MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND MARCH 31, 2018

(Amounts in thousands, except share and per share amounts)

*This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of Columbia Care LLC ("**Columbia Care**", "us", "our" or "we") is supplemental to, and should be read in conjunction with, Columbia Care's audited consolidated financial statements and the accompanying notes for the three months ended March 31, 2019 and 2018. Columbia Care's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). Financial information presented in this MD&A is presented in thousands of United States dollars ("**$**" or "**US$**"), unless otherwise indicated.*

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators.

NON-IFRS MEASURES

This MD&A makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of Columbia Care's financial information reported under IFRS. Columbia Care uses non-IFRS measures including "EBITDA" and "Adjusted EBITDA" which may be calculated differently by other companies. These non-IFRS measures and metrics are used to provide investors with supplemental measures of our operating performance and liquidity and thus highlight trends in our business that may not otherwise be apparent when relying solely on IFRS measures. Columbia Care also recognizes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of companies within our industry. Finally, we also use non-IFRS measures and metrics in order to facilitate evaluation of operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of executive compensation.

For a discussion of the use of "EBITDA" and "Adjusted EBITDA" and reconciliations thereof to the most directly comparable IFRS measures, see "*Reconciliation of Non-IFRS Measures.*"

FORWARD-LOOKING STATEMENTS

Some of the information contained in this MD&A contains forward-looking information. This information may relate to anticipated events or results. Particularly, information regarding our expectations of future results, targets, performance achievements, prospects or opportunities is forward-looking information. As the context requires, this may include certain targets as disclosed in the prospectus for our initial public offering, which are based on the factors and assumptions, and subject to the risks, as set out therein and herein. Often but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may" "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology. This information is based on management's reasonable assumptions and beliefs in light of the information currently available to us and is made as of the date of this MD&A.

However, we do not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada. Actual results and the timing of events may differ materially from those anticipated in the forward-looking information as a result of various factors, including those described in "Risk Factors". Additional risks and uncertainties are discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time, including the Company's final prospectus March 21, 2019 (the "**Prospectus**"), a copy of which is available under the Company's profile on SEDAR at www.sedar.com. These factors are not intended to represent a complete list of the factors that could affect us; however, these factors should be considered carefully.

We caution that the list of risk factors and uncertainties is not exhaustive and other factors could also adversely affect our results. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information. See "Risk Factors" for a discussion of the uncertainties, risks and assumptions associated with these statements.

The purpose of the forward-looking statements is to provide the reader with a description of management's current expectations regarding the Company's financial performance and they may not be appropriate for other purposes; readers should not place undue reliance on forward-looking statements made herein. To the extent any forward-looking information in this MD&A constitutes future-oriented financial information or financial outlook, within the meaning of applicable securities laws, such information is being provided to demonstrate the potential of the Company and readers are cautioned that this information may not be appropriate for any other purpose. Future-oriented financial information and financial outlook, as with forward-looking information generally, are based on current assumptions and subject to risks, uncertainties and other factors. Furthermore, unless otherwise stated, the forward-looking statements contained in this MD&A are made as of the date of this MD&A, and we have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

OVERVIEW OF COLUMBIA CARE

Columbia Care was incorporated on January 29, 2013 as a Delaware limited liability company. Our principal activity is the production and sale of cannabis as regulated by the regulatory bodies and authorities of the jurisdictions in which we have activities.

Columbia Care is comprised of the following operating companies: Columbia Care NY, LLC, Curative Health, LLC, Curative Health Cultivation, LLC, Salubrious Wellness Clinic, Inc., Columbia Care Arizona Tempe, LLC, 203 Organix, Columbia Care Arizona Prescott, LLC, Patriot Care Corp., VentureForth, LLC, Apelles Investment Management, LP, Oveom, LLC, Mission Bay Cooperative, Inc., Columbia Care Delaware, LLC, Columbia Care Puerto Rico, LLC, Columbia Care Pennsylvania, LLC, Columbia Care OH, LLC, Columbia Care MD, LLC, CCF Holdco, LLC, Better-Gro Companies, LLC, Columbia Care New Jersey, LLC, Columbia Care Industrial Hemp, LLC and Adopt a Family Corp.

We strive to be the premier provider of cannabis-related products in each of our markets. Our mission is to improve and revitalize lives and communities through partnership, research, education and the responsible use of our products as a natural means to alleviate symptoms and improve our patients' quality of life.

HOW WE ASSESS OUR BUSINESS

We utilize several metrics to measure and track the performance and progress of our business. We refer to certain key performance indicators used by us and typically used by our competitors in the global cannabis industry. Some of the metrics used by us are not defined under IFRS. See *Reconciliation of Non-IFRS Measures*.

Revenue

In accordance with IFRS 15, revenue is recognised when a customer obtains control of promised goods or services. The amount of revenue reflects the consideration to which Columbia Care expects to be entitled to receive in exchange for these goods or services. Columbia Care applies the following five-step analysis to determine whether, how much and when revenue is recognised: (1) Identify the contract with the customer; (2) Identify the performance obligation in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to the performance obligation in the contract; and (5) Recognise revenue when or as Columbia Care satisfies a performance obligation.

Under IFRS 15, revenue from the sale of medicinal cannabis and derivative products is generally recognised at a point in time when control over the goods has been transferred to the customer. Payment is generally due prior to transfer of the goods and is recognised as revenue upon the satisfaction of the performance obligation. Columbia Care satisfies its performance obligation and transfers control upon delivery and acceptance by the customer, the timing of which is consistent with Columbia Care's previous revenue recognition policy. In instances where customers pay an annual membership fee, the customer will generally receive the benefit of the membership evenly over the period and as a result, Columbia Care will recognise revenue using an output method measure of progress on a straight-line basis over the membership period.

Gross Profit before Fair Value Adjustments to Biological Assets and Inventory

Gross Profit before Fair Value Adjustments to Biological Assets and Inventory reflects our revenue less our production costs primarily consisting of labor, materials, consumables, supplies, overhead, amortization on production equipment, shipping, packaging and other expenses required to produce cannabis products.

Gross Profit after Fair Value Adjustments to Biological Assets and Inventory

Production costs related to the transformation of biological assets to the point of harvest are capitalized and included in the fair value measurement of the biological assets. Once goods are sold, the associated capitalized costs are recognized as production costs in the statement of operations for the period.

Gross Profit after Fair Value Adjustments to Biological Assets and Inventory is based on Gross Profit before Fair Value Adjustments to Biological Assets and Inventory and includes fair value adjustments to our biological assets, consisting of cannabis plants measured at fair value less cost to sell up to the point of harvest and is inclusive of capitalized production costs. Harvested cannabis is transferred from biological assets at their fair value less cost to sell at harvest, which becomes the deemed cost for inventory which, upon sale, the fair value cost adjustment portion is expensed to finished harvest inventory sold. Gross profit before gain or loss on biological assets represents profit earned before the net impact of fair value adjustments and finished harvest inventory sold cost of sales that result from the transformation of biological assets.

As discussed in the notes to our financial statements, there is no active market for unharvested plants in certain states, and determination of the fair value of the biological assets requires us to make assumptions about how market participants assign fair values to these assets. These assumptions primarily relate to estimating the stage of growth of the cannabis plant, selling and other fulfillment costs, average selling prices and expected yields for the plants. See *Critical Accounting Estimates – Biological Assets*.

Operating Expenses

Operating expenses primarily include salaries and benefits, professional fees, rent and facilities expenses, travel-related expenses, advertising and promotion expenses, licenses, fees and taxes, office supplies and pursuit expenses related to outside services, unit-based compensation and other general and administrative expenses.

EBITDA

We believe EBITDA is a useful measure to assess the performance of Columbia Care as it provides meaningful operating results by excluding the effects of expenses that are not reflective of our underlying business performance. We define EBITDA as net income (loss) before (i) depreciation; (ii) income taxes; and (iii) interest expense and debt amortization. See *Reconciliation of Non-IFRS Measures*.

Adjusted EBITDA

We believe Adjusted EBITDA is a useful measure to assess the performance of Columbia Care as it provides more meaningful operating results by excluding the effects of expenses that are not reflective of our underlying business performance and other one-time or non-recurring expenses. We define Adjusted EBITDA as EBITDA before (i) fair value gains or costs arising from biological assets; (ii) unit-based compensation expense; and (iii) other non-recurring items deemed unrelated to current operations. See *Reconciliation of Non-IFRS Measures*.

COLUMBIA CARE OBJECTIVES AND FACTORS AFFECTING OUR PERFORMANCE

Our strategy to grow our business is comprised of five key components:

1) Expansion and development within and outside our current footprint
2) Pharmaceutical quality
3) Intellectual property
4) National branding
5) Distribution diversification

Columbia Care's performance and future success depends on a number of factors. These factors are also subject to a number of inherent risks and challenges, some of which are discussed below.

<u>Branding</u>

Columbia Care has established a national branding strategy across each of the jurisdictions in which it operates. Maintaining and growing Columbia Care's brand appeal domestically and internationally is critical to its continued success.

Regulation

Columbia Care is subject to the local and federal laws in the jurisdictions in which it operates. Outside of the United States, Columbia Care's products may be subject to tariffs, treaties and various trade agreements as well as laws affecting the importation of consumer goods. Columbia Care holds all required licenses for the production and distribution of its products in the jurisdictions in which it operates and continuously monitors changes in laws, regulations, treaties and agreements.

Product Innovation and Consumer Trends

Columbia Care's business is subject to changing consumer trends and preferences, which is dependent, in part, on continued consumer interest in new products. The success of new product offerings, depends upon a number of factors, including Columbia Care's ability to (i) accurately anticipate customer needs; (ii) develop new products that meet these needs; (iii) successfully commercialize new products; (iv) price products competitively; (v) produce and deliver products in sufficient volumes and on a timely basis; and (vi) differentiate product offerings from those of competitors.

Growth Strategies

Columbia Care has a successful history of growing revenue and it believes it has a strong domestic and international growth strategy aimed at continuing its strong rate of growth. Columbia Care's future depends, in part, on Management's ability to implement its growth strategy including (i) product innovations; (ii) penetration into new markets; (iii) growth in pharmaceutical and distributor partnerships; (iv) future development of e-commerce distribution capabilities; and (v) improvements in operating income, gross profit and operating expense margins. The ability of Columbia Care to implement this growth strategy depends, among other things, on its ability to develop new products that appeal to consumers, maintain and expand brand loyalty, maintain and improve pharmaceutical quality products and brand recognition, maintain and improve competitive position in the markets, and identify and successfully enter and market products in new geographic areas and segments.

RECENT DEVELOPMENTS

Below is a summary of recent developments:

- In March 2019, we entered into an agreement with Make Sensi, LLC, under which we granted to Make Sensi a non-exclusive sublicense and access to a designated location at the cultivation property of Columbia Care Arizona-Tempe. In return, we will receive a sublicense fee and 20% of Make Sensi's net sales derived from the agreement.
- In April 2019, we completed a merger transaction with Canaccord Genuity Growth Corp ("CGGC"), resulting in our common units being exchanged for shares which are trading on the NEO exchange in Canada.

SELECTED FINANCIAL INFORMATION

We report results of operations of our affiliates from the date control commences, either through the purchase of the business or control through a management agreement. The following selected financial information includes only the results of operations following the establishment of control of our affiliates. Accordingly, the information included below may not be representative of the results of operations if such affiliates had included their results of operations for the entire reporting period.

The following table sets forth selected consolidated financial information derived from our audited consolidated financial statements, the consolidated financial statements, and the respective accompanying notes prepared in accordance with IFRS.

During the periods discussed herein, we have not made business acquisitions or discontinued operations, and our accounting policies have remained consistent. The selected and summarized consolidated financial information below may not be indicative of Columbia Care's future performance.

Statement of operations:

	Three Months Ended	
	March 31, 2019	March 31, 2018
Medical sales	$ 12,870	$ 8,849
Production costs	(8,469)	(5,436)
Gross profit excluding change in fair value of biological assets and inventory sold	4,401	3,413
Increase (decrease) in fair value of inventory sold	(11,856)	(11,741)
Increase (decrease) in fair value of biological assets	5,252	9,545
Gross profit (loss)	(2,203)	1,217
Operating expenses	(21,925)	(9,451)
Other income, net	(389)	(744)
Provison for income taxes	(615)	(719)
Net loss	(25,132)	(9,697)
Net loss attributable to non-controlling interest	(272)	(261)
Net loss attributable to Columbia Care LLC	**$ (24,860)**	**$ (9,436)**

Summary of balance sheet items:

	March 31, 2019	December 29, 2018
Total Assets	$ 254,215	$ 233,927
Total Liabilities	$ 70,798	$ 30,238
Shareholders' Equity	$ 183,417	$ 203,689

RESULTS OF OPERATIONS

Comparison of the Three Months Ended March 31, 2019 and March 31, 2018

The following table summarizes our results of operations for the three months ended March 31, 2019 and March 31, 2018:

	Three Months ended			
	March 31, 2019	March 31, 2018	$ Change	% Change
Medical sales	$ 12,870	$ 8,849	$ 4,021	45%
Production costs	(8,469)	(5,436)	(3,033)	56%
Gross profit excluding change in fair value of biological assets and inventory sold	4,401	3,413	988	29%
Increase (decrease) in fair value of inventory sold	(11,856)	(11,741)	(115)	1%
Increase (decrease) in fair value of biological assets	5,252	9,545	(4,293)	-45%
Gross profit (loss)	(2,203)	1,217	(3,420)	-281%
Operating expenses	(21,925)	(9,451)	(12,474)	132%
Loss from operations	(24,128)	(8,234)	(15,894)	193%
Other expense, net	(389)	(744)	355	-48%
Loss before provision for income taxes	(24,517)	(8,978)	(15,539)	173%
Income tax expense	(615)	(719)	104	-14%
Net loss	(25,132)	(9,697)	(15,435)	159%
Net loss attributable to non-controlling interest	(272)	(261)	(11)	4%
Net loss attributable to Columbia Care LLC	$ (24,860)	$ (9,436)	$ (15,424)	163%

Revenue

Revenue for the three months ended March 31, 2019 was $12,870, an increase of $4,021 or 45%, compared to revenue of $8,849 for the three months ended March 31, 2018. The increase in revenue was primarily driven by expansion of our dispensary network and by additional sales through our existing dispensaries.

Cost of Goods Sold & Changes in Fair Value of Biological Assets and Inventory Sold

Cost of goods sold, excluding adjustments to the fair value of biological assets and inventory sold, for the three months ended March 31, 2019 was $8,469, an increase of $3,033 or 56% compared to $5,436 of cost of goods sold for the three months ended March 31, 2018. The increase was primarily due to higher sales volumes of our products.

Fair value adjustments to biological assets and inventory sold resulted in a loss of $6,604 for the three months ended March 31, 2019 compared to a loss of $2,196 for the three months ended March 31, 2018, a decrease of $4,408, or 67%. The decrease was primarily due to decreased volume of unharvested plants.

Gross Profit

Gross profit before fair value adjustments to biological assets and inventory for three months ended March 31, 2019 was $4,401 compared to $3,413 for the three months ended March 31, 2018, an increase of $988 or 29%. The increase was due to volume growth of our business.

Gross profit after changes in the fair value of biological assets and inventory sold for the three months ended March 31, 2019 was ($2,203) compared to $1,217 for the three months ended March 31, 2018, a decrease of $3,420. The decrease was primarily due to fair value adjustments related to decreased volume of unharvested plants and inventory.

Operating Expenses

	Three Months Ended			
	March 31, 2019	March 31, 2018	$ Change	% Change
Salaries and benefits	$ 5,339	$ 2,847	$ 2,492	88%
Professional fees	7,928	1,386	6,542	472%
Facilities costs	950	890	60	7%
Travel, meals, and entertainment	356	240	116	48%
Advertising and promotion	481	162	319	197%
Licenses, fees, and taxes	471	306	165	54%
Office Supplies	288	148	140	95%
Unit-based compensation	4,232	2,788	1,444	52%
Depreciation and amortization	1,426	455	971	213%
Other General and Administrative	454	229	225	98%
Total General and Administrative Expenses	**$ 21,925**	**$ 9,451**	**$ 12,474**	**132%**

Operating expenses for the three months ended March 31, 2019 were $21,925, an increase of $12,474 or 132%, compared to $9,451 for the three months ended March 31, 2018, representing 170% and 107% of total revenue for the three months ended March 31, 2019 and March 31, 2018, respectively. The increase in total operating expenses was primarily attributable to increases in professional fees, salaries and benefits, unit-based compensation and facilities costs as we expanded our operations and increased the size and scope of our administrative functions.

Salaries and benefits increased $2,492 or 88%, from $2,847 for the three months ended March 31, 2018 to $5,339 for the three months ended March 31, 2019. The increase was a result of our continued growth and expansion into new markets within the United States as well as growth of our administrative functions. Our employee headcount increased from 312 as of March 31, 2018 to 438 as of March 31, 2019.

Professional fees increased $6,542, or 472%, from $1,386 for the three months ended March 31, 2018 to $7,928 for the three months ended March 31, 2019. The increase was primarily due to increased fees for legal, tax and audit services.

Facilities expenses increased $60, or 7%, from $890 for the three months ended March 31, 2018 to $950 for the three months ended March 31, 2019. The increase was primarily due to lease of additional space for our administrative functions and operations, offset by lower lease expenses due to the adoption of IFRS 16.

Travel, meals, and entertainment expenses increased $116, or 48%, from $240 for the three months ended March 31, 2018 to $356 for the three months ended March 31, 2019. The increase was due to increased travel by our employees as we continued our expansion into new markets within the U.S., as well as with expansion of the dispensary network in states in which we already operate.

Advertising and promotion expenses increased $319, or 197%, from $162 for the three months ended March 31, 2018 to $481 for the three months ended March 31, 2019. The increase was primarily due to our efforts to develop our corporate message and launch of our branded products.

Licenses, fees, and taxes increased $165, or 54%, from $306 for the three months ended March 31, 2018 to $471 for the three months ended March 31, 2019. The increase was due primarily to our expansion into new markets.

Office supplies increased $140, or 95%, from $148 for the three months ended March 31, 2018 to $288 for the three months ended March 31, 2019. The increase was primarily due to the overall growth of our operations, driving the need for more supplies at our dispensary, cultivation, and corporate sites.

Unit-based compensation expense increased $1,444, or 52%, from $2,788 for the three months ended March 31, 2018 to $4,232 for the three months ended March 31, 2019. The increase was due to expense recorded for unit grants made subsequent to the first quarter of 2018.

Depreciation and amortization expense increased $971, or 213%, from $455 for the three months ended March 31, 2018 to $1,426 for the three months ended March 31, 2019. The increase was primarily due to the adoption of IFRS 16 and the start of amortizing the right-of-use assets, as well as additional depreciation on new equipment additions.

Other general and administrative expenses include miscellaneous operating expenses, which increased $225, or 98%, from $229 for the three months ended March 31, 2018 to $454 for the three months ended March 31, 2019. The increase was primarily due to increased expenses incurred in pursuit of new business opportunities.

Other Income (Expense), Net

Total income and expense for the period increased $380 from ($744) for the three months ended March 31, 2018 to $(364) for the three months ended March 31, 2019.

Other income (expense), net for the three months ended March 31, 2019 increased $83 from $(25) for the three months ended March 31, 2018 to $58 for the three months ended March 31, 2019.

Net interest expense for the three months ended March 31, 2019 and March 31, 2018 was $(447) and $(719), respectively. The decrease was due to the repayment of the majority of our debt obligations during 2018, partly offset by higher interest expenses recorded due to the adoption of IFRS 16.

Provision for Income Taxes

We recorded a provision for income taxes of $615 for the three months ended March 31, 2019, compared to an income tax provision of $719 for the three months ended March 31, 2018. The decrease was primarily due to lower taxable income in our taxable operating entities in Massachusetts and Arizona.

EBITDA

EBITDA for the three months ended March 31, 2019 and March 31, 2018 was $(21,200) and $(7,252), respectively. The decrease was primarily driven by higher operating expenses during the current quarter.

Adjusted EBITDA

Adjusted EBITDA for the three months ended March 31, 2019 and March 31, 2018 was $(10,364) and $(2,268), respectively. The decrease was primarily driven by higher operating expenses, partially offset by higher revenue and gross profit before impact from fair value adjustments. See *Non-IFRS Measures*.

Net Income

Net loss for the three months ended March 31, 2019 and March 31, 2018 was $(25,132) and $(9,697), respectively, an increased loss of $15,435. The increased loss was primarily driven by a decrease in the fair value adjustment of biological assets and higher operating expenses, partially offset by higher gross profit excluding changes in fair value of biological assets and inventory sold.

Our future financial results are subject to significant potential fluctuations caused by, among other things, fair value adjustments to biological assets and inventory sold, growth of sales volume in new and existing markets, and our ability to control operating expenses. In addition, our financial results may be impacted significantly by changes to the regulatory environment in which we operate, both on a local, state and federal level.

Reconciliation of Non-IFRS Measures

The following table provides a reconciliation of net income (loss) for the period to EBITDA and Adjusted EBITDA for the three months ended March 31, 2019 and March 31, 2018:

	Three Months ended	
	March 31, 2019	March 31, 2018
Net loss	$ (25,132)	$ (9,697)
Income tax	615	719
Depreciation and amortization	2,870	981
Interest expense, net and debt amortization	447	745
EBITDA	**$ (21,200)**	**$ (7,252)**
Adjustments:		
Unit-based compensation	4,232	2,788
Net impact, FV of biological assets and inventory sold	6,604	2,196
Other non-recurring items	-	-
Adjusted EBITDA	**$ (10,364)**	**$ (2,268)**

The adjustment for interest expense, net and debt amortization includes the sum of interest income and interest expense presented on our statements of operations and the revaluation of derivative liability, which is presented on our statements of cash flows. Unit-based compensation is the sum of equity-based compensation expense and deferred compensation expense, which are presented in our statements of cash flows.

Liquidity and Capital Resources

Our primary need for liquidity is to fund working capital requirements of our business, capital expenditures, debt service and for general corporate purposes. Our primary source of liquidity is funds generated by financing activities. Our ability to fund our operations, to make capital expenditures, to make scheduled debt payments and to repay or refinance indebtedness depends on our future operating performance and cash flows, which are subject to prevailing economic conditions and financial, business and other factors, some of which are beyond our control.

As of March 31, 2019, we had $59,064 of cash and $106,580 of working capital (current assets minus current liabilities), compared with $46,241 of cash and $144,813 of working capital as of December 29, 2018. The decrease of $38,233 in our working capital was primarily due to decreases of $42,764 in subscription receivable and $2,792 in inventory, and increases of $5,810 in accounts payable, $4,052 in accrued expenses and $4,807 in current lease obligations, offset by increases in cash and cash equivalents of $12,823, deposits and prepaids of $3,652, and a decrease of $4,127 in current portion of long-term debt.

We expect that our cash on hand and cash provided by operations will allow us to meet our capital requirements and operational needs for the next twelve months. As of March 31, 2019, there were no regulatory capital requirements applicable to our industry.

Recent Financing Transactions

Working Capital Loan

In July 2016, we obtained working capital loans from various lenders, at a stated interest rate of 10% and a maturity date of July 11, 2019. The loans were unsecured. Cash interest was paid in arrears on July 31, 2018 and on each quarterly anniversary thereafter. We could prepay the loans, in whole or in part, upon not less than three business days prior with written notice. In December 2018, $650 in loan principal was repaid while the remaining $300 principal balance was repaid in January 2019.

Term Debt

Real Estate Debt

In January 2016, we entered into a loan and security agreement with various individuals. The agreement had a stated interest rate of 7% with a maturity date of January 25, 2019. The aggregate principal amount of the loans per an amendment dated March 31, 2017 was increased from $10,000 to $12,000. As of December 29, 2018, the outstanding principal balance was $3,795.

Under the terms of the loan, we issued 11,230 and 31,814 warrants during the years ended December 30, 2017 and December 31, 2016, respectively, at an exercise price of $0.01.

The loans could be prepaid prior to the second anniversary of the closing date with the consent of the lenders. At any time following the second anniversary of the closing date, the loans could be prepaid in whole or in part not less than three business days' prior written notice to the lenders. The loans were collateralized by various real estate holdings of Columbia Care.

In December 2018, $8,005 was repaid or converted to common units while the remaining $3,795 was repaid or converted to common units in January 2019.

Note Payable – Former Member

On July 6, 2016 we purchased a 10% minority interest from a former member in Columbia Care Arizona Tempe DE, LLC, for a total of $1,000, which was payable as follows: $250 upon the execution of the agreement; $150 payable on or before January 1, 2017 (which was paid in 2016) and; $600 payable in twelve equal quarterly payments commencing April 1, 2017 and continuing through January 1, 2020. The note is non-interest bearing and is guaranteed by Columbia Care and its managing members.

The purchase of the non-controlling interest in the amount of $1,000 is reflected in the changes in Members' Equity section of the accompanying financial statements.

As of March 31, 2019, there was $150 remaining in outstanding principal on the note.

Cash Flows

The following table summarizes the sources and uses of cash or each of the periods presented:

	Three Months ended	
	March 31, 2019	March 31, 2018
Net cash used in operating activities	$ (15,073)	$ (6,212)
Net cash used in investing activities	(12,399)	(642)
Net cash provided by financing activities	40,295	7,585
Net increase in cash and cash equivalents	$ 12,823	$ 731

Operating Activities

During the three months ended March 31, 2019, operating activities used $15,073 of cash, primarily resulting from net loss of $25,132 and net cash used in changes in operating assets and liabilities of $3,665, partially offset by change in the fair value of biological assets of $6,604, depreciation and amortization of $2,870, equity-based compensation expense of $2,321, and deferred compensation expense of $1,911. Cash used due to changes in operating assets and liabilities was primarily due to increases in biological assets of $5,933, prepaid expenses and other assets of $1,146 and non-current assets of $38,432, partially offset by decreases in inventory of $2,792 and increases in current liabilities of $9,610 and long-term liabilities of $30,244.

During the three months ended March 31, 2018, operating activities used $6,212 of cash, primarily resulting from net loss of $9,697 and net cash used in changes in operating assets and liabilities of $2,724, partially offset by depreciation and amortization of $981, equity-based compensation expense of $1,800, deferred compensation expense of $988, and change in fair value of biological assets of $2,196. Cash used in changes in operating assets and liabilities was primarily due to increases in biological assets of $3,429 and decreases in current liabilities of $1,379, offset by a decrease in inventory of $2,626.

Investing Activities

During the three months ended March 31, 2019, investing activities used $12,399 of cash, consisting of purchases of property and equipment of $9,378, and cash paid for deposits of $3,407, partially offset by cash received from deposits of $436.

During the three months ended March 31, 2018, investing activities used $642 of cash, primarily consisting of $1,116 in purchases of property and equipment, offset by $500 for cash received from deposits.

Financing Activities

During the three months ended March 31, 2019, financing activities provided $40,295 of cash, consisting of $42,764 in proceeds received from the issuance of common units, partially offset by debt repayment of $1,595 and lease payments of $876.

During the three months ended March 31, 2018, financing activities provided $7,585 of cash, consisting of $5,585 in proceeds received from the issuance of common units and warrants and $2,000 in proceeds from the issuance of debt and warrants.

Contractual Obligations and Commitments

The following table summarizes contractual obligations as of March 31, 2019 and the effects that such obligations are expected to have on Columbia Care's liquidity and cash flows in future periods:

	Payments Due by Period			
	Total	**Year 1**	**Years 2-5**	**Years 5+**
Lease commitments (1)	$ 46,002	$ 7,071	$ 21,225	$ 17,706
Debt obligations (2)	150	150	-	-
Total	$ 46,152	$ 7,221	$ 21,225	$ 17,706

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(1) Amounts in the table reflect minimum payments due for Columbia Care's leased facilities under various lease agreements that expire through March 2029.
(2) Amounts in the table reflect minimum payments due for Columbia Care's debt obligations as discussed in the "Recent Financing" discussion above.

Outstanding Share Information

Subsequent to March 31, 2019, Columbia Care LLC completed a merger with a publicly listed Canadian corporation, previously named Canaccord Genuity Growth Corporation. In connection with the merger transaction, the publicly listed entity was renamed Columbia Care Inc. Equity owners of Columbia Care LLC exchanged 15,157,025 outstanding common units and profit interests for common shares and proportionate voting shares in Columbia Care Inc. and 1,127,856 warrants or options in Columbia Care LLC were exchanged for warrants or options in Columbia Care Inc.

As of the date of the filing of this report, Columbia Care Inc. has 216,096,353 issued and outstanding common shares or equivalent proportionate voting shares, and 244,782,766 issued and outstanding common shares or equivalent proportionate voting shares on a fully-diluted basis.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, we do not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of our operations or financial condition, including, and without limitation, such considerations as liquidity and capital resources.

RELATED PARTY TRANSACTIONS

We finance the construction of facilities and working capital for operations of our not-for-profit subsidiaries. Each not-for-profit subsidiary executes a note in favor of Columbia Care (or its affiliates) which bears interest and has specific repayment terms. Each of the not-for-profit entities has a separate Board of Directors, which include certain members of Columbia Care. Columbia Care earns success fees upon the implementation and successful opening of the facilities, as well as ongoing management fees. These transactions are eliminated in consolidation for financial reporting purposes.

In accordance with IFRS reporting standards, we report compensation, fees, and other benefits and compensation arrangements made to individuals within the organization that fit the definition of key management personnel. Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of Columbia Care as a whole. Our key management personnel consist of executive and non-executive members of Columbia Care's Board of Directors and corporate officers and/or companies controlled by those individuals.

Total compensation paid to key management personnel was $2,223 and $1,449 for the three months ended March 31, 2019 and March 31, 2018, respectively.

As of March 31, 2019 and December 29, 2018, $18 and $46, respectively, was owed to key management personnel of the Company for unpaid fees and expenses.

CHANGES IN OR ADOPTION OF ACCOUNTING PRACTICES

The following IFRS standards have been recently issued by the IASB. We are in the process of assessing the impact of these new standards on future consolidated financial statements. Pronouncements that are not applicable or where it has been determined do not have a significant impact to Columbia Care have been excluded herein.

IFRS 16, Leases

IFRS 16, *Leases* was issued by the IASB in January 2016. It replaced IAS 17, *Leases* for reporting periods beginning on or after January 1, 2019. The Company has adopted IFRS 16 retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application in accordance with paragraphs C7–C13. The Company applies the standard only to leases which were previously identified as leases under IAS 17 and IFRIC 4 in accordance with the practical expedient allowed under the standard. The leases within the Company are comprised only of buildings, office leases and security equipment. The adoption of this standard results in almost all leases being recognized on the balance sheet, except for short-term and low-value leases. As at January 1, 2019, the Company recognized lease assets of $35,070, a corresponding lease liability of $35,737 and derecognized deferred rent of $713 and prepaid expenses of $46.

IFRIC 23, Taxes

In June 2017, the IASB issued IFRIC 23, *Uncertainty over Income Tax Treatments*, aiming to reduce diversity in how companies recognize and measure a tax liability or tax asset when there is uncertainty over income tax treatments. The standard is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The Company adopted IFRIC 23 as of January 1, 2019, with no significant impact to the consolidated interim financial statements on adoption of this IFRS.

CRITICAL ACCOUNTING ESTIMATES

We make judgements, estimates and assumptions about the future that affect reported of assets and liabilities, and revenues and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

The preparation of our consolidated financial statements requires us to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

Estimated Useful Lives and Depreciation of Property and Equipment

Depreciation of property and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that consider factors such as economic and market conditions and the useful lives of assets.

Estimated Useful Lives and Amortization of Intangible Assets

Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

We did not have any intangible assets subject to amortization as of March 31, 2019.

Biological Assets

Biological assets, consisting of unharvested cannabis plants, are dependent upon estimates of future economic benefits resulting from past events to determine the fair value through an exercise of significant judgment by us. In estimating the fair value of an asset or a liability, we use market observable data to the extent it is available. When market observable data is not available, we engage qualified third-party valuation consultants to perform the valuation. With respect to certain biological assets, where there is no active market for the unharvested produce, the valuation committee arrives at the fair value by way of a reverse analysis, working from the value of the inventory.

Our biological assets are unharvested cannabis plants and are presented at their fair values less costs to sell up to the point of harvest. We determine the fair value of biological assets using a specific valuation technique that incorporates interdependent estimates and assumptions including the stage of growth of the cannabis plant, selling and other fulfillment costs, average selling prices, and expected yields for the cannabis plants to determine the weighted average fair value deemed cost per gram.

The valuation of biological assets is based on a market approach where fair value at the point of harvest is estimated based on future selling prices less the costs to sell at harvest. For in process biological assets, the estimated fair value at point of harvest is adjusted based on the plants' stage of growth. Stage of growth is determined by reference to days remaining to harvest over the average growth cycle.

Our estimates are subject to changes that could result from volatility of market prices, unanticipated regulatory changes, harvest yields, loss of crops, changes in estimates and other uncontrollable factors that could significantly affect the future fair value of biological assets.

These estimates include the following assumptions and are based on historical information:

i. Selling prices per gram were determined by estimating average selling price of each 12-month period. Average selling price for the three months ended March 31, 2019 and the year ended December 29, 2018 was $12.26 and $13.85 per gram, respectively;

ii. The stage of plant growth at which point of harvest is determined. As of March 31, 2019, and December 29, 2018, the biological assets were on average 49% and 48% completed, respectively;

iii. Selling and other fulfillment costs were determined by estimating the average cost per gram, which was $2.18 and $2.27 per gram and equivalent gram of cannabis sold as of March 31, 2019 and December 29, 2018, respectively;

iv. Expected yield per plant varies by strain and is estimated through historical growing results or grower estimate if historical results are not available. Average yield per plant as of March 31, 2019 and December 29, 2018 was 179 grams per plant and 175 grams per plant, respectively.

Non-controlling Interests

Non-controlling interests are classified as a separate component of equity in Columbia Care's consolidated statement of financial positions and statements of members' equity. Net income (loss) attributable to noncontrolling interests are reflected separately from consolidated statement of profits and losses net income (loss) in the consolidated statements of comprehensive loss and members' equity. Any change in ownership of a subsidiary while the controlling financial interest is retained is accounted for as an equity transaction between the controlling and non-controlling interests. In addition, when a subsidiary is deconsolidated, any retained non-controlling equity investment in the former subsidiary will be initially measured at fair value and the difference between the carrying value and fair value of the retained interest will be recorded as a gain or loss.

Unit-based Payment Arrangements

We use the Black-Scholes option pricing model to determine the fair value of unit-based payment arrangements granted to employee and non-employees. In estimating fair value, management is required to make certain assumptions and estimates such as the expected life of units, volatility of Columbia Care's future unit price, risk free rates, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results.

Deferred Tax Asset and Valuation Allowance

Deferred tax assets, including those arising from tax loss carry-forwards, requires management to assess the likelihood that Columbia Care will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of Columbia Care to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of Columbia Care to realize the net deferred tax assets recorded at the reporting date could be impacted.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Our financial instruments consist of cash and cash equivalents, accounts payable, accrued expenses and long-term debt. The fair values of cash, accounts payable and accrued expenses approximate their carrying values due to the relatively short-term to maturity. Columbia Care classifies its cash as fair value through profit and loss (FVTPL) and accounts payable, accrued expenses and long-term debt as other financial liabilities. The fair value of cash and cash equivalents is based on level 1 inputs of the fair value hierarchy.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of contained within the hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

Our assets measured at fair value on a nonrecurring basis include investments, long-lived assets and indefinite-lived intangible assets. We review the carrying amounts of such assets whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable or at least annually, for indefinite-lived intangible assets. Any resulting asset impairment would require that the asset be recorded at its fair value. The resulting fair value measurements of the assets are considered to be Level 3 measurements.

Financial Risk Management

We are exposed in varying degrees to a variety of financial instrument related risks. Our risk exposures and the impact on our financial instruments are summarized below:

Credit Risk

Credit risk is the risk of a potential loss to us if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at March 31, 2019 and March 31, 2018, is the carrying amount of cash and cash equivalents, accounts receivable and notes receivable. We do not have significant credit risk with respect to our customers. All cash deposits with regulated U.S. financial institutions.

We provide credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk but has limited risk as the majority of our sales are transacted with cash.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations associated with financial liabilities. We manage liquidity risk through the management of our capital structure. Our approach to managing liquidity is to ensure that we have sufficient liquidity funds our ongoing operations and to settle obligations and liabilities when due.

We expect to incur increased expenditures related to acquisition related costs, marketing and selling expenses and capital expenditures as we expand our presence in current markets and expand into new markets.

To date, we have incurred significant cumulative net losses and we have not generated positive cash flows from our operations. We have therefore depended on financing from sale of our equity and from debt financing to fund our operations. In the near term, we expect our operating cash flows to be impacted negatively by the establishment of operations in new markets, and we expect significant investments in property and equipment as we enter new markets and expand our operations in existing markets. Overall, we do not expect the net cash contribution from our operations and investments to be positive in the near term, and we therefore expect to rely on financing from equity or debt.

Market Risk

In addition to business opportunities and challenges applicable to any business operating in a fast-growing environment, our business operates in a highly regulated and multi-jurisdictional industry, which is subject to potentially significant changes outside of our control as individual states as well as the U.S. federal government may impose restrictions on our ability to grow our business profitably or enact new laws and regulations that open up new markets.

Currency Risk

Our operating results and financial position are reported in U.S. dollars in thousands. Financial transactions entered into could be denominated in currencies other than the U.S. dollar which would result in Columbia Care's operations being subject to currency transaction and translation risks.

As of March 31, 2019 and March 31, 2018, we had not entered into any financial transactions that were denominated in currencies different from our functional currency, the U.S. dollar. In addition, we had no hedging agreements in place with respect to foreign exchange rates. We have not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash and cash equivalents bear interest at market rates. Our loan agreements have fixed rates of interest and therefore expose us to a limited non-cash interest rate fair value risk.

Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. We are subject to risk of prices of our products due to competitive or regulatory pressures.

Risk Factors

For a detailed description of risk factors associated with the Company, refer to the "Risk Factors" section of the Company's Prospectus, which is available on SEDAR at www.sedar.com.

Disclosure Controls and Internal Control over Financial Reporting

Internal control over financial reporting

In accordance with National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, management is responsible for establishing and maintaining adequate Disclosure Controls and Procedures ("**DCP**") and Internal Control Over Financial Reporting ("**ICFR**"). As we become a reporting issuer in Canada, our CEO and CFO will be required to file certifications relating to DCP and ICFR for Columbia Care in connection with our interim and annual filings, commencing with the first reporting period after becoming a reporting issuer.

Limitations of controls and procedures

Our management, including the CEO and CFO, believes that any DCP or ICFR, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within Columbia Care have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Additional Information

Additional information relating to the Company, including the Company's Prospectus is available on SEDAR at www.sedar.com. The Company's common shares are listed for trading on the Aequitas NEO Exchange Inc. under the symbol "CCHW".