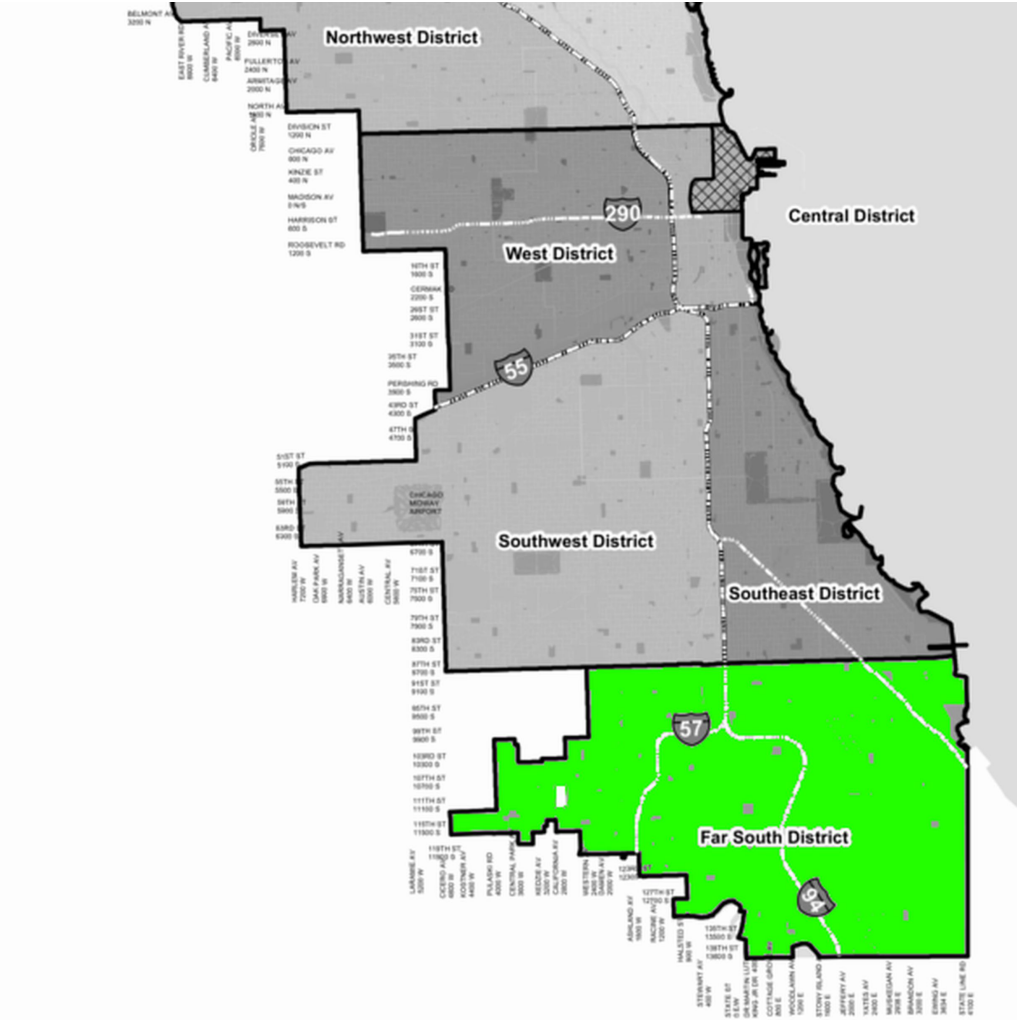
- Midway
- Englewood
- Canaryville

South District



Opportunities:

- Bronzeville
- Hyde Park



Far South District

Opportunities:

- Beverly / Morgan Park
- Indiana

Q & A

Appendix

Legislation References:

- http://www.ilga.gov/legislation/101/HB/PDF/10100HB1438lv.pdf
- Dispensing (Early Approval): Page 63
- Dispensing (Conditional Approval): Page 83
- Cultivation Centers: Page 161
- Craft Growers: Page 200
- Infusers: Page 225
- Transporting Organization: Page 247
- Laboratory Testing: Page 267

New License Supply

Timeline	Dispensary	Cultivation Center	Craft Grower	Infuser	Transporter
2020-05-01	75	X	X	X	Unknown
2020-07-01	X	X	40	40	Unknown
2021-12-21	110	X	60	60	Unknown

Ownership Limits (per entity)

Timeline	Dispensary	Craft Grower	Cultivation Center
2020-07-01	10 Licenses	1 License	3 Centers
2021-12-21	10 Licenses	2 Licenses	Unknown
2022-01-01	10 Licenses	3 Licenses	Unknown

Tax Rates

Cultivation	Below 35% THC	Infusions	Above 35% THC
7%	10%	20%	25%

Fees (red marked rounds only available to existing medical cultivation centers and dispensaries):

License Type	Craft Grower	Infuser	Dispensary	Cultivation Center
Early Approval Application Fee	X	X	$30,000	$100,000
Early Approval Licensing Fee	X	X	3% Past Year Sales $100k Cap	5% Past Year Sales $250k Floor $750k Cap
Application Fee	$5,000	$,5000	$5,000	X
Licensing Fee	$40,000	$5,000	$60,000	X

Craft Grower Flowering Canopy Limits

Level	Area
Initial Max	**5,000 sq-ft**
Allowances For Market / Compliance	**3,000 sq-ft**
Absolute Max Per Location	**14,000 sq-ft**