

ASX RELEASE

8 May 2019

MMJ Investor Update

MMJ Group Holdings Limited (ASX: MMJ) ("MMJ") provides an update on MMJ recent activities.

Contents

1. Finance News Network Interview with MMJ's Chief Financial Officer	1
2. MMJ Net Asset Value.....	2
3. MMJ forthcoming Investor updates	2
4. Embark Ventures update	2
5. Investee company news.....	3
6. Valuation of MMJ's investments	3
7. MMJ Investment Portfolio.....	4

1. Finance News Network Interview with MMJ's Chief Financial Officer

MMJ's Chief Financial Officer provided an interview to the Finance News Network. Investors are able to view this interview on the MMJ website through the following link: [CFO interview](#)

The key messages in the interview were:

MMJ investment returns

- MMJ share price is trading at 48% discount to Net Asset Value (NAV) which MMJ believe offers a great investment opportunity for investors seeking to initially invest or increase their investment in the cannabis investment sector. The MMJ Board is working to reduce the gap between share price and NAV. The pending appointment of Embark Ventures is a material step in achieving this goal.
- Post-tax return of 38%¹ (based on NAV) since 1 July 2018.
- Return since inception² of 17% per annum¹.

Funding

- MMJ has cancelled its proposed equity raising through a share purchase plan - it is expected that MMJ's future investments for the foreseeable future will be funded by current cash reserves and realisation of investments in listed investees.
- MMJ's NAV is approximately AUD92m compared to market capitalization of AUD51m³.
- MMJ has AUD25m in cash.

MMJ portfolio

- MMJ's listed investments and cash reserves represent over 80% of portfolio value.

MMJ's investment in Medipharm Labs Inc. (LABS) is a great example of MMJ's investment style – buy an unlisted investment, participate in the public listing and benefit from private to public

¹ After tax on unrealised gains on investments as at 7 May 2019

² Inception is the 22 February 2015 ie date of MMJ listing on the ASX

³ Return are time weighted and based on ASX price as at 7 May 2019

value uplift. MMJ has sold the majority of its investment in LABS generating 6 times our original investment.

- h) Harvest One Cannabis Inc. (HVT), MMJ's largest investment (50% of MMJ portfolio), continues to rollout its business plan – the rise in HVT investor confidence has been reflected in the increase in the HVT share price from CAD0.39 to CAD0.87⁴ since 1 January 2019. MMJ has generated a pre-tax return of 33% per annum on its investment in HVT since inception⁵. HVT's latest investor newsletter highlighting recent developments may be found on MMJ's news page - [MMJ news page](#)

MMJ investment management

- i) MMJ is seeing opportunities to invest in existing MMJ investments as well as new opportunities in Canada and Australia.
- j) MMJ is well positioned to source private investments which are not practically available to Australian retail and institutional investors.
- k) The proposed appointment of Embark Ventures (EBV) is a primarily performance-based contract with no material increase in MMJ's operating costs. The performance targets that were agreed/set ensure that Embark Ventures must achieve outcomes that improve both MMJ's share price and NAV. Otherwise, Embark Ventures does not get rewarded with any performance fees. EBV will provide MMJ with much greater asset management resources located in Canada without the need to directly employ more staff and overhead. Embark Ventures is already actively managing our existing portfolio to ensure that MMJ gets the best possible returns.

2. MMJ Net Asset Value

MMJ announces that its unaudited NAV per MMJ share as at 7 May 2019 was 40 cents (post-tax⁶) compared to 39 cents as at 31 March 2019. The MMJ share price is trading at a 48% discount to its NAV.

3. MMJ forthcoming investor updates

- a) Shaw & Partners - Investor Event

MMJ is pleased to advise that MMJ's CFO Jim Hallam will attend and present at the forthcoming Finance News Network investor conference in Sydney on Tuesday, 21 May 2019:

Time: 12:30pm - 2:30pm
Venue: Radisson Blu Plaza Hotel Sydney
Catering: Lunch provided
Cost: Free for investors, brokers and fund managers

The investor presentation will be released to the ASX and available on MMJ's website. The event is free and registrations open from 13 May via the [MMJ News page](#).

4. Embark Ventures update

On 15 April 2019 MMJ announced the proposed appointment of Embark Ventures (EBV) as Manager of MMJ's investments⁷. Some points to note regarding the proposed appointment of EBV are:

- i. A representative of Embark Ventures will be coming to Australia in June to conduct investor presentations and MMJ will announce an open briefing for shareholders and other interested parties to attend at this time.
- ii. The MMJ Board formed the view that the appointment of a third party "Manager" (which MMJ notes is a very standard structure for a Listed Investment Company or Fund) was a preferred option to

⁴ TSXV price as at 7 May 2019 AEDT

⁵ Inception is July 2015 when MMJ acquired United Greeneries Holdings Ltd. ("United Greeneries") and Satipharm AG ("Satipharm") which in turn were sold in April 2017 to Harvest One Inc for HVT shares and cash.

⁶ The post NAV reflects applicable corporate tax on unrealised gains in investment portfolio but is after deducting tax payable on realised gains

⁷ EBV will manage MMJ's investments excluding cash

appointing a CEO. The Board took into consideration that, with the appointment of Embark Ventures, MMJ gets access to a team of persons rather than just one person (which is what you get with a CEO). However, the MMJ Board will obviously monitor this relationship closely and, if necessary, will consider the appointment of a separate CEO in the future.

- iii. The remuneration arrangements with Embark Ventures were negotiated on arm's length terms and after an extensive period of assessment and negotiation with more than one third party to take on the role of the Manager of MMJ's portfolio. At the end of the day, the MMJ Board formed the view that the appointment of Embark Ventures was in the best interests of shareholders.
- iv. In terms of managing Michael Curtis' role as a non-executive director of MMJ, the MMJ Board managed this process appropriately and in compliance with the requirements of the Corporations Act. Michael Curtis did not participate in any of the discussions or negotiations by MMJ directors in relation to the appointment of a Manager. Embark Ventures was ultimately appointed on its merits.
- v. We expect completion of the agreement with Embark Ventures will occur within the next two weeks. MMJ will advise the market if there is any material change to this timing.

5. Investee company news

MMJ shareholders are encouraged to visit the MMJ website to access information on our investees: [MMJ Investee News](#).

This section includes recent investee shareholder updates provided by some of our investees.

MMJ shareholders and other interested persons are strongly encouraged to register for MMJ email alerts through this link: [Email News Registration](#).

6. Valuation of MMJ's investments

MMJ values its cannabis investments by applying the following principles:

- a) Listed securities – the book value is based on the closing share prices for public companies at period end converted into Australian dollars at the relevant prevailing foreign exchange rates.
- b) Unlisted securities - The book value is based on the most recent material funding round share prices for private companies converted into Australian dollars at the relevant prevailing foreign exchange rates.

The book values also include the unrealised gain arising from the positive difference between the assessed valuation of investee ordinary equity securities and the exercise price of unexercised warrants (where applicable). The NAV is calculated after deducting a provision for company tax on any net unrealised gains that may arise on such a theoretical disposal.

MMJ's financial statements are subject to statutory audit or review by independent auditors⁸, at 31 December and 30 June each year.

⁸ MMJ's independent auditors are BDO Audit (WA) Pty Ltd

7. MMJ Investment Portfolio

a) The following table provides details of MMJ's investment portfolio at 7 May 2019:

Investment	TSXV Code	Investment date	Country	Company type	Number of investments	Investment structure	Business	Book Value AUD\$m (unaudited) 07-May-19 AUDm	Weight
Harvest One	HVT	Apr-17	Canada	Public	1	Shares	Health and wellness products	51.4	50%
MediPharm Labs	LABS	Jun-18	Canada	Public	1	Shares and Warrants	Extraction	8.0	8%
Fire & Flower	FAF	Apr-18	Canada	Public	1	Shares + warrants	Retail stores	1.7	2%
Listed investments								61.2	59%
Weed Me		Dec-17	Canada	Private	1	Shares and warrants	Cultivation	7.8	8%
Embark Health		Jul-18	Canada	Private	1	Shares and Warrants	Extraction	3.6	3%
VitaGenne		Nov-18	USA	Private	1	Shares	Hemp CBD	1.4	1%
BevCanna		Jun-18	Canada	Private	1	Shares	Beverages	1.3	1%
Cannabis Access		Apr-18	Australia	Private	1	Shares	Clinics	1.0	1%
Hemple		Mar-19	Australia	Private	1	Shares	Hemp CBD	1.0	1%
Bien		Jun-18	Canada	Private	1	Shares + warrants	Research and development	1.1	1%
Martha Jane Medical		May-18	Australia	Private	1	Shares	Extraction	0.6	1%
Unlisted investments								17.8	17%
Cash and security sales receivables								79.0	76%
Total								24.6	24%
					11			103.6	100%

Investor and Media Enquiries

Jim Hallam
Chief Financial Officer and Company Secretary

About MMJ

MMJ is a global cannabis investment company (ABN 91 601 236 417). MMJ owns a portfolio of minority investments and aims to invest across the full range of emerging cannabis-related sectors including healthcare, technology, infrastructure, logistics, processing, cultivation, equipment and retail. For MMJ's latest investor presentation and news, please visit: <https://www.mmjgh.com.au/investors/>

Important Notice

This announcement contains reference to certain intentions, expectations, future plans, strategy and prospects of MMJ. Those intentions, expectations, future plans, strategy and prospects may or may not be achieved. They are based on certain assumptions, which may not be met or on which views may differ and may be affected by known and unknown risks. The performance and operations of MMJ may be influenced by a number of factors, many of which are outside the control of MMJ. All information is unaudited unless stated otherwise. No representation or warranty, express or implied, is made by MMJ, or any of its directors, officers, employees, advisers or agents that any intentions, expectations or plans will be achieved either totally or partially or that any particular rate of return will be achieved. Given the risks and uncertainties that may cause MMJ's actual future results, performance or achievements to be materially different from those expected, planned or intended, recipients should not place undue reliance on these intentions, expectations, future plans, strategy and prospects. MMJ does not warrant or represent that the actual results, performance or achievements will be as expected, planned or intended. Nothing in this material should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities. It does not include all available information and should not be used in isolation as a basis to invest in MMJ. This document does not constitute any part of any offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of any "US person" as defined in Regulation S under the US Securities Act of 1993 ("Securities Act"). MMJ's shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to any US person without being so registered or pursuant to an exemption from registration including an exemption for qualified institutional buyers.