

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. Name and Address of Company:

Green Rise Foods Inc. (“**Green Rise**” or the “**Company**”)
47 Colborne Street, Suite 301
Toronto, Ontario M5E 1P8

Item 2. Date of Material Change:

June 30, 2022

Item 3. News Release:

A news release announcing the material change was disseminated on July 4, 2022 through Newsfile Corp. and a copy was subsequently filed under the Company’s profile on SEDAR at www.sedar.com.

Item 4. Summary of Material Change:

On July 4, 2022, Green Rise announced that, further to its press releases dated April 1, 2022, May 11, 2022 and May 30, 2022, it had, on June 30, 2022 (the “**Closing Date**”), completed its acquisition (the “**Acquisition**”), through its wholly-owned subsidiary, Bull Market Farms Inc. (“**Bull Market**”), of a 16-acre greenhouse range (“**GR3**”) for cash consideration of approximately \$15 million, from 2073834 Ontario Limited (the “**Vendor**”), a company principally owned and controlled by Adam Suder, the Chief Growth Officer of Green Rise.

Item 5. Full Description of Material Change:

On July 4, 2022, Green Rise announced that, further to its press releases dated April 1, 2022, May 11, 2022 and May 30, 2022, it had, on the Closing Date, completed the Acquisition of GR3 through Bull Market from the Vendor for cash consideration of \$15 million.

Purchase Agreement

On April 1, 2022, Bull Market and the Vendor entered into a definitive asset purchase agreement (as amended, the “**Purchase Agreement**”), pursuant to which Bull Market agreed to purchase from the Vendor all of the property and assets used in or otherwise related to (i) GR3, which is situated on the 34-acre farm property located at 795 Road 4 East, Kingsville, Ontario (the “**Property**”), and (ii) the operation of the business of growing and selling greenhouse produce carried on by the Vendor on the Property as a going concern, excluding certain identified assets agreed to by Bull Market (collectively, the “**Purchased Assets**”).

Pursuant to the Purchase Agreement, on the closing of the Acquisition (the “**Closing**”), (i) Bull Market paid the Vendor cash consideration equal to approximately \$15,000,000 (the “**Purchase Price**”), subject to customary adjustments, and (ii) the Vendor sold, assigned and transferred to Bull Market all of the Purchased Assets. The Company financed the Purchase Price through a

Working Capital Facility and Mortgage (as such terms are defined herein) secured against the Property. See “*Sources of Funding for the Acquisition*”.

The Purchase Agreement contains customary representations, warranties, covenants, indemnities and conditions typical for transactions of this size, nature and complexity. The covenants, to the extent they have not been fully performed, and representations and warranties of the Vendor and Mr. Suder will survive for a period of two years following the Closing Date, subject to certain customary carve-outs. Pursuant to the terms of the Purchase Agreement, Bull Market assumed liabilities relating to the Purchased Assets after, and not before, the Closing Date, pursuant to contracts which Bull Market has agreed to assume and excluding all liabilities occurring from a breach of contract which occurred prior to the Closing Date.

The Closing was subject to customary closing conditions including, but not limited to, the approval of the Company’s board of directors (the “**Board**”) and the approval of Disinterested Shareholders (as defined herein) of the valuation of the Purchased Assets and the Acquisition.

The Vendor, nor Mr. Suder or his affiliates, are receiving any additional equity securities in the Company as a result of the Acquisition.

The description of the Purchase Agreement and the Acquisition and other transactions contemplated thereby is a summary only of the material terms and conditions thereof and does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms of the Purchase Agreement, which is available under the Company’s profile on SEDAR at www.sedar.com.

Sources of Funding for the Acquisition

The Purchase Price were financed by the Company through (i) a demand, non-margined working capital facility with an aggregate principal amount of \$1,600,000, carrying interest at a rate equal to the Royal Bank of Canada prime plus 100 basis points per annum, payable in monthly instalments (the “**Working Capital Facility**”); and (ii) a first charge mortgage with an aggregate principal amount of approximately \$15,000,000, with collateral in the amount of \$20,000,000 secured against the Property (the “**Mortgage**”). The Mortgage has an open variable interest rate at the Prime Interest Rate plus 1.0% per annum. The Company is considering the utilization of interest rate swaps and has postponed 50% of the prepaid costs related to the 2022 crop input costs that were incurred and paid by the Vendor prior to closing for a total of \$277,000. This postponement was required in order to finance the Purchase Price. The postponement is expected to be repaid in May 2023.

Background to, and Rationale for, the Acquisition

The Company is continuously seeking and evaluating acquisition opportunities that allow it to expand its fresh produce capability offerings to its customers. The evaluation process of such acquisitions is led by the Company’s Chief Executive Officer with support from the Chief Growth Officer, the Chief Financial Officer and the Company’s legal counsel, with Board oversight where appropriate. The acquisition of the Property and the Purchased Assets was one of many acquisition

and expansion targets considered in 2021 by the Company. Given the Company's strategic decisions relating to its 2022 crop selection and the alignment of GR3 with these decisions (i.e., diversification of product skus, fixed contract pricing, focused on single vs. multiple produce skus at each greenhouse) matched with GR3's historical track record of producing high quality product with consistent yields, placed the Acquisition as a top prospect among the Company's potential acquisition targets.

Management estimates that the Acquisition will raise Green Rise's total fixed contract pricing to approximately 70% of its total 2022 production, an approximate 125% increase over fiscal 2021. The Acquisition is expected to allow the Company to support its customers by offering high quality, multi-sku produce in beef steak, medley, piccolo and mini peppers. Certain of these speciality mini peppers are expected to have greater certainty of yields which will allow for better forecasting of production and delivery volume to the Company's customers. Management also believes it can leverage its operational and financial experience and expertise by bringing GR3 under its control, allowing Mr. Suder to apply greater focus to acquisition growth and the expansion of the Company. Mr. Suder is one of the most experienced growers of fresh produce in the industry and he has successfully managed in the past over 200 acres with a variety of crops, from tomatoes to peppers to cucumbers. He is a critical member of the senior management team and executive leadership.

In connection with the negotiation of the Purchase Agreement, the Purchase Price and the Acquisition, the Company retained Fuerland Realty Ltd., a well-known, reputable, independent, and professional appraiser in southwestern Ontario (the "**Appraiser**"), to provide an independent third-party appraisal of the current market value of the Property and Purchased Assets (the "**Appraisal Report**"). See "*Formal Valuation Exemption, Prior Valuations and Independent Appraisals*".

Review and Approval Process

See "*Approval of the Fair Value of the Acquisition and the Acquisition – Review and Approval Process*" in the Company's management information circular dated May 31, 2022 (the "**Circular**"), in respect of Green Rise's annual general meeting of shareholders held on June 29, 2022 (the "**Meeting**"), for further information on the review and approval process adopted by the Board with respect to the Acquisition.

Formal Valuation Exemption, Prior Valuations and Independent Appraisals

As the Vendor is principally owned and controlled by an officer of the Company, Adam Suder, Chief Growth Officer of the Company, the Acquisition is considered a "related party transaction" under Multilateral Instrument 61-101 – *Protection of Minority Holders in Special Transaction* ("**MI 61-101**").

The Company is required to obtain a formal valuation in respect of the Acquisition and the Purchased Assets unless an exemption to this requirement is available under MI 61-101. Accordingly, as Green Rise's common shares (the "**Common Shares**") are listed on the TSX Venture Exchange ("**TSXV**") only and not on the Toronto Stock Exchange or another market specified by MI 61-101, the Company is permitted to, and relied upon, the exemption set forth in Section 5.5(b) of MI 61-

101, which exempts issuers not listed on certain specified markets (the TSXV not being included in the list of specified markets) from the formal valuation requirement.

There are no “prior valuations” (as defined in MI 61-101) in respect of the Property and Purchased Assets that have been made in the 24 months before the date of the Circular and the existence of which is known, after reasonable inquiry, to the Company or to any director or senior officer of the Company.

Notwithstanding that the Company is exempt from the formal valuation requirements of Section 5.4 of MI 61-101, the Company retained the Appraiser to prepare the Appraisal Report. The Appraiser provided the Appraisal Report to the Company and the Board with an effective date of January 18, 2022. See “*Approval of the Fair Value of the Acquisition and the Acquisition – Formal Valuation Exemption, Prior Valuations and Independent Appraisals*” in the Circular, for further information on the Appraisal Report.

Required Approvals and Excluded Shareholders

As a “related party transaction”, MI 61-101 requires that the Acquisition be approved by a simple majority (50% + 1) of the Shareholders, excluding votes attached to the Common Shares beneficially owned or controlled by an “interested party” of the Company, a “related party” of an “interested party” or a “joint actor” with an “interested party” or “related party” of the Company (as such terms are defined in MI 61-101) (the “**Disinterested Shareholders**”). Accordingly, the Common Shares beneficially owned or controlled by Mr. Suder and any “related party” or “joint actor” of Mr. Suder were excluded from voting their respective Common Shares for or against the resolutions for the approval of the valuation of the Purchased Assets and the Acquisition.

As at the record date for the AGM, Mr. Suder beneficially owned or controlled 2,578,947 Common Shares, representing approximately 5.7% of the issued and outstanding Common Shares (on a non-diluted basis), and such Common Shares were excluded from voting on the resolutions at the AGM. No other Common Shares were, or, to the knowledge of the Board and management of the Company, were required to be, excluded from voting for or against the resolutions for the approval of the valuation of the Purchased Assets and the Acquisition.

As announced on June 29, 2022, at the Meeting, Green Rise sought and received the approval of the Disinterested Shareholders with respect to the valuation of the Purchased Assets and the Acquisition.

In addition, on April 11, 2022, pursuant to TSXV Policy 5.3, the TSXV conditionally approved the Acquisition and the evidence of value for the Acquisition submitted to them by the Company.

See “*Approval of the Fair Value of the Acquisition and the Acquisition*” in the Circular, for further information on the Acquisition.

Item 6. Reliance of Section 7.1(2) of National Instrument 51-102:

Not applicable.

Item 7. Omitted Information:

Not applicable.

Item 8. Executive Officer:

George Hatzoglou
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E-mail: info@greenrisefoods.ca

Item 9. Date of Report:

July 8, 2022

Forward-Looking Statements

This material change report contains "forward-looking information" within the meaning of applicable securities laws. Any such forward-looking statements may be identified by words such as "expects", "anticipates", "believes", "projects", "plans" and similar expressions. Readers are cautioned not to place undue reliance on forward-looking statements. Actual results and developments may differ materially from those contemplated by these statements. The statements in this news release are made as of the date of this release. Green Rise undertakes no obligation to update any such forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on any such forward-looking statements. Green Rise undertakes no obligation to comment on analyses, expectations or statements made by third parties in respect of Green Rise or their respective financial or operating results or (as applicable), their securities.