



AgraFlora Organics Increases Ownership Position in Propagation Services Canada Inc.

VANCOUVER, March 20, 2019 /CNW/ - **AgraFlora Organics International Inc. ("AgraFlora")** (the "**Company**") (CSE: AGRA) (Frankfurt: PU31) (OTCPK: PUFXF), a growth oriented and diversified international cannabis company, is pleased to announce it is acquiring an additional 10% of the shares of Propagation Services Canada Inc. ("**PSC**") for \$14 million payable by common shares of AgraFlora at a price of \$0.68 per share, equivalent to 20,588,235 common shares. The transaction has been agreed to in principle and approved by both boards of directors of AgraFlora and PSC. Following the transaction, the ownership of PSC will consist of AgraFlora as to 60%, the Houwelings Partnership Group as to 30% and the investors of Delta Organics Cannabis Corp. ("**DOCC**") as to 10%.

"It is important for AgraFlora to continue to have a majority stake in the joint venture company Propagation Services Canada," said Derek Ivany, President and CEO of AgraFlora. "The Delta Greenhouse Complex will become our marquee facility with 2.1 million square feet of greenhouse space and 100,000 square feet in production facilities. Progress on the retrofit continues to be on target and we expect to submit our licensing application video to Health Canada by the end of June."

AgraFlora is issuing common shares at \$0.68 per share which is an approximate 53% premium to the shares paid to DOCC at \$0.445 for its 20% purchase of PSC, as announced in November 2018. The 10% acquired by AgraFlora comes from four shareholders of PSC who have shown confidence in the AgraFlora management team by converting their PSC shares into shares of AgraFlora. This is an arm's length transaction and no finder's fees are to be paid.

Upon closing the final \$20 million payment of a previously announced financing, DOCC will receive an additional 10% from AgraFlora and AgraFlora will remain the majority shareholder with a 50% ownership position of PSC, with the Houwelings Partnership Group with 30% and the investors of DOCC with 20%. AgraFlora's 50% ownership of PSC will entitle it to 50% of the annual estimated production of 250,000,000 grams from the Delta Greenhouse Complex.

	Company	2020 Estimated Annual Capacity (in grams)	Current Market Capitalization (in CAN)
1	Aurora Cannabis	700,000,000	\$9,363,165,980
2	Canopy Growth Corp.	525,000,000	\$21,086,608,500
3	Aphria	255,000,000	\$3,431,750,100
4	AgraFlora & PSC*	250,000,000	\$274,616,000
5	Tilray	225,000,000	\$9,363,165,980
6	The Green Organic Dutchman	195,000,000	\$1,487,491,200
7	Cronos Group	150,000,000	\$9,449,098,000
8	OrganiGram Holdings	113,000,000	\$1,359,645,800
9	Hexo Corp.	108,000,000	\$1,936,048,000
10	CannTrust Holdings	105,000,000	\$1,375,432,800

(*2021, data source: public filings, company estimates, Motley Fool, Marijuana Index)

About Propagation Services Canada Inc.

Propagation Services Canada is a joint venture company focused on the cannabis flower and propagation market in Canada. Its Delta Greenhouse Complex covers approximately 2.2 million square feet and is one of the most technologically advanced greenhouses in North America, with an experienced staff, full propagation services, advanced HVAC, lighting and water systems and its own 8.8 MW powerplant.

About AgraFlora Organics International Inc.

AgraFlora Organics International Inc. is a growth oriented and diversified company focused on the international cannabis industry. It owns an indoor cultivation operation in London, ON and is a joint venture partner in Propagation Service Canada Inc. and its large-scale 2,200,000 sq. ft. greenhouse complex in Delta, BC. The Company has a successful record of creating shareholder value and is actively pursuing other opportunities within the cannabis industry. For more information please visit: www.agraflora.com.

ON BEHALF OF THE BOARD OF DIRECTORS

Derek Ivany
President & CEO

No stock exchange or securities regulatory authority has reviewed or accepted responsibility for the adequacy or accuracy of this release.

Some of the statements contained in this release are forward-looking statements, such as estimates and statements that describe the Issuer's future plans, objectives or goals, including words to the effect that the Issuer or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties.

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