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# The 79th GRP Inc. Series 2 Promissory Note



THIS PROMISSORY NOTE (THE "NOTE") HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY STATE SECURITIES LAWS. THIS NOTE IS SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED, SOLD, RESOLD, OFFERED FOR SALE OR RESALE, PLEDGED OR HYPOTHECATED, COLLECTIVELY, "TRANSFERRED" OR, A "TRANSFER") IN THE ABSENCE OF A REGISTRATION OR QUALIFICATION WITH RESPECT TO THIS NOTE UNDER THE SECURITIES ACT OR APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL SATISFACTORY TO 'The Company' (AS DEFINED BELOW) THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS. THIS NOTE MAY NOT BE TRANSFERRED WITHOUT THE CONSENT OF 'The Company', WHICH MAY BE WITHHELD IN 'The Company' SOLE DISCRETION.

**THE 79th GROUP INC.  
SERIES 2 - 12% PROMISSORY NOTE, 24 MONTH TERM**

\$ \_\_\_\_\_

Date: \_\_\_\_\_

The 79th Group Inc., a Delaware limited liability company (the "**Company**"), the principal office of which is located at 108 W. 13th Street, Suite 100, Wilmington, New Castle, United States of America, 19801, for value received hereby promises to pay to \_\_\_\_\_ (the "**Holder**") the sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_), or such lesser amount as shall then equal the outstanding principal amount hereof on the terms and conditions set forth hereinafter. The principal hereof and any unpaid accrued interest hereon, as set forth below, shall be due and payable on \_\_\_\_\_.

Payment for all amounts due hereunder shall be made by mail or electronic transfer to the registered address or account of the Holder. This Note is issued pursuant to the offering described in that certain Confidential Offering Memorandum of 'The Company' described therein, dated as of 21st November 2022 ("**Confidential Offering Memorandum**"). **This Note is not insured or guaranteed by the United States, any state or any political subdivision or agency of the United States or any state, or any other person.**

The following is a statement of the rights of the Holder of this Note and the conditions to which this Note is subject, and to which the Holder hereof, by the acceptance of this Note, agrees:

1. **Definitions.** As used in this Note, the following terms, unless the context otherwise requires, have the following meanings:
  - i. "**Company**" includes any corporation which shall succeed to or assume the obligations of "The Company" under this Note.
  - ii. "**Holder**", when the context refers to a holder of this Note, shall mean any person who shall at the time be the registered holder of this Note.
  
2. **Interest.** Commencing on the issue date the unpaid principal amount under the Note shall accrue interest at the rate of twelve percent (12%) per annum (the "**Interest Rate**"). Interest shall be calculated on the basis of the actual number of days elapsed over a year of three hundred sixty (360) days and shall be payable semi-annually on the last business day of each period and at maturity.
  
3. **Events of Default.** "The Company" shall be in default hereunder (an "**Event of Default**") upon the occurrence of any one of the following events: (a) any payment due hereunder is not paid as and when due hereunder within fifteen (15) days after the date due; or (b) "The Company" shall (i) apply for or consent to the appointment of, or there shall be a taking of possession by, a receiver, custodian, trustee or liquidator for "The Company", or any of its property, (ii) make a general assignment for the benefit of creditors or become insolvent, or (iii) become the debtor party, voluntarily or involuntarily, to any proceeding under the U.S. Bankruptcy Code or any similar federal, state or foreign statute. If an Event of Default occurs hereunder, the entire unpaid balance of the principal and accrued interest shall, at the option of Holder hereof, be accelerated and become immediately due and payable.
  
4. **Prepayment at Company's Option.** "The Company" shall have the right, in its sole discretion without notice and at any time and from time to time to prepay in whole or in part the principal sum, plus accrued interest to date of payment, of this Note without prepayment penalty of any kind.
  
5. **COMPLIANCE WITH SECURITIES LAWS.** The Holder represents and warrants to 'The Company' that the Holder: (i) has sufficient knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of its investment in this Note; (ii) is able to protect its interests and fend for itself in the transaction contemplated by this Note; (iii) has the ability to bear the economic risks of its investment; (iv) is acquiring this Note for the Holder's own account for investment and not with a view to, or for sale in connection with, any distribution thereof, nor with any present intention of distributing or selling the same; and (v) IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT.
  
6. **Assignment.** This Note shall be binding upon and benefit the successors, assigns, heirs, administrators and transferees of the parties. This Note may not be assigned by the Holder without the express written permission of 'The Company', which may be granted or denied in its sole discretion.
  
7. **Waiver and Amendment.** No provision of this Note may be amended, waived or modified unless upon the written consent of 'The Company' and the Holder.

- 8. Transfer of this Note.** With respect to any offer, sale or other disposition of this Note, the Holder will give written notice to 'The Company' prior thereto, describing briefly the manner thereof, together with a written opinion of such Holder's counsel, if requested, to the effect that such offer, sale or other distribution may be effected without registration or qualification under any federal or state law then in effect. Promptly upon receiving such written notice and reasonably satisfactory opinion, if so requested, 'The Company', as promptly as practicable, shall notify such Holder that such Holder may sell or otherwise dispose of this Note or such securities, all in accordance with the terms of the notice delivered to 'The Company'. If a determination has been made pursuant to this Section 8 that the opinion of counsel for the Holder is not reasonably satisfactory to 'The Company', 'The Company' shall so notify the Holder promptly after such determination has been made. Each Note thus transferred and each certificate representing the securities thus transferred shall bear a legend as to the applicable restrictions on transferability in order to ensure compliance with the Act, unless in the opinion of counsel for 'The Company', such legend is not required in order to ensure compliance with the Act. 'The Company' may issue stop transfer instructions to its transfer agent in connection with such restrictions.
- 9. Treatment of Note.** To the extent permitted by generally accepted accounting principles, 'The Company' will treat, account and report the Note as debt and not equity for accounting purposes and with respect to any returns filed with federal, state or local tax authorities.
- 10. Notices.** Any notice, request or other communication required or permitted hereunder shall be in writing and shall be deemed to have been duly given if personally delivered or if telegraphed or mailed by registered or certified mail, postage prepaid, at the respective addresses of the parties as set forth herein. Any party hereto may by notice so given change its address for future notice hereunder. Notice shall conclusively be deemed to have been given when personally delivered or when deposited in the mail or telegraphed in the manner set forth above and shall be deemed to have been received when delivered.
- 11. No Voting Rights.** Nothing contained in this Note shall be construed as conferring upon the Holder or any other person the right to vote or to consent or to receive notice as a member in respect of any meeting or action of members of 'The Company' or any rights whatsoever as a member of 'The Company'.
- 12. Binding Arbitration.** You and Company agree that all disputes, controversies and claims related to the Notes (each a "Claim"), shall be finally and exclusively resolved by binding arbitration, which may be initiated by either party by sending a written notice requesting arbitration to the other party. Any election to arbitrate by one party shall be final and binding on the other. The arbitration will be conducted under the Streamlined Arbitration Rules and Procedures of JAMS that are in effect at the time the arbitration is initiated (the "JAMS Rules") and under the terms set forth in this Note. In the event of a conflict between the terms set forth herein and the JAMS Rules, the terms herein will control and prevail. The determination of whether a Claim is subject to arbitration shall be governed by the Federal Arbitration Act. You and Company may litigate in court to compel arbitration, stay proceedings pending arbitration, or confirm, modify, vacate or enter judgment on the award entered by the arbitrator; and the arbitrator's decision shall be final, binding on all parties and enforceable in any court that has jurisdiction, provided that any award may be challenged if the arbitrator fails to follow applicable law. The arbitration will be conducted in New York.
- 13. Class Action Waiver.** You and 'The Company' agree that any arbitration shall be limited to the Claim between Company and you individually. YOU AND COMPANY AGREE THAT (a) YOU WAIVE ANY RIGHT OR AUTHORITY FOR ANY DISPUTE TO BE ARBITRATED ON A CLASS-ACTION BASIS OR TO UTILIZE CLASS ACTION PROCEDURES; (b) YOU WAIVE ANY RIGHT OR AUTHORITY FOR ANY DISPUTE TO BE BROUGHT IN A PURPORTED REPRESENTATIVE CAPACITY OR AS A PRIVATE ATTORNEY GENERAL; AND (c) NO ARBITRATION SHALL BE JOINED WITH ANY OTHER ARBITRATION.

**14. Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, excluding that body of law relating to conflict of laws. Any arbitration that is initiated concerning this Note shall apply Delaware law, excluding that body of law relating to conflict of laws.

**15. Heading; References.** All headings used herein are used for convenience only and shall not be used to construe or interpret this Note. Except where otherwise indicated, all references herein to Sections refer to Sections hereof.

THE PARTIES HERETO HAVE READ AND UNDERSTOOD THE TERMS OF THIS NOTE AND AGREE TO THEM AS OF THE EFFECTIVE DATE WRITTEN ABOVE.

**THE 79th GROUP INC.**

Signed By:

Name:

Title:



**SEVENTY  
NINTH™  
GROUP**

**Address**  
**Grassi Fund Services** - FAO: John Zoraian, 50 Jericho Quadrangle  
#200, Jericho, NY 11753, United States of America

**The 79th Group Inc.** - 108 W. 13th Street, Suite 100, in the City of  
Wilmington, County New Castle, Zip Code 19801

**Email**  
**Grassi Fund Services** - [investorrelations@grassifundservices.com](mailto:investorrelations@grassifundservices.com)  
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