

CANNABIS

June 12, 2018

♦ **MedMen Enterprises Inc.****Turning Weed Sacks Into Greenbacks**

Unless otherwise denoted, all figures shown in US\$

Recommendation: **Buy (S)**Target Price: **C\$6.00****Company Statistics:**Stock Symbol: **MMEN - C**Price: **C\$4.66**

Share Outstanding:

Basic: **410.8 MM**Fully Diluted: **426.7 MM**Management: **93.2 MM**Market Cap (FD ITM): **C\$1,987 MM**Enterprise Value (FD ITM): **C\$1895 MM**Average Daily Trading Volume: **1.2 MM**High – Low (52-Week): **C\$5.73 - C\$3.43****Company Description:**

Based in Los Angeles, MedMen Enterprises is a diversified cannabis company that operates in the legal US cannabis industry. The company owns and manages 18 licensed facilities in cultivation, manufacturing and retail across California, Nevada, and New York.

♦ During the past twenty-four months, Cormark Securities Inc., either on its own or as a syndicate member, participated in the underwriting of securities for MedMen Enterprises Inc.

Disclosure statements located on pages 30 – 33 of this report

We are initiating coverage on MedMen Enterprises with a Buy (S) recommendation and C\$6.00 target price.

MedMen's approach is simple: cannabis as a consumer product. The company has introduced an upmarket retail experience that is bringing cannabis into the mainstream, and has turned MedMen into one of the most recognized brands in the industry. Legal cannabis sales are projected to reach over \$8.0 BB in 2018, and we see a long-term pathway to \$50 BB. This puts cannabis on pace to be one of the fastest growing sectors in the US, and MedMen among the most compelling ways to play this theme.

We like MedMen for the following:

Strategic Footprint: The company has used its first mover advantage and local zoning restrictions to carve out a defensible footprint, strategically locating in markets that have significant barriers to entry and outsized demand potential.

Attractive Retail Concept: As a retailer MedMen checks all the boxes: location, service, and selection. Store-level economics are impressive; average transaction size is 20% higher than industry average, and efficiency tops some of the most well-known retailers.

Still In The Early Growth Days: As near term execution is derisked, the market should increasingly credit MedMen for growth beyond the short-term and attribute value to the much larger US and international opportunity, driving a sizable share price rerating.

Fiscal YE June 30	2019E	2020E
Revenue	\$292.6	\$556.8
Adj. EBITDA	\$66.6	\$182.7
Adj. EPS	\$0.07	\$0.25
EV/Revenue	5.1x	2.7x
EV/EBITDA	22.2x	8.1x

Investment Highlights

Initiating On MedMen With A Buy (S) Rating and \$6.00 Target Price

The prohibition era is fading - 30 states have legalized medical marijuana and 9 states, as well as the District of Columbia, have legalized adult-use/recreational use. Sanctioned US cannabis sales were \$6.0 BB in 2017, and are projected to reach over \$8.0 BB in 2018 as sales continue to transition to newly regulated markets. We see potential for the US to grow to a \$50 BB market over the coming years, making cannabis one of the fastest growing industries in the US.

Further regulatory easing will be required, but significant first steps towards federal reform appear underway. Attitudes towards cannabis are visibly shifting on Capitol Hill, and from our perspective, support towards reform has never been stronger.

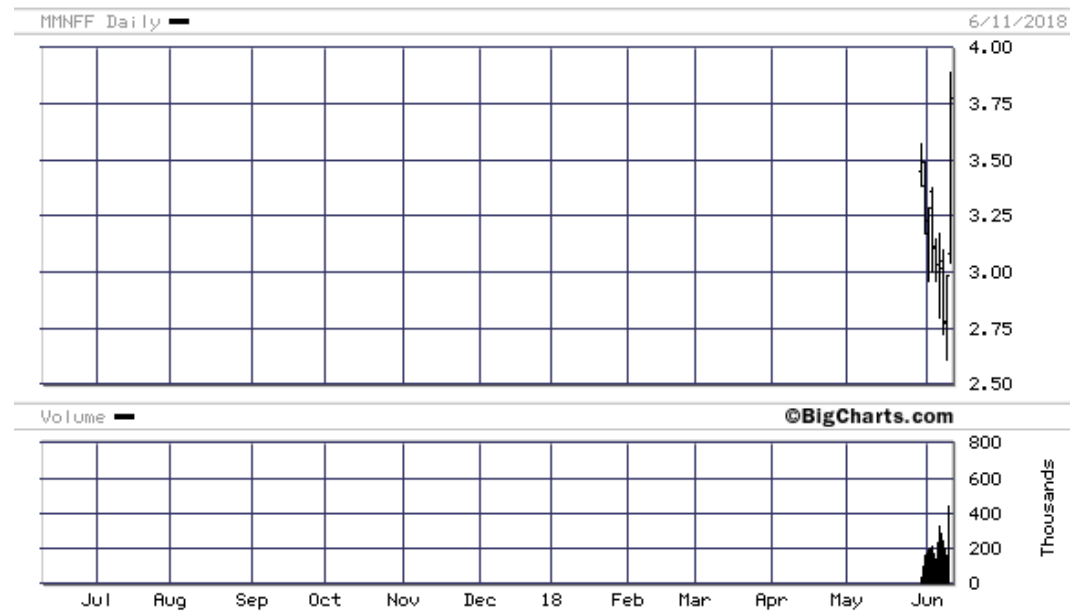
MedMen is at forefront of this emerging sector. Arguably best known for its retail stores, MedMen is a full scale cannabis company that operates across the supply chain. Its approach is simple: cannabis as a consumer product. The company has successfully created a modern, high-end retail experience on par with any mainstream premium retailer. MedMen's upmarket appeal is reflected in attractive store-level economics, which combined with impressive store traffic, has resulted in best-in-class sales efficiency.

As a first mover, MedMen has been able to use locally imposed zoning restrictions and regulations as a competitive advantage, locating in the best permissible locations in top consumer markets, and closing the door to competitors. It has created a powerful and defensible footprint in markets with significant barriers to entry and outsized demand potential, including Los Angeles, Las Vegas, and New York, and has developed what we think is the most widely recognized brand in cannabis.

The stage is set for rapid growth. Regulated sales in California and Nevada are well underway, and New York's medical program continues to add new patients. We forecast FY2019 revenue of \$293 MM and EBITDA of \$67 MM. The company's entrance to Massachusetts and Florida, and the wider roll-out of MedMen's branded product strategy through C2019 points to revenue of \$557 MM, and EBITDA of \$183 MM in FY2020. This excludes any upside from the possible implementation of adult-use sales in New York, and MedMen's Canadian entrance.

We derive our \$6.00 target price by applying a 10x multiple to our FY2020 EBITDA forecast (two-year forward). This represents a 29% forecast return and supports our Buy (S) rating, with our Speculative qualifier reflecting the infant nature of the US cannabis industry, complex regulatory framework and the risk of federal intervention.

As a new entrant to the capital markets, MedMen will need to build credibility by delivering on guidance. As near term execution is derisked, we believe that the market will increasingly credit MedMen for growth beyond the short-term, and attribute value to the company's longer term US and international opportunity, driving a sizable share price rerating.

Figure 1**Price Chart**

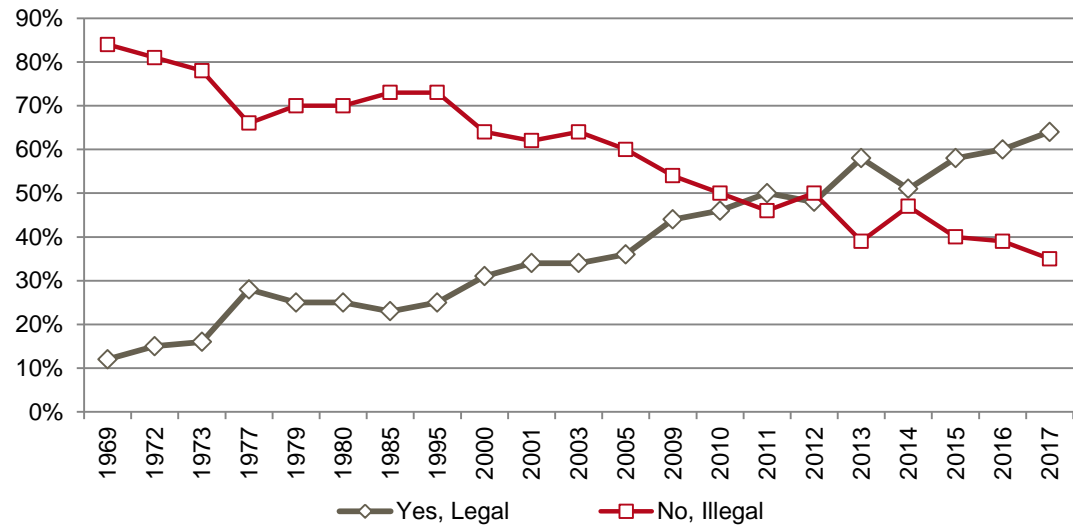
Source: Barchart.com (June 11, 2018)

The Prohibition Era Is Fading, Ushering In A \$50 BB Market Opportunity

The prohibition era is clearly fading. The state-level legalization success has been driven almost entirely by voters (a.k.a. self-interested patients and customers). Unmistakably, attitudes towards cannabis are trending positive, with 64% of Americans supportive of legalization. Today, over 60% of the US population lives in states with legalized access to some form of cannabis, and 21% of the population lives in a state with recreational access. This number has the potential to rise past 25% by the end of this year, as both Michigan and New Jersey have recreational legalization initiatives in place. Other states on the watch list for possible near-term medical legalization are Tennessee, South Carolina, Missouri, Oklahoma, and Utah.

Figure 3

US Public Opinion Favours Ending Prohibition

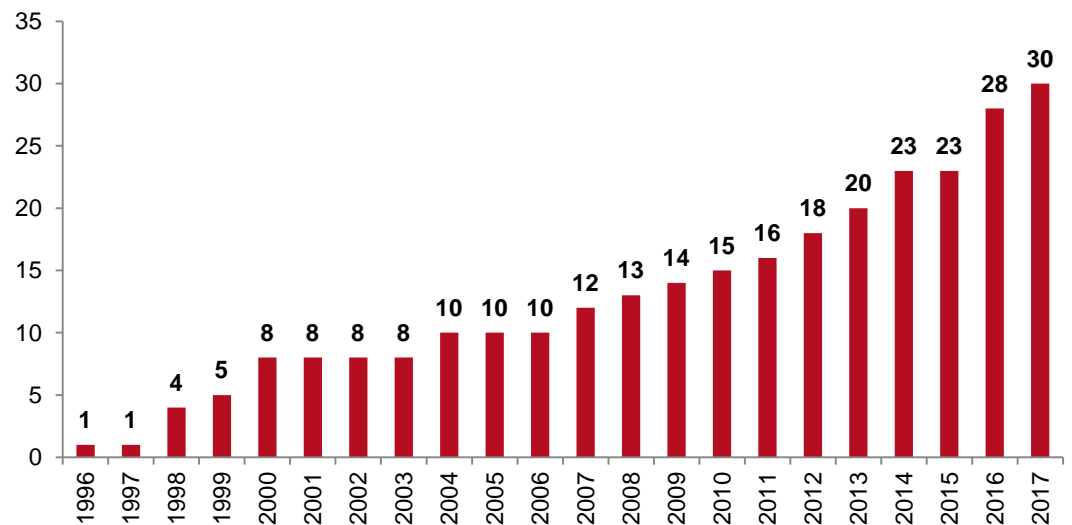


Gallup Poll Question: Do you think marijuana should be made legal, or not?

Source: Cormark Securities Inc., Gallup

Figure 4

Number of States With Legalized Cannabis



Source: Cormark Securities Inc., National Conference of State Legislatures

In 2017, legal cannabis sales were estimated to be ~\$6.0 BB. We believe this could climb to \$8-10 BB in 2018 as California's massive market continues its transition to legalized channels, a full-year sales contribution from Nevada's newly implemented recreational market (July 2017), and from the start of recreational sales in Massachusetts this summer.

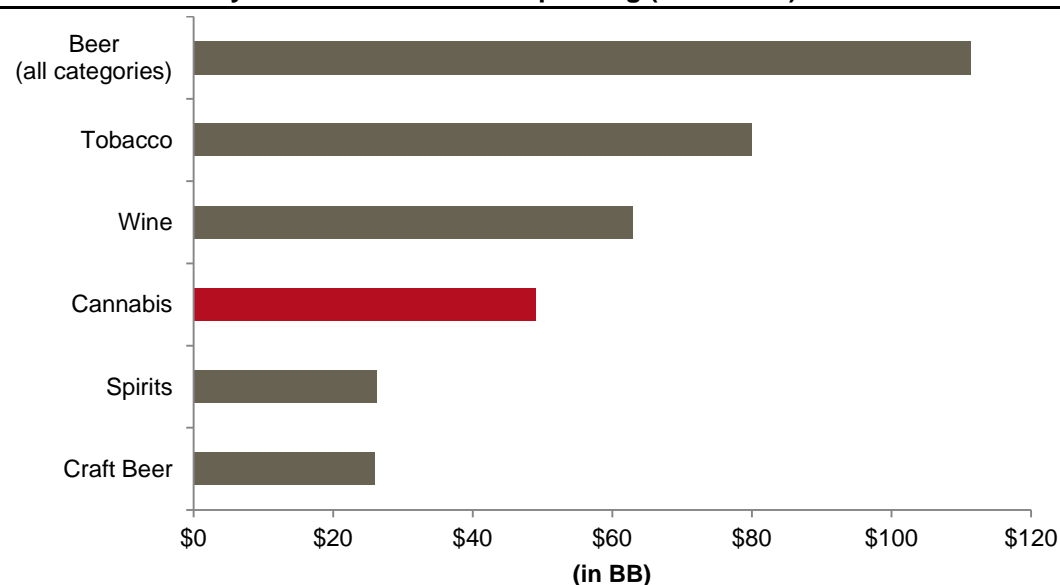
Under a scenario of full federal legalization, we forecast a baseline market size of ~\$50 BB. Our forecast is driven by 1) active users, and 2) per-capita spending. Over 9% of Americans admit to using cannabis on a monthly basis, and almost 14% use it at least annually. While attempting to gauge spending in an illicit market has its challenges, data from Colorado and Washington, the most mature fully-regulated markets, suggests annual consumer spending of \$1,350 on average.

Figure 5 The US Is A Potential ~\$50 BB Market

	Colorado	Washington			Past Year Incidence				
					10%	12%	14%	16%	18%
Adult Population (MM)	4.3	5.7							
Incidence - Past Year	24%	19%							
Annualized Users (MM)	1.0	1.1							
Annual Sales (MM)	\$1,508	\$1,372							
Annual Spend Per User	\$1,462	\$1,227							
			Consumer Spend/Year	\$950	\$24.8	\$29.6	\$34.4	\$39.2	\$44.0
				\$1,150	\$30.1	\$35.9	\$41.6	\$47.4	\$53.2
				\$1,350	\$35.3	\$42.1	\$48.9	\$55.7	\$62.5
				\$1,550	\$40.5	\$48.3	\$56.1	\$63.9	\$71.7
				\$1,750	\$45.8	\$54.6	\$63.4	\$72.2	\$81.0

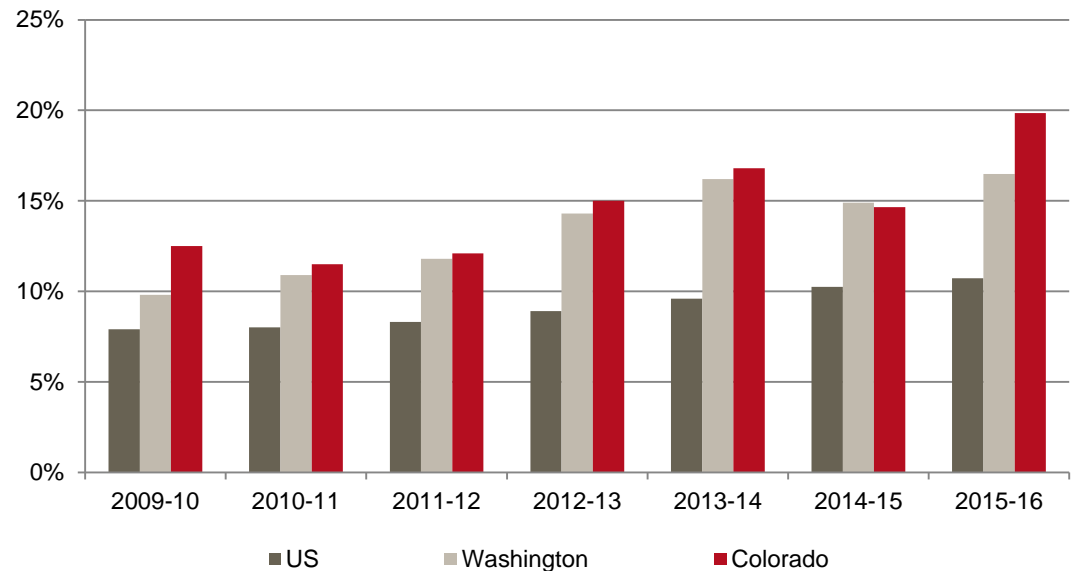
Source: Cormark Securities Inc., US Census Bureau, Colorado Department of Revenue, Washington State Liquor and Cannabis Board, Substance Abuse and Mental Health Services Administration

Figure 6 Market Size Sanity Check With 2017 Sin Spending (US Market)



Source: Cormark Securities Inc., Brewers Association, Alcohol & Tobacco Tax & Trade Bureau, Distilled Spirits Council, Wines & Vines

In addition, data from SAMHSA (Substance Abuse and Mental Health Services Administration) suggests that cannabis usage increases following legalization, particularly among the age 26+ cohort. Considering that 47% of adults admit to trying cannabis at least once in their lifetime, we believe a case can be made for meaningful upside to our forecast as some of past these users reengage, particularly as social stigma dissipates, and non-smokeable product formats become more widely available

Figure 7**Cannabis Use Has Climbed With Legalization (Past Year Incidence, Ages 26+)**

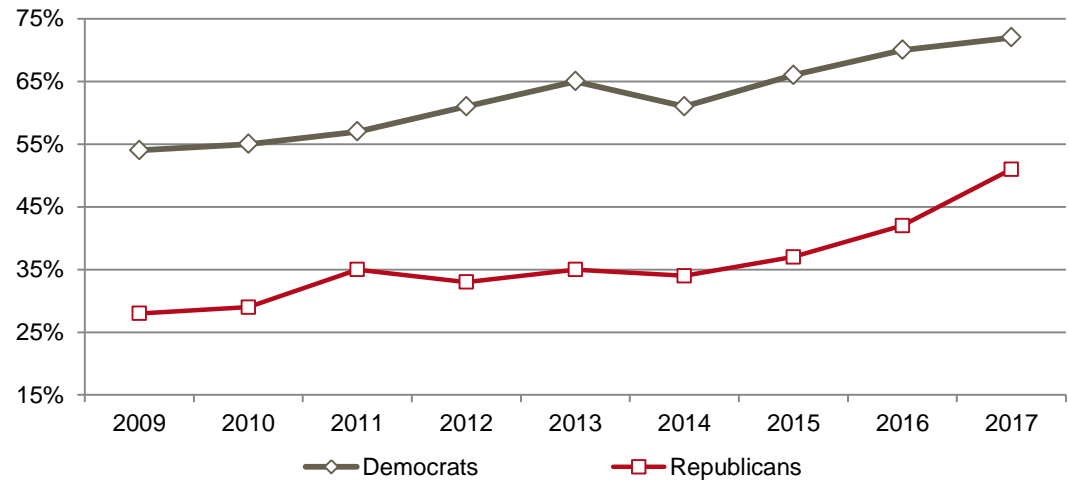
Source: Cormark Securities Inc., Substance Abuse and Mental Health Services Administration

Political Backdrop Increasingly Favorable

Federal interference remains the largest threat to the industry, and is the one that should be front of mind for investors. After an uncertain start to 2018, when Attorney General Jeff Sessions rescinded the 'Cole Memo', the Obama-era directive that offered guidance to US prosecutors on the enforcement of cannabis laws and effectively allowed for state-led legalization to move forward, the political tone on the federal level has become meaningfully more positive.

For us, the most significant turning point came in April when President Trump made a pledge to Senator Cory Gardner to support legislation that will formally protect state-legal cannabis businesses. Gardner along with Senator Elizabeth Warren formally introduced the bipartisan legislation, the STATES (Strengthening the Tenth Amendment Through Entrusting States) Act, in early June. We also point to Senate Minority Leader Chuck Schumer's announcement that he plans to introduce a decriminalization bill to Congress. Further, a House committee has approved cannabis law reform legislation that would allow the Department of Veterans Affairs to conduct research on the possible medical benefits of cannabis. Though fairly limited in scope, it is the first bill to pass a standalone congressional committee vote. A companion bill was also introduced in the Senate. Altogether, these are significant first steps towards federal reform, and augment a number of other bills that have also been introduced to congress.

Attitudes towards cannabis are visibly shifting on Capitol Hill, and from our perspective, support towards federal reform has never been as strong. Although politics are hard to predict, we think the momentum will continue.

Figure 8**Bipartisan Political Support Is Strengthening (% Yes, marijuana should be legal)**

Source: Cormark Securities Inc., Gallup

Rohrbacher-Blumenauer Mitigates Federal Risk

We point to the Rohrbacher-Blumenauer Amendment as being the most significant protection to the sector currently. This piece of legislation has been passed as an amendment to the appropriations bill every year since 2014. It prohibits the Department of Justice from using federal funds to interfere with states' medical marijuana programs, or from prosecuting medical marijuana businesses that comply with state law. It must be approved annually, when it can also be updated to include states with newly implemented legislation, and is currently valid for the 2018 fiscal year. In May, the amendment also received bipartisan support to be added as a rider to legislation for the 2019 fiscal year.

Regulatory Patchwork Creates Challenges For Marijuana Businesses

The conflicting regulatory position of the federal and state governments creates a number of unique complexities for state sanctioned marijuana businesses.

Many financial institutions are reluctant to provide banking services to companies involved in the cannabis sector, despite these businesses being perfectly legal enterprises if in a legalized state. Much of this reluctance stems from the fact that banks are often regulated at a federal level. Even though the Financial Crimes Enforcement Network (FinCEN), a division of the US Treasury, has provided guidance to banks on how they can provide services to cannabis-related businesses in ways that are consistent with their Bank Secrecy Act (BSA) obligations, the onerous and costly regulatory burdens on banks serving the cannabis sector keep many on the sidelines. An estimated 4% of American banks and credit unions conduct business with cannabis companies, leaving many cannabis operators with limited options for accessing capital and managing cash flows.

Another challenge for cannabis businesses is Section 280E of the federal tax code, which prohibits the deduction of any expenses related to the sale of Schedule I and Schedule II controlled substances. This tax policy is particularly troublesome for dispensaries, which are restricted from deductions that would normally otherwise be allowed. As a result, it is not unusual for many cannabis businesses to have effective tax rates of 50-60%. This has also resulted in dispensaries consolidating with cultivators, which often have more favorable tax treatments.

Multi-state cannabis businesses must also contend with inconsistent regulations across different states, as each state that has legalized cannabis has had to create its own regulations. Lastly, we also highlight that the supply of cannabis must come from within the perimeters of state lines. Even in the situation where neighboring states may allow for legalized recreational use, transporting cannabis across state lines is a federal offence.

Introducing MedMen

MedMen is a full scale, vertically integrated cannabis company with retail, cultivation and manufacturing operations across California, Nevada, and New York, and active expansions to Massachusetts and Florida underway. Founded by CEO Adam Bierman and President Andrew Modlin in 2010, the company started as a consulting services provider to medical marijuana dispensaries in California. MedMen eventually sought to leverage its management experience and legal and regulatory understanding to directly invest and acquire cannabis assets and licenses. Through the launch of two private equity vehicles and subsequent structures, MedMen has deployed over \$200 MM acquiring and developing cannabis assets in top consumer markets.

MedMen's approach is simple: cannabis as a consumer product. The company has introduced an upmarket retail experience that is bringing cannabis into the mainstream, and has turned MedMen into one of the most recognized brands in the industry. By leveraging its first-mover advantage and regulatory understanding, MedMen has carved out a nonreplicable footprint, strategically locating in markets that have significant barriers to entry and offer outsized demand potential. Behind all this is one of the most fully developed corporate infrastructures in the sector, providing MedMen the necessary support to execute its long-term growth strategy.

Figure 9

Summary of Current and Planned Operations

Location	Type	Structure
California		
Desert Hot Springs ¹	Cultivation/Production	Company Owned
Sun Valley	Cultivation/Production	Management Contract
Sun Valley	Distribution	Management Contract
Los Angeles - Beverly Hills	Retail	Company Owned
Los Angeles - Downtown	Retail	Company Owned
Los Angeles - LAX	Retail	Management Contract
Los Angeles - West Hollywood	Retail	Management Contract
Los Angeles - Venice	Retail	Company Owned
Los Angeles - Venice Beach	Retail	Management Contract
Los Angeles - Santa Monica ²	Retail	Management Contract
Santa Ana - Orange County	Retail	Management Contract
San Diego - Kearny Mesa	Retail	Company Owned
Palm Desert ²	Retail	Company Owned
Nevada		
Mustang	Cultivation/Production	Company Owned
Sparks ¹	Genetics Lab	Company Owned
Las Vegas - Strip ³	Retail	Company Owned
Las Vegas - Downtown ¹	Retail	Company Owned
Las Vegas - Airport ¹	Retail	Company Owned
New York		
Utica	Cultivation/Production	Company Owned
Manhattan	Retail	Company Owned
Long Island	Retail	Company Owned
Syracuse	Retail	Company Owned
Buffalo	Retail	Company Owned
Massachusetts⁴		
Greater Boston	Cultivation/Production	Company Owned
Boston (Fenway)	Retail	Company Owned
Cambridge	Retail	Company Owned
Greater Boston	Retail	Company Owned
Florida⁵		
Greater Orlando	Cultivation/Production	Company Owned
TBD	Retail	Company Owned

¹ Location is in development² Application is in progress³ Is being relocated from current North Las Vegas location⁴ Massachusetts license in progress; Fenway location under LOI⁵ Florida license/cultivation asset acquisition has not closed; license entitles ownership of 25 retail dispensaries

Source: Cormark Securities Inc., Company Reports

MedMen Is Defining The Cannabis Retail Experience

As a retailer MedMen checks all the boxes: location, service, and selection. The company has successfully created a modern, high-end retail experience on par with any mainstream upmarket retailer.

MedMen stores are well located in high traffic shopping areas, are inviting, and stylishly designed. Popular product categories such as flower, vape pens and concentrate products are presented on walnut tables that anchor showrooms and are outfitted with iPads that offer product information and pricing. Niche and specialty branded items such as edibles, topicals and pet wellness products are presented on displays that neatly line store walls.

Figure 10

West Hollywood, Downtown Los Angeles, & New York 5th Avenue Store Interiors



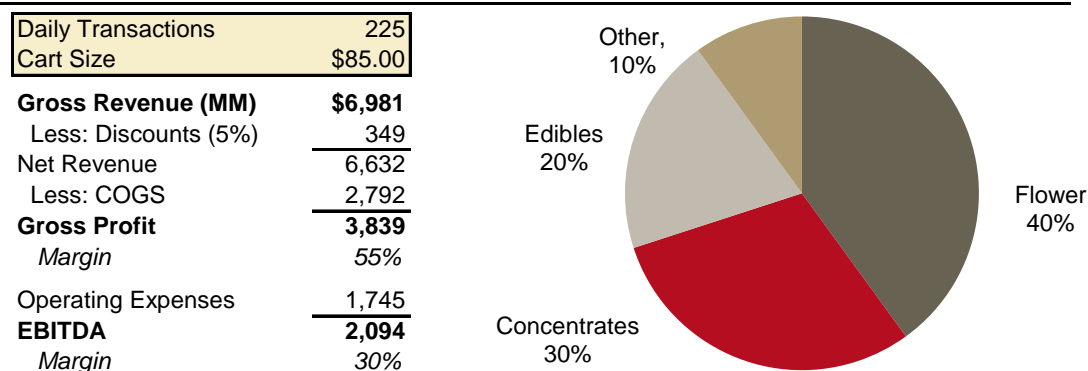
Source: Company reports

Sales associates are well-trained, and will spend ample time interacting with customers/patients to develop an understanding of their knowledge and experience level with cannabis in order to make appropriate product suggestions. In our visits to stores in California and New York, we found store staff to consistently be welcoming, approachable, and knowledgeable.

Product and brand selection is wide ranging, and we believe that MedMen benefits from a favorable position with vendors. The company's California locations offer 500+ SKUs. Product assortment is considerably narrower in New York as regulations restrict the scope of product formats, however. Pricing reflects MedMen's premium positioning, and is revealed in attractive store-level economics with a mature location generating gross margin of 55%, and EBITDA margin of 30%, though we note that performance across stores can be uneven. Average ticket size across current locations is currently \$85 – 20% higher than industry average. Combined with impressive store traffic, MedMen's sales efficiency tops some of the most well-known retailers.

Figure 11

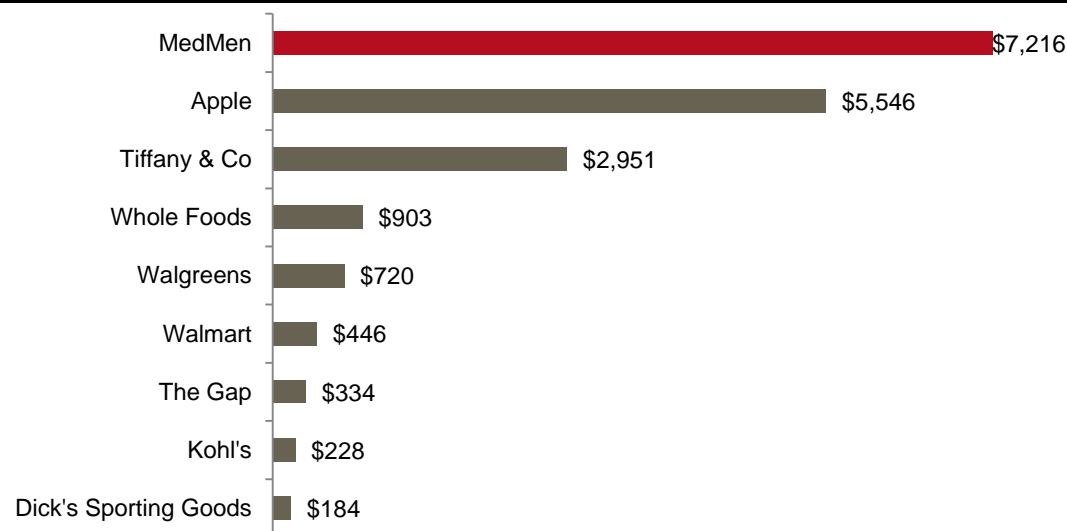
Representative Store Economics and Product Mix



Source: Cormark Securities Inc., Company reports

Figure 12

MedMen's Revenue per Square Foot Compares Favourably to Other Retailers



Based on MedMen March 2018 Retail Metrics for West Hollywood, LAX, Venice, San Diego, Beverly Hills & Downtown Los Angeles locations

Source: Cormark Securities Inc., Marijuana Business Daily, Company reports

MedMen Owns The Block

Location can be a make or break factor for retailers. For dispensaries, location selection is made challenging by locally imposed zoning restrictions and regulations. Cannabis retailers are often restricted from operating within a set radius from public gathering places such as parks and libraries, as well as daycares and schools. There can also be limitations to how close dispensaries can operate from each other, further limiting qualifying locations.

MedMen has turned these challenges into its competitive advantage, by tying up the best permissible locations in its selected markets. By doing this, MedMen shuts out its competition and effectively owns the area. This has created a powerful and nonreplicable footprint, and we believe has also helped further the company's brand development.

Figure 13**Summary Of Zoning Restrictions****Dispensaries Cannot Be Located Within...**

Los Angeles	700 foot radius of school, public park, library, substance abuse treatment facility, daycare, any other dispensary
Las Vegas	1,000 foot radius of any school; 300 foot radius of a daycare, public recreational facility, public park, place of worship, group care home, or any instructional facility that hosts minors
New York	1,000 foot radius from any school, daycare, or place of worship

Source: Cormark Securities Inc., Los Angeles Department of City Planning, City of Las Vegas, New York State Department of Health

Marketing Mastery

MedMen has created arguably the best-known brand in cannabis. Remarkably, it has accomplished this in a setting where traditional ad sellers still say no to cannabis companies. Television and public radio are largely off limits. So are online platforms such as Facebook and Instagram. For a new industry, the company has ironically used an old-fashioned approach, relying mainly on billboard and ad placement for its paid strategy. MedMen has focused on bringing cannabis into the mainstream, designing its marketing to appeal to a broad consumer audience and striving to remove the stigma typically tied to cannabis - an approach that is consistent with a customer's in-store experience. The company has also launched a cannabis and culture magazine named 'Ember' that not only extends its marketing reach, but also generates revenue through ad space sales. Earned media has also been an important component to MedMen's marketing strategy. The company has received numerous features and mentions on national television networks and in print publications. While certainly helpful in further raising brand awareness, we also point to it potentially benefitting the company from a capital accessibility standpoint – a trend we have observed with some Canadian licensed cannabis producers.

Figure 14**Select MedMen Advertising**

Source: MedMen

Cultivation The Product Strategy Backbone

MedMen's focal point is clearly retail, but it is also developing full-scale cultivation and product manufacturing operations. The company recently completed the first phase of its Mustang, NV facility, and broke ground on its planned Desert Hot Springs, CA facility. The facilities share the same design, which we think will allow the company to standardize processes across locations and optimize efficiencies. MedMen has already de-risked its cultivation/production practices through the operation of a legacy indoor facility in Sun Valley, CA. Since the company overtook management of the site in 2016, it has increased yields (on sq. ft. basis) by 50%, and reduced unit production costs by 4x.

Figure 15

Cultivation and Production Summary

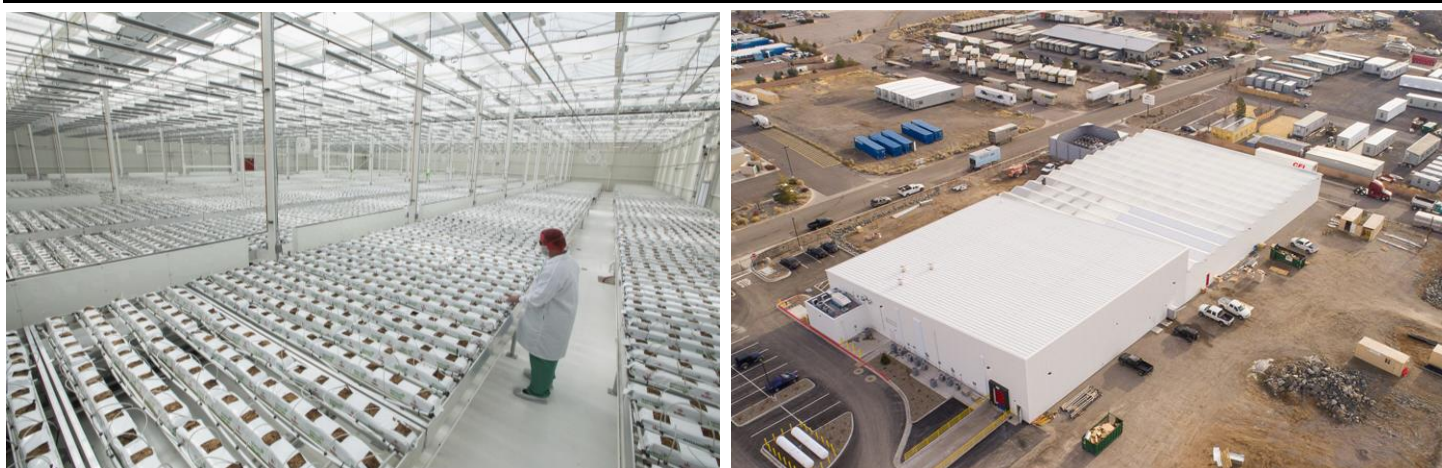
	Phase I	Phase II	Phase III	Total
Sq. Ft	45,000	45,000	75,000	165,000
Yield/SF (g)	110	135	135	128
Annual Output (kg)	4,950	6,075	10,125	21,150
Timing				
Mustang	Complete	Jun-19	TBD	-
Desert Hot Springs	Feb-20	Sep-20	TBD	-

Source: Cormark Securities Inc., Company reports

Based on facility design, we estimate each site has the potential to support a top-line contribution of US\$140 MM once fully ramped. Beyond the benefit of greater margin capture through vertical integration, the company's cultivation will also support a broader product strategy. MedMen intends to launch a number of branded products for sale through third-party retailers as production scales. We see this as expanding its reach to submarkets where it does not directly have a retail presence. We also highlight the beneficial 280E tax implications resulting from the company's vertically integrated model.

Figure 16

Mustang, Nevada Cultivation Facility



Source: Cormark Securities Inc., Company reports

**Management Services A
Capital Light Way To Scale
The Brand**

MedMen has the ability to further scale its footprint and brand through its management services arm. The company offers complete turnkey operations management to cannabis license holders, and will oversee all operational aspects, while the license owner retains title of all physical assets. This creates the opportunity for MedMen to access market/locations where it does not have a license.

The agreement structure offers strong sales and profitability alignment, with MedMen entitled to 1.5% of retail revenue (or wholesale product revenue in the case of cultivation), 25% of EBITDA, and a set \$20k monthly fee. The agreements are typically for 30 year terms, and come with significant penalties if the license holder sells the business (20% net sales price). Capital investments for upgrades/renovations are borne by the license holder. The company currently has four dispensary management services contracts in place (West Hollywood, LAX, Santa Ana, Venice Beach), and one cultivation/production contract (Sun Valley).

A Closer Look At MedMen's Key Markets

MedMen currently has existing or planned exposure to California, Nevada, New York, Massachusetts, and Florida. In the following section, we take a closer look at the intricacies of each market, with a view towards MedMen's positioning.

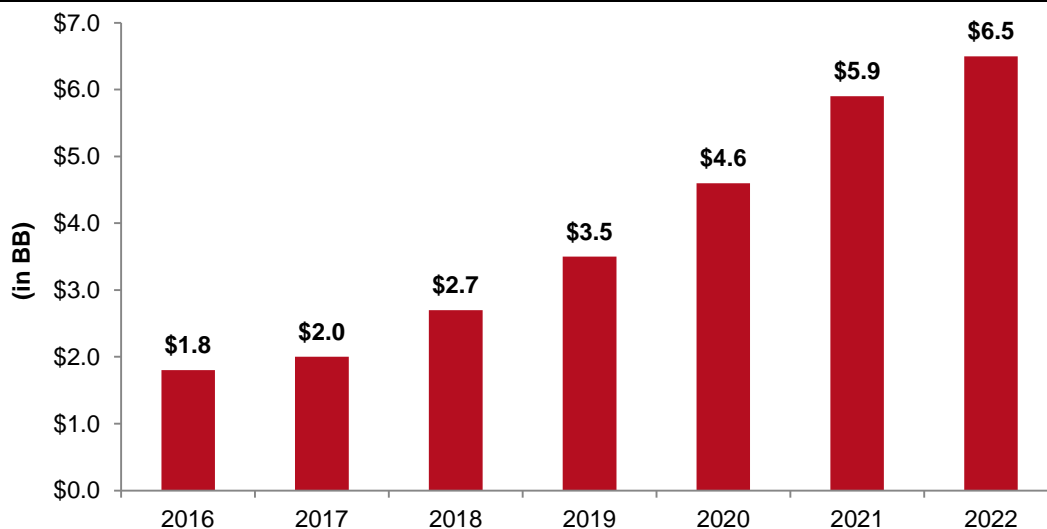
California: Pockets Of Value Within The Largest (And Most Complex) Regulated Market

California has led the legalization movement, and today represents the largest fully regulated market in the world. With a legal medical program since 1996, California already had a well-established market in place when adult-use sales began in January 2018. Despite this, trying to combine the existing medical framework with one designed for adult-use sales has resulted in possibly the most disaggregated market among all legalized states. The licensing structure is convoluted, consisting of 17 different license types, and is regulated by three different state bodies 1) Department of Food and Agriculture (cultivation), 2) Department of Public Health (manufacturing), 3) Bureau of Cannabis Control (distribution, retail, testing, events). Adding to the complexity are local jurisdictions right to regulate cannabis (operators must receive local approval before a state license is issued) which adds 58 counties and 482 incorporated cities to the mix.

All that aside, California remains an attractive opportunity. With 39 MM residents, it is the most populous state in the US. California also has a well engrained cannabis culture; nearly 17% of adults use cannabis annually. Based on this, we see potential for California to become a >\$6.5 BB market at maturity.

Figure 17

Cormark's California Market Growth Forecast



Source: Cormark Securities Inc., BDS Analytics

The gating factor to California reaching its full market potential lies in the local level licensing/permit approval. Less than 20% of counties and cities in California have structures in place to issue licenses to cannabis businesses. Although there are no caps on the numbers of licenses that will be issued on the state level, some local jurisdictions have implemented caps, creating favorable submarkets.

We think Los Angeles is one of the most attractive submarkets in California. The greater Los Angeles area is home to ~13 MM people, and only ~180 retail licenses are expected to be issued (139 are currently permitted). MedMen has already staked its claim in this regulated oligopoly, and has developed a defensible footprint in some of the area's most

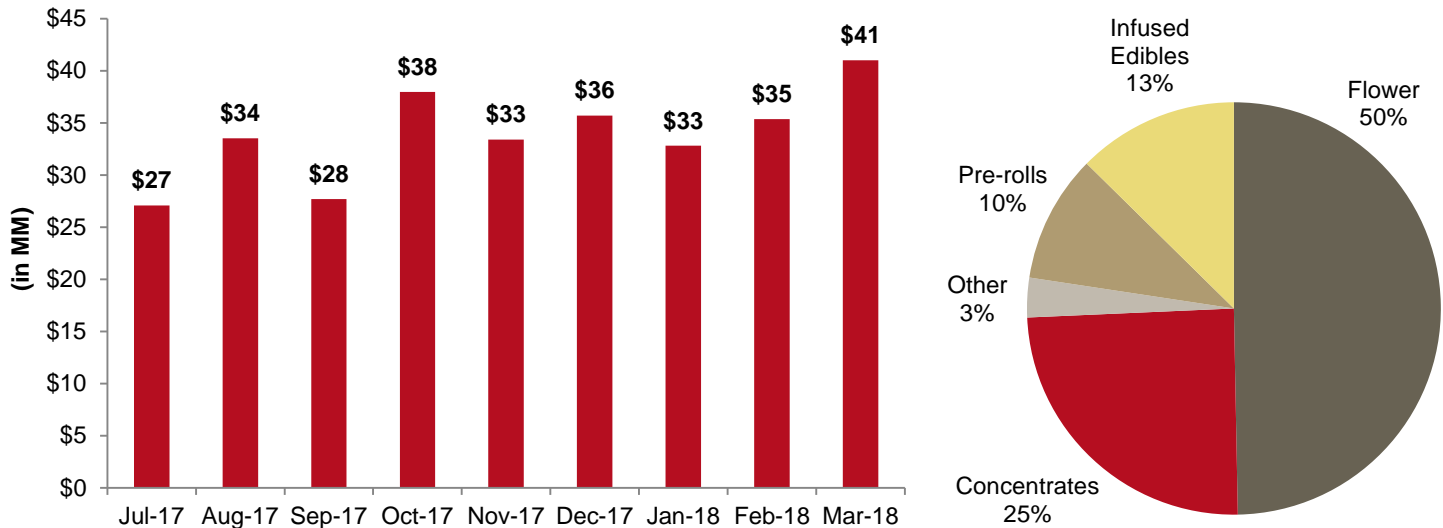
attractive locations, including Beverly Hills, Venice Beach, West Hollywood, and LAX. We expect market growth to accelerate as the regulatory environment tightens over coming months. LA is planning to impose stiff fines, and cease utility service to illegally operating dispensaries, helping shift demand to the regulated market.

New Highs In Nevada

Adult-use sales in the Silver State began July 1, 2017, and within the first ten days officials had to adopt emergency regulations to address product shortage concerns. The supply chain challenges have now corrected and sales continue to outpace expectations. Nevada is already tracking to be a \$500 MM market, driven predominantly by tourist spending.

Figure 18

Chart Of Monthly Rec Sales, Product Mix Pie Chart



Source: Cormark Securities Inc., State of Nevada Department of Taxation

Nevada's "Early Start Program" permitted only the 62 existing medical dispensary license holders to apply for adult-use permitting. State officials plan to begin accepting new business applications in November and will cap retail dispensary permits at 172; no cap is planned for cultivation licenses (96 cultivators are currently operating).

MedMen's sights are set on cashing in on Las Vegas' tourism (>50 MM tourists annually). We have no doubts that Sin City will be a competitive market, and believe that retail success will be driven largely by accessibility, convenience as well as brand familiarity. We see MedMen positioned well on all fronts. The company is currently relocating its North Las Vegas location to the Strip, and is planning to open its airport area and downtown locations in late C2018. Cultivation operations are now up and running as well, permitting the company to progressively roll out its products strategy.

New York – Legalization Dominos Are Starting To Fall

New York State introduced its medical cannabis program in January 2016, but despite early enthusiasm, officials implemented a heavily regulated and highly restrictive system that fell short of many proponents' expectations. A number of improvements have since been implemented; the scope of qualifying conditions has been expanded, and a number of measures aimed at improving registered and prospective patient accessibility have been instituted. New York now has 56k registered patients, up from 38k at year-end 2017, demonstrating that these initiatives are helping, but that the program is still just scratching the surface of its potential.

Despite the slow rollout of New York's program, a large population (20 MM) and limited number of licensed businesses make New York an attractive market. New York has issued only 10 vertically integrated licenses and has restricted each holder to one

cultivation/processing site and a maximum of four dispensaries - the locations of which are also regulated. There are currently 22 dispensaries operating state-wide.

In late 2016, MedMen assumed management of one of New York's licensed operators, Bloomfield Industries, and in February 2017 acquired the business and license for \$26.5 MM. MedMen is one of only two operators permitted to operate in Manhattan, New York's most densely populated and well-known borough. In April, the company opened a flagship store on Fifth Avenue, one of the world's most famed shopping districts.

To us, MedMen is clearly looking beyond the potential of New York's medical program, with a positive view towards future adult-use legalization – a possible \$3 BB market opportunity. This would be consistent with the political tone from the state. In April Governor Cuomo remarked “It (cannabis) is no longer a question of legal or illegal. It's legal in Massachusetts. It may be legal in New Jersey. Which means for all intents and purposes it's going to be here anyway,” and asked rhetorically “Do you not legalize it when it is legal 10 miles from both sides of your border?” His comments were followed by an official endorsement of legalization by the New York State Democratic Committee in May.

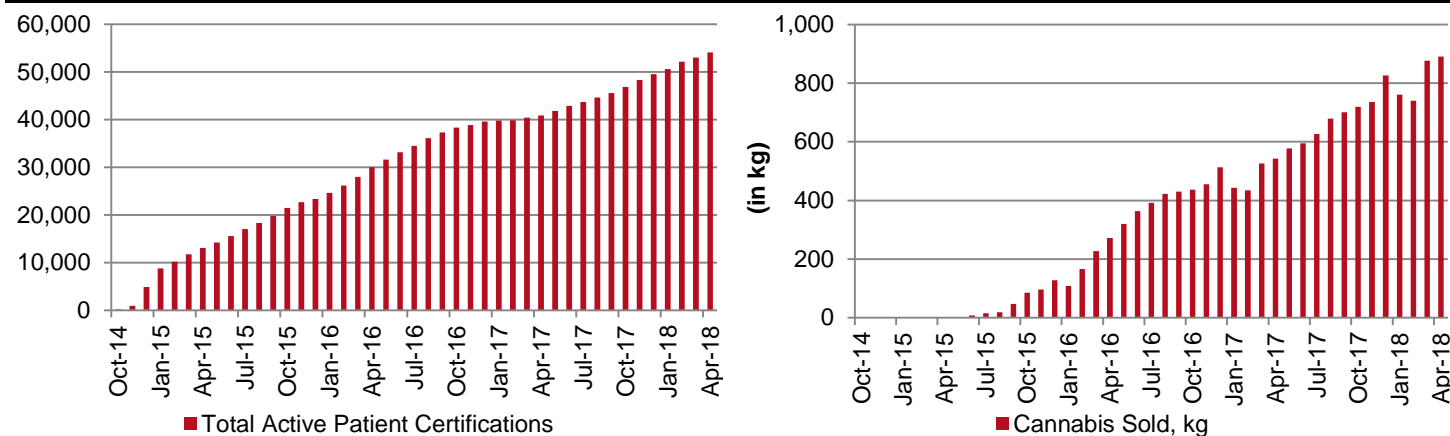
Under the scenario where New York introduces regulated adult-use sales, we see incumbent operators as best positioned. We believe licensing would evolve to allow for an increase in the number of permitted retail locations per license, and would expect that MedMen deploys its real estate playbook to carve out a footprint in the most desirable areas of New York (ex: SoHo, Meatpacking, Hamptons).

Massachusetts – The Green Rush Moves East

Massachusetts medical cannabis program has experienced steady growth since its implementation in late 2014. There are now 53k active patients, and we estimate spending to have reached >\$100 MM in 2017.

Figure 19

Patient Registrations (LHS), Sales Volumes (RHS)



Source: Cormark Securities Inc., Massachusetts Health and Human Services

Massachusetts has the potential to become one of the largest markets in the North East US when adult-use sales begin this summer. No cap has been established on the number of licenses that will be issued to cannabis businesses, but we believe that the Massachusetts' rigorous and costly approval process will limit applicants. Municipal approval, which must be received in order to be granted a state license, is among the most significant hurdles. The regulations also call for existing medical license holders to be first in line to receive adult-use certifications, providing existing operators and early provisional license holders a strong head start. We believe Massachusetts represents a >\$1.0 BB market at maturity.

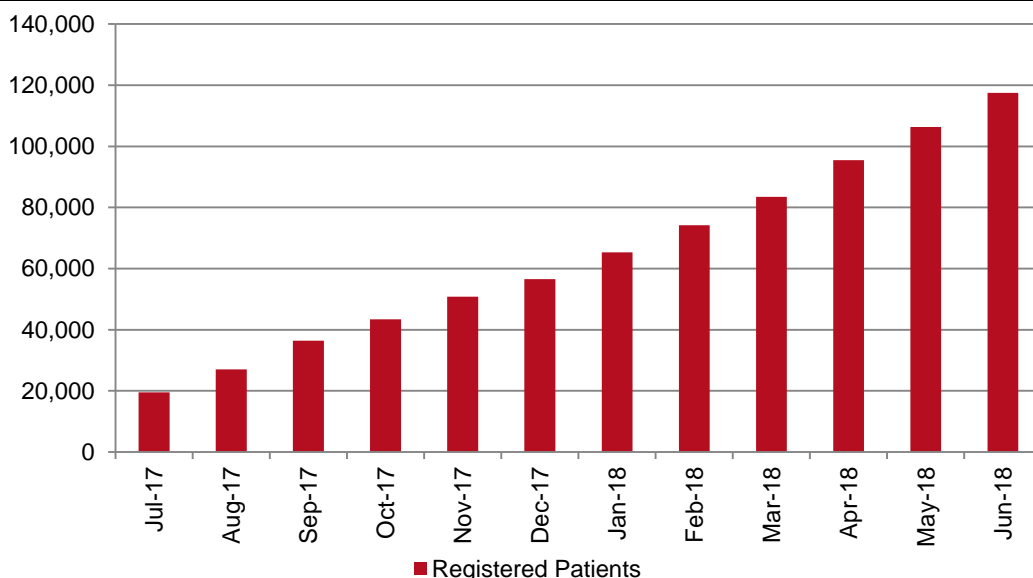
MedMen is in the licensing queue, and has already started retail and cultivation site selection, with a specific focus on the Greater Boston area. Only 29 dispensaries are currently operating in the state, providing MedMen the opportunity to still be an early mover.

Florida – Stepping Into One Of The Fastest Growing Medical Markets

Florida is home to one of the fastest growing medical cannabis programs in the US. Introduced in August 2016, Florida has 117k registered patients, and we estimate a current market size of \$150 MM. The state has issued 13 vertically integrated cannabis licenses (17 are to be issued in total) that allot 25 dispensary locations to each holder. Despite the generous allotment, only 39 dispensaries are currently operating. Florida's 20 MM population along with the high barriers to entry (licensing, capital) makes it an attractive market in our view, and although adult-use legalization is not being contemplated in the short term, it nonetheless is a source of optionality.

Figure 20

Patient Registrations (LHS)



Source: Cormark Securities Inc., Florida Department of Health

MedMen has signed a definitive agreement to acquire a dispensary organization license and cultivation assets for total consideration of \$53 MM. The existing facility is located on five acres in Eustis (Greater Orlando area) and will be replaced with a new facility consistent with design of MedMen's Desert Hot Springs and Mustang factories. The purchase will be satisfied through four quarterly cash payments of \$6.6 MM, and the balance through the issuance of \$26.5 MM of redeemable units (exchangeable for Class B subordinate shares). We expect that transaction to close in H2/C18. The company is finalizing LOI's on 10 dispensary locations, located across Florida's larger population and tourist hubs, such as Miami, Tampa, and Orlando. The opening of three initial locations is planned for early 2019.

Beyond MedMen's current footprint, we think continued expansion could include entrance to Illinois and Ohio.

- Illinois:** Illinois has experienced rapid patient growth as state officials have simplified the medical marijuana recommendation process, and expanded the list of qualifying conditions. There are now ~35k registered patients, and we estimate a current market size of \$50 MM. Illinois plans to license 60 dispensaries (54 currently operating) and 22 cultivators (all issued/operating). The outlook for continued patient growth is positive and with J.B. Pritzker, a known adult-use advocate, running for Governor in the November election, Illinois could soon be on the path to adult-use legalization.

- **Ohio:** Ohio passed its medical use legalization in 2016, and sales planned to start this September. Undoubtedly it will take time for the market to reach critical mass, but Ohio's 11 MM population and broad qualifying conditions for prospective patients is a promising combination. We see potential for Ohio to become a >\$400 MM at maturity. The 24 cultivation licenses that are planned to be issued have already been assigned to applicants, and the 60 planned dispensary licenses are expected to be awarded in June.

MedMen Canada Partnership Will Bring Brand North of The Border

In early 2018, MedMen announced a 50/50 partnership with Canadian licensed cannabis producer ♦Cronos Group (CRON-Nasdaq; CRON-TSX; Market Perform, \$6.00) to form MedMen Canada. The partnership plans to develop a branded national retail chain, and leverage Cronos' cultivation abilities to create a suite of branded products.

Adult-use sales in Canada are anticipated to begin in Q3/C18; however, the evolution of the regulations points to limited private retail opportunities. We therefore believe that the partnership will focus on developing a limited footprint (5-10 stores) in select target markets that align with MedMen's premium positioning. The company's branded products strategy has the potential for national distribution however.

Figure 21

Provincial Retail and Distribution Structures

	Distribution	Storefront Retail	Online
Ontario	Crown corp.	Crown corp.	Crown corp.
Quebec	Crown corp.	Crown corp.	Crown corp.
British Columbia	Crown corp.	Private & Crown	Crown corp.
Alberta	Crown corp.	Private	Crown corp.
Manitoba	Crown corp.	Private	Private
Saskatchewan	Crown corp.	Private	Private
Nova Scotia	Crown corp.	Crown corp.	Crown corp.
New Brunswick	Crown corp.	Crown corp.	Crown corp.
Newfoundland & Labrador	Crown corp.	Private	Crown corp.
Prince Edward Island	Crown corp.	Crown corp.	Crown corp.
Northwest Territories	Crown corp.	Crown corp.	Crown corp.
Nunavut	Crown corp.	Private & Crown	Crown corp.

Source: Cormark Securities Inc., Legislative Assembly of Ontario, National Assembly of Quebec, Government of British Columbia, Legislative Assembly of Alberta, Province of Manitoba, Government of Saskatchewan, Province of Nova Scotia, Government of New Brunswick, Government of Newfoundland and Labrador, Government of Prince Edward Island, Government of Northwest Territories, Government of Nunavut

The partnership also serves as a template for MedMen's broader international strategy. While the US remains core, we think MedMen will progressively look to gain international exposure through a combination of 1) additional JV/partnerships, and 2) brand licensing.

Forecasts And Valuation

We segment and independently forecast MedMen by the core operating drivers of its overall strategy: retail, cultivation (branded product manufacturing), vertically integrated operations, and management services. The following section presents our forecast along with an overview of our key assumptions. Overall, we forecast hyper growth through FY2019/20 as 1) sales in California and Nevada continue to transition to the legal adult-use market, 2) the introduction of MedMen's branded products, 3) continued patient additions in New York's medical program (we do not forecast possible adult-use upside), 4) the company enters Massachusetts and Florida, and 5) additional management services contracts are executed.

- **Retail:** We forecast a progressive rise in daily store transactions from (200 to 425 by Q4/FY20), and an increase in average cart size, from \$85 to \$120 as the company optimizes its pricing strategy. Upside drivers include wider uptake of online ordering and in-store pickup services, and the ability to locate ATMs within its locations (current banking relationship prohibits this). We model a slight rise in store count (company owned), as the Santa Monica, and Palm Desert locations open their doors in California, and the Downtown Las Vegas and McCarran airport locations start sales.
- **Cultivation/Manufacturing:** Our FY2019 forecast is driven by the production ramp at the Mustang facility. Phase I was commissioned in April and based on the favorable near-term pricing outlook, we believe it will be able to achieve gross margin of 69% (consistent with Canadian licensed cannabis producers) and EBITDA margins of 42% by fiscal year-end. This performance will be complemented in FY2020 as Phase II reaches run-rate production levels, and as production at Desert Hot Springs Phase I begins. Other key assumptions include 50/50 production mix of flower/extract, \$5.25/g flower pricing, and extract pricing of \$35.00/g.
- **Vertically Integrated Operations (New York, Massachusetts, Florida):** In New York, we model a progressive rise in sales as New York's patient base expands and begins to reach critical mass. We do not model any wholesale transactions to other registered organizations. In Massachusetts, we assume MedMen becomes successfully licensed and starts initial sales in Q2/F19), and in Florida we model an initial three store roll-out for Q3/F19. Our cart size assumption is consistent across all markets (\$95); however daily transactions are forecast to be considerably higher in Massachusetts (200-425) relative to the other markets to reflect Massachusetts regulated adult-use market.
- **Management Services:** We apply assumptions consistent with MedMen's owned retail stores to the locations operated through Management Services contracts. Our forecast also includes the addition of the Venice Beach location in Q1/F19, and we assume that four additional locations are added throughout our forecast period.

Figure 22 **Segmented Forecast Summary**

(in MM)	FY 2019				FY 2020			
	Retail	Cultivation & Manufact.	Vertically Integrated	Mngmt Agree.	Retail	Cultivation & Manufact.	Vertically Integrated	Mngmt Agree.
Gross Revenue	\$197.0	\$48.4	\$38.0	\$9.2	\$269.4	\$171.7	\$103.4	\$12.4
Adj. Gross Profit Margin	\$103.3 52%	\$33.5 69%	\$20.9 55%	\$9.2 100%	\$146.2 54%	\$125.3 73%	\$66.5 64%	\$12.4 100%
Adj. EBITDA Margin	\$66.4 34%	\$20.5 42%	\$6.1 16%	\$9.2 100%	\$88.1 33%	\$91.0 53%	\$42.6 41%	\$12.4 100%

Source: Cormark Securities Inc.

Our consolidated forecast is summarized in Figure 23. We highlight the margin benefit from the company's Management Services revenue, and point to our assumed \$34.6 MM in corporate level G&A in FY19, and \$49.5 MM in FY20, as influencing factors to our consolidated profile.

Figure 23 **Consolidated Forecast Summary**

(in MM)	FY 2019	FY 2020
Gross Revenue	\$292.6	\$556.8
Adj. Gross Profit Margin	\$166.9 61%	\$350.5 66%
Adj. EBITDA Margin	\$66.6 23%	\$182.7 33%
Total Capex	\$94.0	\$11.0
OCF (post WC)	\$10.0	\$121.8
Dil. Adj EPS	\$0.07	\$0.25

Source: Cormark Securities Inc.

To achieve our forecast, we estimate MedMen will need to deploy ~\$94 MM through FY19. Pro forma the corporate reorganization and equity financing, current cash sits at ~\$99 MM. Although we model the company to turn cash flow positive by Q3/F19, providing a slight balance sheet buffer, MedMen may need to tap the equity markets to fund significant growth initiatives beyond the current plans.

Figure 24 **Capital Investment Summary**

(in MM)	Capital Investment
Desert Hot Springs, CA - Phase 1, 2	\$20
California Dispensary Builds (2 stores)	\$3
Las Vegas - Retail Builds (3 stores)	\$5
Mustang - Phase 2 Cultivation	\$15
Massachusetts - Retail, Cultivation	\$20
Florida Purchase - Retail Buildout (3 stores)	\$31
	\$94

Source: Cormark Securities Inc.

Initiating With A Buy (S) Rating And A \$6.00 Target Price

We derive our \$6.00 target price by applying a 10x multiple to our FY2020 EBITDA forecast (two-year forward). This represents a 29% forecast return and supports our Buy (S) rating, with our Speculative qualifier reflecting the infant nature of the US cannabis industry, complex regulatory framework and the risk of federal intervention.

Figure 25

MedMen Comparables

Company	Ticker	Mkt Cap (\$MM)	FD EV (\$MM)	EV/Sales		EV/EBITDA		EBITDA Margin	
				NTM	NTM+1	NTM	NTM+1	NTM	NTM+1
Premium Retail									
Nordstrom Inc	JWN	\$8,748	\$10,553	0.7x	0.6x	6.5x	6.3x	10%	10%
Starbucks Corp	SBUX	\$77,942	\$82,407	3.1x	2.9x	13.4x	12.1x	23%	24%
Luxottica Group SpA	LUX	\$26,314	\$26,652	2.9x	2.8x	13.3x	12.7x	22%	22%
Tiffany & Co	TIF	\$16,597	\$16,241	3.5x	3.3x	14.7x	13.7x	24%	24%
Average				2.5x	2.4x	12.0x	11.2x	20%	20%
US -Vertically Integrated Multi-State Operators ¹									
• iAnthus Capital Holdings Inc	IAN	\$513	\$418	5.6x	3.0x	30.0x	11.0x	19%	27%
Liberty Health Sciences Inc	LHS	\$231	\$229	11.5x	3.9x	80.7x	12.3x	14%	32%
MPX Bioceutical Corp	MPX	\$337	\$296	3.1x	2.1x	13.1x	6.9x	24%	30%
Golden Leaf Holdings Ltd	GLH	\$126	\$98	2.7x	1.6x	26.6x	6.6x	10%	24%
Average				5.7x	2.6x	37.6x	9.2x	17%	28%
Canadian Licensed Cannabis Producers									
• Canopy Growth Corp	WEED	\$8,951	\$8,035	18.0x	8.3x	96.8x	31.4x	19%	27%
• Aurora Cannabis Inc ²	ACB	\$5,317	\$4,794	10.4x	5.3x	47.7x	16.2x	22%	33%
• MedReleaf Corp	LEAF	\$2,931	\$2,676	14.2x	6.6x	39.4x	16.3x	36%	40%
• Aphria Inc	APH	\$2,759	\$2,306	9.4x	3.7x	28.7x	9.8x	33%	38%
• Cronos Group Inc	CRON	\$1,930	\$1,766	18.9x	8.3x	59.9x	21.7x	32%	38%
• Hydropothecary Corp	THCX	\$1,059	\$730	7.3x	2.6x	33.7x	6.8x	22%	38%
Average				13.0x	5.8x	51.0x	17.0x	27%	36%
• Medmen Enterprises Inc ¹	MMEN	\$1,495	\$1,481	5.1x	2.7x	22.2x	8.1x	23%	33%

¹ Market cap and EV presented in USD

² Does not reflect announced acquisition of ♦MedReleaf

♦ During the past twenty-four months, Cormark Securities Inc., either on its own or as a syndicate member, participated in the underwriting of securities and/or provided financial advice regarding the stock market insight and financial analysis regarding potential transactions for these companies

Source: Cormark Securities Inc., Thomson Reuters, Company reports

We consider Premium Retail and US Vertically Integrated Multistate Cannabis Operators to be the most appropriate peer groups for MedMen. As shown in Figure 25, these groups are trading at 11.2x and 9.2x two-year forward EBITDA, respectively. We believe investors may also view valuation in reference to Canadian licensed cannabis producers, despite differences in their respective business models. We highlight the following peer group comparable considerations:

- **Premium Retail:** Although our selected peers benefit from more strongly established brands, footprints and lower regulatory risk, this is balanced against our expectations that MedMen can generate superior margins and higher growth rates over the coming years.
- **US Vertically Integrated Multistate Operators:** From a business model perspective, our selected peers represent the closest comparable public companies to MedMen. For context, MPX (MPX-CSE, not covered) operates in Arizona, Nevada, and Massachusetts. iAnthus' (IAN-CSE, Buy (S); \$5.00) core markets include Massachusetts, Florida, and New York. Liberty Health (LSH-CSE, not covered) operates in Florida and Massachusetts, and Golden Leaf's (GLH-CSE, not covered) focus is Oregon, Nevada and California. Across this group, we believe that MedMen has the most consistent and widely recognized branding.

- **Canadian Licensed Cannabis Producers:** Overall we see significant differences in the business models of Canadian licensed producers and MedMen. While Canadian producers benefit from a stronger regulatory backdrop, MedMen benefits from higher barriers to entry (licensing caps), the ability to vertically integrate, and the permissibility of wider value-added product categories.

Other key valuation assumptions:

- **Foreign Exchange:** MedMen reports and operates in US dollars, although its shares trade in Canadian dollars. We assume a 1.28 FX rate throughout our forecast, which is broadly in line with current levels.
- **Share Count:** We use a fully diluted share count of 426.7 MM shares. This reflects the conversion of the company's outstanding ITM dilutive securities, consisting of redeemable units, multiple warrant tranches, and convertible notes. We also assume the issuance of 5.9 MM redeemable units (convertible into subordinate voting shares) as the equity consideration component of the Florida license and cultivation asset purchase.

Figure 26

Capital Structure Summary

Basic Shares Outstanding	
Redeemable Shares	382.0
Subordinate Voting Shares	28.8
Total Basic Shares (MM)	410.8
Assumed Future Share Issuance	
Redeemable Units - Florida Acquisition	5.9
ITM Dilutive Securities	
Redeemable Units	1.6
Warrants	6.9
Convertible Notes	1.6
Total Fully Diluted ITM Shares (MM)	426.7

Source: Cormark Securities Inc., Company reports

We also note that Co-founders Adam Bierman and Andrew Modlin hold non-participating super-voting shares. This empowers the two with a collective 98.3% voting power, giving them the ability to control any event that requires shareholder approval. This significant voting power is maintained by each founder in the situation that either resigns or is terminated.

Figure 27

Insider Ownership

Management & Board Members	Super Voting Shares	Redeemable And/Or Subordinate Shares	% of Total Shares
Adam Bierman	815,295	40,764,747	10.1%
Andrew Modlin	815,295	40,764,747	10.1%
James Parker	-	603,871	0.1%
Christopher Ganan	-	10,781,893	2.6%
Lisa Sergi Trager	-	241,548	0.1%
Mark Hutchison	-	-	0.0%
Andrew Rayburn	-	-	0.0%
	1,630,590	93,156,806	23.1%

Source: Cormark Securities Inc., Company reports

Catalysts

As a new entrant to the capital markets, MedMen will need to build credibility by delivering on guidance. As near term execution is derisked, we believe that the market will increasingly credit MedMen for growth beyond the short-term, and attribute value to the company's longer term US and international opportunity, driving a sizable share price rerating. Other potential catalysts we see for the stock include:

- Positive federal and state-level regulatory advancement; New York is a key focus jurisdiction
- Las Vegas store launches
- Massachusetts licensing
- Start of Florida operations
- Additional M&A

Appendix 1: Key Risks

Federal Intervention	Cannabis is regulated at the state level but is classified a Schedule I substance by the DEA and deemed illegal by federal authorities. Federal law supersedes state law and any decision by federal authorities to enforce federal statutes would be detrimental to MedMen's business model.
State Regulatory Impositions	MedMen structures its operating subsidiaries to align with applicable regulatory schemes in the area in which the operating company conducts business. As cannabis is regulated on a state level, regulations are inconsistent across states and local jurisdictions. Any significant regulatory change may impair MedMen's ability to retain ownership/operate within a jurisdiction.
Banking Regulations	Many financial institutions will not conduct business with cannabis-related companies. The inability for MedMen to obtain banking services could limit its financial flexibility and ability to operate.
Foreign Exchange	MedMen operates in the US, but accesses capital in Canada and its shares are quoted in the Canadian dollar. Changes in the exchange rate will impact the company's share price and investment performance.
Co-Investment	MedMen may at times co-invest with certain strategic investors or third parties through joint ventures or other partnerships. Should the company not have a control position, it may be adversely exposed to unforeseen risks, and could be liable for the actions of its partner(s).
Capital Markets	MedMen relies on the capital markets to fund its investment strategy. Should it be unable to access capital, the ability for the company to execute its business strategy may be impacted.
Competition	MedMen competes with other businesses within its respective geographies. While restrictions/limits on licenses mitigate competitive threats in some jurisdictions, there is no guarantee these regulations will be maintained. In areas without any such protections, high levels of competitiveness could have an adverse effect on the operating performance of the company. In addition, the company is exposed to a number of risks, including but not limited to reliance on key personnel, customer and geographic concentration, and those associated with crop cultivation and/or retail operations.

Appendix 2: Selected Management Biographies

Adam Bierman
CEO, Director

Mr. Bierman has over eight years of cannabis industry experience. He is an outspoken advocate of institutional practices, professional standards, and clear and reasonable regulations that will take the cannabis industry to its next, mainstream phase. Mr. Bierman and business partner Andrew Modlin started the primary businesses that were recapitalized into the business of MedMen in early 2018. He and business partner Andrew Modlin were previous founders of design and marketing firm ModMen.

Andrew Modlin
President, Director

Mr. Modlin is responsible for branding and operations. He is the recipient of the prestigious American Marketing Association's "Emerging Leaders Award," and is also credited with several innovations in cannabis operations; from cultivation to manufacturing and retail. Mr. Modlin and business partner Adam Bierman started the primary businesses that were recapitalized into the business of MedMen in early 2018. He and business partner Adam Bierman were previous founders of design and marketing firm ModMen.

James Parker
CFO

Mr. Parker is a seasoned executive with experience in strategic overhaul, business planning and forecasting across multiple industries, including manufacturing, technology, commercial services, and aerospace and defense. He has held senior-level positions in consulting, investment and banking. Prior to joining MedMen, Mr. Parker provided interim executive management services to Alvarez & Marsal and was a private equity professional with Leonid Capital.

Christopher Ganan
CSO

Mr. Ganan brings multiple year of experience in business operations, private equity, investment banking, real estate and FinTech. Mr. Ganan was instrumental in MedMen's capital formation and guides its investment and real estate strategy. Previously, Mr. Ganan was managing member of Cratus Equity, a private investment firm. He has also worked for Alvarez & Marsal, CohnReznick, and Investments Limited.

Lisa Sergi Trager
General Counsel, Director

Ms. Trager has over two decades of experience in US and international tax planning and compliance for alternative investment vehicles. She has worked with numerous domestic and international investment funds and partnerships that have ranged from startups to mature organizations. Ms. Trager was a principal at global consulting firms Deloitte and a partner at Rothstein Kass, and practiced law at O'Melveny & Myers. She holds a Juris Doctorate from UCLA School of Law.

Mark Hutchison
Director

Mr. Hutchison has over 25 years of experience as a tax expert in the entertainment industry, real estate, personal financial planning, and mergers and acquisitions. He is at tax partner at Armanino LLP, the largest independent accounting and business consulting firm based in California. Prior to joining Armanino, Mr. Hutchison was a tax partner at Rothstein Kass, and served in a variety of roles at KPMG, including 18 years as partner. He is a published author and a member of the Motion Picture and Television Tax Institute.

Andrew Rayburn

Director

Mr. Rayburn is principal and founder of Big Game Capital, a private investment firm that provides financial capital and operational leadership. Select investments include the NBA franchise the Cleveland Cavaliers, two minor league baseball teams, and the 10,000 Lakes Music Festival. Additionally, Mr. Rayburn is also founder and Chief Executive Officer of Buckeye Relief, a company that is seeking to become a medical cannabis producer in Ohio and is currently building a state-of-the-art cultivation facility. He is a graduate of Dartmouth College.

Recommendation Terminology

Cormark's recommendation terminology is as follows:

Top Pick	our best investment ideas, the greatest potential value appreciation
Buy	expected to outperform its peer group
Market Perform	expected to perform with its peer group
Reduce	expected to underperform its peer group

Our ratings may be followed by "(S)" which denotes that the investment is *speculative* and has a higher degree of risk associated with it.

Additionally, our target prices are based on a 12-month investment horizon.

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I, Jesse Pytlak, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

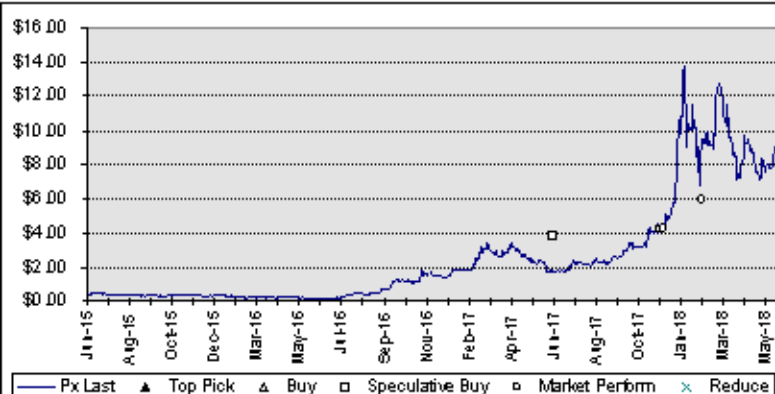
Figure 28 Cronos Group Inc. - Disclosure Chart

Cronos Group Inc.

Updated June 11, 2018

Price Chart and Disclosure Statement

*Information updated monthly on or about the 5th of each month.



*Cormark has this percentage of its universe assigned as the following:

Buy or Top Pick
Market Perform
Reduce
Not Rated

65%
13%
2%
19%

*Over the past 24 months, the following percentage of issuers whose securities received a "Top Pick" or "Buy", a "Market Perform", or a "Reduce" rating from Cormark Securities Inc., have engaged Cormark to provide investment-banking services during this period.

Buy or Top Pick 51%
Market Perform 31%
Reduce 33%

Recommendation / Target Chg

Date C\$

06-Feb-18 6.00 (MP)
06-Dec-17 4.25 (MP)
30-Nov-17 4.25 (B-S)
13-Jun-17 3.80 (B-S)

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☐ No

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☐ No

During the last 24 months, has the analyst of this company received compensation from a pool that included investment banking revenue from this issuer earned by Cormark or entities affiliated with it?

☒ Yes
☐ No

Does the analyst, associate or any individual responsible for the preparation of this research, or a member of that person's household, have a financial interest in the securities of this company?

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☒ No

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1) Is it a long and/or short position?
2) What type of security is it?

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Does the analyst or Cormark and / or one or more entities affiliated with Cormark have any other material conflict of interest with the issuer?

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☒ No

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☐ Yes
☒ No

If YES, name of person(s) who provided services:

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Source: Cormark Securities Inc.

Figure 29 iAnthus Capital holdings Inc. - Disclosure Chart**iAnthus Capital Holdings Inc.**

Updated June 11, 2018

Price Chart and Disclosure Statement

*Information updated monthly on or about the 5th of each month.



*Cormark has this percentage of its universe assigned as the following:

Buy or Top Pick
Market Perform
Reduce
Not Rated

65%
13%
2%
19%

*Over the past 24 months, the following percentage of issuers whose securities received a "Top Pick" or "Buy", a "Market Perform", or a "Reduce" rating from Cormark Securities Inc., have engaged Cormark to provide investment-banking services during this period.

Buy or Top Pick 51%
Market Perform 31%
Reduce 33%

Recommendation / Target Chg
Date C\$

15-May-18 5.00 (B-S)
03-May-18 5.25 (B-S)
18-Jan-18 4.75 (B-S)
04-Dec-17 3.40 (B-S)
20-Sep-17 3.85 (B-S)

During the last 24 months, has Cormark provided financial advice to and/or, either on its own or as a syndicate member, participated in a public offering, or private placement of securities of this issuer?

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☐ No

During the last 24 months, has Cormark received or is expected to receive compensation for having provided investment banking services to this issuer?

☒ Yes
☐ No

During the last 24 months, has the analyst of this company received compensation from a pool that included investment banking revenue from this issuer earned by Cormark or entities affiliated with it?

☒ Yes
☐ No

Does the analyst, associate or any individual responsible for the preparation of this research, or a member of that person's household, have a financial interest in the securities of this company?

☐ Yes
☒ No

If YES
1) Is it a long and/or short position?
2) What type of security is it?

*Does Cormark and / or one or more entities affiliated with Cormark beneficially own common shares (or any other class of common equity securities) of this company which constitutes more than 1% of the presently issued and outstanding shares of this company?

☐ Yes
☒ No

If the material operations of this issuer were viewed in the past 12 months, were any travel expenses paid or reimbursed by the issuer?

☐ N/A ☐ Yes ☒ No

Does the analyst or Cormark and / or one or more entities affiliated with Cormark have any other material conflict of interest with the issuer?

☐ Yes
☒ No

Has any partner, director, officer or employee of Cormark or any analyst involved in the preparation of this report provided services to the issuer (including acting as Officer, Director or employee of the issuer or providing advisory services to the issuer), with or without remuneration, other than normal course investment advisory or trade execution services.

☐ Yes
☒ No

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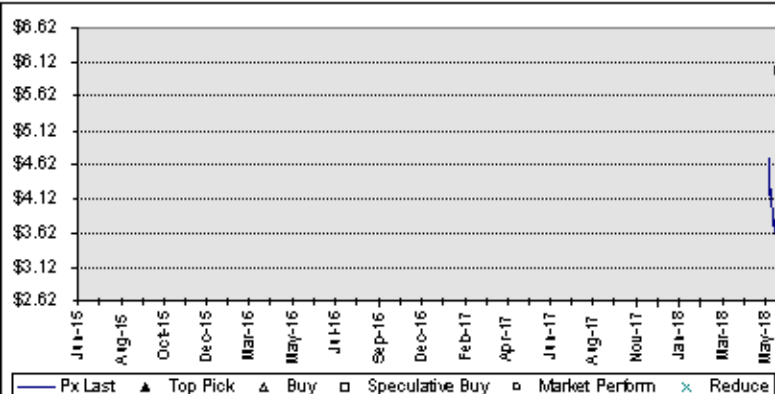
Source: Cormark Securities Inc.

Figure 30 MedMen Enterprises Inc. - Disclosure Chart**MedMen Enterprises Inc.**

Updated June 11, 2018

Price Chart and Disclosure Statement

*Information updated monthly on or about the 5th of each month.



*Cormark has this percentage of its universe assigned as the following:

Buy or Top Pick
Market Perform
Reduce
Not Rated

65%
13%
2%
19%

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Recommendation / Target Chg

Date C\$

12-Jun-18 6.00 (B-S)

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☒ Yes
☐ No

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☒ Yes
☐ No

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☐ No

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☐ Yes
☒ No

If YES
1) Is it a long and/or short position?
2) What type of security is it?

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☒ Yes
☐ No

If the material operations of this issuer were viewed in the past 12 months, were any travel expenses paid or reimbursed by the issuer?

☒ N/A ☐ Yes ☐ No

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☒ No

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☒ No

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