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ASX RELEASE

12 December 2019

Net Tangible Asset Backing as at 30 November 2019

MMJ Group Holdings Limited (ASX:MMJ) ("MMJ"), an Australian-listed company that specialises in managing a portfolio of investments along the cannabis value-chain, attaches an announcement in relation to ASX Listing Rule 4.12.

Investor and Media Enquiries

Announcement authorised for release to ASX by:
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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. 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.

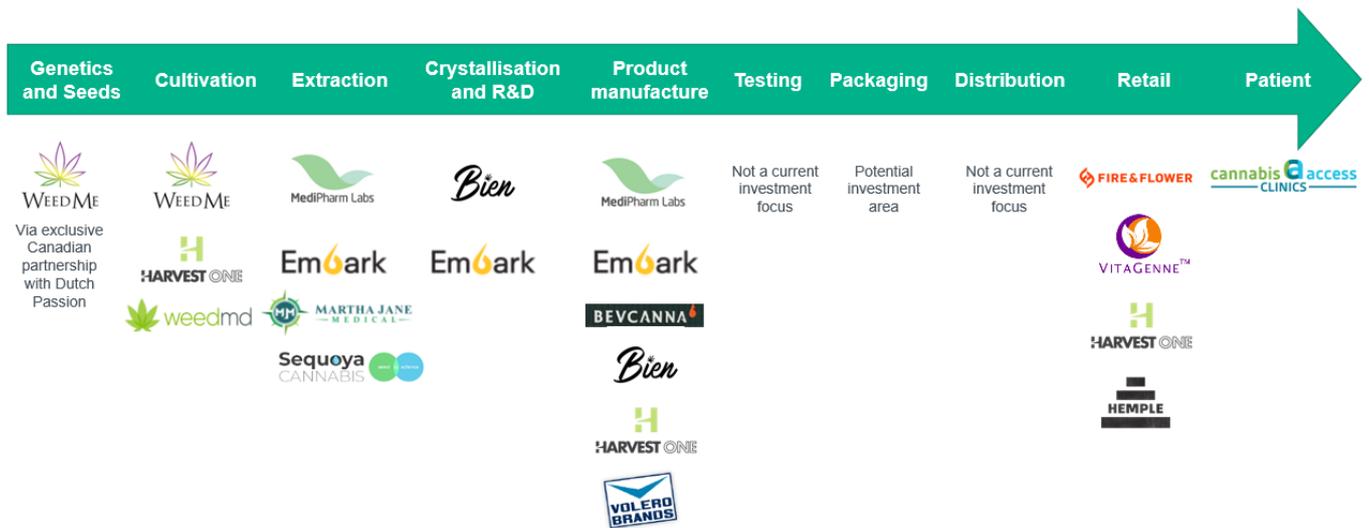


Investment Portfolio Report

30 November 2019

MMJ's Investments sit across most of the cannabis and hemp value chain

Capital is allocated to potential market leaders, consolidators and takeover targets



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About MMJ

MMJ (ASX Code MMJ/OTC Code MMJF) 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.

MMJ is the only listed Australian investment company which offers the opportunity to Australian investors to invest in unlisted and listed cannabis-related businesses in Australia and offshore.

MMJ has a proven track record in acquiring and realising considerable value from its cannabis related investments.

Since 2015 MMJ has created a significant number of investment opportunities from its connections in Canada and Australia in the private investment sector and realised exits when it is to MMJ's benefit:

18	6	4	9
Primary Acquisitions	Follow on investments¹	Private to public	Sale of investments

MMJ Investment Performance²

MMJ Historical Performance - period ended	30-Nov-19				
	1 month	3 months	Financial year to date	12 months	Since inception
Pre tax return	(9)%	(18)%	(28)%	24%	(3)%
Benchmark	(11)%	(28)%	(46)%	(41)%	(31)%
Out/(under) performance	2%	10%	17%	66%	28%

For MMJ's latest investor presentations and news, please visit: www.mmjgh.com.au

General Investor Queries	Share Registry
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W: mmjgh.com.au	P: 1300 288 664
	W: automic.com.au

Performance Update

Net Tangible Asset Value Per Share Before Tax³ as at 30 November 2019

\$0.2780

Total Portfolio Including Cash
as at 30 November 2019

\$68m

Investment Return Since Inception⁴
as at 30 November 2019

(3)% pa

Key Metrics as at 30 November 2019	AUD
Net Asset Value	m 59
Investee Portfolio (ex cash)	m 60
Cash	m 8
Net Tangible Asset per share - pre-tax (issued pursuant to LR 4.12)	0.2780
Net Tangible Asset per share - post tax (issued pursuant to LR 4.12)	0.2601
MMJ share price (ASX)	0.16
Market capitalisation	m 36
Number of investments (ex cash)	14
ASX Investment Type	Listed Investment Company
Initial Public Offering Date (Inception date)	22-Jan-15
No. of ordinary shares on issue	m 224

¹ Includes investments in existing investees

² MMJ uses the Alternative Harvest ETF (ticker symbol MJ) as its investment benchmark for the MMJ portfolio as it is a highly liquid portfolio trading in the North American market (where most of MMJ's holdings are based). MJ is listed on the New York Stock Exchange

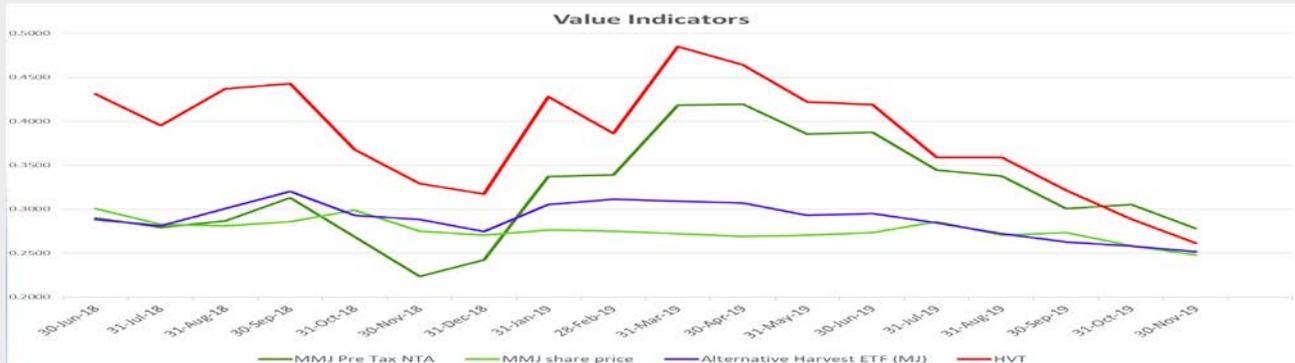
³ Net Tangible Asset Value per share – net tangible assets per share before tax on unrealised gains on investment portfolio

⁴ Inception is 30 June 2018 being the date when MMJ commenced accounting for investments as an investment entity

MMJ NEWS
Performance of MMJ Portfolio for November 2019
Portfolio Investment Performance

During November, MMJ performed in line with its investment benchmark - Alternative Harvest ETF (MJ)⁵ - a decrease of 9% over compared to MJ decline of 11%. The major contributor to the decline in MMJ NAV was Harvest One Cannabis (HVT) – the decline in share price from CAD19.5 cents to CAD16 cents which reflected the overall decline in the Canadian cannabis investment market in the same period as well as HVT’s stated need to raise additional capital. Our view is that investors are critically examining the capacity of Canadian companies to generate sales and earnings growth during the next 12 to 18 months with concern that some companies will need to raise cash to continue the rollout of their business plans.

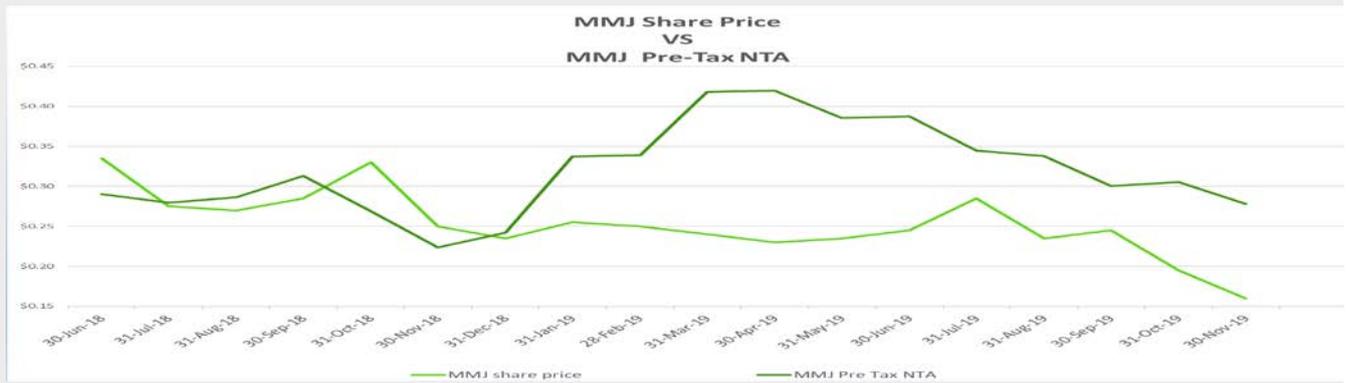
The decline in MMJ’s net asset value of 38 cents as at 30 June 2019 to 28 cents as at 30 November 2019 is largely attributable to the decline in value in MMJ’s investment in HVT as reflected in Chart One.

Chart One

MMJ Investment Strategy

One of the MMJ board’s key aims is for the share price to trade at a premium to NTA given the potential returns from our portfolio companies. MMJ is well placed to continue to rollout its investment strategy, key elements of which are:

- for MMJ’s asset manager, Embark Ventures, to work with MMJ’s investees to understand their respective funding requirements and add value to the existing portfolio; and
- to use existing cash reserves to make further investments at currently depressed valuations in Canadian cannabis stocks which will materially add value to the portfolio during the next twelve months.

Chart Two demonstrates the current discount of the MMJ share price to the pre-tax net tangible asset value (NTA).

Chart Two


⁵ MMJ uses the Alternative Harvest ETF (ticker symbol MJ) as its investment benchmark for the MMJ portfolio as it is a highly liquid portfolio trading in the North American market (where most of MMJ’s holdings are based). MJ is listed on the New York Stock Exchange

Embark Ventures Sector Update – 30 November 2019⁶

Cannabis equities continue to underperform broader markets as year-end tax loss selling ramps up through late November and into early December. From prior experience, we expect the majority of this type of selling to be complete by the middle of December and would typically see a bounce in these names starting in January as new capital is deployed. Some highlights from November include:

Harvest One (HVT) reported 2019 annual and first quarter 2020 results. The company continues to see growth in top-line revenue and also announced a cost reduction program which should help profitability going forward. HVT management acknowledges that in the absence of securing additional capital, there is uncertainty over the Company's ability to meet its funding requirements as they fall due. The Company is evaluating various financing alternatives and intends to raise additional capital.

WeedMD (WMD) announced the acquisition of Starseed which is a privately held distributor of cannabis to LiUNA union members paid for through union member benefits. Starseed is currently a WeedMD customer and this transaction is expected to bring about cost benefits to the combined entity in addition to a large locked in customer base with the union membership. The transaction also comes with a \$25mIn cash investment from LiUNA and \$15mIn in cash on the Starseed balance sheet. This transaction should eliminate any fears surrounding cash shortfall for WMD in the medium term. Additionally, the company continues to ramp up its extraction business and low-cost outdoor cultivation.

Medipharm Labs (LABS) reported a very strong and profitable third quarter 2019 and continues to be one of highest revenue producing cannabis companies listed on the TSX. While revenues and profits were superb and balance sheet continues to be strong, the market is concerned about potential future oversupply in extracted products. However, we expect extractors will continue to outperform for quite some time as biomass oversupply persists in the industry while extraction capacity remains low.

Embark Health has submitted its video information package for Phase 1 Health Canada approval on November 28th with comments expected in 60 days. The company is completing construction of the first floor currently to receive building & occupancy approval from the Delta council in conjunction with HC approval. All necessary extraction equipment is being installed or ordered / on route. Construction at the Woodstock facility with the first phase of construction has commenced.

Sincerely,
Embark Ventures Team

⁶ This report is provided by Embark Ventures Inc. which is the manager of MMJ's cannabis and hemp investments

Appendix One

1. The year to date performance of MMJ's NTA is detailed below⁷:

Table One

MMJ Historical Performance - financial year to date								
		30-Jun-18	30-Jun-19	31-Jul-19	31-Aug-19	30-Sep-19	31-Oct-19	30-Nov-19
Share price \$	AUD	0.335	0.245	0.285	0.235	0.245	0.195	0.160
NTA Post Tax \$	AUD	0.2860	0.3718	0.3321	0.3265	0.2901	0.2853	0.2601
NTA Pre Tax \$	AUD	0.2900	0.3874	0.3445	0.3378	0.3006	0.3052	0.2780
Net Return - pre tax NTA - year to date		n/a	33.6%	(11.1)%	(12.8)%	(22.4)%	(21.2)%	(28.2)%
Premium/(discount) of share price to pre tax NTA		15.5%	(36.8)%	(17.3)%	(30.4)%	(18.5)%	(36.1)%	(42.4)%

2. MMJ's investment portfolio (as at 30 November 2019) is detailed in Table Two:

Table Two

Investment	CSE/TSX/T SX Code	Investment date	Country	Company type	Investment structure	Business	Book Value (unaudited) 30-Nov-19 AUDm	Weight		Investment
Harvest One	HVT	Apr-17	Canada	Public	Shares	Health and wellness products	12.6	19%	22%	Harvest One
WeedMD Inc.	WMD.WM and WMD.	Sep-19	Canada	Public	Notes and warrants	Cultivation	6.2	9%	11%	WeedMD Inc.
MediPharm Labs	LABS	Jun-18	Canada	Public	Warrants	Extraction	2.7	4%	5%	MediPharm Labs
BevCanna	BEV	Jun-18	Canada	Private	Shares	Beverages	0.3	0%	1%	BevCanna
Fire & Flower	FAF	Apr-18	Canada	Public	Shares + warrants	Retail stores	0.9	1%	2%	Fire & Flower
Listed investments							22.7	35%	40%	
Weed Me		Dec-17	Canada	Private	Shares and warrants	Cultivation	7.8	12%	14%	Weed Me
Embark Health		Jul-18	Canada	Private	Shares and Warrants	Extraction	15.7	24%	27%	Embark Health
Volero		May-19	Canada	Private	Shares and warrants	Vapes	2.8	4%	5%	Volero
Sequoya		Jul-19	Canada	Private	Convertible note (including warrants) and shares	Extraction	3.3	5%	6%	Sequoya
VitaGenne		Nov-18	USA	Private	Shares	Hemp CBD	1.5	2%	3%	VitaGenne
Bien		Jun-18	Canada	Private	Shares + warrants	Research and development	0.8	1%	1%	Bien
Cannabis Access		Apr-18	Australia	Private	Shares	Clinics	1.1	2%	2%	Cannabis Access
Hemple		Mar-19	Australia	Private	Shares	Hemp CBD	1.3	2%	2%	Hemple
Martha Jane Medical		May-18	Australia	Private	Shares	Extraction	0.6	1%	1%	Martha Jane Medical
Unlisted investments							34.7	53%	60%	
Total portfolio excluding cash							57.5	88%	100%	
Cash							8.0	12%		
Total							65.5	100%		Total

⁷ The results for 30 June 2018 and 30 June 2019 are for the year ended on those dates

Appendix One continued

3. Valuation of Assets

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 Net Asset Value or NAV is calculated after deducting a provision for company tax on any net unrealised gains that may arise on such a theoretical disposal.

MMJ does not hedge the carrying value of existing investments denominated in non-AUD currencies.

MMJ's financial statements are subject to statutory audit or review by our independent auditor BDO Audit (WA) Pty Ltd, at 31 December and 30 June each year.

Note:

1. *All information within this release is unaudited unless stated otherwise.*
2. *The book value includes shares, convertible notes, options and unlisted warrants.*
3. *The book value (presented in the Table Two) is based on the closing share prices for public companies at the relevant date. The book value (presented in the Table Two) is based on the most recent funding round share prices for private companies converted into Australian dollars at the relevant prevailing foreign exchange rates. The market and 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).*
4. *MMJ holds the following shares and warrants in listed investees:*

Table Three

Investment	No. of shares	Number of notes	No. of warrants	Exercise price of warrants	Warrants expiry
Harvest One	55,557,994	-	-	n/a	
MediPharm Labs	-	-	941,176	1.20	4 Oct 2020
BevCanna	636,500	-		n/a	
Fire & Flower	890,000	-	1,250,000	1.05	20 Feb 2020
WeedMD	-	60,000	3,750,000	1.80	25 Sep 2022

Glossary

ABBREVIATION	Definition
AUD	means Australian dollars.
AASB	Australian Accounting Standards Board.
ACMPR	means Access to Cannabis for Medical Purposes Regulations.
ASX	means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.
ASX Listing Rules	means the Listing Rules of ASX.
CAD	means Canadian dollars.
CBD	means Cannabidiol (CBD) is a crystalline, nonintoxicating cannabinoid in cannabis and hemp.
CBG	means Cannabigerol is the non-acidic form of cannabigerolic acid, the parent molecule from which other cannabinoids are synthesized.
Company or MMJ	means MMJ Group Holdings Limited (ACN 601 236 417).
EBITDA	means Earnings before Interest, Tax, Depreciation and Amortisation.
GMP	GMP stands for Good Manufacturing Practices, and refers to a system of manufacturing that guarantees reproducibility of product quality to set specifications.
LPs	Canada's Licensed Producers of Cannabis Products
M	means million
MMPR	means Marihuana for Medical Purposes Regulation
MOIC	means multiple on invested capital
NTA	means net tangible assets.
Option	means an option to acquire a Share.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a registered holder of a Share.
THC	means THC is the principal psychoactive constituent of cannabis
TSXV	Toronto Stock Exchange Venture
WST	means Western Standard Time as observed in Perth, Western Australia.