EFiled: Jul 16 2020 05:02PM EDT
Transaction ID 65773528
Case No. 2020-0589-

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

MAD INVESTORS GRMD, LLC AND MAD INVESTORS GRPA, LLC, Plaintiffs, v. GR COMPANIES, INC., Defendant.	C.A. No. _____

VERIFIED COMPLAINT PURSUANT TO 8 *DEL. C.* § 220 TO COMPEL INSPECTION OF BOOKS AND RECORDS

Plaintiffs MaD Investors GRMD, LLC and MaD Investors GRPA, LLC (together, "Plaintiffs"), by and through the undersigned attorneys, upon knowledge as to themselves and their own actions, and upon information and belief as to all other matters, file this Verified Complaint Pursuant to 8 *Del. C.* § 220 against Defendant GR Companies, Inc. ("Grassroots" or the "Company"), a Delaware corporation, allege as follows:

NATURE OF THE ACTION

1. This action is brought under 8 *Del C.* § 220 to enforce Plaintiffs' right to inspect the Company's books and records. Plaintiffs seek to inspect these books and records to investigate mismanagement and possible breaches of fiduciary duty

by the directors and officers of the Company relating to the proposed acquisition of Grassroots by Curaleaf Holdings, Inc. (the "Merger"), to value their shares in connection therewith, and to evaluate possible litigation or other corrective measures, including, without limitation, speaking to other Grassroots stockholders, with respect to some or all of these matters detailed herein.

2. Grassroots initially entered into an Agreement and Plan of Merger with Curaleaf Holdings, Inc. ("Curaleaf") on August 26, 2019 (the "Initial Merger Agreement"), and subsequently entered into a modified Agreement and Plan of Merger with Curaleaf on June 22, 2020 (the "Amended Merger Agreement"). The Amended Merger Agreement substantially ***decreased*** the consideration being paid to Grassroots' outside stockholders, while funneling special consideration and other benefits to the Grassroots directors and officers who had been charged with negotiating the Amended Merger Agreement. Further, Grassroots' disclosures in connection with the transaction are deficient in several material respects, leaving the Company's outside stockholders unable to fully determine the value of the consideration they are receiving in the Merger and the extent to which the transaction changed to their detriment.

3. As described in further detail in Plaintiffs' Section 220 demand letter (attached hereto as Exhibit A) (the "Section 220 Demand"), Plaintiffs have a credible basis to believe that the Grassroots board of directors (the "Board") and/or

senior management may have breached their fiduciary duties by (i) agreeing to a Merger that undervalues the Company; (ii) failing to recuse admittedly self-interested insiders from negotiating and voting on the Merger; and (iii) acting in their personal self-interest at the expense of Grassroots and its public stockholders.

4. Promptly after Grassroots filed its Proxy Statement on June 26, 2020, announcing the Amended Merger Agreement and setting a stockholder vote on the Merger for exactly 20 days later (July 16, 2020) (the "Proxy"), Plaintiffs served their Section 220 Demand on the Company to investigate these potential breaches of fiduciary duty and the disinterestedness and independence of the Grassroots Board, to ascertain the value of Plaintiffs' stock, to use the information obtained to evaluate possible litigation or other corrective measures with respect to some or all of the matters set forth in the Section 220 Demand, and to communicate with other Grassroots stockholders regarding the results of Plaintiffs' investigation. As of the date of the filing of this Complaint, Grassroots has not produced any documents in response to the Section 220 Demand.

PARTIES

5. Plaintiffs own shares of Grassroots and have continuously owned Grassroots shares since January 2019.

6. Defendant Grassroots is one of the largest privately held, vertically integrated multi-state cannabis operators in the United States, operating in the

agriculture, marketing/processing, retail, and consumer brands sectors. Grassroots and its affiliates have vertically integrated operations in seven states, including Pennsylvania and Maryland, and have licenses and/or operations in five other states.

FACTUAL BACKGROUND

The Initial Merger Agreement Contemplated $75 Million In Cash To Grassroots' Stockholders

7. On August 26, 2019, Grassroots announced that it had entered into the Initial Merger Agreement with Curaleaf. Curaleaf is a publicly held company organized under the laws of British Columbia, Canada. Like Grassroots, Curaleaf is a vertically integrated cannabis company that operates in several states in the United States and is engaged in the cultivation, processing, and retail sale of cannabis products.

8. Under the Initial Merger Agreement, Curaleaf would acquire Grassroots for a combination of cash and stock that Grassroots and its financial advisor, Canaccord Genuity ("Canaccord"), valued at approximately $780 million (the "Initial Transaction"). Among other compensation, the Initial Transaction contemplated a $75 million cash payment to Grassroots' stockholders, with the remainder to be paid in shares of Curaleaf non-voting stock.

9. On August 26, 2019, Grassroots solicited the written consent of its stockholders for approval of the Initial Transaction (the "Consent Solicitation"),

which a majority of the Company's stockholders granted effective as of September 19, 2019.

Curaleaf's Chairman Alters The Deal, Eliminating The Cash Payment In Favor Of Company Insiders

10. According to a later-filed proxy statement, on February 24, 2020, Curaleaf's chairman expressed an interest in modifying the terms of the Initial Transaction—including the $75 million cash payment to stockholders.[1] Without requiring Curaleaf to pay any termination fee, Curaleaf and Grassroots management renegotiated the terms of the Merger. Following negotiations, on June 22, 2020, Grassroots and Curaleaf entered into the Amended Merger Agreement, which purportedly offers ***$80 million less*** in consideration than was contemplated by the Initial Transaction.

11. This revised agreement completely ***eliminates*** the $75 million cash payment to the Company's stockholders. Instead, outside Grassroots stockholders would receive consideration only in the form of subordinate, non-voting shares of Curaleaf ("Subordinate Shares"). While the Initial Merger Agreement provided that Curaleaf shares received by Grassroots stockholders in connection with the Merger would be subject to a lock-up provision through March 2021, the Subordinate Shares pursuant to the Amended Merger Agreement are subject to a

[1] GR Companies, Inc. Proxy Statement, June 26, 2020 (the "Proxy") at 20.

lock-up provision that prohibits Grassroots stockholders from selling the Curaleaf shares they receive in connection with the Merger through December 31, 2023—more than ***two years longer*** than provided for in the Initial Merger Agreement.

12. While the Amended Merger Agreement eliminates cash payments for Grassroots' outside stockholders and locks up the stock compensation they will receive for a period of over three years, the Grassroots insiders tasked with renegotiating the deal made sure they will get paid above and beyond the Merger consideration being paid to Grassroots' outside stockholders and will have immediate access to those funds. In place of the cash payment, the Amended Merger Agreement added in special compensation to three Company insiders: Chief Executive Officer and director Mitchell Kahn ("Kahn"), Chief Operating Officer and director Matthew Darin ("Darin"), and Chief Strategy Officer and director Steven Weisman ("Weisman"). This compensation consisted of some ***$9 million*** in special cash bonuses and "non-compete" payments that were, by their nature, not shared with other Grassroots stockholders.

13. In addition, Kahn, Darin, and Weisman will also receive cash payment for 40% of the restricted stock units previously granted to them, while Grassroots' outside stockholders receive no cash whatsoever. Based on disclosures disseminated by the Company in connection with its consent solicitation for the Initial Merger Agreement, these forms of special compensation were not

contemplated prior to the elimination of cash compensation to the Company's stockholders.

14. The special compensation afforded to Kahn, Darin, and Weisman as a result of the renegotiation and elimination of cash payment to outside stockholders does not stop there. In addition, Kahn, Darin, and Weisman will also receive the following benefits:

- Weisman will be permitted to purchase certain Grassroots dispensaries in exchange for a below-market-rate promissory note (the "Illinois Dispensaries"). Outside stockholders may not participate in this transaction and have not been given sufficient information to evaluate the value of the Illinois Dispensaries or the reasonableness of the promissory note in relation to the value of the Illinois Dispensaries and in connection with the Merger.
- Kahn, Darin, and Weisman have each signed consulting and/or employment agreements with Curaleaf, for which they will continue to receive compensation after the Merger closes.
- Kahn, Darin, and Weisman will receive a total of more than $16 million (comprised of 80% stock and 20% cash) as a result of Grassroots exercising an option to purchase 100% of certain entities owned by them in connection with the Merger (the "Application Entities"). Indeed, the Proxy admits that Kahn, Darin, and Weisman may receive ***far more*** than the $16 million currently contemplated. Once again, outside stockholders have not been given sufficient information to evaluate the reasonableness of this transaction and have not been provided with information sufficient to evaluate the financial benefit of this portion of the Merger to Kahn, Darin, and Weisman.

15. These special benefits to Kahn, Darin, and Weisman make clear that they were not disinterested for purposes of the Merger—and the Proxy admits as

much.[2] Nonetheless, they served as Grassroots' primary negotiators for both merger agreements, and the Board appears to have taken no steps to insulate the Company's sale from their personal conflicts of interest, calling into question whether these members of management and the Board complied with their fiduciary duties in connection with the sale of the Company.

16. The Board's decision to allow these management directors to negotiate substantial benefits for themselves—while negotiating away the right of stockholders to receive substantial cash consideration—is especially troubling in light of the fact that (1) Kahn, Darin, and Weisman control the seven-member Board (with director Audrey Selin being Weisman's mother) and in excess of 30% of the vote, ***and*** (2) the Board did not condition the Merger on approval by a majority-of-the-minority stockholders. In short, the Board allowed Kahn, Darin, and Weisman to ***lower*** the consideration to outside stockholders, while ***increasing*** the consideration being paid to themselves. These highly suspicious facts warrant further investigation.

Grassroots' Disclosures Leave Stockholders In The Dark About Several Key Aspects Of The Merger

17. Compounding the troubling manner in which the Merger was negotiated, Grassroots' disclosures in connection with the Merger are materially

[2] Proxy at 29-30; Consent Solicitation at 52-57.

deficient in several key respects and render Plaintiffs unable to value their shares and determine how to vote in connection with the Merger.

18. First, Grassroots has not disclosed sufficient information about the personal interests of its directors and officers in the Merger. As outlined above, certain Grassroots directors and officers are due to receive several forms of special compensation in connection with the Merger, including accelerated vesting and additional grants of restricted stock units, retention bonuses, payments under a phantom stock agreement, employment and consulting agreements, non-compete compensation, tax gross-up payments, transaction bonuses, and proceeds generated by the sale of the Illinois Dispensaries.[3] Grassroots either did not disclose, or summarily presented admittedly very rough estimates of, their financial value—leaving stockholders unable to evaluate the propriety of these payments. The need for transparency here is especially great because of the manner in which the Merger was re-negotiated to insiders' benefit and outside stockholders' detriment.[4]

19. Second, Grassroots has failed to explain how this re-negotiation took place and why Grassroots would agree to leave itself worse off following the re-negotiation. The Proxy states that in March 2020, Curaleaf and Grassroots management discussed the possibility that certain conditions to the parties'

[3] Proxy at 16.

[4] Proxy at 20-21.

obligations to perform under the Initial Merger Agreement would not be satisfied, thus excusing performance under that agreement.[5] But the Proxy does not reveal what these conditions were, why they might fail, and whether Grassroots pursued any alternatives other than agreeing to new terms that were worse for the Company.[6] With the information currently available, Grassroots stockholders are unable to understand how and why Company management re-negotiated a deal worse for the Company—but better for themselves.

20. Third, Grassroots has failed to provide sufficient information to allow stockholders to value their shares. In re-negotiating the Initial Merger Agreement, Grassroots' executives managed to ***lower*** the Company's value by more than 10%. The Company's financial adviser, Canaccord, reduced its valuation range from an initial $650–$850 million to $600–$800 million.[7] The Proxy does not disclose sufficient information to understand why Canaccord lowered its valuation of the Company or how it valued the Company at all.[8] For example, the Proxy does not disclose which companies were and were not included in Canaccord's comparable

[5] Proxy at 20.

[6] Proxy at 20.

[7] *Compare* Consent Solicitation at 47 *with* Proxy at 26.

[8] Canaccord's decision to lower its valuation of the Company is especially suspect in light of its financial incentives in ensuring the Merger closes: it stands to earn fees from ***Curaleaf*** by serving as the sole bookrunner for Curaleaf's $27.5 million placement in connection with the Merger.

companies analysis, the transactions that were considered, included, and excluded in its precedent transactions analysis, information sufficient to determine why Canaccord's valuation of the Company decreased between August 2019 and June 2020, and includes only bare-bones financial projections for the Company, leaving stockholders unable to reasonably consider the valuations. The Proxy also does not contain ***any*** valuations of or financial projections for Curaleaf—despite the fact that the Merger consideration to the Company's outside stockholders consists exclusively of Curaleaf Subordinate Shares that Grassroots stockholders will be forced to hold for over two years.

21. Further, the Proxy does not adequately disclose the value of the Illinois Dispensaries. The Merger Agreement provides that Grassroots will acquire three designated dispensary permits in Illinois, and immediately sell them to Weisman in exchange for a five-year promissory note worth $75 million, with interest at a below-market "applicable federal funds rate."[9] If the Illinois Dispensaries are sold following the closing of the Merger, Grassroots stockholders may be entitled to their *pro rata* share of up to $37.5 million plus interest, with Curaleaf being paid up to $37.5 million with the first $25 million in proceeds from

[9] Proxy at 25. While the Proxy states that the management teams believe that the current value of the Illinois Dispensaries is less than $75 million, the Proxy does not disclose (1) what the management teams believe the Illinois Dispensaries are worth; (2) what the basis for that belief is; or (3) how they calculated this value. Proxy at 32-33.

any sale being paid to Curaleaf (Weisman is permitted to retain any amount over $75 million). If the Illinois Dispensaries are not sold within two years, however, Grassroots stockholders receive only $25 million in cash or $30 million in Subordinate Shares. It appears there is no obligation to sell, and the Proxy is silent as to what value Weisman will have received as a result of the transaction if the Illinois Dispensaries are not sold.

22. The Proxy also does not disclose the value of certain entities that are changing hands from Grassroots' management in connection with the Merger. For example, although a valuation of the founder-owned Application Entities was conducted, the Proxy does not disclose this valuation (for which Kahn, Weisman, and Darin are due to receive at least $16 million). Similarly, the Proxy does not disclose the value of the entity holding three Maryland licenses, and an option to acquire the majority of another entity holding a Maryland license (the "Maryland Entity"), which is being transferred to an entity owned by Kahn, Weisman and Darin.[10] For certain of Grassroots' operations in Pennsylvania (the "PA AES"), the Proxy does not even make clear whether these are being transferred to Curaleaf at all, and contains no information as to their value.

[10] Proxy at 53.

The Board's Decision To Re-Negotiate Less Favorable Terms For The Merger Is At Odds With The Company's Assessment Of Its Own Strength And Prospects

23. The Boards' re-negotiation of the Merger to give Grassroots' public stockholders ***less*** consideration is at odds with Company's public statements trumpeting Grassroots' strong prospects. In its Q1 2020 letter to stockholders, Grassroots touted its bright financial future, noting that Grassroots had successfully expanded a Maryland cultivation facility and that "the demand for our product remains very strong and the additional supply has been immediately absorbed into the market."[11]

24. Further, Grassroots announced that plans were underway to expand two other facilities in Illinois and Pennsylvania, markets that were "significantly supply constrained and [] likely to remain that way for the foreseeable future."[12] Kahn told stockholders that expansion of these facilities result in a 3-4x increase in wholesale cultivation revenues once fully ramped and that Grassroots was fully funded for all capital expenditure needs for the year.[13]

25. Since the Initial Merger Agreement, development of Grassroots' manufacturing facilities have advanced in several key states, the Company has acquired additional dispensary permits, and demand has exceeded available supply.

[11] Ltr. from Kahn to Grassroots Stakeholders re: Q1 2020, at 2.

[12] Ltr. from Kahn to Grassroots Stakeholders re: Q1 2020, at 2.

[13] Ltr. from Kahn to Grassroots Stakeholders re: Q1 2020, at 1-2.

26. In the Proxy, however, Grassroots told its stockholders that its future prospects were so uncertain that Canaccord was not able to rely on financial projections for as little as 18 months into the future.[14] In addition, while the Consent Solicitation notes that Grassroots considered other strategic alternatives to the Merger, it offers nothing in the way of details—suggesting that the Board did not meaningfully explore any other strategic options, despite apparent interest from multiple parties. This is especially troubling because both the Initial and Amended Merger Agreements prohibited Grassroots from soliciting alternatives to the Merger, and provided for Grassroots to pay a substantial fee to Curaleaf in the event of termination.

27. The facts outlined above raise serious concerns as to whether the Grassroots Board properly discharged its obligations to the Company and its stockholders. Further, the misleading and incomplete disclosures make it impossible for Plaintiffs to value their shares of Grassroots to determine how to vote in connection with the Merger and whether to seek appraisal or other court-intervention in connection with the transaction. The Merger, as currently contemplated, leaves the Company and its stockholders worse off than the Initial Transaction, while diverting additional cash and benefits to certain Company insiders—who were themselves in charge of negotiating the transaction. There is

[14] Proxy at 32.

sufficient cause to believe that the Grassroots Board and/or certain of the Company's officers may have breached their fiduciary duties in connection with the Merger, including by failing to recuse Messrs. Kahn, Darin, and Weisman and any other interested directors or officers from deal analysis and negotiation, failing to secure the best deal for all of the Company's stockholders, and by diverting consideration rightfully owed to the Company's outside stockholders to the personal pockets of senior management. There is also sufficient cause to believe that certain of Grassroots' directors and/or officers may have breached their fiduciary duties by acting in their personal self-interest as opposed to the interest of Grassroots and its public stockholders.

THE SECTION 220 DEMAND

Plaintiffs' Demand

28. On July 9, 2020, counsel for Plaintiffs delivered a tailored Section 220 Demand to the Company's registered agent in Delaware. The affidavit of service for Plaintiffs' Section 220 Demand is attached hereto as Exhibit B.

29. The Demand seeks the inspection of Grassroots' books and records for the purposes of (1) investigating possible mismanagement and breaches of fiduciary duties by its directors and officers in connection with the proposed Merger between Grassroots and Curaleaf, including, but not limited to, compensation and other fees to be paid to executives in connection therewith and

the diversion of assets, including the Illinois Dispensaries, to management; (2) determining the value of Stockholder's shares; (3) investigating the independence and disinterestedness of the members of the Grassroots Board; and (4) evaluating possible litigation or other corrective measures with respect to some or all of these matters detailed herein.

30. The Demand was accompanied by affidavits and documents evidencing Plaintiffs' ownership of Grassroots stock and powers of attorney and signed under oath. *See* Ex. A, and Exs. 1 and 2 thereto.

31. The Demand requests that the Company produce or allow the inspection of the following documents:

1. All minutes (including draft minutes), agendas, materials and/or Board books, for any meetings of the Board or any Board committees during which any of the following topics were discussed or raised:

    a. Any of the matters discuss in the "Basis for Demand" section of the Section 220 Demand;

    b. Any of the opportunities that might be available to enhance stockholder value, including acquisitions, divestitures, mergers, strategic partnerships, and "going public" transactions, including those described at pages 37 to 38 of the Consent Solicitation;

    c. Curaleaf;

    d. Party A (referred to in the Consent Solicitation at page 38);

    e. Compensation to be paid to the directors and officers of Grassroots in connection with the Merger, including

termination of any compensation previously agreed to be paid;

f. The financial forecasts for 2019 and 2020, including those provided to Canaccord and discussed in the Consent Solicitation at page 47;

g. The financial forecasts for 2020 and 2021, including those provided to Canaccord and discussed in the Proxy at page 26;

h. Any valuation of Grassroots, the Illinois Dispensaries, the Application Entities, the Maryland Entity, PA AES, and/or any other assets valued in excess of $1 million (including any assets operating under licenses or management agreements), including in connection with the Initial Transaction and the Merger, including the financial analyses by Canaccord, Stout, and Stoic discussed at pages 39, 40, 42, and 46-47 of the Consent Solicitation and pages 21 and 24-26 of the Proxy;

i. Any valuation of the Subordinate Shares;

j. Board members' and executives' relationships to Curaleaf, including any financial, managerial, professional, or personal interests;

k. Board members' and executives' relationships to each other, including any financial, professional, or personal interests;

l. Board members' and executives' relationships to any entities currently owned in whole or in part by Grassroots, regardless of whether those entities are being tendered to Curaleaf in connection with the Merger, including any financial, professional, or personal interests;

m. Relationships between Canaccord and Curaleaf, including any financial, professional, and or personal interests;

n. Any communications with other Grassroots' stockholders concerning the Initial Transaction and/or the Merger;

o. Any potential conflicts of interest concerning the Merger or Initial Transaction as to Grassroots' directors or officers, including any that may be different from, or in addition to, Grassroots' stockholders generally;

p. Any potential synergies and/or dis-synergies between Grassroots and Curaleaf; and

q. Any Grassroots policies, certification system and/or procedures relating to the matters addressed in request 1(a)-(b) and 1(e)-(n).

2. All resolutions of the Board or any committee thereof concerning any of the matters enumerated in request 1(a)-(q).

3. All documents provided to, reviewed, considered, or produced by the Board or any committee thereof in connection with any meeting during which any of the items enumerated in request 1(a)-(q) were discussed.

4. All documents reflecting, concerning, or constituting communications between any Grassroots Board members, management, or advisors on the one hand, and any representatives of Curaleaf (including board members, management, or advisors) on the other hand, including but not limited to all documents relating to any negotiations between Grassroots and Curaleaf representatives of the terms of their proposed business combination, including, but not limited to, the elimination of the $75 million cash consideration contemplated by the Initial Transaction.

5. All documents reflecting, concerning, or constituting communications between any Grassroots Board members or management on the one hand, and any representatives of Canaccord on the other hand, including, but not limited to, all documents relating to any financial forecasts and projections and any valuations.

6. All communications between or among the directors or officers of Grassroots in connection with any of the items enumerated in Request 1(a) through (q).

7. All communications between Grassroots and the "number of potential strategic partners, purchasers (in addition to Curaleaf) and other industry participants" to determine whether they would be interested in potentially acquiring or entering into a strategic transaction with Grassroots, including any proposals made by such potential partners/purchasers.

8. All financial forecasts provided to, reviewed by, available to, or prepared by the Board, including the financial forecasts for 2020 and 2021 provided to Canaccord and discussed in the Proxy at page 26 and the financial forecasts for 2019 and 2020 and provided to Canaccord and discussed in the Consent Solicitation at page 47.

9. The Amended and Restated Reorg Plan of the Company discussed in the Merger Agreement at 23 (including all documents used in connection with and related to the Reorg Plan) and documents sufficient to identify the interests of any members of Grassroots management or the Board in connection therewith.

10. The Company Disclosure Letter provided to Curaleaf and discussed in the Merger Agreement.

11. Any valuation of Grassroots, the Illinois Dispensaries (including any documentation with regard to the "adverse tax consequences to the Grassroots Stockholders" discussed in the Proxy), the Application Entities, the Maryland Entity, PA AES, and/or any other assets thereof valued in excess of $1,000,000, including in connection with the Initial Transaction and the Merger and the sale/leaseback arrangements discussed in the Proxy, including the financial analyses by Canaccord, Stout, and Stoic discussed at pages 39, 40, 42, and 46-47 of the Consent Solicitation and pages 21 and 24-26 of the Proxy and any valuations by the Board or management.

12. Any valuation of the Subordinate Shares.

13. Documents sufficient to show how any Grassroots assets that are not being conveyed to Curaleaf are being conveyed to Grassroots shareholders.

14. Documents sufficient to demonstrate how each of the directors serving on the Board was nominated for appointment and/or election to the Board (including any committee of the Board) and all documents considered by the Board in connection with such appointment or nomination.

15. All documents relied upon by the Board or any committee thereof in determining whether to identify any director as independent.

16. All questionnaires completed by members of the Board concerning their independence.

17. Documents sufficient to show the personal net worth and annual compensation from any source of each member of the board.

18. Documents sufficient to show the relationship between David Brown and/or Much Shelist, P.C. and Grassroots.

19. Documents sufficient to show any insurance policies that potentially may provide coverage for breaches of fiduciary duty by Grassroots' directors and officers.

20. All documents that have already been produced or that Grassroots is planning or intending to produce to any other stockholder making similar demands for inspection of books and records under Section 220 or any analogous statute concerning any of the conduct described herein.

Plaintiffs' Section 220 Demand Sets Forth A Proper Purpose And A Credible Basis For The Requested Inspection

32. The matters described in the Section 220 Demand and summarized herein provide a proper purpose and credible basis concerning suspected

mismanagement and breaches of fiduciary duty by Grassroots' Board and/or certain members of management.

33. ***First***, investigations of mismanagement and potential breaches of fiduciary duties by board members and management, the value of a stock, and the independence and disinterestedness of a board, are proper purposes for Section 220 demands, and this Court encourages the use of such demands by concerned stockholders. *See Lebanon County Employees' Retirement Fund v. AmerisourceBergen Corp.*, 2020 WL 132752, **6-7 (Del. Ch. Jan. 13, 2020) (listing several proper bases for a demand for books and records pursuant to 8 *Del. C.* § 220); *Melzer v. CNET Networks, Inc.*, 934 A.2d 912, 917 (Del. Ch. 2007) ("There is no shortage of proper purposes under Delaware law, but perhaps the most common 'proper purpose' is the desire to investigate potential corporate mismanagement, wrongdoing or waste."); *see also Gen. Time Corp. v. Talley Indus., Inc.*, 240 A.2d 755 (Del. 1968); *Skoglund v. Ormand Indus., Inc.*, 372 A.2d 204, 207 (Del. Ch. 1976).

34. ***Second***, as fully described in the Section 220 Demand, there is a credible basis to believe that the Board and/or certain Grassroots officers breached their fiduciary duties by a) failing to properly insulate the negotiation of the Merger from conflicts of interest; and b) allowing Grassroots officers and directors

to divert compensation that rightfully belongs to Grassroots' stockholders for their own personal self-interest and compensation.

35. As such, Plaintiffs have met the required burden and are entitled to a complete inspection of the categories of Grassroots' books and records enumerated in the Demand.

The Demand Seeks Appropriate Books And Records In Furtherance Of Plaintiffs' Proper Purposes

36. Each of the requests set forth in Plaintiffs' Section 220 Demand is properly tailored to an investigation of the books and records of Grassroots for Plaintiff's stated purposes.

37. Grassroots has not produced any of the books and records identified in the Section 220 Demand. As a result, the Court should enter an Order compelling Grassroots' immediate compliance with its statutory obligations to Plaintiff.

COUNT I
(Demand for Inspection Pursuant to 8 *Del. C.* § 220)

38. Plaintiffs repeat and re-allege all of the preceding allegations as if fully set forth herein.

39. On July 9, 2020, Plaintiffs made a written Demand upon Grassroots for the inspection of the books and records set forth in the Demand.

40. Plaintiffs have fully complied with all requirements under Section 220 of the Delaware General Corporation Law respecting the form and manner of making a demand for inspection of the books and records set forth in the Demand.

41. Plaintiffs' Section 220 Demand for inspection is made for proper purposes. The documents identified in the Section 220 Demand are essential to those proper purposes.

42. To date, the Company had not produced or made available for inspection any books and records responsive to the Section 220 Demand.

43. By reason of the foregoing and pursuant to 8 *Del. C.* § 220, Plaintiffs are entitled to an Order permitting Plaintiffs to inspect and make copies of the books and records set forth in the Section 220 Demand.

44. Plaintiffs have no adequate remedy at law.

WHEREFORE, Plaintiffs prays for the following relief:

A. An Order requiring Grassroots to immediately permit the inspection and copying of each and every book and record requested by Plaintiffs' Section 220 Demand; and

B. Such other relief as this Court deems just and appropriate.

DATED: July 16, 2020

GRANT & EISENHOFER P.A.

/s/ Michael J. Barry
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EFiled: Jul 16 2020 05:02PM EDT
Transaction ID 65773528
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EXHIBIT A

Grant & Eisenhofer P.A.

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July 9, 2020

VIA HAND DELIVERY

GR Companies, Inc.
c/o Corporation Service Company
251 Little Falls Drive
Wilmington, DE 19808

Re: ***Demand for Inspection of Books and Records of GR Companies, Inc. Pursuant to Delaware General Corporation Law § 220***

Dear Ladies and Gentlemen:

We write on behalf of MaD Investors GRMD, LLC and MaD Investors GRPA, LLC (together, "Stockholder"). Stockholder is – and since at least January 15, 2019 has been – the owners of common stock of GR Companies, Inc. ("Grassroots" or the "Company"). Stockholder has appointed the undersigned as its attorney-in-fact for purposes of this Stockholder's Demand to Inspect Books and Records Pursuant to 8 *Del. C.* § 220 (the "Demand") by the Power of Attorney annexed hereto as **Exhibit 1**.[1] Documentary evidence of Stockholder's ownership of Grassroots common stock is attached hereto as **Exhibit 2**, and such documentary evidence is a true and correct copy of what it purports to be.

We write to formally request access to certain relevant books and records of Grassroots for the following proper purposes:

[1] As permitted under Administrative Order No. 3, Statewide Judiciary Restricted Operations and The Temporary Suspension of Statutes of Limitations, Filing Deadlines, and Notarization Requirements in All Courts, entered by the Delaware Supreme Court on March 22, 2020, the affidavit and power of attorney have not been notarized.

1. To investigate possible breaches of fiduciary duty by Grassroots Chief Executive Officer and director Mitchell Kahn ("Kahn"), Chief Operating Officer and director Matthew Darin ("Darin"), Chief Strategy Officer and director Steven Weisman ("Weisman"), and the Grassroots board of directors (the "Board") in connection with the proposed acquisition of Grassroots by Curaleaf Holdings, Inc. ("Curaleaf"), pursuant to the Amended and Restated Agreement and Plan of Merger (the "Merger Agreement") announced on June 26, 2020 (the "Merger") and in connection with payments to certain members of Grassroots management in connection with the Merger, including certain acquisition bonus payments and the transfer of the Illinois Dispensaries (defined herein) from Grassroots for the benefit of members of management;

2. To ascertain the value of Stockholder's stock;

3. To investigate the independence and disinterestedness of Grassroots' directors and officers;

4. To use information obtained through inspection of the Company's books and records to evaluate possible litigation or other corrective measures with respect to some or all of these matters; and

5. To communicate with other Grassroots stockholders regarding the results of this investigation, subject to the execution of any required confidentiality agreement

BASIS FOR THE DEMAND

Grassroots is one of the largest privately held, vertically integrated multi-state cannabis operators in the United States, operating in the agriculture, marketing/processing, retail, and consumer brands sectors. Grassroots and its affiliates have vertically integrated operations in seven states, including Pennsylvania and Maryland, and has licenses and/or operations in five other states.[2]

On August 26, 2019, Grassroots announced that it had entered into an Agreement and Plan of Merger ("Initial Merger Agreement") with Curaleaf. Curaleaf is a publicly held company and is organized under the laws of British Columbia, Canada.[3] Curaleaf is a vertically integrated cannabis company that operates in several states in the United States and is engaged in the cultivation, processing, and retail sale of cannabis products under its Curaleaf, Curaleaf Hemp,

[2] Consent Solicitation at 7.

[3] *Id.* at 7.

and UKU Craft Cannabis brands. Like Grassroots, Curaleaf operates in the State of Maryland and Commonwealth of Pennsylvania, among other states.

Under the Initial Merger Agreement, Curaleaf would buy Grassroots for a mix of cash and stock in a deal valued at approximately $780 million (the "Initial Transaction").[4] Among other things, the Initial Transaction included a $75million cash payment to Grassroots' stockholders. On August 26, 2019, Grassroots solicited written consent of the Company's stockholders for approval of the Initial Transaction (the "Consent Solicitation"). Effective as of September 19, 2019, holders of a majority of Grassroots' common stock consented to the Initial Transaction.[5]

On February 24, 2020, according to a later-filed Proxy Statement (the "Proxy"), Curaleaf's Chairman expressed an interest in modifying certain aspects of the Initial Transaction, including the $75 million cash payment.[6] Following continued negotiations, the parties agreed to amend the Initial Transaction.

On June 22, 2020, Grassroots and Curaleaf entered into the Merger Agreement. The Merger Agreement appears to benefit certain Grassroots insiders, at the expense of the Company's outsider stockholders. Under the Merger Agreement, the $75 million cash payment was eliminated.[7] Further, Grassroots insiders Kahn, Darin, and Weisman were granted additional, special compensation not shared with other stockholders.[8] These perquisites (described in greater detail below) include $9 million in special bonuses and non-compete payments. In short, the Merger Agreement substantially ***decreased*** the transaction value while funneling ***millions of dollars*** to Kahn, Darin, and Weisman.

On June 26, 2020, Grassroots delivered a Proxy to its stockholders announcing the revised terms of the deal and scheduling a special meeting of stockholders for July 16, 2020 to seek stockholder approval of the Merger. Kahn, Darin, and Weisman control in excess of 30% of the vote and have committed to vote shares totaling 22% of the vote in favor of the Merger. The Merger is ***not*** subject to approval of a majority of the shares unaffiliated with Kahn, Darin, and Weisman.

The Merger purportedly values Grassroots at $700 million.[9] Following consummation of the Merger, Grassroots stockholders will own approximately 18% of Curaleaf's Subordinate

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[4] *Id.* at Letter, 47.

[5] Proxy at Letter.

[6] Proxy at 20.

[7] Proxy at 21, 31.

[8] Proxy at 21, 31.

[9] Proxy at 26.

Shares.[10] Some portion of those Shares, subject to a schedule, will be subject to a lock-up provision until December 31, 2023. This lock-up provision is ***two years longer*** than the lock-up provision in the Initial Merger Agreement.[11]

Grassroots has admitted that Kahn, Darin, and Weisman are interested in the Merger and have financial interests that are different from or in addition to the interests of Grassroots' outside stockholders.[12] Among other things, although Grassroots' outside stockholders are receiving ***no cash*** in connection with the revised Merger Agreement, Kahn, Darin, and Weisman will receive management bonuses and non-compete payments totaling ***$9 million***. Kahn, Darin, and Weisman, along with other employees of Grassroots, will also receive cash payment for 40% of the restricted stock units previously granted to them.

In addition to direct cash payments, Kahn, Darin and Weisman are receiving other benefits not shared by Grassroots' outside stockholders. Weisman will be permitted to purchase certain dispensaries owned by Grassroots (the "Illinois Dispensaries") in exchange for a below-market-rate promissory note; no other Grassroots stockholders were offered the opportunity to participate in the Illinois Dispensaries transaction. Grassroots' stockholders have not been provided with a valuation of the Illinois Dispensaries or with other information from which they can determine whether the promissory note is sufficient. Further, Kahn, Darin, and Weisman all signed consulting and/or employment agreements with Curaleaf under which they will receive additional compensation post-Merger. Kahn, Darin, and Weisman will also receive a total of over $16 million (80% in stock, 20% in cash) as a result of Grassroots exercising an option to purchase 100% of certain entities partially owned by them (the "Application Entities") in connection with the Merger. Grassroots has not provided a valuation of the Application Entities, and the Proxy admits that Kahn, Darin, and Weisman may receive substantially more than $16 million as a result of the exercise of this option.

Inexplicably, despite their patent conflicts and substantial personal interests, the Board allowed Kahn, Darin, and Weisman to serve as the primary negotiators on behalf of Grassroots and the Board in renegotiating the Initial Transaction and the resultant Merger Agreement.[13] These conflicts insiders were permitted to trade the $75 million cash payment that would have been due to Grassroots' stockholders under the Initial Merger Agreement for lucrative personal benefits.

Grassroots Has Not Adequately Disclosed The Personal Interests Of Its Directors and Executive Officers

[10] Proxy at 22.

[11] *Compare* Consent Solicitation at 81 *with* Proxy at 37-38.

[12] Proxy at 29-30; Consent Solicitation at 52-57.

[13] *See generally* Consent Solicitation and Proxy at Background of the Merger.

The Proxy raises some troubling questions about the Merger and whether the Board took adequate steps to protect Grassroots' minority shareholders from overreaching by Company management. Among other things, the Proxy reveals that certain Grassroots directors and executive officers are going to be paid special compensation or consideration in connection with the Merger, including pursuant to accelerated vesting and additional grants of restricted stock units, retention bonuses, payments under a phantom stock agreement, employment and consulting agreements, non-compete compensation, tax gross-up payments, transaction bonuses, and proceeds generated by the sale of the Illinois Dispensaries.[14] The Proxy does not disclose the plans or several of the agreements pursuant to which these payments are purportedly due, but simply represents their financial value based on a variety of assumptions.

Accordingly, it appears that the Board permitted Grassroots management to negotiate substantial Merger-related cash and other special compensation for themselves, in exchange for eliminating cash compensation payable to the Company's non-insider stockholders.[15]

The facts and circumstances surrounding the negotiation of this additional compensation and special Merger consideration would clearly be important to a Grassroots stockholder in deciding how to vote on the Merger, as management appears to have negotiated these special perquisites at the same time it was negotiating the terms of the amended Merger Agreement. How these arrangements were considered, agreed to, and approved by the Board, management, and Curaleaf, as well as the actual terms of the agreements themselves, are of substantial importance in determining the fairness of the Merger, and in particular, whether Kahn, Darin, and Weisman and other executives suffered from disabling conflicts in connection therewith or diverted consideration to themselves that rightfully should be paid to Grassroots' outside stockholders. None of these facts are disclosed in the Proxy. It is unclear how the foregoing negotiations and decisions occurred and whether any protections were put in place to avoid or address these obvious conflicts of interest.

Grassroots Has Not Adequately Explained The Renegotiation Of The Initial Transaction

The Merger Agreement provides materially different consideration to Grassroots' outside investors than what would have been provided via the Initial Transaction. Despite these significant changes, the Proxy provides scant explanation. The Proxy reveals that in March 2020, Curaleaf and Grassroots management discussed the possibility that certain conditions to the parties' obligations to perform under the Initial Merger Agreement would not be satisfied, thus excusing performance under that agreement.[16] The Proxy does not specify what conditions to the Initial Merger Agreement the parties purportedly discussed or why such conditions purportedly might

[14] Proxy at 16.

[15] Proxy at 20-21.

[16] Proxy at 20.

not be satisfied.[17] Nor does the Proxy disclose whether Grassroots considered pursuing any remedies it might have against Curaleaf for non-performance and continuing to operate the business on a standalone basis. The Proxy suggests (but does not explain in detail) that Curaleaf indicated as part of these discussions that it would not pay cash consideration in connection with an acquisition of Grassroots.[18] Ultimately, management renegotiated the deal with Curaleaf, eliminating the cash payment to Grassroots' unaffiliated common stockholders while providing substantial cash consideration to Grassroots management that was not part of the terms of the Initial Transaction.

The elimination of the cash payment to Grassroots' outside stockholders (and the simultaneous award of cash payments to members of Grassroots management) is a suspicious development warranting further investigation. The Proxy does not contain sufficient information about the facts and circumstances concerning this renegotiation, failing to provide sufficient information concerning, *inter alia*, (1) whether the concerns regarding failure to comply with obligations under the Initial Merger Agreement lay with Grassroots or Curaleaf; (2) what efforts (if any) the parties made to ameliorate these concern; and (3) the financial impact of any of these potential failures on the consideration contemplated by the Initial Merger Agreement. Because Grassroots' *non-insider* stockholders alone are being asked to forego consideration in the Merger Agreement, it is particularly critical that they be provided a full explanation of why the deal was renegotiated. A reasonable stockholder would want to know what obligations Grassroots and/or Curaleaf expected to be unable to perform in connection with the Initial Transaction and what impact those failures would have on the terms of the Initial Merger Agreement and any consideration owed thereunder. None of these facts were disclosed in the Proxy.

Grassroots Has Failed To Provide Sufficient Information For Non-Insider Stockholders To Value Their Shares

The Merger consideration lowered Grassroots' value by more than 10%. Further, the Company's financial advisor, Cannacord Genuity ("Cannacord"), lowered its valuation of the Company from a range of $650 to $850 million in connection with the Initial Transaction to a range of $600 million to $800 million in connection with the Merger.[19] The Proxy does not contain sufficient information for Grassroots' stockholders to understand why Cannacord lowered it valuation of Grassroots or to assess the reasonableness of this decreased valuation. For example, Cannacord purportedly undertook a "comparable trading analysis," but the Proxy does not disclose the companies that it compared to Grassroots for its valuation.[20] Likewise, Cannacord excluded

[17] Proxy at 20.

[18] *Id.*

[19] *Compare* Consent Solicitation at 47 *with* Proxy at 26.

[20] Proxy at 25.

"select outliers," but does not disclose which companies were excluded or why they were deemed "outliers."[21] The same information in connection with Cannacord's "precedent transaction analysis" is omitted from the Proxy.[22] Additionally, the "projections" provided to stockholders in the Proxy for fiscal years 2020 and 2021 are woefully deficient, including only annual revenue and non-GAAP EBITDA, preventing stockholders from being able to value the Company themselves.[23] The Proxy does not reveal *any* valuation of or projections for Curaleaf or the combined business, a particularly glaring omission in light of the fact that the Merger consideration is to be paid in Curaleaf Subordinate Shares. The sum of these disclosures, or lack thereof, leaves Grassroots stockholders simply unable to value their shares in order to determine whether to vote in favor of the Merger or seek appraisal or other remedies. This information is particularly critical where, as here, (1) the consideration to outside stockholders is being ***lowered*** while the consideration to insiders is being ***increased*** and (2) Grassroots has become a more mature (and hence presumably more valuable) business between the time of the Initiation Transaction and the time of the proposed Merger due, among other reasons to its dramatic expansion of several manufacturing facilities in its most lucrative markets (i.e., Illinois, Maryland, and Pennsylvania).

These deficiencies are particularly material in light of Cannacord's ostensible financial incentives to see the Merger close. In addition to whatever fees it earned by providing a fairness opinion to ***Grassroots***, Cannacord stands to earn additional fees from serving as sole bookrunner and agent for ***Curaleaf's*** $27.5 million private placement in connection with the anticipated close of the Merger. These conflicting representations provide Cannacord with a financial incentive to see the Merger close, regardless of whether the Merger is in the best interests of Grassroots' outside stockholders. This, coupled with the fact that Cannacord had previously served as co-lead agent and joint bookrunner in connection with a private placement of Curaleaf subscription receipts in October 2018, creates reason to doubt Cannacord's independence.[24]

Further, the Proxy does not adequately disclose the value attributable to the Illinois Dispensaries, or any information sufficient for Stockholder to evaluate the value of that contingent consideration. Pursuant to the Merger Agreement, Grassroots will exercise its options to acquire three designated dispensary permits in Illinois and promptly thereafter will sell them to an entity controlled by Weisman in exchange for a five-year promissory note in the amount of $75 million with interest at a below-market and favorable "applicable federal funds rate."[25] If the Illinois Dispensaries are sold following the closing of the Merger, stockholders may be entitled to their *pro rata* share of up to $37.5 million plus interest, with Curaleaf being paid up to $37.5 million,

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[21] *Id.*

[22] *Id.* at 25-26.

[23] *Id.* at 28.

[24] Proxy at 26-27.

[25] Proxy at 32.

with the first $25 million in proceeds from any sale being paid to Curaleaf (Weisman is permitted to retain any amount over $75 million).[26] However, there is no obligation to sell the Illinois Dispensaries, and if they are not sold within two years of the Merger close date, stockholders are only entitled to either $25 million or additional Subordinate Shares equal to $30 million, both less any amount already received.[27] The Proxy is not clear as to what Curaleaf's interest would be in the event that the Illinois Dispensaries are not sold and/or whether the obligations under the promissory note change upon a failure to sell the Illinois Dispensaries. Additionally, while the Proxy states that the management teams believe that the current value of the Illinois Dispensaries is less than $75 million, the Proxy does not disclose (1) what the management teams believe the Illinois Dispensaries are worth; (2) what the basis for that belief is; or (3) how they calculated this value.[28] Because the Illinois Dispensaries are being sold to an interested member of Grassroots management in apparent exchange for elimination of cash compensation otherwise owed by Curaleaf and at what appears to be below market rates, stockholders are entitled to full information regarding the proposed promissory note, the valuation of the Illinois Dispensaries, the projections for the Illinois Dispensaries, and the valuation of Curaleaf's retained interest in the Illinois Dispensaries.

In addition, Grassroots and Curaleaf each maintain operations in certain states in which ownership of multiple facilities or ownership beyond a certain number of facilities is prohibited (including Illinois and Maryland). The Proxy does not disclose any information about how the post-closing entity plans to conform to such regulations, whether the post-closing company plans to divest certain assets, or whether and how the valuation of such assets has been accounted for in connection with the Merger.

Finally, it is apparent from the Proxy that not all of Grassroots assets and interests are being sold in connection with the Merger, while several assets in which Grassroots owns a controlling interest may be included. The Proxy does not disclose material information about these agreements. For instance, the Proxy does not include the valuation conducted by Stout Risius Ross, Inc. ("Stout") of the founder-owned Application Entities. The Proxy also fails disclose the value of the entity holding three Maryland licenses, and an option to acquire the majority of another entity holding a Maryland license (the "Maryland Entity"), which is being transferred to an entity owned by Kahn, Weisman and Darin.[29] In addition, it is unclear from the Proxy whether certain operations in Pennsylvania ("PA AES") are being transferred to Curaleaf and/or whether Curaleaf is exercising an option that Grassroots has to purchase PA AES; the Proxy does not contain any information about the value of PA AES. Further, Grassroots has not disclosed how these

[26] *Id.*

[27] *Id.*

[28] *Id.* at 32-33.

[29] Proxy at 53.

ownership interests were valued in connection with the Merger. Without information regarding exactly what assets and interests are being sold in connection with the Merger, as well as information regarding any valuation of those assets, Stockholder is unable to determine how it should vote in connection with the Merger and/or whether it should seek appraisal for its shares.

The Proposed Merger Appears To Be Unfair And/Or Wasteful to Grassroots, As It Undervalues the Company and Diverts Assets from Non-Insider Stockholders to Grassroots Management

The terms of the Merger appear to be exceedingly generous to Curaleaf and members of Grassroots management – at the expense of Grassroots and its unaffiliated stockholders. The terms and circumstances of the renegotiation suggest that Grassroots' Board and/or certain of its executives breached their fiduciary duties by agreeing to a Merger that undervalues the Company. The Board's agreement to accept less money for the Company as compared to the Initial Merger Agreement is at odds with Grassroots' public statements about the Company's business and strategic plan. While the Proxy highlights uncertainty of future cash flows, in its Q1 2020 letter to stockholders, Grassroots touted its bright financial future, noting that Grassroots had successfully expanded a Maryland cultivation facility and that "the demand for our product remains very strong and the additional supply has been immediately absorbed into the market."[30] Further, Grassroots announced that plans were underway to expand two other facilities in Illinois and Pennsylvania, markets that were "significantly supply constrained and [] likely to remain that way for the foreseeable future."[31] Kahn told stockholders that expansion of these facilities would result in a 3-4x increase in wholesale cultivation revenues once fully ramped and that Grassroots was fully funded for all capital expenditure needs for the year.[32] These representations in Grassroots' most recent stockholder letter cast a quite different picture for the future than the picture painted by the Proxy, which indicates that the regulatory environment was so uncertain that Cannacord could not rely on management projections for 18 months in the future.[33]

Finally, the Consent Solicitation (incorporated in the Proxy by reference) disclosed that Grassroots also considered whether it should pursue strategic alternatives, including a sale of Grassroots to other interested parties, and that the Company had engaged in discussions with other potential counterparties, some of which submitted proposals to engage in a strategic transaction or acquisition with Grassroots.[34] Neither the Proxy nor the Consent Solicitation discloses who those potential partners are (including Party A), who was involved in those discussions (and whether the

[30] Ltr from Kahn to Grassroots Stakeholders re: Q1 2020, at 2.

[31] *Id.* at 2.

[32] *Id.* at 1-2.

[33] Proxy at 32.

[34] Consent Solicitation at 37-38.

Board was involved or only management), when those discussions occurred, what discussions were had, how advanced those discussions were, whether any due diligence was conducted, or whether any potential terms were discussed. It does not appear from the Proxy that the Board took any steps to pursue these potential combinations, or any other combination with Curaleaf, despite apparent interest from these other potential partners. The Board's ostensible failure to solicit alternative transactions before agreeing to renegotiate the Merger is even more problematic given that the Initial Merger Agreement and Merger Agreement both prohibited Grassroots from soliciting alternatives to the Merger, and attached a large fee to be paid by Grassroots if the Merger was terminated, essentially foreclosing a superior proposal.

In conclusion, the substantial negative financial impact of the proposed Merger on Grassroots and its stockholders, coupled with (1) the strong personal incentives of Messrs. Kahn, Darin, and Weisman and other corporate executives to push the deal through and (2) the Board's seeming disinterest in pursuing alternative transactions that could have created value for Grassroots and its stockholders, raise serious concerns about whether Grassroots' Board has acted as a proper financial steward for the Company. As a result, there is sufficient cause to believe that Grassroots' Board and/or certain of the Company's officers may have breached their fiduciary duties in connection with the Merger, including by failing to recuse Messrs. Kahn, Darin, and Weisman and any other interested directors or officers from deal analysis and negotiation, and by failing to subject the Merger to approval by an affirmative vote of the majority of Grassroots' outside stockholders. There is also sufficient cause to believe that certain of Grassroots' directors and/or officers may have breached their fiduciary duties by acting in their personal self-interest as opposed to the interest of Grassroots and its public stockholders.

Books and Records Demanded

Pursuant to Delaware General Corporation Law Section 220 ("Section 220"), Stockholder hereby demands the opportunity to inspect, during the Company's usual hours for business, certain books and records of Grassroots. Stockholders make this demand for the purpose of (1) investigating possible mismanagement and breaches of fiduciary duties by its directors and officers in connection with the proposed Merger between Grassroots and Curaleaf, including, but not limited to, compensation and other fees to be paid to executives in connection therewith and the diversion of assets, including the Illinois Dispensaries, to management; (2) determining the value of Stockholder's shares; (3) investigating the independence and disinterestedness of the members of the Grassroots Board; and (4) evaluating possible litigation or other corrective measures with respect to some or all of these matters detailed herein. *See, e.g.*, *Seinfeld v. Verizon Commc'ns, Inc.*, 909 A.2d 117, 121 (Del. 2006) ("It is well established that a stockholder's desire to investigate wrongdoing or mismanagement is a 'proper purpose.'"); *see also Beam v. Stewart*, 845 A.2d 1040, 1056 (Del. 2004) ("Both this Court and the Court of Chancery have continually advised plaintiffs who seek to plead facts establishing demand futility that the plaintiffs might successfully have used a Section 220 books and records inspection to uncover such facts."); *Amalgamated Bank v. UICI*, 2005 WL 1377432, at *4 (Del. Ch. June 2, 2005) (same); *Ash v. McCall*, 2000 WL 1370341,

at *15 n.56 (Del. Ch. Sept. 15, 2000) ("As the Delaware Supreme Court has repeatedly exhorted, shareholders plaintiffs should use the 'tools at hand'; most prominently § 220 books and records actions, to obtain information necessary to sue derivatively."); *In re Lululemon Athletica Inc.220 Litig.*, 2015 WL 1957196, at *2 (Del. Ch. Apr. 30, 2015) (investigating wrongdoing in connection with insider trading is a proper purpose under Section 220).

This demand is to inspect the books and records described below for the period from January 1, 2018 to the present, unless otherwise noted:

1. All minutes (including draft minutes), agendas, materials and/or Board books, for any meetings of the Board or any Board committees during which any of the following topics were discussed or raised:

    a. Any of the matters discuss in the "Basis for Demand" section of this letter;

    b. Any of the opportunities that might be available to enhance stockholder value, including acquisitions, divestitures, mergers, strategic partnerships, and "going public" transactions, including those described at pages 37 to 38 of the Consent Solicitation;

    c. Curaleaf;

    d. Party A (referred to in the Consent Solicitation at page 38);

    e. Compensation to be paid to the directors and officers of Grassroots in connection with the Merger, including termination of any compensation previously agreed to be paid;

    f. The financial forecasts for 2019 and 2020, including those provided to Cannacord and discussed in the Consent Solicitation at page 47;

    g. The financial forecasts for 2020 and 2021, including those provided to Cannacord and discussed in the Proxy at page 26;

    h. Any valuation of Grassroots, the Illinois Dispensaries, the Application Entities, the Maryland Entity, PA AES, and/or any other assets valued in excess of $1 million (including any assets operating under licenses or management agreements), including in connection with the Initial Transaction and the Merger, including the financial analyses by Cannacord, Stout, and Stoic discussed at pages 39, 40, 42, and 46-47 of the Consent Solicitation and pages 21 and 24-26 of the Proxy;

    i. Any valuation of the Subordinate Shares;

j. Board members' and executives' relationships to Curaleaf, including any financial, managerial, professional, or personal interests;

k. Board members' and executives' relationships to each other, including any financial, professional, or personal interests;

l. Board members' and executives' relationships to any entities currently owned in whole or in part by Grassroots, regardless of whether those entities are being tendered to Curaleaf in connection with the Merger, including any financial, professional, or personal interests;

m. Relationships between Cannacord and Curaleaf, including any financial, professional, and or personal interests;

n. Any communications with other Grassroots' stockholders concerning the Initial Transaction and/or the Merger;

o. Any potential conflicts of interest concerning the Merger or Initial Transaction as to Grassroots' directors or officers, including any that may be different from, or in addition to, Grassroots' stockholders generally;

p. Any potential synergies and/or dysergies between Grassroots and Curaleaf; and

q. Any Grassroots policies, certification system and/or procedures relating to the matters addressed in request 1(a)-(b) and 1(e)-(n).

2. All resolutions of the Board or any committee thereof concerning any of the matters enumerated in request 1(a)-(q).

3. All documents provided to, reviewed, considered, or produced by the Board or any committee thereof in connection with any meeting during which any of the items enumerated in request 1(a)-(q) were discussed.

4. All documents reflecting, concerning, or constituting communications between any Grassroots Board members, management, or advisors on the one hand, and any representatives of Curaleaf (including board members, management, or advisors) on the other hand, including but not limited to all documents relating to any negotiations between Grassroots and Curaleaf representatives of the terms of their proposed business combination, including, but not limited to, the elimination of the $75 million cash consideration contemplated by the Initial Transaction.

5. All documents reflecting, concerning, or constituting communications between any Grassroots Board members or management on the one hand, and any representatives of Cannacord on the other hand, including, but not limited to, all documents relating to any financial forecasts and projections and any valuations.

6. All communications between or among the directors or officers of Grassroots in connection with any of the items enumerated in Request 1(a) through (q).

7. All communications between Grassroots and the "number of potential strategic partners, purchasers (in addition to Curaleaf) and other industry participants" to determine whether they would be interested in potentially acquiring or entering into a strategic transaction with Grassroots, including any proposals made by such potential partners/purchasers.

8. All financial forecasts provided to, reviewed by, available to, or prepared by the Board, including the financial forecasts for 2020 and 2021 provided to Cannacord and discussed in the Proxy at page 26 and the financial forecasts for 2019 and 2020 and provided to Cannacord and discussed in the Consent Solicitation at page 47.

9. The Amended and Restated Reorg Plan of the Company discussed in the Merger Agreement at 23 (including all documents used in connection with and realted to the Reorg Plan) and documents sufficient to identify the interests of any members of Grassroots management or the Board in connection therewith.

10. The Company Disclosure Letter provided to Curaleaf and discussed in the Merger Agreement.

11. Any valuation of Grassroots, the Illinois Dispensaries (including any documentation with regard to the "adverse tax consequences to the Grassroots Stockholders" discussed in the Proxy), the Application Entities, the Maryland Entity, PA AES, and/or any other assets thereof valued in excess of $1,000,000, including in connection with the Initial Transaction and the Merger and the sale/leaseback arrangements discussed in the Proxy, including the financial analyses by Cannacord, Stout, and Stoic discussed at pages 39, 40, 42, and 46-47 of the Consent Solicitation and pages 21 and 24-26 of the Proxy and any valuations by the Board or management.

12. Any valuation of the Subordinate Shares.

13. Documents sufficient to show how any Grassroots assets that are not being conveyed to Curaleaf are being conveyed to Grassroots shareholders.

14. Documents sufficient to demonstrate how each of the directors serving on the Board was nominated for appointment and/or election to the Board (including any

committee of the Board) and all documents considered by the Board in connection with such appointment or nomination.

15. All documents relied upon by the Board or any committee thereof in determining whether to identify any director as independent.

16. All questionnaires completed by members of the Board concerning their independence.

17. Documents sufficient to show the personal net worth and annual compensation from any source of each member of the board.

18. Documents sufficient to show the relationship between David Brown and/or Much Shelist, P.C. and Grassroots.

19. Documents sufficient to show any insurance policies that potentially may provide coverage for breaches of fiduciary duty by Grassroots' directors and officers.

20. All documents that have already been produced or that Grassroots is planning or intending to produce to any other stockholder making similar demands for inspection of books and records under Section 220 or any analogous statute concerning any of the conduct described herein.

For purposes of the foregoing demand, Stockholders request that Grassroots provide or otherwise make available all such information as soon as practicable. Stockholders further request that Grassroots provide or otherwise make available all additions, changes, and corrections to any of the requested information from the time of this demand to the time of any inspection.

We believe that this demand letter complies with the provisions of Section 220 in all respects. If Grassroots believes this notice is incomplete or otherwise deficient in any respect, however, we request that you contact the undersigned immediately so that any alleged deficiencies may be addressed promptly.

Under Section 220, if you do not respond to this request within five business days of the date of this demand letter, Stockholder may apply to the Court of Chancery for an order compelling inspection. We look forward to your prompt response. To avoid any delay, we attach to this letter as **Exhibit 3** a standard form confidentiality agreement, executed by the undersigned. The form of this agreement is substantively similar to dozens of forms this firm has entered into in connection with past productions under Section 220, and there should be no basis to require further negotiation other than to cause unreasonable delay. We agree to treat any documents produced as attorneys' eyes only pending the execution of a confidentiality agreement. If we do not receive your comments on the standard form of confidentiality agreement within 5 business days, we will seek prompt judicial relief. Moreover, if we do not have final agreement as to the scope of the

inspection to be provided, with a firm date for such inspection, we will likewise seek prompt judicial relief.

I declare under penalty of perjury, pursuant to the laws of the State of Delaware, that the foregoing is true and correct to the best of my knowledge and belief.

Very truly yours,

/s/ Christine M. Mackintosh

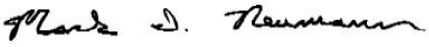
Christine M. Mackintosh

EXHIBIT 1

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS that the undersigned, in my capacity as Manager of Mad Managers, LLC, the managing member of MaD Investors GRMD, LLC and MaD Investors GRPA, LLC (together, "Mad Investors"), the beneficial owner of common shares of GR Companies, Inc. ("Grassroots"), does hereby make, constitute, and appoint the law firm of Grant & Eisenhofer P.A. and the directors, associates, employees, or other persons designated by it, acting singly or in combination, as Mad Investors' true and lawful agents and attorneys-in-fact with the power and authority to act in Mad Investors' place and stead and on Mad Investors' behalf to make a demand pursuant to Section 220 of the Delaware General Corporation Law ("Section 220") to inspect certain books and records of Grassroots, and to do all other things which Mad Investors could do pursuant to Section 220.

MAD MANAGERS, LLC, General Manager



By:_____
Name: Mark Neumann
Title: Member

SWORN AND SUBSCRIBED BEFORE ME
THIS ___ DAY OF JULY, 2020

_____

Notary Public
My commission expires:

EXHIBIT 2

AFFIDAVIT

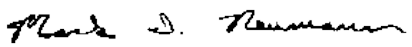
STATE OF _____)
) SS
COUNTY OF _____)

I, Mark D. Neuman, being duly sworn, do hereby state that I am a Manager of Mad Managers, LLC, the managing member of MaD Investors GRMD, LLC and MaD Investors GRPA, LLC (together, "Mad Investors" or "Stockholder"). I am familiar with the securities beneficially owned by Stockholder, and am authorized and empowered to execute this Affidavit.

I further state that Mad Investors (i) is a beneficial owner of GR Companies, Inc. ("Grassroots") common stock, and beneficially owned 41.25 shares of Grassroots common stock as of July 6, 2020, as shown by the annexed stock certificates, which are true and correct copies of the originals thereof, and (ii) beneficially owned shares of Grassroots common stock since January 15, 2019.

I further state that the purposes for the demanded inspection as set forth in Stockholder's Demand to Inspect Books and Records Pursuant to 8 *Del. C. §* 220 and Delaware Common Law constitute a true and accurate statement of the reasons Stockholder desires to review the demanded books and records, and that such demand is made in good faith.

I declare the foregoing to be true and correct under penalty of perjury under the laws of the State of Delaware.



Mark D. Neumann

SWORN AND SUBSCRIBED BEFORE ME
THIS ___ DAY OF JULY, 2020

_____
Notary Public
My commission expires:

Transfer Restricted - See Reverse Side Hereof

GR Companies, Inc.

20,000 Shares Authorized - No Par Value Per Share

This Certifies that **MaD Investors GRPA LLC**

is the owner of ** Twenty-Seven and 5/10 (27.5) ** Shares of the Capital Stock of

Common Stock of GR Companies, Inc.

transferable only on the books of the Corporation by the holder hereof in person or by Attorney upon surrender of this Certificate properly endorsed.

IN WITNESS WHEREOF, the said Corporation has caused this Certificate to be signed by its duly authorized officers and its Corporate Seal to be hereunto affixed this 15th day of January A.D. 2019

Mitchell Kahn, President

Steven Weisman, Secretary

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE, AND MAY NOT BE SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS (OR FOREIGN EQUIVALENT) OR PURSUANT TO AN APPLICABLE EXEMPTION TO THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS.

THE TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE CONDITIONS SPECIFIED IN A STOCKHOLDERS AGREEMENT, AS AMENDED AND MODIFIED FROM TIME TO TIME (THE "STOCKHOLDERS AGREEMENT"). THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY ALSO BE SUBJECT TO ADDITIONAL TRANSFER RESTRICTIONS, REPURCHASE OPTIONS, OFFSET RIGHTS AND FORFEITURE PROVISIONS SET FORTH IN THE STOCKHOLDERS AGREEMENT AND/OR A SEPARATE AGREEMENT WITH THE HOLDER. A COPY OF SUCH STOCKHOLDERS AGREEMENT SHALL BE FURNISHED BY THE ISSUER TO THE HOLDER HEREOF UPON WRITTEN REQUEST AND WITHOUT CHARGE.

THE ISSUER WILL FURNISH WITHOUT CHARGE TO EACH HOLDER WHO SO REQUESTS, A FULL STATEMENT OF ALL OF THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OR SERIES THEREOF AUTHORIZED TO BE ISSUED BY THE COMPANY AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND/OR RIGHTS.

Transfer Restricted - See Reverse Side Hereof

GR Companies, Inc.

20,000 Shares Authorized - No Par Value Per Share

This Certifies that **MaD Investors GRMD LLC**

is the owner of ** Thirteen and 75/100 (13.75) ** Shares of the Capital Stock of

Common Stock of GR Companies, Inc.

transferable only on the books of the Corporation by the holder hereof in person or by Attorney upon surrender of this Certificate properly endorsed.

IN WITNESS WHEREOF. the said Corporation has caused this Certificate to be signed by its duly authorized officers and its Corporate Seal to be hereunto affixed this 15th day of January A.D. 2019

Mitchell Kahn, President

Steven Weisman, Secretary

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE, AND MAY NOT BE SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS (OR FOREIGN EQUIVALENT) OR PURSUANT TO AN APPLICABLE EXEMPTION TO THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS.

THE TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE CONDITIONS SPECIFIED IN A STOCKHOLDERS AGREEMENT, AS AMENDED AND MODIFIED FROM TIME TO TIME (THE "STOCKHOLDERS AGREEMENT"). THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY ALSO BE SUBJECT TO ADDITIONAL TRANSFER RESTRICTIONS, REPURCHASE OPTIONS, OFFSET RIGHTS AND FORFEITURE PROVISIONS SET FORTH IN THE STOCKHOLDERS AGREEMENT AND/OR A SEPARATE AGREEMENT WITH THE HOLDER. A COPY OF SUCH STOCKHOLDERS AGREEMENT SHALL BE FURNISHED BY THE ISSUER TO THE HOLDER HEREOF UPON WRITTEN REQUEST AND WITHOUT CHARGE.

THE ISSUER WILL FURNISH WITHOUT CHARGE TO EACH HOLDER WHO SO REQUESTS, A FULL STATEMENT OF ALL OF THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OR SERIES THEREOF AUTHORIZED TO BE ISSUED BY THE COMPANY AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND/OR RIGHTS.

EXHIBIT 3

CONFIDENTIALITY AGREEMENT

WHEREAS, by letter dated July 9, 2020, MaD Investors GRMD, LLC and MaD Investors GRPA, LLC (together, "Stockholder") made a demand pursuant to 8 *Del. C.* § 220 (the "Demand") to inspect certain books and records of GR Companies, Inc. ("Grassroots" or the "Company");

WHEREAS, Stockholders appointed Grant & Eisenhofer P.A. ("Stockholder's Counsel") as their attorneys-in-fact and agent for purposes of the Demand;

WHEREAS, the Demand seeks documents that contain non-public, confidential, proprietary, or commercially sensitive information; and

WHEREAS, subject to Stockholder and Stockholder's Counsel executing this Confidentiality Agreement (the "Agreement"), Grassroots has agreed, without waiving any rights or objections, to make available for inspection certain non-privileged documents that may be relevant to the stated purposes of the Demand (the "Confidential Information"). The term "Confidential Information" shall also include all notes, analyses, compilations, studies, interpretations, or other documents prepared by the Stockholder or the directors, trustees, employees, agents, and advisors of the Stockholder that contain, reflect, or are based upon, in whole or in part, the Confidential Information.

IT IS HEREBY AGREED by and between the undersigned counsel for the parties, this __ day of July, 2020, as follows:

1. Grassroots shall make available for inspection (as described above and subject to the conditions referred to above and herein) by Stockholder's Counsel copies of the Confidential Information.

2. By producing the Confidential Information to Stockholder's Counsel, Grassroots does not admit that the Demand satisfies the requirements of 8 *Del. C.* § 220 and expressly reserves the right to assert that: (i) the Demand does not comply with Delaware law; (ii) Stockholder has not stated a proper purpose; (iii) the Demand's stated purposes are not Stockholder's actual purposes; (iv) the stated purposes of the Demand do not have a credible basis; (v) the Demand is overly broad and seeks documents (including Confidential Information) that are neither essential nor reasonably related to its stated purposes; and (vi) for any other reason Stockholder is not entitled to the inspection demanded. The parties understand and agree that the Stockholder and Stockholder's Counsel expressly reserve, and do not waive, the right to seek additional documents and information beyond that voluntarily produced by the Company.

3. The production of the Confidential Information is not, and will not be construed as, a waiver of any applicable privilege or immunity, including without limitation, the attorney-client privilege, the work product doctrine, or any similar claim of privilege. Grassroots expressly reserves the right to withhold or redact documents protected from disclosure by the attorney-client privilege, the work product doctrine, or any other applicable privilege or protection.

4. If information subject to a claim of attorney-client privilege, the work product doctrine, or any other applicable privilege or protection ("Protected Information") is produced to Stockholder or Stockholder's Counsel, such production shall in no way prejudice or otherwise constitute a waiver of any claim of attorney-client privilege, work product, or other privilege or protection. Stockholder or Stockholder's Counsel shall promptly return to HHC or destroy the Protected Information and all copies thereof upon being notified of such production by Grassroots's counsel and shall not use such Protected Information for any purpose. Upon written request by Grassroots, when all Protected Information, copies thereof, or any documents

containing information derived from the Protected Information are returned or destroyed, Stockholder and Stockholder's Counsel will deliver to counsel for Grassroots a certification that they have so destroyed such documents and complied with this Agreement in all respects. Should Stockholder or Stockholder's Counsel thereafter seek to compel the production of such Protected Information, neither Stockholder nor Stockholder's Counsel shall assert that Grassroots's prior production of such Protected Information is a ground for compelling Grassroots to produce such Protected Information or any other information to Stockholder, Stockholder's Counsel, or any other person, nor shall they use the Protected Information, or any information contained therein, in support of any such motion practice.

5. Except with the prior written consent of the Company, or by Order of the Delaware Court of Chancery, Confidential Information shall not be revealed, disclosed or otherwise made known to persons, directly, or indirectly, other than the following:

a. The Stockholder;

b. Stockholder's Counsel and their partners, members, associates, of-counsel, contract attorneys and discovery vendors;

c. Any other counsel retained by Stockholder relating to the Demand, provided that any such counsel shall sign a confidentiality statement in the form attached as Exhibit A, which statement shall be retained by Stockholders' Counsel;

d. Experts, advisors, and consultants retained by Stockholder for the purposes of conducting the inspection, or providing advice or assistance to Stockholder relating to the Demand, or exercising or enforcing Stockholder's legal rights as a stockholder of the

Company, provided that each such expert, advisor or consultant shall sign a confidentiality statement in the form attached as Exhibit A, which statements shall be retained by Stockholder's Counsel; and

e. The Court of Chancery.

6. Stockholder and Stockholder's Counsel covenant and agree that, except as otherwise permitted by this Agreement or as expressly agreed in writing by Grassroots, the Confidential Information shall be used only as permitted in Paragraph 8 and shall not be used for any other purposes, including without limitation: (a) communications with any competitor(s) of Grassroots; or (b) communications with any other Company stockholder (or any counsel representing any other Company stockholder, but only to the extent such counsel has not also been retained by Stockholder). For the avoidance of doubt, consistent with Paragraph 8, Stockholder and Stockholder's Counsel are not permitted to use the Confidential Information to assert legal claims arising under the federal or state securities laws.

7. Stockholder and Stockholder's Counsel will keep the Confidential Information confidential and shall not disclose, publish, communicate, summarize, or transmit any of the Confidential Information to any other person, either directly or indirectly, in whole or in part, except as provided in this Agreement. Stockholder and Stockholder's Counsel will not maintain or store the Confidential Information in such a way that creates an unreasonable risk of deliberate or inadvertent disclosure of the Confidential Information to others. The existence of this Agreement, and the fact that the Confidential Information has been made available pursuant to it, is confidential and shall be maintained confidentially in accordance with the terms of this Agreement.

8. Stockholder and Stockholder's Counsel may use the Confidential Information only for a proper purpose stated in the Demand and to consider whether to assert and to assert claims for such purpose to enforce Stockholder's rights as stockholders of the Company in the Delaware Court of Chancery (or other court as provided by this Paragraph); provided that, for the avoidance of doubt, Stockholder or Stockholder's Counsel may use or refer to the Confidential Information in private communications to Grassroots's Board of Directors and Grassroots's counsel. If Stockholder or Stockholder's Counsel determines to assert any claims using, reflecting, or in any way based upon Confidential Information, Stockholder and Stockholder's Counsel agree: (a) to commence such action exclusively in the Delaware Court of Chancery, or, if the Delaware Court of Chancery lacks or declines jurisdiction, a Court within the state of Delaware; (b) to redact all references to the Confidential Information in the complaint and any other pleadings or papers filed; (c) to serve a redacted and an unredacted copy of any such pleadings or papers on Grassroots and its counsel; and (d) to comply with Delaware Chancery Court Rule 5.1 (or similar rule if litigating in another court pursuant to this Paragraph).

9. Upon completing the purposes described in the Demand or following the final termination of any legal proceedings relating to the Demand or the enforcement of Stockholder's rights as stockholders of Grassroots (including, without limitation, derivatively on behalf of Grassroots), upon written request by Grassroots, Stockholder and Stockholder's Counsel will destroy or return to Grassroots all of the Confidential Information in its original format, all copies of the Confidential Information, all other documents reflecting or concerning the Confidential Information, and all personal notes, except Stockholder's Counsel may retain copies of documents from any legal proceeding brought that were filed in compliance with this Agreement or constitute attorney work product. Upon written request by Grassroots, when all of

the Confidential Information, copies thereof, personal notes, and other documents are returned or destroyed, Stockholder and Stockholder's Counsel will also deliver to counsel for Grassroots a certification that they have so destroyed such documents and complied with this Agreement in all respects.

10. If Stockholder or Stockholder's Counsel is required by law, including without limitation by interrogatory, document request, subpoena, or any similar process relating to any legal proceeding, investigation, hearing, or otherwise, to disclose any of the Confidential Information or personal notes to any person or entity not party to this Agreement, Stockholder's Counsel shall, if permitted legally, (a) provide Grassroots and its counsel with written notice within 24 hours of the receipt of such process so that Grassroots may seek a protective order or other appropriate remedy and/or waive its right to do so; (b) cooperate with the Company in pursuing any such course of action; and (c) not produce or disclose the Confidential Information to any person or entity not party to this Agreement without the prior consent of Grassroots pending any ruling from a court of competent jurisdiction requiring such production or disclosure. In the event that a protective order or other remedy is not obtained, unless Grassroots waives compliance with the provisions of this Agreement, Stockholders and Stockholders' Counsel shall disclose only such of the Confidential Information as they are legally compelled to disclose and shall exercise reasonable efforts to obtain assurances that confidential treatment will be accorded to any of the Confidential Information which is required to be disclosed.

11. All notices and other communications under this Agreement shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by email, with a copy by hand-delivery or by overnight courier, addressed as follows:

If to Grassroots:

[TO BE INSERTED]

If to the Stockholders:

Christine M. Mackintosh
Grant & Eisenhofer P.A.
123 Justison Street
Wilmington, DE 19801
cmackintosh@gelaw.com

12. This Agreement may be executed by the signatories hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Signatures to this Agreement transmitted by facsimile transmission, by electronic mail in "portable document format" (".pdf") form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing the original signature.

13. This Agreement may be modified or waived only by a separate writing executed by Stockholder, Stockholder's Counsel, and Grassroots that expressly so modifies or waives this Agreement. Failure or delay in exercising any right, power, or privilege hereunder shall not operate as a waiver thereof, and no single or partial exercise of any right, power, or privilege hereunder shall preclude any other or further exercise of any right, power, or privilege.

14. Stockholder and Stockholder's Counsel agree that any claim, dispute, controversy, or causes of action between or among the parties to this Agreement or any of their affiliates arising out of, relating to, involving, or in connection with this Agreement (including the negotiation, execution, or performance hereof), documents produced pursuant to this Agreement, or the subject matter outlined in the Demand, shall be heard and determined exclusively in the Delaware Court of Chancery or, in the event that the Delaware Court of Chancery does not have or declines to accept jurisdiction over such action, any state or federal court of competent

jurisdiction located in Wilmington, Delaware. Stockholder and Stockholder's Counsel consent to personal jurisdiction and venue in any action brought to enforce this Agreement in such courts and shall not assert that any such court is an inconvenient forum. Stockholder and Stockholder's Counsel agree that service of process in connection with any action to enforce this Agreement may be made in the manner specified in Paragraph 13 of this Agreement, and consent to the appointment of Stockholder's Counsel as their agent for service of process in connection with any such action.

15. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to its conflict of laws principles.

16. Stockholder and Stockholder's Counsel agree that (a) breach of this Agreement by any of them would cause irreparable harm to Grassroots, and that Grassroots would not have an adequate remedy at law in the event that this Agreement is breached by any of them; (b) in the event of such breach, Grassroots will be entitled to specific performance, and/or injunctive relief, with respect to the terms hereof, in addition to any other remedy to which Grassroots may be entitled at law or in equity; and (c) that neither Stockholder nor Stockholder's Counsel will argue that damages are sufficient as a defense to such a request for equitable relief.

17. Grassroots's decision to enter into this Agreement shall not operate or be interpreted as an admission, either explicit or implicit, that the protections set forth in this Agreement are adequate to protect the Confidential Information, and shall not prejudice Grassroots's right to supplement this Agreement, by agreement or court order, to establish additional safeguards to protect its information.

18. This Agreement has no effect upon Grassroots's own use of the Confidential Information.

19. This Agreement constitutes the only agreement between each of Stockholder, Stockholder's Counsel, and Grassroots with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations, and discussions, whether oral or written.

20. Stockholder's Counsel represent that they have full authority from Stockholder to bind Stockholder to the terms of this Agreement.

21. This Agreement will be deemed to have been mutually prepared by the Parties and will not be construed against any of them by reason of authorship.

AGREED TO BY:

GRANT & EISENHOFER P.A.

By:_____
Christine M. Mackintosh
123 Justison Street
Wilmington, DE 19801

For Stockholder

Dated:

[GRASSROOTS'S COUNSEL]

By: _____

For Grassroots

Dated:

EXHIBIT A

UNDERTAKING

I, _____ certify my understanding that Confidential Information is being provided to me pursuant to the terms and restrictions of a confidentiality agreement entered into between Christine Mackintosh on behalf of Mad Investors GR, LLC ("Stockholder") and [NAME OF GRASSROOTS'S COUNSEL] on behalf of GR Companies, Inc., dated as of [Date] __, 2020 (the "Confidentiality Agreement"). I have read the Confidentiality Agreement, I understand the terms of the Confidentiality Agreement, and I agree to be fully bound by the Confidentiality Agreement.

I understand that any violation of the terms of this Confidentiality Agreement will be subject to such relief as deemed appropriate by the Court.

Dated: _____ Signature: _____

EFiled: Jul 16 2020 05:02PM EDT
Transaction ID 65773528
Case No. 2020-0589-

EXHIBIT B

AFFIDAVIT OF SERVICE

GR Companies, Inc.
c/o Corporation Service Company
251 Little Falls Drive
Wilmington, DE 19808

STATE OF DELAWARE }
}ss.
COUNTY OF NEW CASTLE }

I, John Garber, of Parcels, Inc., the State of Delaware, County of New Castle, being duly sworn, says that on the 9th day of July, 2020 at 1:55 p.m., I personally served a copy of a Demand for Inspection of Books and Records of GR Companies, Inc. Pursuant to Delaware General Corporation Law § 220 on **GR Companies, Inc.,** by serving the registered agent**,** The Corporation Service Company at 251 Little Falls Drive Wilmington, DE 19808.

Name of individual accepting service: Lynanne Gares – Authorized to Accept.
Description of individual: Caucasian female, 35-40 yrs. old, 150 lbs., 5'5" with brown hair.

Subscribed and sworn before me
This 9th day of July, 2020

Notary Public

My commission expires: _____

EFiled: Jul 16 2020 05:02PM EDT
Transaction ID 65773528
Case No. 2020-0589-

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

MAD INVESTORS GRMD, LLC AND MAD INVESTORS GRPA, LLC, Plaintiffs, v. GR COMPANIES, INC., Defendant.	)	C.A. No.

UNSWORN VERIFICATION AND DECLARATION OF MARK NEUMANN IN SUPPORT OF VERIFIED COMPLAINT TO COMPEL INSPECTION OF BOOKS AND RECORDS UNDER 8 *DEL. C.* § 220[1]

I, Mark Neumann, do hereby state as follows:

1. I am Manager of Mad Managers, LLC, the managing member of MaD Investors GRMD, LLC and MaD Investors GRPA, LLC ("Stockholders"). I make this Verification and Unsworn Declaration in Support of the Verified Complaint to Compel Inspection of Books and Records under 8 *Del. C.* § 220 (the "220 Complaint") in this Action.

2. I am a resident of Maryland, I am of full legal age, and I am authorized to make this Verification and Unsworn Declaration.

[1] The submission of this Unsworn Verification is pursuant to 10 *Del. C.* § 3927, and authorized under ¶¶8-10 of the March 22, 2020 Administrative Order No. 3 of the Supreme Court of the State of Delaware, entitled "Statewide Judiciary Restricted Operations and the Temporary Suspension of Statutes of Limitations, Filing Deadlines and Notarization Requirements in all Courts."

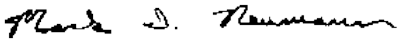
3. Stockholders currently hold shares of GR Companies, Inc. common stock, and have held such shares continuously during all relevant times alleged in this Action.

3. I have read the 220 Complaint and consulted with counsel.

4. The facts alleged in the 220 Complaint are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury under the laws of Delaware that the foregoing is true and correct.

Executed on this _____day of July, 2020.



Mark Neumann