

**CRESCO LABS ANNOUNCES US\$38 MILLION IN NON-DILUTIVE FUNDING; MUTUALLY TERMINATES ITS PROPOSED ACQUISITION OF VIDACANN LTD., ELIMINATING ~\$120 MILLION IN NEAR-TERM CASH REQUIREMENTS**

CHICAGO – November 26, 2019 – Cresco Labs (CSE:CL) (OTCQX:CRLBF) (“Cresco Labs” or the “Company”), one of the largest vertically integrated multistate cannabis operators in the United States, today announced the signing of a binding agreement for the sale-and-leaseback of two properties in Ohio and Michigan, for total additional non-dilutive funding of approximately \$38 million. The Company also announced the mutual termination of the Equity Purchase Agreement pursuant to which a subsidiary of Cresco Labs would have acquired the ownership interests or assets of VidaCann Ltd. and/or affiliated entities (“VidaCann”) (the “Transaction”) The Transaction was [originally announced on March 18, 2019](#).

“We recognize that responsibly allocating our shareholders’ capital is fundamental to long-term success. While it sometimes means making tough decisions, we are committed to executing on a superior capital agenda, responsibly accelerating the top and bottom-line, executing thoughtful and accretive M&A transactions, and generating efficiencies as we scale,” said Cresco Labs CEO and Co-founder Charlie Bachtell. “With the flexibility to continue to leverage non-dilutive funding options like sale-lease-back agreements, we are well-positioned to continue executing on our strategy to build the most important, enduring company in U.S. cannabis.”

Mr. Bachtell continued, “With these two announcements, we have effectively strengthened our balance sheet to the tune of nearly \$158 million<sup>i</sup> between new non-dilutive funding and the elimination of a significant near-term cash outlay earmarked for the Transaction. The team and operations at VidaCann are phenomenal, but with a focus on managing our cost of capital, and insuring the most efficient and highest return on invested capital, the ability to deploy resources to other, existing, Cresco markets that are widely considered some of the top markets in the US, like Illinois, Pennsylvania, California and Nevada, has to take priority. On Jan. 1<sup>st</sup>, our home state of Illinois will migrate from a \$250M medical program to an estimated \$2B - \$4B adult-use market at maturity – we currently have the leading market share and, as the only company with three cultivation/manufacturing licenses, we have an unmatched opportunity to materially increase our market lead. In light of the Illinois opportunity, growth of the Pennsylvania market with similar opportunities to increase our already leading market presence through additional expansion, as well as near-term opportunities in California, through Origin House, we believe it’s in the best interest of our shareholders to re-allocate resources to these existing higher return opportunities with a view to looking for a more capital efficient way to enter the Florida market over the longer term.”

**Sale-and-Leaseback**

The Company has signed binding agreements to sell its Yellow Springs, Ohio and Marshall, Michigan properties to Innovative Industrial Properties, Inc. (“IIP”) for approximately \$38 million in total, which amount includes funding for additional tenant improvements at both properties. Concurrent with the

closing of the sale, Cresco Labs will enter into long-term, triple-net lease agreements with IIP and will continue to operate each property as a licensed cannabis cultivation and processing facility. The two properties represent approximately 166,500 square feet of industrial space in aggregate. The sales of the properties are expected to close within the next 30 days, with closings subject to IIP's completion of diligence and satisfaction of customary closing conditions.

The Company will discuss both of these announcements during its scheduled [third quarter earnings call](#) on Tuesday, November 26<sup>th</sup> at 6 p.m. EST.

### **About Cresco Labs**

Cresco Labs is one of the largest vertically-integrated multi-state cannabis operators in the United States. Cresco is built to become the most important company in the cannabis industry by combining the most strategic geographic footprint with one of the leading distribution platforms in North America. Employing a consumer-packaged goods ("CPG") approach to cannabis, Cresco's house of brands is designed to meet the needs of all consumer segments and includes some of the most recognized and trusted national brands including Cresco, Remedi and Mindy's, a line of edibles created by James Beard Award-winning chef Mindy Segal. Sunnyside\*, Cresco's national dispensary brand, is a wellness-focused retailer designed to build trust, education and convenience for both existing and new cannabis consumers. Recognizing that the cannabis industry is poised to become one of the leading job creators in the country, Cresco has launched the industry's first national comprehensive Social Equity and Educational Development (SEED) initiative designed to ensure that all members of society have the skills, knowledge and opportunity to work in and own businesses in the cannabis industry. Learn more about Cresco Labs at [www.crescolabs.com](http://www.crescolabs.com).

### **Forward Looking Statements**

This press release contains "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, 'may,' 'will,' 'should,' 'could,' 'would,' 'expects,' 'plans,' 'anticipates,' 'believes,' 'estimates,' 'projects,' 'predicts,' 'potential' or 'continue' or the negative of those forms or other comparable terms. The Company's forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including but not limited to those risks discussed under "Risk Factors" in the company's CSE Listing Statement filed with SEDAR; and other factors, many of which are beyond the control of the Company. Readers are cautioned that the foregoing list of factors is not exhaustive. Because of these uncertainties, you should not place undue reliance on the Company's forward-looking statements. No assurances are given as to the future trading price or trading volumes of Cresco's shares, nor as to the Company's financial performance in future financial periods. The Company does not intend to update any of these factors or to publicly

announce the result of any revisions to any of the Company's forward-looking statements contained herein, whether as a result of new information, any future event or otherwise. Except as otherwise indicated, this press release speaks as of the date hereof. The distribution of this press release does not imply that there has been no change in the affairs of the Company after the date hereof or create any duty or commitment to update or supplement any information provided in this press release or otherwise.

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<sup>i</sup> Total of \$158 million, broken down between: \$100 million in cash to close the Transaction; \$20 million in build-out capital expenditures in Florida; and \$38 million from the sale-leaseback transactions announced in Ohio and Michigan.