

ASX RELEASE

7 June 2019

MMJ Announces Appointment of Embark Ventures as Investment Manager and Capital Management Initiatives

On market share buyback

MMJ Group Holdings Limited (ASX: MMJ) (MMJ or the Company) is pleased to announce an on-market buy-back of up to 10m MMJ ordinary shares over the next 12 months ('buy-back') as part of its active approach to capital management.

In managing its investment portfolio and asset allocation, the Company is continually monitoring its investments and new investment opportunities in the Cannabis sector. Understanding the portfolio and noting the discount that the Company's shares are trading to the net asset value per share of its investment portfolio, the Board have determined that an on-market buyback of MMJ shares is a meaningfully value accretive use of its funds.

The buy-back is from existing cash reserves and is expected to enhance shareholder returns.

Please refer to the attached Appendix 3C for further information relating to the buy-back.

Dividend policy

MMJ has decided to distribute 20% of its annual profit after tax after excluding unrealised gains and losses on investments in respect of financial years commencing after 30 June 2019.

The dividend would be payable within three months of each half year after the completion of the half year and annual financial statements. It would be MMJ's intention that the dividend would benefit from available franking credits held by the Company.

Entry into agreement with Embark Ventures Inc.

On 15 April 2019 MMJ announced the proposed appointment of Embark Ventures (EBV) as manager of MMJ's investments. Today MMJ advises that MMJ has executed an investment management agreement (IMA) with EBV. The IMA will become effective following MMJ shareholders approval of:

- a) The appointment of EBV under the terms of the IMA; and
- b) The issue of MMJ performance rights to EBV as part of EBV's remuneration structure.

MMJ shareholders will shortly be receiving a notice of meeting for a MMJ shareholders meeting to be held in July 2019. The notice of meeting will include material details of the IMA together with the key terms of the performance rights.

MMJ confirms the following in respect of the appointment of EBV:

- a) A representative of EBV will be coming to Australia in July to conduct investor presentations and MMJ will announce an open briefing for shareholders and other interested parties to attend at this time.
- b) The MMJ Board formed the view that the appointment of a third party "manager" was a preferred option to appointing a Chief Executive Officer (CEO). The Board took into consideration that, with the appointment of EBV, MMJ receives access to a team of persons based in Canada, MMJ's key

investment market. Following its appointment, the MMJ Board will monitor EBV's role and will reconsider the appointment of a separate CEO as necessary.

- c) The IMA and the terms of the performance rights reflect the material terms proposed in the MMJ announcement of 15 April 2019.
- d) The remuneration arrangements with EBV were negotiated on arm's length terms and after an extensive period of assessment and negotiation with another party to take on the role of the manager of MMJ's portfolio.
- e) The Board considers that the terms ultimately agreed with EBV under the IMA were materially superior (in MMJ's favour) to the terms that were proposed by other party.

Peter Wall, MMJ Chairman, said: "The Board considers that the implementation of the buy-back and the dividend policy together with confirmation of the appointment of Embark Ventures, are important steps in addressing the 39% discount to the fair value of MMJ's net asset value per share¹. The Board looks forward to MMJ shareholders confirming the appointment of Embark Ventures in order to provide investors with certainty over MMJ's operating structure and allow MMJ to ramp up its investment operations".

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. 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.

¹ Based on MMJ's closing share price of 22.5 cents as at 6 June 2019 and net asset value per share of 37 cents as at 31 May 2019.

Pursuant to Listing Rule 4.12, MMJ's unaudited net tangible asset value per share as at 31 May 2019 was 38.53 cents (pre-tax) and 36.98 cents (post-tax).

Appendix 3C

Announcement of buy-back (*except* minimum holding buy-back)

Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/9/99. Origin: Appendix 7B. Amended 13/3/2000, 30/9/2001, 11/01/10

Name of entity	ABN/ARSN
MMJ Group Holdings Limited	91601236417

We (the entity) give ASX the following information.

Information about buy-back

1	Type of buy-back	On-market
2	⁺ Class of shares/units which is the subject of the buy-back (<i>eg, ordinary/preference</i>)	Ordinary shares
3	Voting rights (<i>eg, one for one</i>)	One for one
4	Fully paid/partly paid (<i>and if partly paid, details of how much has been paid and how much is outstanding</i>)	Fully paid
5	Number of shares/units in the ⁺ class on issue	230,148,985
6	Whether shareholder/unitholder approval is required for buy-back	Security holder approval is not required
7	Reason for buy-back	The buyback is being conducted to acquire shares that are trading at a value below what the Board believes to be the intrinsic value of the shares.

⁺ See chapter 19 for defined terms.

Appendix 3C

Announcement of buy-back

- | | | |
|---|---|--|
| 8 | Any other information material to a shareholder's/unitholder's decision whether to accept the offer (<i>eg, details of any proposed takeover bid</i>) | None, apart from any information publicly disclosed by the Company through the ASX prior to the date of this notice. |
|---|---|--|

On-market buy-back

- | | | |
|----|---|--|
| 9 | Name of broker who will act on the company's behalf | Canaccord Genuity (Australia) Limited |
| 10 | Deleted 30/9/2001. | |
| 11 | If the company/trust intends to buy back a maximum number of shares - that number

<small>Note: This requires a figure to be included, not a percentage.</small> | MMJ will undertake an on market buy-back of up to 10,000,000 ordinary shares (which equates to approximately 4.3% of shares currently on issue). The Company reserves the right to suspend or terminate the buyback at any time. |
| 12 | If the company/trust intends to buy back shares/units within a period of time - that period of time; if the company/trust intends that the buy-back be of unlimited duration - that intention | MMJ intends to complete the on market buy-back within 12 months. |
| 13 | If the company/trust intends to buy back shares/units if conditions are met - those conditions | There are no conditions. |

Employee share scheme buy-back

- | | | |
|----|---|-----|
| 14 | Number of shares proposed to be bought back | N/A |
| 15 | Price to be offered for shares | N/A |

⁺ See chapter 19 for defined terms.

Selective buy-back

- | | | |
|----|--|-----|
| 16 | Name of person or description of class of person whose shares are proposed to be bought back | N/A |
| 17 | Number of shares proposed to be bought back | N/A |
| 18 | Price to be offered for shares | N/A |

Equal access scheme


- | | | |
|----|---|-----|
| 19 | Percentage of shares proposed to be bought back | N/A |
| 20 | Total number of shares proposed to be bought back if all offers are accepted | N/A |
| 21 | Price to be offered for shares | N/A |
| 22 | +Record date for participation in offer
<small>Cross reference: Appendix 7A, clause 9.</small> | N/A |

Compliance statement

1. The company is in compliance with all Corporations Act requirements relevant to this buy-back.

or, for trusts only:

1. The trust is in compliance with all requirements of the Corporations Act as modified by Class Order 07/422, and of the trust's constitution, relevant to this buy-back.
2. There is no information that the listing rules require to be disclosed that has not already been disclosed, or is not contained in, or attached to, this form.



Sign here: Date: ...7 June 2019.....
(Company secretary)

Print name: Jim Hallam.....

⁺ See chapter 19 for defined terms.