



ASX ANNOUNCEMENT

27 JUNE 2018

CANN SECURES SITE FOR AUSTRALIA'S LARGEST STATE-OF-THE-ART MEDICINAL CANNABIS OPERATION

- **Heads of agreement signed for lease and build of Cann Group's Stage 3 cultivation and GMP manufacturing facility**
- **Total business case investment estimated at circa \$100 million**
- **Australia Pacific Airports (Melbourne) proposed to fund and conduct primary build of the facility**
- **Site agreement allows for substantially larger facility than previously scoped through expansion options**
- **Cann Group to complete fit-out and technology deployment**
- **Commissioning of the facility expected 12 months from design completion**

27 June 2018 – Cann Group Limited (ASX: CAN; 'Cann') is pleased to announce it has signed a heads of agreement with Australia Pacific Airports (Melbourne) Pty Ltd (APAM), securing the site of Cann's proposed Stage 3 medicinal cannabis cultivation and GMP manufacturing facility.

Under the lease arrangement, it is proposed that APAM will fund and undertake the primary build of the 37,000m² facility, representing a multi-million dollar contribution to the project. The facility construction is being designed by Aurora Larssen Projects (ALPS), a specialist greenhouse engineering consultancy providing technical consulting to the greenhouse industry worldwide.

Upon completion of the construction, Cann – with the support of ALPS – will be required to complete the fit-out and technology deployment required at the facility. While specific details are subject to final design, it is estimated the investment by Cann in the project will represent a total capital expenditure of approximately \$100 million, and will employ 170 staff.

Cann successfully completed a capital raising late last year and will use a combination of debt and equity to fund the new expansion project.

The five hectare site allows for a substantially larger facility than previously proposed by Cann, being part of the 2,500 hectares of land available within the Melbourne Airport precinct.

Cann Group CEO Peter Crock said the support of APAM puts Cann in a strong position as it embarks upon its Stage 3 expansion.

"This site is ideally suited to our needs and the heads of agreement represents an important step that allows us to proceed with final design.

“APAM’s contribution to the construction of these facilities will enable Cann to invest additional capital in increased cultivation capacity; expanded development and production capabilities, while also allowing for further future expansion.”

Mr Crock said APAM has an excellent track record of delivering large development projects on time.

“As per our ongoing strategy, the facility provides Cann with the necessary scale to compete on the global stage in the medicinal cannabis sector,” Mr Crock said.

APAM’s Chief of Property Linc Horton said:

“Cann’s decision to locate its new facilities within the Melbourne Airport precinct is consistent with our strategy to attract high quality tenants that not only contribute to the long term objectives of the business, but seek to connect Victoria’s technology industry to the rest of the world.”

Under the lease agreement Cann is permitted to operate cultivation, manufacturing, warehousing and distribution of medicinal cannabis, remaining responsible for all necessary government approvals required. The heads of agreement is subject to the approval of the board of APAC and the execution of additional documentation by the parties.

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About Cann Group

Cann Group is building a world-class business focused on breeding, cultivating and manufacturing medicinal cannabis for sale and use within Australia and internationally. The company has established research and cultivation facilities in Melbourne and is striving to provide access to medicinal cannabis for Australian patients. Cann Group has executed collaboration agreements that will enable it to establish a leading position in plant genetics, breeding, extraction, analysis and production techniques required to facilitate the supply of medicinal cannabis for a range of diseases and medical conditions. It was issued with Australia’s first medicinal cannabis research licence in February 2017, in addition to Australia’s first medicinal cannabis cultivation licence in March 2017. Aurora Cannabis Inc – one of Canada’s largest listed medicinal cannabis companies – is a cornerstone investor in Cann, with a 22.9% shareholding.