

FOR IMMEDIATE RELEASE:

## Harvest Health & Recreation Announces Private Placement of US\$500 Million of Convertible Debentures

- **Funding to Fuel Vision to Become one of the Most Valuable Cannabis Companies in the World**

**April 4, 2019—VANCOUVER**—Harvest Health & Recreation, Inc. (CSE: HARV, OTCQX: HRVSF) (“**Harvest**”), a vertically integrated cannabis company with one of the largest and deepest footprints in the U.S., today announced that it has entered into an engagement agreement for a brokered private sale of up to 500,000 convertible debentures (the “**Debentures**”) of Harvest, at a price of US\$1,000 per Debenture, for gross proceeds of US\$500 million (the “**Offering**”). The Offering is intended to be closed in five tranches of 100,000 Debentures per tranche, over a period of not more than 18 months. The net proceeds of the Offering will be used by Harvest for working capital and general corporate purposes. The first tranche of the Offering is expected to close on May 1, 2019 and subsequent tranches are issuable at the option of Harvest, subject to certain conditions. Concurrently with the engagement agreement, Harvest also entered into an agreement with a lead investor (the “**Lead Investor**”) to subscribe for the full amount of the Offering (the “**Agreement**”). Pursuant to the Agreement with the Lead Investor, Harvest is entitled, in its discretion, to issue the additional tranches of Convertible Debentures not less than 60 days following the issuance of the immediately preceding tranche.

The Debentures will bear interest at a rate of 7.0% per annum from the closing date of each tranche, payable semi-annually in arrears on June 30 and December 30 of each year. The initial tranche of Debentures will be convertible at the option of the holder to Subordinate Voting Shares of Harvest at a price of \$15.38 per Subordinate Voting Share, and each subsequent tranche will be convertible at the option of the holder at a 15% premium to the volume weighted average price (“**VWAP**”) of the Subordinate Voting Shares on the Canadian Securities Exchange for the five trading day period immediately preceding the closing of the relevant tranche. Each tranche will mature 36 months from the date of issuance of such tranche. In addition, Harvest may require that any tranche of Debentures be converted if, at any time after the date that is four months and one day following the issuance of the applicable tranche of Debentures, the daily VWAP of the Subordinate Voting Shares is greater than a 40% premium to the applicable conversion price of a tranche for any 10 consecutive trading day period.

Commenting on the transaction, Harvest CEO Steve White said “This transaction is fuel for growth to realize our vision of becoming one of the most valuable cannabis companies in the world. With the recent announcement of our acquisition of Verano Holdings, not only will we have the largest and deepest footprint of licenses in the U.S., we are equally well capitalized to ensure our growth ambitions as a company.”

Jason Vedadi, Executive Chairman of Harvest added “We realize our position as one of the leaders in the fast-growing U.S. cannabis market and this agreement continues our march

towards creating unparalleled shareholder value and building the first truly national cannabis company.”

Upon completion of each of Tranches 1, 2 and 3 warrants (“**Warrants**”) in an amount equal to 40%, 40% and 20% of the number of Subordinate Voting Shares issuable upon conversion of the first, second and third Tranche of Debentures, respectively, will be issued to the purchasers of such Debentures. Each Warrant will entitle the holder thereof to purchase one Subordinate Voting Share for a period of 36 months from the date of issue. Warrants issued pursuant to Tranche 1 will, subject to the policies of the CSE, have an exercise price equal to \$18.17. Warrants issued pursuant to Tranche 2 and 3 will, subject to the policies of the CSE, have an exercise price equal to a 30% premium to the VWAP for the five trading day period immediately preceding the closing date of the relevant Tranche.

Eight Capital brokered the private placement for Harvest as the lead agent and sole bookrunner.

Closing is subject to conditions that are customary for a transaction of this nature and the engagement letter may be terminated by Eight Capital in certain circumstances. There can be no assurances that the private placement will be completed as proposed or at all.

### **About Harvest Health and Recreation**

Harvest Health & Recreation Inc. is one of the first consistently profitable, vertically integrated cannabis companies with one of the largest footprints in the U.S. Harvest’s complete vertical solution includes industry-leading cultivation, manufacturing, and retail facilities, construction, real estate, technology, operational, and brand building expertise — leveraging in-house legal, HR and marketing teams, along with proven experts in writing and winning state-based applications. The company has more than 680 employees with proven experience, expertise and knowledge of in-house best practices that are drawn upon whenever Harvest enters new markets. Harvest’s executive team is comprised of leaders in finance, compliance, real estate and operations. Since its founding in 2011, Harvest has grown its footprint every year, has been ranked as the third largest cultivator in the U.S. and currently owns licenses for more than 140 facilities across the U.S. Harvest shares timely updates and releases as part of its regular course of business with the media and the interested public. For more information, visit: <https://www.harvestinc.com/>.

### **Forward-looking Statements**

*This press release contains statements which constitute “forward-looking information” within the meaning of applicable securities laws, including statements regarding the plans, intentions, beliefs and current expectations of Harvest with respect to future business activities. Forward-looking information is often identified by the words “may,” “would,” “could,” “should,” “will,” “intend,” “plan,” “anticipate,” “believe,” “estimate,” “expect” or similar expressions and include information regarding the completion of the offering or any tranche of the offering.*

*Investors are cautioned that forward-looking information is not based on historical facts but instead reflects Harvest management's expectations, estimates or projections concerning future results or events based on the opinions, assumptions and estimates of management considered*

*reasonable at the date the statements are made. Although Harvest believes that the expectations reflected in such forward-looking information are reasonable, such information involves risks and uncertainties, and undue reliance should not be placed on such information, as unknown or unpredictable factors could have material adverse effects on future results, performance or achievements of the combined Company. This forward-looking information may be affected by risks and uncertainties in the business of Harvest and market conditions.*

*Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although Harvest has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. Harvest does not intend, and does not assume any obligation, to update this forward-looking information except as otherwise required by applicable law.*

On behalf of the board of directors “Jason Vedadi”

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