



## Nabis Holdings Announces Flagship Investment Into Limited License State Arizona - Vertically Integrated Assets Including Cultivation, Production and Retail Dispensary

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VANCOUVER, British Columbia, Jan. 29, 2019 -- Innovative Properties Inc. d/b/a Nabis Holdings (CSE:NAB; OTC: INNPF, FRA:7IP) (“Nabis” or the “Company”) is pleased to announce that the Company has entered into a binding term sheet (“Term Sheet”) to acquire 100% of the membership units of Organica Patient Group Inc. (“OPG”), and RDF Management Group (“RDF”) in the State of Arizona, USA (the “Investment”). OPG is a fully-integrated medical marijuana business licensed under the provisions of the Arizona Medical Marijuana Act operating a dispensary under the trade name “Organica Patient Group” in Chino Valley, Arizona, as well as certain real estate interests in Prescott Valley, Phoenix and Chino Valley, Arizona.

Organica Patient Group is a Chino Valley marijuana dispensary that has been operating since 2012. OPG has its own branded products and wholesale operations, including distribution to more than 25% of the dispensaries in Arizona. OPG operates a 26,000 square foot indoor cultivation and processing center, along with a 56,600 square foot greenhouse operating in Prescott Valley. OPG’s exclusive manufacturing and licensing agreements with Fire Brand, Gas Extracts, and Donuts Concentrate products are also distributed within Arizona.

OPG achieved unaudited trailing gross revenues of USD \$7 million revenue in 2018, with an approximate 55% gross margin, and an approximate USD \$2.5 million net earnings (or 35% EBITDA margin). Assuming the closing of this transaction, Nabis expects OPG to generate upwards of USD \$22 million annual revenues in 2019 with an approximate 55% gross margins, and 35% adjusted EBITDA<sup>5</sup> margins, with the assumption of completing certain renovations, expansions and assuming the price for cannabis and related products in Arizona will remain consistent with current pricing, strong consumer, retention of key employees and management, no changes to the State and/or municipal regulations of retail operations and no changes to government regulations generally with respect to the sale of cannabis.

“This flagship investment is Nabis’ first presence in one of the leading medical cannabis markets in the U.S.,” said Shay Shnet, CEO & Director of Nabis. “We are very excited to be working with OPG and will continue to identify accretive investment opportunities in Arizona along with other key limited license states in the coming months. Nabis is quickly building up key investments in two limited license states and we are moving very quickly to add another three to five States to the portfolio.”

Under the terms of the Term Sheet, Nabis will pay USD \$11 million in cash and USD \$3 million of common shares of Nabis (“Nabis Shares”) for an aggregate purchase price of USD \$14 million for OPG and RDF. The Nabis Shares will be issuable upon closing of the Investment and the price per Nabis Share shall be calculated by reference to the 10-day volume weighted average price of the Company’s shares on the Canadian Securities Exchange.

### Summary of Nabis Portfolio of Investments to Date

- Target pro forma revenue of CAD \$53 million for 2019 for Arizona & Michigan assets (excluding additional investments)<sup>1,4,5</sup>
- Target pro forma adjusted EBITDA of CAD \$17 million for 2019 for Arizona & Michigan assets (excluding additional investments)<sup>1,4,5</sup>
- Investment portfolio will include 8 dispensaries, 1 cultivation & processing center and 1 greenhouse<sup>1</sup>
- The current average multiple according to analyst estimates in the US cannabis is 7.6x 2019 Revenue<sup>1,2,4</sup>
- Nabis management team - proven success in the space, two of the co-founders of MPX Biocetual (CSE:MPX) - one of the largest takeouts in the US cannabis space to date at CAD \$835M<sup>3</sup>
- Nabis is currently evaluating further investment opportunities in its pipeline (cultivation facilities, vertically integrated, pharma-based cannabis technologies) that would significantly increase the potential 2019 Revenue and also increase EBITDA margins with vertical integration.

CAD\$ Million (1.33 USD/CAD exchange rate)	TARGET REVENUE <sup>1,4</sup>		TARGET ADJUSTED EBITDA <sup>1,4,5</sup>	
	2019		2019	
Michigan (7 Dispensaries)	23.4		7.0	
Arizona (1 Cultivation, 1 Greenhouse, 1 Dispensary)	29.9		10.2	
Nabis Pro Forma	53.3		17.2	

The revenue and adjusted EBITDA<sup>5</sup> guidance provided herein is for illustrative purposes for investors to assess the value of the Investment and is subject to the assumptions that the price for cannabis and related products in Arizona & Michigan States

will remain consistent with current pricing, strong consumer, retention of key employees and management, no changes to the State and/or municipal regulations of retail operations and no changes to government regulations generally with respect to the sale of cannabis.

The Term Sheet is subject to definitive documentation and is expected to close in March 2019. The Investment is subject to customary conditions for an investment of this nature, including satisfactory due diligence and the receipt of all regulatory approvals by various local and state authorities in each of the markets where OPG's assets and licenses are held and other customary closing conditions including approval from the Canadian Securities Exchange. A finder's fee will be payable in regards to this investment to an unrelated third party.

The Company also announces that it has granted 250,000 incentive stock options to a director of the Company to purchase up to 250,000 common shares in the capital of the Company. The incentive stock options have an exercise price of \$0.75 per share and expire five years from the date of grant.

## **About Nabis**

Nabis Holdings is a Canadian investment issuer that invests in high quality cash flowing assets across multiple industries, including real property, securities, cryptocurrency, and all aspects of the U.S. and international cannabis sector. Led by two of the co-founders of MPX Bioceutical (CSE:MPX), one of the largest takeovers in the U.S. Cannabis space to date, the company has proven track record in emerging markets to create significant shareholder value. The Company is focused on investing across the entire vertically integrated aspects of the space with a focus on revenue generation, EBITDA and growth.

## **ON BEHALF OF THE BOARD OF DIRECTORS**

*"Shay Shnet"*

Shay Shnet  
CEO and Director

For inquiries, please contact 604-687-7130 or email [info@nabisholdings.com](mailto:info@nabisholdings.com).

***The CSE does not accept responsibility for the adequacy or accuracy of this release.***

*All statements, other than statements of historical fact, included herein are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. The risks are without limitations: that the investments will be completed by the Company or completed upon the terms disclosed; the price for cannabis and related products will remain consistent and the consumer demand remains strong; availability of financing to the Company to develop the retail locations; retention of key employees and management; changes in State and/or municipal regulations of retail operations and changes in government regulations generally. Important factors that could cause actual results to differ, materially from the Company's expectations are disclosed in the Company's documents filed from time to time with the Canadian Securities Exchange, the British Columbia Securities Commission, the Ontario Securities Commission and the Alberta Securities Commission.*

<sup>1</sup> Assuming closing of binding LOI's announced on January 17th, 24th, and 29th, 2019

<sup>2</sup> Source: Stoic Advisory as at January 17th, 2019

<sup>3</sup> Assuming closing of transaction scheduled for January 2019

<sup>4</sup> The revenue and adjusted EBITDA guidance provided herein is for illustrative purposes for investors to assess the value of the transactions and is subject to the assumptions that the price for cannabis and related products in Arizona & Michigan State will remain consistent with current pricing, consumer demand for the products remains strong; retention of key employees and management; changes in State and/or municipal regulations of retail operations and changes in government regulations generally with respect to the sale of Cannabis.

<sup>5</sup> *Adjusted EBITDA - Non-IFRS Measures*

This press release contains certain non-International Financial Reporting Standards ("**IFRS**") measures that are used to evaluate the performance of such businesses and the performance of their respective segments, as well as to manage their capital structure. As non-IFRS measures generally do not have a standardized meaning, they may not be comparable to similar measures presented by other issuers. Securities regulations require such measures to be clearly defined and reconciled with their most directly comparable IFRS measure. Adjusted EBITDA represents income (loss) from operations, as reported, before interest, tax, and adjusted for removing other non-cash items, including stock based compensation expense, depreciation, and the non-cash effects of accounting for biological assets and inventories, and further adjusted to remove acquisition related costs. Unless otherwise indicated, all historical financial information included herein was prepared in accordance with IFRS but is unaudited and this subject to change. This press release makes reference to certain non-IFRS measures and cannabis industry metrics. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these are provided as additional information to complement those IFRS measures by providing further understanding of the results of operations from management's perspective. Accordingly, these measures should not be considered in isolation, nor as a substitute for analysis of the financial information reported under IFRS. Non-IFRS measures used to analyze the performance include "Adjusted EBITDA". Nabis believes that these non-IFRS financial measures provide meaningful supplemental information regarding the performances and may be useful to investors because they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making. These

financial measures are intended to provide investors with supplemental measures of the operating performances and thus highlight trends in the core businesses that may not otherwise be apparent when solely relying on the IFRS measures.