

ASX RELEASE

14 June 2019

MMJ Investment Portfolio Report

MMJ Group Holdings Limited (ASX: MMJ) ("MMJ") provides the MMJ Investment Portfolio Report as at 31 May 2019. This report includes details of MMJ's net tangible asset per share ("NTA") as at 31 May 2019 pursuant to Listing Rule 4.12 as a listed investment company.

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.

Investment Portfolio Report

31 May 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 MMJJF) 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 within Australia and offshore.

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

Since 2015 MMJ has creating 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:

16	3	3	8
Primary Acquisitions	Follow on investments¹	Private to public	Sale of investments

MMJ Historical Performance - period ended 31 May 2019

	1 month	3 months	Financial year to date
Pre-tax return	(8.1)%	13.6%	32.0%
Benchmark ²	(13.2)%	(16.5)%	5.3%
Out/(under) performance	5.1%	30.1%	26.6%

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 31 May 2019

\$0.385

Total Portfolio Including Cash as at 31 May 2019

\$94.7m

Financial Year To Date Investment Return as at 31 May 2019

32%

Key Metrics as at 31 May 2019

AUD⁴

Net Asset Value	85m
Investee Portfolio (ex cash)	69m
Cash	26m
Net Tangible Asset per share – pre-tax ⁵	0.3853
Net Tangible Asset per share - post tax	0.3698
MMJ share price (ASX)	0.235
Market capitalisation	54m
Number of investments (ex cash)	12
ASX Investment Type	Listed Investment Company
Initial Public Offering Date (Inception date)	22 January 2015

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 asset per share after tax on net and before unrealised gains on investment portfolio

⁴ Unaudited based on management accounts

⁵ Issued pursuant to ASX Listing Rule 4.12

MMJ NEWS**On market share buyback**

On 7 June MMJ announced 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.

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 meaningful value accretive use of its funds. The buy-back is from existing cash reserves and is expected to enhance shareholder returns.

Dividend policy

On 7 June MMJ announced its intention 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 is MMJ's intention that the dividend would benefit from available franking credits held by the Company.

Appointment of Embark Ventures

On 15 April 2019 MMJ announced the proposed appointment of Embark Ventures (EBV) as manager of MMJ's investments. On 7 June 2019 MMJ advised that MMJ has executed an investment management agreement (IMA) with EBV. The IMA will become effective following MMJ shareholder 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 on 19 July 2019. The notice of meeting will include material details of the IMA together with the key terms of the performance rights. A representative of EBV will be coming to Australia in June/July to conduct investor presentations and MMJ will announce an open briefing for shareholders and other interested parties to attend at this time.

MMJ PORTFOLIO NEWS**Public Company Holdings**

Harvest One Inc.(HVT)

- Reported Q3 2019 revenue of CAD3m which is a multiple increase from same period in 2018
- Supply agreement with Holland & Barrett for 841 stores to stock Satipharm. This is a significant distribution agreement in addition to their existing Walmart and Shoppers Drug Mart agreements

Medipharm Labs Inc (LABS)

- Completed a CAD75m bought deal financing with Scotiabank lead
- Added to Alternative Harvest ETF – provides additional source of share demand
- CAD20m term sheet for debt facility with tier 1 bank – significant progress in gaining institutional reputation
- CAD30-\$60m supply deal with Cronos Group
- Announced strong Q1 revenue of CAD22m and EBITDA¹ of CAD4.3m to positive market reaction

Private Company Holdings

Several of our private companies are in the market seeking additional funding to continue accelerating their businesses. In addition to considering capital injections in some of them, we continue to leverage our portfolio platform so investee companies can help each other from a technical and commercial standpoint.

Legislation of cannabis edibles and beverages

The second wave of Canadian cannabis legalization and regulations in respect of cannabis edibles, extracts and topicals are expected to come into force in October 2019. The regulations permitting these products are legislated to come into force no later than October 17, 2019, although experts have warned against expecting a large rollout of most products until 2020. The final regulations outlining the rules for the new market could be published as soon as June 26, 2019 by Health Canada.

Market research on size of alternative cannabis market

Deloitte has recently released its 2019 cannabis market report titled “Nurturing new growth: Canada gets ready for Cannabis 2.0”. According to Deloitte, the global market for alternative cannabis products is expected to nearly double over the next five years, to US\$194 billion. More than half of the estimated annual CAD2.7-billion Canadian market for edibles and alternative cannabis products will be spent on edibles (\$1.6 billion), followed by cannabis-infused beverages (\$529 million), topicals (\$174 million), concentrates (\$140 million), tinctures (\$116 million), and capsules (\$114 million). A copy of this report may be found in MMJ’s News on its website www.mmjgh.com.au

¹ EBITDA is earnings before interest, tax, depreciation and amortisation

Appendix One

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

MMJ Historical Performance - financial year ending 30 June 2019													
		30-Jun-18	31-Jul-18	31-Aug-18	30-Sep-18	31-Oct-18	30-Nov-18	31-Dec-18	31-Jan-19	28-Feb-19	31-Mar-19	30-Apr-19	31-May-19
Share price \$	AUD	0.34	0.28	0.27	0.29	0.33	0.25	0.24	0.26	0.25	0.24	0.23	0.24
NTA Post Tax \$	AUD	0.2860	0.2755	0.2826	0.3023	0.2555	0.2132	0.2235	0.3149	0.3095	0.3915	0.4001	0.3698
NTA Pre Tax \$	AUD	0.2900	0.2794	0.2865	0.3130	0.2688	0.2234	0.2421	0.3373	0.3388	0.4180	0.4196	0.3853
Net Return - pre tax NTA - year to date			(3.66)%	(1.22)%	7.90%	(7.32)%	(22.98)%	(16.53)%	16.31%	16.80%	44.14%	44.66%	32.85%
Premium/(discount) of share price to pre tax NTA		15.5%	(1.6)%	(5.8)%	(8.9)%	22.8%	11.9%	(2.9)%	(24.4)%	(26.2)%	(42.6)%	(45.2)%	(39.0)%

2. MMJ's investment portfolio (as at 31 May 2019) is detailed in Table One:

Table One

Investment	TSXV Code	Investment date	Country	Company type	Investment structure	Business	Book Value AUD\$m (unaudited)	Weight
							31-May-19 AUDm	
Harvest One	HVT	Apr-17	Canada	Public	Shares	Health and wellness products	43.9	46%
MediPharm Labs	LABS	Jun-18	Canada	Public	Warrants	Extraction	4.2	4%
Fire & Flower	FAF	Apr-18	Canada	Public	Shares + warrants	Retail stores	1.4	2%
Listed investments							49.5	52%
Weed Me		Dec-17	Canada	Private	Shares and warrants	Cultivation	6.4	7%
Embark Health		Jul-18	Canada	Private	Shares and Warrants	Extraction	3.6	4%
Volero		May-19	Canada	Private	Shares and warrants	Vapes	2.7	3%
VitaGenne		Nov-18	USA	Private	Shares	Hemp CBD	1.4	2%
BevCanna		Jun-18	Canada	Private	Shares	Beverages	1.3	1%
Cannabis Access		Apr-18	Australia	Private	Shares	Clinics	1.0	1%
Hemple		Mar-19	Australia	Private	Shares	Hemp CBD	1.0	1%
Bien		Jun-18	Canada	Private	Shares + warrants	Research and development	1.1	1%
Martha Jane Medical		May-18	Australia	Private	Shares	Extraction	0.6	1%
Unlisted investments							19.1	20%
Total portfolio excluding cash							68.7	72%
Cash and security sales receivables							26.0	28%
Total							94.7	100%

Appendix One continued

3. Included in the book value of investments in Table One are warrants held in the following investees:

Table Two

Investment	Value of Shares After Exercise of Warrants	Exercise Cost of Warrants	Unrealised Gain on Warrants	Warrants expiry
	AUDm	AUDm	AUDm	
MediPharm Labs	5.4	1.2	4.2	4 Oct 2020
Fire & Flower	1.7	1.4	0.3	20 Apr 2020
Weed Me	4.8	3.2	1.6	28 Dec 2020
Embark Health	2.4	1.9	0.5	2 Nov 2020
Bien	1.4	1.0	0.3	31 May 2021
Volero	1.7	1.7	-	17 May 2022
Total	17.4	10.5	6.9	

4. Valuation of Assets

MMJ values its cannabis investments by applying the following principles:

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

Note:

- All information within this release is unaudited unless stated otherwise.
- The book value includes shares, convertible notes, options and unlisted warrants.
- The book value (presented in the Tables One and Two) is based on the closing share prices for public companies at the relevant date. The book value (presented in the Table One and 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). The valuation of the warrants assume that the warrants are exercised just prior to the date of expiry.
- The exchange rate used to convert AUD/CAD was 0.9366