

MedMen Enterprises Releases Response to ‘Shareholder Lawsuit’

LOS ANGELES (Jan. 9, 2019) – On January 8th, two early investors in MMMG, LLC, a precursor company to [MedMen Enterprises Inc.](#) (“MedMen” or the “Company”) (CSE: MMEN) (OTCQX: MMNFF) (FSE: A2JM6N) filed a complaint in Los Angeles Superior Court alleging unfair treatment regarding the disposition of their investment in MMMG.

Today, a Los Angeles Superior Court denied a request from the plaintiffs for a temporary restraining order and a preliminary injunction.

The plaintiffs alleged that they are being unfairly prevented from cashing out of their interest in MMMG, which currently holds approximately 179 million shares that are redeemable and exchangeable on a one-for-one basis for Class B Subordinate Voting Shares of MedMen Enterprises Inc. The shares are locked up, thus prevented from trading in the open markets, until November 25, 2019.

These are the facts of the case:

- In early 2018, assets from MMMG, LLC, a cannabis management company, and two private equity funds – MedMen Opportunity Fund I, LP and MedMen Opportunity Fund II, LP were rolled up to a new holding company, MedMen Enterprises Inc., with the intent of taking the company public.
- Investors in the three entities; MMMG, MedMen Opportunity Fund I, and MedMen Opportunity Fund II received shares redeemable and exchangeable into Class B Subordinate Voting Shares of MedMen Enterprises Inc. in exchange for the assets contributed to the new holding company.
- MedMen Enterprises Inc. went public on the Canadian Securities Exchange on May 29, 2018.
- As of January 9, 2019, assuming the redemption of redeemable and exchangeable shares, and the conversion, exercise or redemption of other securities convertible into Class B Subordinate Voting Shares, there are currently a total of approximately 545.3 million outstanding shares of MedMen Enterprises Inc.
- MMMG holds approximately 179 million exchangeable shares. MedMen Opportunity Fund I and MedMen Opportunity Fund II collectively hold approximately 196 million exchangeable shares.
- MMMG, MedMen Opportunity Fund I, MedMen Opportunity Fund II and MedMen Enterprises Inc. negotiated separate lock-ups of their respective exchangeable shares for the benefit of and to safeguard the interests of all stakeholders in the enterprise. This is a common practice by companies when they go public.

- Last November, an independent committee made up of representatives from the three entities; MMMG, MedMen Opportunity Fund I and MedMen Opportunity Fund II collectively decided to extend lockups on virtually all of their MedMen shares until November 25, 2019 when the shares will become freely tradeable in increments over a 12-month period.

The following is a statement by Daniel Yi, MedMen's senior vice president of corporate communications: "These are frivolous claims, and it appears the judge agrees. Today, a Los Angeles Superior Court denied the plaintiffs' request for a temporary restraining order and preliminary injunction. Despite the agreement reached by an independent committee to safeguard the best interests of our shareholders, including MMMG and the funds, the plaintiffs; Omar Mangalji and Brent Cox, now seek special treatment. The committee decided to lock up more than 90 percent of the shares owned by the three entities at least until November 25, 2019. The interests of all of the stakeholders impacted were included in the process and the feedback was overwhelmingly positive. Mr. Mangalji and Mr. Cox have already received cash distributions representing a complete return of their capital plus a substantial gain. It's unfortunate that Mr. Mangalji and Mr. Cox have chosen this path. This is a meritless claim by a minority investor. This is clearly and egregiously an attempt to devalue the shares of the enterprise for their own personal gain at the expense of all other stakeholders. MedMen remains focused on building one of the leading cannabis companies in the world and we feel confident we will prevail on that mission and against this meritless complaint."

ABOUT MEDMEN:

MedMen Enterprises is a leading cannabis company in the U.S. with assets and operations across the country. Based in Los Angeles, MedMen brings expertise and capital to the cannabis industry and is one of the nation's largest financial supporters of progressive marijuana laws. Visit <http://www.medmen.com>

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