

# CALCANN SPECIAL REPORT

## California's Emerging Cannabis Opportunities



### MMRSA

California became the first state to legalize medical marijuana with the passage of Proposition 215 in 1996. While the bill legalized the consumption of marijuana, it didn't establish a state-wide licensing and regulatory structure to guide the cultivation, production and sale of the plant. As a result, many California medical marijuana markets have become unregulated and unsuitable for medical patients.

Finally, after almost 20 years, in October 2015 the California state legislature passed the Medical Marijuana Regulation and Safety Act (MMRSA). The bills create a comprehensive state licensing system for the commercial cultivation, manufacture, retail sale, transport, distribution, delivery, and testing of medical cannabis. All state licenses must be approved by local governments.

The passage of MMRSA has opened up an enormous opportunity for acquiring local cannabis licenses and real estate across California. Many counties and cities across California that have banned or severely limited the production and sale of medical marijuana are expected to reverse and implement expanded medical marijuana laws. With the passage of MMRSA, licenses have become the currency of marijuana investment in California. There's a limited window of time to act as municipalities are experiencing pressure from operators and activists to issue licenses before California residents vote to fully legalize cannabis later this year.

### CALCANN HOLDINGS

CalCann Holdings is a holding company focused on building a premier portfolio of California cannabis brands. Identifying and acquiring undervalued licenses requires a strong knowledge of local government politics and the California cannabis industry. Our team at CalCann Holdings has the political relationships and proven industry expertise in California to capitalize on these opportunities.



#### CANNABIS

We specialize in operating fully-licensed California medical cannabis facilities, ranging from cultivation centers to retail stores



#### PUBLIC POLICY

We work with local California governments and lawmakers to advocate for sound public policy and transparency in cannabis laws



#### REAL ESTATE

We are experienced real estate investors who proactively identify and invest in cannabis-related real estate opportunities in California

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## Adelanto Case Study



### INTRODUCTION

In the city of Adelanto, California, we used our public policy and cannabis expertise to work with local lawmakers to adopt a new medical marijuana licensing structure. We helped local city council members identify and evaluate the available policy options to select the most fair and transparent new licensing structure. We used our real estate expertise to acquire real estate applicable under the new structure, turning a \$350,000 investment into \$1,850,000 in two months.



### IDENTIFY OPPORTUNITY

Through our industry relationships, we learned the city of Adelanto was reviewing its marijuana laws and debating various policy options



### ENGAGE POLITICALLY

We worked with Adelanto City Council members to evaluate available options and write new language for cultivation licenses



### ACQUIRE REAL ESTATE

We used our licensing knowledge to evaluate real estate applicable for cultivation under the new structure, acquiring a parcel of land for \$350,000



### LAWS CHANGE

After Adelanto passed its new medical marijuana law, the value of our land increased substantially and we sold the land for \$1,850,000

### CONCLUSION

In Adelanto, we decided to split up the property and sell to multiple buyers, recording a \$1,500,000 profit.

In another project in Desert Hot Springs, we identified and acquired undervalued land that we've decided to retain and use to build a new greenhouse and processing facility. We have seen the value of that land increase more than 10x since our acquisition.

The passage of MMRSA in California has opened up a temporary window for acquiring cannabis licenses and real estate. We have the proven industry expertise to capitalize on these new opportunities.