

# FinCanna to Receive ~\$3.9M USD Cash and Retain 3.44% Royalty in Perpetuity from CTI Royalty Restructuring Agreement

written by Raj Shah | October 9, 2018

October 9, 2018 ([Source](#)) – *CTI Shifts Focus from Cultivation to Manufacturing and Brand Development*

FinCanna Capital Corp. (“**FinCanna**”) (CSE: CALI) (OTCQB: FNNZF) a royalty company for the U.S. licensed medical cannabis industry announced, that due to Cultivation Technologies Inc.’s, (“CTI”) re-focused business strategy, FinCanna and CTI have agreed to a restructured agreement (“RA”). Under the RA, FinCanna is to receive approximately US\$3.9 million as repayment of CTI’s outstanding secured loan and receive payments equivalent to 3.44% of the consolidated topline revenue of CTI in perpetuity.

Upon completion of the RA, the RA will replace the current funding agreement and FinCanna will no longer need to provide additional financing to earn payments in perpetuity on any of CTI’s projects, as the RA covers all of CTI’s current and future projects. CTI has entered into a sale escrow agreement for US\$4 million for its 6-acre property in Coachella, California subject to certain conditions. The sale is expected to close in December 2018 or January 2019, and the expected net proceeds of approximately US\$3.9 million after transaction costs will be paid to FinCanna. CTI has the option to increase its cash payment to FinCanna before December 31, 2018, and the payments in perpetuity of 3.44%, based on total cash payments to FinCanna of US\$3.9 million, would alter based on total cash payments to FinCanna under a predetermined formula.

Additionally, FinCanna will continue to earn 50% of the profits of CTI's Interim Extraction and Manufacturing Facility that is expected to remain in operation until June 2019, FinCanna will receive certain purchase warrants in CTI's next equity financing and will retain customary security over its overriding royalty.

CTI's refocused business strategy towards extraction, manufacturing, and brand development, instead of large-scale indoor cultivation, is a result of changing market conditions and prioritizing ROI. As a result, CTI intends to retrofit its 5,200 sq ft, building site in Palm Desert, California as a permanent extraction and premium manufacturing facility for various established premium brands such as its own Coachella Premium and for others.

CTI also intends to develop its wholly-owned two-acre site in Colusa, California as a biomass processing, manufacturing and distribution facility to serve the Bay Area and other key markets in Northern California.

Andriyko Herchak, President and CEO of FinCanna Capital states, "The new agreement is a very positive move forward for FinCanna and allows CTI to finance and execute on its refocused business to create long-term value for both parties. We are very bullish on CTI's new strategy and anticipate a much quicker path to royalty revenue to FinCanna without any further financing obligations. Lastly, the expected cash proceeds from CTI of US\$3.9 million will provide us with additional non-dilutive funds to expand our royalty investment portfolio with a goal to leverage additional verticals in the U.S licensed cannabis markets that are in need of financing for rapid growth."

### **About FinCanna Capital Corp.**

FinCanna Capital provides financing to top-tier companies in the licensed medical cannabis industry in exchange for a royalty on

revenues. FinCanna, led by a team of finance and industry experts, is building its diversified portfolio of royalty investments in scalable, best-in-class projects and companies in U.S. legal states, with a focus on California. For additional information visit [www.fincannacapital.com](http://www.fincannacapital.com) and FinCanna's profile at [www.sedar.com](http://www.sedar.com).

## **FinCanna Capital Corp.**

Andriyko Herchak, CEO & Director

### **Cautionary Note Regarding Forward-Looking Statements**

*Information set forth in this news release may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation, statements about FinCanna's ability to source suitable projects, the sale and related closing of CTI's property at Coachella, the size and success of operations at CTI's Interim Extraction and Manufacturing Facility, CTI's ability to finance, develop and operate its planned permanent extraction and premium manufacturing facility in Palm Desert, CTI's ability to finance, develop and operate its planned biomass processing, manufacturing and distribution facility in Colusa and FinCanna's ability to generate revenues therefrom. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such*

*forward-looking statements. Such factors include, among others, the risks identified in the CSE listing statement and other reports and filings with the applicable Canadian securities regulators. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made, and the respective companies undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. Investors are cautioned against attributing undue certainty to forward-looking statements. The Company assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by applicable law.*