SOL Global Signs Termination Agreement with Verano Holdings over Sale of 3 Boys Farms

written by Raj Shah | April 1, 2019
April 1, 2019 (Source) –

- ***SOL Global NAV Continues to Grow, Stands at $6.12 As of March 29, 2019***
- *SOL Global to Acquire Florida Real Estate Assets from Verano Under New Asset Purchase Agreement*

SOL Global Investments Corp. ("**SOL Global**" or the "**Company**") (CSE: SOL) (OTCQB: SOLCF) (Frankfurt: 9SB) announces the termination of its agreement with Verano Holdings, LLC ("**Verano**") to sell a 100% interest in 3 Boys Farms LLC ("**3 Boys Farms**"), a Florida-licensed medical cannabis company which SOL Global was in the process of acquiring, to Verano. As announced on October 23, 2018, the Company had entered into a binding contribution agreement to sell a 100% interest in 3 Boys Farms, which included 100% ownership in one of Florida'sfourteen (14) vertically integrated medical cannabis licenses to Verano in exchange for USD$100 million of Class B units in Verano.

On March 11, 2019, Harvest Health & Recreation Inc. ("**Harvest**") announced it would be acquiring Verano, and Harvest already owned a Florida medical marijuana treatment center license. This acquisition ultimately led to Verano requesting to terminate the binding agreement it had with SOL Global, and SOL Global determined it was in its best interest to endorse the Harvest-Verano transaction. After good faith negotiations, the parties involved have elected not to close on the USD$100 million binding contribution agreement for 3 Boys

Farms and have finalized agreeable terms for the termination that SOL Global considers favorable for its shareholders.

Simultaneously, upon entering the Termination Agreement, Verano and SOL Global have entered into a binding Asset Purchase Agreement under which Verano will sell certain assets, described below, to SOL Global and/or 3 Boys Farms, in exchange for SOL Global's issuance of a promissory note to Verano in the original principal amount of USD$5 millionpayable over 12 months from the date of execution at an interest rate of 10% per annum.

In the months following the October execution of the agreement between SOL Global and Verano, Verano, with the support of 3 Boys Farms and SOL Global, sought out and ultimately leased and/or purchased over 20 prime properties in Florida to be used as retail dispensaries as well as a new 33 acre cultivation and processing facility in Indiantown, Florida ("the Assets"). The assets that will be received from the Asset Purchase Agreement include but are not limited to:

- 10 Dispensary sites which are owned or leased in Oakland Park (Fort Lauderdale), North Miami, Port St. Lucie, Bonita Springs, Ft. Myers, Sarasota, St. Petersburg, Clearwater, Jacksonville Beach and Tallahassee. These dispensary sites are currently undergoing permitting and/or construction, and the first two dispensaries are set to open in the second quarter of 2019. All dispensary operations and/or openings remain subject to the receipt of all required approvals from the Florida Department of Health, Office of Marijuana Use.
- A newly designed and developed farm site in Indiantown, Florida, which is strategically located less than 90 miles from South Florida which is poised to be one of the largest markets in Florida. The new farm comes with a

state approved, GMP certified extraction, processing and manufacturing lab that is fully equipped.

- The new farm is situated on a total of 33 acres of land, which is being developed as follows: a 50,000 square foot state of the art greenhouse, and a 64,000 square indoor cultivation, processing and manufacturing facility. The commencement of all operations at the new farm remain subject to the receipt of all required governmental approvals from the Florida Department of Health, Office of Medical Marijuana Use.

Harvest and/or Verano will retain the balance of the assets that are not transferred to Sol Global/3 Boys Farms pursuant to the Asset Purchase Agreement.

Additionally, pursuant to an amended and restated binding Share Purchase Agreement between Sol Global, CannCure Investments, Inc. ("**CannCure**") and the shareholders of CannCure, Sol Global will acquire 100% of the common shares of CannCure, a privately-held Ontario corporation that indirectly holds 100% of 3 Boys Farms. Under the terms of the acquisition, SOL Global will issue 7,317,500 common shares at a negotiated value of $4.00 per share to the shareholders of CannCure, and, upon a successful future sale of 3 Boys Farms, will also pay an earn out structured as follows: i) SOL and the former shareholders of CannCure will each receive funds upon sale for the amounts each has invested; and ii) any remaining amount from such sale will be split, with 42% of the remaining amount going to SOL Global, and 58% of the remaining amount going to former CannCure shareholders. If SOL Global fails to announce a binding agreement to sell 3 Boys Farms within 2 years of the closing date, then SOL Global will pay the former CannCure shareholders a payment of US$80,000,000.

The closing of the acquisition of CannCure is subject to certain

customary closing conditions including the receipt of all necessary regulatory and corporate approvals.

With authorization to cultivate, process and dispense medical cannabis in accordance with Florida law, 3 Boys Farms' operation consists of 40,000 square feet of fully-operational greenhouses located on an eight-acre parcel of land. The existing facilities include a two-acre odor mitigation space that is run 100% with harvested rainwater, solar pumps and repurposed high-volume chilled air from the cultivation greenhouses – a true zero-carbon footprint. 3 Boys Farms' innovations, including alternative energy use, greenhouse cooling designs, and rainwater harvesting, were recognized and honored by the Governor's Environmental Leadership Award. Additionally, 3 Boys Farms has commenced extraction and processing operations at its new GMP-certified farm and laboratory facility in Indiantown, Florida and expects to receive dispensing approval from the Florida Department of Health, Office of Medical Marijuana Use by April 1, 2019. The new facilities will also include 6,000 square feet of indoor cultivation and processing space and 50,000 square feet of greenhouses. Cultivation at the new facility is expected to commence in the fourth quarter of 2019. This new branch will add to the already robust production capacity of the 3 Boys network, which currently harvests 350 pounds of premium-quality cannabis flower per month out of its facilities in Ruskin, Florida.

Driving Growth for Shareholders

Below are internal unaudited management calculations of SOL's net asset value as of March 29, 2019. Key assumptions related to the investments have been stated below, and may be subject to change based on, among other things, SOL Global's annual audit.

Investment	Type	Method	Fair Market Value (CAD)
Harvest shares to be received for consideration of Verano	Public	FMV (Fair Market Value)	$247,834,108[1]
3 Boys Farms LLC	Private	Cost	$59,727,010[2]
OG DNA Genetics	Private	Cost	$13,359,500
ECH Limited	Private	FMV	$9,047,858[3]
Other Private Investments	Private	Cost	$8,513,710
Public Company Liquid Investments	Public	FMV	$31,818,419[4]
Total Asset Value			**$370,300,605**
Add: Cash			$12,045,424[5]
Less: Liabilities			-$34,786,519
Net Asset Value			**$347,559,511**

Outstanding Shares-Basic	54,327,020[6]
Outstanding DSUs	850,911
In-the-Money and Vested Options and Warrants	1,629,472
Fully Diluted Shares Outstanding	**56,807,403**
Net Asset Value Per Share	**$6.12**

SOL Global continues to execute on its wide-ranging vision for the international cannabis industry, delivering maximum shareholder value in the process. SOL Global's estimated net assets per share value of $6.12 significantly exceeds the current trading price of its stock, which closed at $3.58 on March 29, 2019. The Company's recent launch of its hemp/CBD-focused subsidiary Heavenly Rx, along with its numerous

other recent strategic acquisitions and investments, has helped cement its position as a leader in the global cannabis market.

About SOL Global Investments Corp.

SOL Global is an international investment company with a focus on, but not limited to, cannabis and cannabis related companies in legal U.S. states, the hemp and CBD marketplaces and the emerging European cannabis and hemp marketplaces. Its strategic investments and partnerships across cultivation, distribution and retail complement the company's R&D program with the University of Miami. It is this comprehensive approach that is positioning SOL Global as a future frontrunner in the United States' medical cannabis industry.

Cautionary Statements

This press release contains "forward-looking information" within the meaning of applicable securities laws. All statements contained herein that are not clearly historical in nature may constitute forward-looking information. In some cases, forward-looking information can be identified by words or phrases such as "may", "will", "expect", "likely", "should", "would", "plan", "anticipate", "intend", "potential", "proposed", "estimate", "believe" or the negative of these terms, or other similar words, expressions and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen, or by discussions of strategy.

By their nature, forward-looking information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of factors, including known and unknown

risks, many of which are beyond our control, could cause actual results to differ materially from the forward-looking information in this press release. Such factors include, but are not limited to: the Company's ability to comply with all applicable governmental regulations in a highly regulated business; investing in target companies or projects which have limited or no operating history and are engaged in activities currently considered illegal under US federal laws; changes in laws; limited operating history; reliance on management; requirements for additional financing; competition; inconsistent public opinion and perception regarding the medical-use and adult-use marijuana industry; and regulatory or political change. Additional risk factors can also be found in the Company's current MD&A and annual information form, both of which have been filed on SEDAR and can be accessed at www.sedar.com.

Readers are cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking information. The forward-looking information contained herein is made as of the date of this press release and is based on the beliefs, estimates, expectations and opinions of management on the date such forward-looking information is made. The Company undertakes no obligation to update or revise any forward-looking information, whether as a result of new information, estimates or opinions, future events or results or otherwise or to explain any material difference between subsequent actual events and such forward-looking information, except as required by applicable law.

The securities referred to in this news release have not been and will not be registered under the United States Securities Act of 1933, as amended ("**U.S. Securities Act**"), or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons

absent such registration or an applicable exemption from the registration requirements of the U.S. Securities Act. This news release does not constitute an offer for sale of securities for sale, nor a solicitation for offers to buy any securities.

Non-IFRS Financial Measures Statement

This press release includes references to net asset value and net asset value per share, which are financial measures that do not have a standardized meaning prescribed by IFRS. Net asset value is calculated as the value of total assets less the value of total liabilities at a specific date; net asset value per share is the value of the total assets less the value of total liabilities divided by the total number of common shares outstanding as at a specific date. The Company believes these non-IFRS financial measures not only provide management with comparable financial data for internal financial analysis but also provide meaningful supplemental information to investors. In particular, management believes these financial measures can provide information useful to its shareholders in understanding the performance of the Company and may assist in the evaluation of its business relative to that of its peers. Investors are cautioned that these non-IFRS measures should not be construed as an alternative to the measurements calculated in accordance with IFRS as, given their non-standardized meaning, they may not be comparable to similar measures presented by other issuers.

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[1] Harvest Health and Recreation Inc. (CSE: HARV) price as of March 29,2019. SOL currently owns 4,049,701 membership units in Verano. Based on the exchange ratio of 7.7625 Harvest shares per Verano unit, SOL will own 19,286,701 Harvest shares post-closing of the transaction. No discount has been applied for any lock-ups.

[2] Consists of estimated costs incurred by SOL Global to complete its acquisition of CannCure, including the cost of issuing 7,317,500 common shares.
[3] Valued based on price per share from most recent closed financing.
[4] As of March 29, 2019.
[5] Includes cast to be received on the exercise of in the money options and warrants.
[6] Includes the issuance of the 7,317.500 common shares related to the acquisition of CannCure.