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Curaleaf Set To Expand Operations In Maryland With New Financing And Purchase Option Agreements

HMS Health, MI Health, and Elevate Takoma to Rebrand Under Curaleaf Name

REISTERSTOWN, Md., Jan. 10, 2019 /PRNewswire/ --[Curaleaf Holdings, Inc.](#) (CSE: CURA) (OTCBB: CURLF), a leading vertically integrated cannabis operator, today announced a series of agreements that will expand its operations, as well as patient access to medical cannabis in the state of Maryland, while further bringing the company's expertise to the medical cannabis community within the state.

The agreements include the completion of \$30 million in convertible financing with the owners of HMS Health, LLC, HMS Processing LLC, HMS Sales, LLC, and MI Health LLC (the "HMS/MI Businesses"), and also a \$2 million acquisition of an option to acquire Town Center Wellness, LLC (operating as Elevate Takoma).

The HMS/MI Businesses consist of a 21,000 square-foot cultivation facility and 1,000 square-foot processing facility in Frederick, Maryland, and two separate 1,000 square-foot dispensaries, each in Gaithersburg, Maryland. As part of the agreement, the HMS/MI businesses will rebrand and operate under the Curaleaf name, and receive products, services, and other support from Curaleaf.

The \$30 million in loans from Curaleaf, together with accrued interest, are convertible into equity of each of the HMS/MI businesses upon receipt of all required state and local regulatory approvals. The owners of HMS/MI will receive \$2 million in Curaleaf shares at the then-current market price upon completed conversion of the loans.

In addition to the financing agreements with the HMS/MI owners, Curaleaf has also completed a separate agreement with the owners of Elevate Takoma that secures the option to purchase 100 percent of the equity of the company's dispensary. The exercise price of the option is \$100,000 and may be exercised upon receipt of all regulatory approvals for the transfer of ownership to Curaleaf.

Elevate Takoma, a 1,500 square-foot dispensary, which is located in Takoma, Maryland along the Washington, D.C. border, will rebrand and operate under the Curaleaf name, and receive products, services, and other support from Curaleaf.

Due to current restrictions under Maryland state law that prevent change of control over cannabis licenses within the first two years of operations, the loans to HMS/MI are

convertible in parts between August 2019 (for HMS Health, LLC, a cannabis cultivation facility) and October 2020 (for HMS Processing, LLC, a cannabis processing facility), based on the operation start dates of each of the businesses. The purchase option for Elevate Takoma is exercisable after August 2020. Furthermore, Curaleaf may only own equity in one cannabis business of each category (cultivation, processing and dispensing) under Maryland law as applied by the Maryland Medical Cannabis Commission. Therefore, the conversion of the HMS/MI and Elevate Takoma instruments into equity of each underlying business will only occur upon regulatory approval if the conversion will not violate any restriction in force at the time.

The rebranding for both HMS/MI and Elevate Takoma are expected to take place in the second quarter of 2019.

In Maryland, Curaleaf already owns and operates one dispensary in Reisterstown and a cultivation facility in Allegany County.

Images of Curaleaf's Reisterstown dispensary can be found [here](#).

About Curaleaf Holdings, Inc.

Curaleaf Holdings, Inc. (CSE: CURA) (OTCBB: CURLF) is the parent of Curaleaf, Inc., a leading vertically integrated cannabis operator in the United States. Headquartered in Wakefield, Massachusetts, Curaleaf has a presence in 12 states. Curaleaf operates 42 dispensaries, 12 cultivation sites and 10 processing sites with a focus on highly populated, limited license states, including Florida, Massachusetts, New Jersey and New York. Curaleaf leverages its extensive research and development capabilities to distribute premium cannabis products in multiple formats with the highest standard for safety, effectiveness, consistent quality and customer care. Curaleaf is committed to being the industry's leading resource in education and advancement through research and advocacy.

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