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AmeriCann completes construction of Building 1 at Mass. Cannabis Ctr.

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Freetown, MA AmeriCann, Inc., a cannabis company that is developing cultivation, processing and product manufacturing facilities, recently received a Certificate of Occupancy for Building 1 of AmeriCann's Massachusetts Cannabis Center (MCC). The construction milestone commences the 15-year JV Partnership with Bask, Inc., an existing Massachusetts licensed vertically-integrated cannabis operator, which will occupy 100% of MCC's Building 1 as of September 1, 2019.

Previously, AmeriCann and Bask had signed a 15-year joint venture partnership for Bask to operate the 30,000 s/f greenhouse facility. As such, AmeriCann will receive Revenue Participation Fee of 15% of gross revenue on all products produced and sold from Building 1.

The MCC is being developed on a 52-acre parcel located in Southeastern Massachusetts. The MCC project is permitted for 987,000 s/f of cannabis cultivation and processing infrastructure for the existing medical cannabis and the newly emerging adult-use cannabis marketplace.

The Massachusetts cannabis market has some of the highest prices in the United States, with wholesale prices reaching \$4,000 per pound and retail prices greater than \$7,000 per pound. Building 1 is projected to produce 7,500 pounds annually of dry flower cannabis and over 400,000 units of infused products. AmeriCann projects a 1.5 year payback on its investment in Building 1.

AmeriCann recently announced plans to become a licensed producer of cannabis in Building 2 at the MCC. AmeriCann will occupy and operate a 118,000 s/f cannabis cultivation facility and a 40,000 s/f extraction and product manufacturing business to be located in Building 2.

AmeriCann's Cannopy System, which will be used at the MCC, enables cannabis to be produced with a greatly reduced carbon footprint, making the final product cost less with higher margins. AmeriCann uses hybrid-greenhouse technology, which is superior to the current industry standard of growing cannabis in warehouse facilities under artificial lights. According to industry experts, by capturing natural sunlight, greenhouses use 25% fewer lights, and utility bills are up to 75% less than in typical warehouse cultivation facilities. Massachusetts has some of the highest energy costs in the nation, providing an even greater advantage to the MCC.

AmeriCann plans to replicate the brands, technology and innovations developed at its MCC project to new markets as a licensed multi-state operator (MSO).

As the first approved adult-use cannabis market on the Eastern U.S., Massachusetts has the potential to become the epicenter for cannabis innovation and research. According to the Cannabis Control Commission, Massachusetts recreational dispensaries have sold more than \$160 million worth of cannabis products since recreational sales began in November 2018. Recreational retail sales are expected to total \$1.3-1.6 billion in a few years, according to Marijuana Business Daily estimates.

“Bask has been a great partner and we are excited about our partnership for the first phase of our Massachusetts project” said Ben Barton, CFO of AmeriCann. “The opportunity to scale up the innovation and technology from Building 1 to the next phase of construction is tremendous.”

“We look forward to our move into the new facility at the Massachusetts Cannabis Center and to continuing our relationship with AmeriCann,” said Chapman Dickerson, CEO of Bask. “We are experiencing tremendous demand for cannabis throughout Massachusetts. This state-of-the-art facility will allow us to serve more cannabis patients and consumers throughout the Commonwealth.”

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