

ASX RELEASE

22 February 2019

Capital raising in 2019 – an update

MMJ Group Holdings Limited (ASX: MMJ) ("MMJ") is holding a shareholders' meeting on 22 February 2019 to approve, amongst other matters, an equity raising pursuant to a share purchase plan ("SPP").

At the time of issuing the notice of meeting on 23 January 2019, MMJ had indicated that it expected to issue the prospectus for the SPP on or around the end of February 2019.

Under the terms of the shareholder approval, MMJ would have up to three months from the date of approval to issue shares under the SPP (or a longer period if allowed by the ASX)

MMJ has a portfolio of listed and un-listed investments in a sometimes volatile sector, at a time when volatility in the wider capital markets is also increasing. Additionally, for a number of reasons the ability of MMJ to create liquidity by divestment is not always certain. So any capital raising needs to be opportunistic.

At the time the MMJ board resolved to proceed with an SPP, there was negligible ability to generate material funds internally to supplement investment capacity. However, the share price was trading at or above NTA and prospects for a SPP were very favourable.

Since that resolution was passed, the value and liquidity of a number of MMJ's investments has improved and the Company has executed some divestments and also reinvested some of the funds generated. MMJ's net asset value has made a significant recovery from 31 December 2018. MMJ's unaudited post-tax Net Tangible Asset per share ("NTA") has increased from 21 cents as at 31 December 2018 to 30 cents as at 21 February 2019 AEST ie a 47% increase.

But, despite this, the MMJ share price has been trading at around a 15% discount to NTA.

In order for an SPP to be successful, shares would need to be offered at a discount to MMJ's share price and as a consequence a material discount to MMJ's NTA.

At present, the Board does not consider such an equity raising to be in the best interests of shareholders. However, should the situation improve in the near term, MMJ will be retaining the flexibility to proceed with a SPP offering .

In light of the above, MMJ is assessing the timing of the implementation to allow the SPP and other capital raising options to be implemented when the NTA is better reflected in MMJ's share price.

Investor and Media Enquiries

Jim Hallam
Chief Financial Officer and Company Secretary

About MMJ

MMJ Group Holdings Limited (ABN 91 601 236 417) is a global cannabis investment company. 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/>

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