

July 19, 2019

DIONYMED



DionyMed Signs Definitive Agreements With Innovative Industrial Properties to Finance a Southern California Cannabis Campus Acquisition, Expanding DYME's Direct-to-Consumer and Distribution Platform Statewide

TORONTO--(BUSINESS WIRE)-- DionyMed Brands Inc. ("*DionyMed*" or "*Company*") (CSE: DYME) (OTCQB: DYMEF), a multi-state cannabis brands platform, announced today that it has signed a definitive agreement to acquire select assets from MM Esperanza 2 LLC, doing business as "MMAC," and MMAC's 1.83 acre Los Angeles cannabis campus. This acquisition marks the expansion of DionyMed's operational capabilities in Southern California to effectively serve the entire state through its leading cannabis brands platform. Under the terms of the acquisition, DionyMed will pay MMAC US\$13,067,000 in cash and issue US\$6 million in DionyMed Series A Multiple Voting Shares, with closing expected to occur on or before July 23, 2019.

DionyMed announced that it has entered into a definitive agreement with Innovative Industrial Properties, Inc. (NYSE: IIPR, "IIPR") to purchase the Los Angeles cannabis campus for US\$13 million, and to enter into a long-term lease back of 15 years with two optional 5-year extensions, expected to close before July 23, 2019. IIPR is also providing DionyMed up to US\$2 million of capital to make improvements at the property. This sale-leaseback agreement with IIPR is expected to close concurrently with the MMAC transaction and is subject to diligence and customary closing conditions.

DionyMed has also entered into an amending agreement (the "Amending Agreement") to its existing¹ up to US\$40 million credit agreement (the "Credit Agreement") and increased the total commitments under the Credit Agreement from US\$13 million to US\$15 million as a result of additional commitments from its current lenders and a new lender, Marin Finance Fund LP ("Marin", collectively with the current lenders under the Credit Agreement, the "Lenders").

Definitive Agreement with MMAC

The definitive agreement to acquire MMAC's 1.83 acre Los Angeles cannabis campus includes:

- A market leading, Southern California direct-to-consumer fulfillment center capable of supporting up to 600 cannabis delivery drivers
- A dispensary storefront, distribution facility and manufacturing hub
- Premium indoor cultivation
- All property, leaseholds, equipment and licenses

Under the terms of the acquisition, DionyMed will pay MMAC US\$13,067,000 in cash and will issue US\$6 million in DionyMed Series A Multiple Voting Shares of DionyMed². The shares issued to MMAC will be subject to a 120-day holding period and DionyMed has the right, but not the obligation, to repurchase the shares over the next 12 months for a 10% premium over the share price at closing of the transaction with MMAC.

DionyMed will take possession and begin operating the facility immediately after the close on or before July 23, 2019 to launch 'Chill' (www.orderchill.com) in Southern California in Q3 2019 and enhance DionyMed's brand distribution footprint in Southern California. At capacity, DionyMed expects the Los Angeles facility to support more than 600 direct-to-consumer delivery drivers per day for its Chill cannabis direct-to-consumer delivery platform.

Edward Fields, CEO of DionyMed, commented, "Our ability to effectively deliver and distribute today's most in-demand cannabis products in California, the world's largest cannabis market, has been one of our key differentiators in this explosive growth industry. As we have expanded beyond our established operational base in Northern California, our new Los Angeles cannabis campus of 1.83 acres gives DYME the scale and expansion capacity to satisfy the rapidly growing demand for safe, high quality cannabis brands California consumers deserve throughout

the entire state.”

Amendment to Credit Facility

As per the terms of the Amending Agreement, the Lenders have provided an additional aggregate of US\$2 million, with Marin providing US\$1 million and the current lenders under the Credit Agreement providing an additional US\$1 million.

The Amending Agreement contains certain amendments and waivers, all as more particularly provided for in the Amending Agreement which will be available on DionyMed’s SEDAR profile at www.sedar.com. The Amending Agreement also includes the addition of debt service reserve requirements and a covenant by the Company not to, and not to permit its subsidiaries to, enter into any agreement to borrow money or agree to any amendment, waiver, consent, modification, refunding, refinancing or replacement of any agreement to borrow money, in either case, with terms the effect of which is to grant the lender(s) of such borrowed money a rate of return that is higher than the aggregate of the interest applicable to advances under the Credit Agreement, as amended by the Amending Agreement unless the Company notifies the Lenders and the administrative agent under the Credit Agreement thereof and incorporates such increased rate of return in the Credit Agreement, as amended by the Amending Agreement.

In consideration for the Lenders agreeing to enter into the Amending Agreement the Company has issued: (i) 986,853 warrants to purchase Subordinate Voting Shares of the Company (the “Subordinate Voting Shares”) to Marin with an exercise price of CAD\$1.65 per Subordinate Voting Share, which represents a 25% premium to the 10-day volume weighted average price (“VWAP”) of the Subordinate Voting Shares of the Company (the “Subordinate Voting Shares”) on the Canadian Securities Exchange (the “CSE”) until June 28, 2022, such warrants to include certain anti-dilution provisions in favour of Marin; and (ii) 563,318 warrants to purchase Subordinate Voting Shares to the current lenders under the Credit Agreement at an exercise price of CAD\$1.80 per Subordinate Voting Share until June 28, 2022.

Peter Luber, Principal of Marin Financing, stated, “We look forward to partnering with DionyMed to support the growth and distribution of today’s leading cannabis brands. DionyMed has a stable portfolio of wholly-owned and third-party brands on a software enabled distribution platform that is paving the way for leading brands to reach a rapidly growing consumer base. We are very pleased to be participating in the financing of DYME’s multi-state build-out.”

To be added to the DionyMed e-mail distribution list, please e-mail DionyMed@kcsa.com with DionyMed in the subject line.

About DionyMed

Founded in 2017, DionyMed is a multi-state cannabis brands platform, supporting cultivators, manufacturers and award-winning brands in the medical and adult-use cannabis markets. DionyMed sells branded products in every category from flower to vape cartridges, concentrates and edibles. DionyMed serves cannabis consumers through retail dispensary distribution and direct-to-consumer fulfillment with its growing portfolio of award-winning brands. Learn more at dionymed.com and follow @DYME_Inc on Twitter and LinkedIn.

Forward-Looking Information and Statements

This news release contains certain “forward-looking information” within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute “forward-looking statements” within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only the Company’s beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company’s control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or may contain statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “will continue”, “will occur” or “will be achieved” and include, without limitation, statements related to the structure of the acquisition, the ability of DionyMed and MMAC to complete the acquisition and the satisfaction or waiver of the conditions precedent, the anticipated closing date of the MMAC transaction, the method of payment of consideration for the assets of MMAC and the impact of the acquisition on DionyMed and MMAC.

In connection with the forward-looking information and forward-looking statements contained in this press release, the Company has made certain assumptions, including but not limited to: the Company being able to complete the

acquisition in the matter set out herein, the Company and MMAC being able to execute and deliver definitive documentation, there being no material issues in the due diligence on MMAC, the Company and MMAC being able to obtain all board, shareholder, regulatory and third-party approvals, there being no material impact on the businesses of DionyMed or MMAC, the ability of the Company or MMAC to complete the transaction and obtain the necessary approvals.

By identifying such information and statements in this manner, the Company is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such information and statements, including but not limited to: the Company or MMAC not being able to complete the acquisition on the terms described herein or at all, the acquisition not having the desired impact or there being a material adverse change in the business of MMAC, material changes in the Company's business plan that would affect the use of proceeds as set out herein, there being material fluctuations in the Company's share price and certain other risk factors set out in the Listing Statement of the Company available on the Company's profile on SEDAR at www.sedar.com.

Although the Company believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements. The forward-looking information and forward-looking statements contained in this press release are made as of the date of this press release, and the Company does not undertake to update any forward-looking information and/or forward-looking statements that are contained or referenced herein, except in accordance with applicable securities laws. All subsequent written and oral forward-looking information and statements attributable to the Company or persons acting on its behalf is expressly qualified in its entirety by this notice.

¹ Please see the Company's press release dated January 17, 2019 and the material change report dated January 25, 2019 for a description of prior commitments and expectations with respect to future commitments.

² The price per Multiple Voting Share will be determined using the preceding 15-day volume-weighted average price of Common Shares as quoted on the CSE as of the closing date converted from Canadian dollars into United States dollars based on the average exchange rate for Canadian dollars into United States dollars as quoted by the Bank of Canada on the trading day immediately preceding the closing date multiplied by 100.

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