



Investment Portfolio Report

30 June 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



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. The investment returns shown are historical and no warranty can be given for future performance. Historical performance is not a reliable indicator of future performance. Due to the volatility in a Company's underlying assets and other risk factors associated with investing, investment returns can be negative, particularly in the short-term.

About MMJ

MMJ (ASX Code MMJ/OTC Code MMJF) 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:

17	3	4	8
Primary Acquisitions	Follow on investments¹	Private to public	Sale of investments

MMJ Historical Performance - period ended 30 June 2019

	1 month	3 months	Financial year to date
Pre-tax return	0.5%	(7.4)%	33.6%
Benchmark ²	2.3%	(12.9)%	7.8%
Out/(under) performance	(1.8)%	5.5%	25.8%

For MMJ's latest investor presentations and news, please visit: www.mmjgh.com.au

General Investor Queries

E: info@mmjgh.com.au

W: mmjgh.com.au

Share Registry

Automic Registry Services

P: 1300 288 664

W: automic.com.au

Performance Update

Net Tangible Asset Value Per Share Before Tax³ as at 30 June 2019

\$0.3874

Total Portfolio Including Cash as at 30 June 2019

\$95m

Financial Year To Date Investment Return as at 30 June 2019

33%

Key Metrics as at 30 June 2019

AUD⁴

Net Asset Value	86m
Investee Portfolio (ex cash)	69m
Cash	26m
Net Tangible Asset per share – pre-tax ⁵	0.3874
Net Tangible Asset per share - post tax	0.3718
MMJ share price (ASX)	0.245
Market capitalisation	56m
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. MMJ commenced buying its shares on 27 June 2019 and had bought back 1.5m shares for an average price of 25 cents as at 9 July 2019. The shares which are bought back will be cancelled thus reducing the total number of MMJ shares on issue. MMJ has the capacity to acquire a further 8.5m shares during the next eleven months as at 9 July 2019.

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 (Annual Profit). The policy would first apply in respect of the Annual Profit for the year ending 30 June 2020. 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 MMJ.

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 have received a notice of meeting for a MMJ shareholders meeting to be held on 19 July 2019. The notice of meeting includes material details of the IMA together with the key terms of the performance rights.

Investor Openbriefing

MMJ has organised an Openbriefing on 17 July 2019 for MMJ shareholders and other interested parties to participate in an update on MMJ's activities. MMJ's Chief Financial Officer, Jim Hallam, and Michael Curtis, an MMJ non-executive director and a director of Embark Ventures, will discuss the future prospects of the Company following the appointment of Embark Ventures Inc as asset manager of the Company (subject to MMJ shareholder approval on Friday 19 July 2019) and the cannabis investment market more generally via an audio webcast and answer questions from participants.

Please see details below to view the webcast. Access to the audio webcast will open at 10.15 AM AEST on 17 July 2019 and the live stream is scheduled to begin at 10:30 AM AEST and the presentation slides will be made available on the MMJ website under the ASX Announcements link, as well as on the ASX website. Investors will be provided the opportunity to ask questions following the presentation.

To pre-register for the call, please follow the link below:

<https://s1.c-conf.com/diamondpass/mmj-10001050-invite.html>

You will receive a calendar notification with dial in details and PIN for fast track access to the call.

Alternatively, dial in using the detail below at the scheduled call time.

Conference ID: 10001050

Australian Toll Free and local: 1 800 558 698/ 02 9007 3187

The presentation and audio can also be accessed via webcast from the scheduled time:

<https://webcast.openbriefing.com/5314/>

MMJ PORTFOLIO NEWS**Public Company Holdings**

Bevcanna (BEV)

- As foreshadowed in April 2019, the Company went public on the Canadian Stock Exchange (CSE) on 2 July and currently trades at 0.48. MMJ holds 1.25m BEV shares.

Harvest One (HVT)

- Company has hired a marketing services firm, signed a supply agreement with Holland and Barrett for Satipharm, and closed the Delivra acquisition.

Medipharm Labs (LABS)

- Company has closed a \$75m bought deal transaction, secured 9000kg of dried cannabis supply, shipped first medical concentrate to Australia, and has applied to be listed on the TSX main board.

Fire & Flower (FAF)

- The company closed its \$27m bought deal financing, passed \$25m in system wide sales, and has received multiple retail store licenses in Alberta.

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.

Significant Recent Cannabis Industry News & Studies

Ontario will issue 50 new cannabis retail licences this year. The province plans to issue 42 new licences for private-sector retailers who successfully pre-qualify to be part of a new lottery system later this month. The remaining eight licences will be allocated for outlets in First Nations communities. There are currently 22 cannabis stores operating in Ontario with three retailers still awaiting final approval to obtain their licences, according to the Alcohol and Gaming Commission of Ontario.

CBD-infused food and beverages are out in NYC. Five months after the New York City Department of Health announced a ban on CBD food and beverages in restaurants, the move's been executed. Maine and Ohio also took a stand against culinary creations with CBD recently.

CannTrust had already shipped 'some' unlicensed cannabis to provinces before a Health Canada halt. The company's stock closed down more than 20 per cent as a result.

Marijuana use among teens has not increased in states that have passed medical or recreational marijuana laws in the past 25 years, a new study finds – in fact, legalization may be making it more difficult for teens to obtain pot. Recreational marijuana laws were associated with an 8% decrease in the likelihood of teens trying marijuana as well as a 9% reduction in the odds of frequent marijuana use, the study found.

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.

For MMJ's latest investor presentations and news on MMJ investees and the cannabis/hemp industry, please visit: www.mmjgh.com.au

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	30-Jun-19
Share price \$	AUD	0.335	0.275	0.270	0.285	0.330	0.250	0.235	0.255	0.250	0.240	0.230	0.235	0.245
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	0.3718
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	0.3874
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%	33.57%
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)%	(36.8)%

MMJ's investment portfolio (as at 30 June 2019) is detailed in Table One:¹

Table One

Investment	CSE/TSX/Code	Investment date	Country	Company type	Investment structure	Business	Book Value (unaudited) 30-Jun-19 AUDm
Harvest One	HVT	Apr-17	Canada	Public	Shares	Health and wellness products	44.1
MediPharm Labs	LABS	Jun-18	Canada	Public	Warrants	Extraction	4.1
Fire & Flower	FAF	Apr-18	Canada	Public	Shares + warrants	Retail stores	1.3
Listed investments							49.5
Weed Me		Dec-17	Canada	Private	Shares and warrants	Cultivation	6.5
Embark Health		Jul-18	Canada	Private	Shares and Warrants	Extraction	3.7
BevCanna		Jun-18	Canada	Private	Shares	Beverages	1.4
Volero		May-19	Canada	Private	Shares and warrants	Vapes	2.7
VitaGenne		Nov-18	USA	Private	Shares	Hemp CBD	1.4
Bien		Jun-18	Canada	Private	Shares + warrants	Research and development	1.1
Cannabis Access		Apr-18	Australia	Private	Shares	Clinics	1.0
Hemple		Mar-19	Australia	Private	Shares	Hemp CBD	1.0
Martha Jane Medical		May-18	Australia	Private	Shares	Extraction	0.6
Unlisted investments							19.4
Total portfolio excluding cash							68.9
Cash and other investment receivables							26.6
Total							95.5

¹ BevCanna listed on the CSE on 2 July 2019 under the code BEV

Appendix One continued

2. 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	5.3	1.2	4.1	4 Oct 2020
Fire & Flower	1.6	1.4	0.1	20 Apr 2020
Weed Me	4.9	3.3	1.6	28 Dec 2020
Embark Health	2.5	1.9	0.6	2 Nov 2020
Bien	1.4	1.1	0.3	31 May 2021
Volero	1.8	1.8	-	17 May 2022
Total	17.4	10.7	6.7	

3. 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 does not hedge the carrying value of existing investments denominated in non-AUD currencies.

MMJ's financial statements are subject to statutory audit or review by our independent auditor BDO Audit (WA) Pty Ltd, 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 exchange rate used to convert AUD/CAD at 30 June 2019 was 0.9187