

# Silo Wellness Announces LOI for Potentially Largest Psilocybin Retreat Center in Oregon and the World - If November's Election Is Favorable; and an Oregon Real Estate Law and Psilocybin Industry Primer

Springfield, Oregon--(Newsfile Corp. - October 20, 2022) - [Silo Wellness](#) Inc. (CSE: SILO) (OTCQB: SILFF) (FSE: 3K7A) ("Silo Wellness" or the "Company"), Oregon's only publicly traded psychedelics company, is pleased to announce it has executed a binding term sheet for a joint venture with New Frontier Ranch in the majestic Green Springs area of Jackson County Oregon, east of Ashland, pending the results of the opt-out ballot measure in the upcoming November 8<sup>th</sup> election. [New Frontier Ranch](#) is a 960-acre property that can potentially accommodate hundreds of guests at a time between the existing log cabins and court-approved campsites.

## **A one-of-kind destination guest recreation property among Oregon's restrictive and complex land use laws**

"This property has an abundance of water rights in this drought-stricken portion of our beautiful state and has court-approved camping spots with room to expand due to a special court decree grandfathering in these property rights years ago," stated Silo Wellness founder and CEO Mike Arnold, an Oregon attorney. "Under Oregon's tough rural land use laws, this property is truly a gem that could allow for scaling for psychedelic retreats rather quickly at a lower price point. Absent full legality and total removal of the dead hand of the government - which is still necessarily present in this emerging market - scaling is the only way to make this industry affordable while ensuring client safety."

"My vision for this property is as a sacred sanctuary for holistic health and wellness," stated David Kaplan, New Frontier owner-operator. Mr. Kaplan has over 45-years' experience in the CPG space involving diet and nutrition, as well as the yoga and meditation space. "This property can truly be the marvel of holistic healing for the mind, body, and soul. Mushroom therapy is just one potential component of a much larger plan for rejuvenation and wellness. Living on this property for several years, I see so much potential for the land to be an eco-village destination location totally sustainable with organic agriculture, energy and building materials. The ranch has 287 days of year of sun per year and the most water in the area with ample wind and wood resources."

The unique property rights history of the ranch were solidified on May 17, 1976, when the Circuit Court for the State of Oregon for Jackson County approved a decree grandfathering in what would now be considered a "destination resort" under today's rules, which are nearly impossible to acquire in Jackson County and much of the rest of the state of Oregon. This historic approval is highly unique. According to the property's land use consultants, there is not another like it anywhere in the state of Oregon whereby a grandfathered-in resort is allowed to continue to develop.

In 2013 the decision went back to court yet again, ultimately to result in a non-expiring ranch resort. According to the site plan there are 34 existing sites which include 16 teepees, 6 wall tents and 12 additional sites. This would allow for an additional 26 sites to be developed to reach the total 60 allowable campground spaces per the decree allowing potentially hundreds of guests at a time. The decree, however, says that the campground can have potable water, bathrooms, showers and laundry facilities including washers and dryers and does not specify a limit on the number of these amenities that can be provided.

A destination lodge, including overnight guest accommodations, could also be constructed within the

designated village boundary. It is not stated in the court decree that there is a limitation on the number of rooms that can be allowed.

## **Cost-Effective Psychedelic and Holistic Wellness Resort**

Silo Wellness is the leading luxury psilocybin retreat company in the public markets which has been featured in [Bloomberg](#), [Fodor's Travel](#), [The Evening Standard](#), [Men's Health](#), [The Washington Post](#), and [Outside Magazine](#) among others. However, Silo Wellness never intended to enter the luxury retreats space. "That wasn't my vision," continued Arnold. "Our mission is to put psychedelic healing into the hands of those suffering as quickly and inexpensively as possible. Nonetheless, the luxury model was necessary during COVID and has been very good to us and for our clients. However, it is not available to everyone due to the price point, which is a shame and also contrary to our mission.

"With this partnership and our partnership with [Go Natural Jamaica](#)," Arnold stated, "Silo Wellness intends to be able to drive down the lodging costs for psychedelic retreats. New Frontier Ranch may allow us to significantly undercut some of the out-of-state competition who may come to Oregon with the goals to make huge margins on expensive retreats. This is the people's medicine and shouldn't be held hostage in pharmacies or by out-of-state interests attempting to upsell Oregon's natural beauty."

## **About New Frontier Ranch**

The New Frontier Ranch contains a 100-acre spring-fed meadow off of Highway 66 four miles from Tub Springs State Park and eight miles from the Cascade-Siskiyou National Monument. The three private log cabins feature knotty wood interiors, vaulted ceilings and decks with views. In addition to full kitchens, there are living rooms with wood-burning fireplaces and laundry rooms. Canvas tents and tipis are also available in three campground areas. The Great Western Hall is a grand barn with reclaimed wood walls, plank floors and a cathedral ceiling. Massive doors at each end open to bring the outdoors in. The upper mezzanine level has a private dressing room, and two large balconies overlooking the main floor. The Great Western Hall provides seating for up to 250 guests. There's also access to a water slide connected to a swimming and fishing pond and a rustic, barn-style banquet hall. "We caught six bass in six casts the last time we were there," Arnold said. "This property has unending recreational opportunities for nature retreats."

## **Meeting psychedelic clients where they are**

"So many business models that are being pitched to me in Oregon are premised on the market being exclusively urban Portlanders or the psychedelic savvy," stated Arnold. "We believe that a significant part of the market will be from out of state and more culturally conservative than the traditional psychedelic consumer. Our real-time consumer research in the legal market over the last two years has shown that folks in the flyover states and in rural areas aren't typically looking for some 'new agey' encounter. They are already scared about the medicine but are also, quite frankly, afraid of Oregonians - or what they perceive to be Oregon, thinking that these services are run by crystal carrying pseudo-science hippies. That's just not universally going to be the case. This is largely a medically- and science-influenced industry as illustrated by our team at Silo Wellness, which includes leading experts in the space.

"At Silo Wellness we attempt to meet people where they are. Many of our clients come from more culturally traditional areas of the Midwest and Southeast. The New Frontier Ranch gives us many opportunities to provide services that meet their diverse backgrounds without a dogmatic approach to the medicine, including meditation areas, a hike to Mount Shasta views, yoga, and an industry leading Calvary cross Christian meditation trail. This property checks all the boxes for our retreat model: affordable lodging, Oregon nature, water access, nearby whitewater rafting, and spaces for spiritual growth to contemplate personal purpose and the 'whys and hows' of conscious awareness and existence."

## **Oregon's real estate problem: A significant barrier to entry for psilocybin service centers**

A major barrier to entry in Oregon is the supply of psilocybin-ready real estate and the capital to achieve it. Psilocybin companies cannot operate on either federal land or on any property with a bank mortgage due to it being Schedule I and illegal federally; additionally, all traditional mortgage contracts preclude violating federal law. "From Oregon cannabis we learned that most of the attractive real estate in the premier areas is expensive and traditionally financed, often relegating early commercial dispensary operations to the dregs of the cities and strip malls to buy outright or to lease from unleveraged properties," stated Arnold.

"Psychedelic therapy is all about set and setting and strip malls do not necessarily fit the bill in the metro areas, making desirable space in short supply there. For retreats in beautiful areas, most of Oregon's wild areas are owned by the federal government and the rest are very expensive due to the rarity of commercial spaces in rural Oregon due to our Urban Growth Boundaries and preferential treatment for agriculture and forestry zoning."

One potential problem for Oregon psilocybin businesses, is that the longer a company waits to secure a property, the more of the margins/value will be realized by the landowners rather than the operators, as was seen in cannabis. Hence, the REIT model working out so well in the capital markets for cannabis investors. They owned the land and leased it to the operators. "We believe that Silo, as the first legal mover in Oregon psychedelics operationally and in the public markets, is well positioned with boots on the ground in Oregon," Arnold said.

### **Location, Location, Location: Jackson County as a potential leader in the psychedelic retreat space**

This potential psilocybin retreat center location is less than an hour drive from the Medford airport. It's approximately an hour flight from Portland, a little over an hour from San Francisco and Seattle, and 4-hour drive from Portland and Sacramento. It borders BLM wildland and is near a [national monument](#) wilderness area. This allows patrons to access thousands of acres of wildlands with rare biodiversity. This area is the home to an extraordinary array of plants and animals in a rich mosaic of forests, woodlands, grasslands, wet meadows, and ponds. On a day hike it is possible to experience each of the distinct ecoregions and find plants and animals you cannot see anywhere else in the world. It is rare, vibrant and vital. New Frontier is also in the middle of the country's best whitewater, surrounded by several different watersheds (Scott, Cal-Salmon, Illinois, Rogue, Klamath, Smith and Umpqua), all within driving distance. It is also in the county that is the leading cannabis producer in Oregon and host of the world-renowned Shakespeare festival.

### **November's Opt-out Election: Voters' perceived harm by legal cannabis rollout**

Jackson County capitalizing on the influx of psychedelic wellness tourism and having access to nearby psychedelic retreats is dependant on the November election. The County Commission referred an opt-out measure to voters due to an allowance for county and municipal prohibition under 2020's Ballot Measure 109. The County may end up opting out as it was a very close election in 2020 with only [51.19% voting yes](#). The under vote was only 3% of the total votes cast, illustrating the interest in this particular ballot measure.

"As advocates we may be spending too much time addressing the merits of psychedelic therapy and not focusing enough on the operational impact on these rural communities," Arnold opined. "Based on the conversations we have had with local voters, the efficacy of mushrooms is not their point of contention. They are most worried about the impact on their neighborhoods.

"Jackson County voters often feel that they were sold a bill of goods with the previous two controlled substances ballot measures. They were told that Oregon's recreational cannabis laws would help curtail black market trade. That ended up not being the case as we have seen with the recent cartel activity and the [potential forced labor trafficking](#) resulting from it."

Rural residents also didn't see much of the economic benefits promised beyond employment, since

Oregon's recreational cannabis ballot measure didn't allow county governments to tax cannabis farms. They could only be taxed at the dispensary level. Since most dispensaries are located in cities, they received most of the law enforcement hassle with the farms and the increased vehicular traffic on rural roads and the now ubiquitous smell, but little of the tax benefits.

Fast forward to the implementation of Oregon's ground-breaking BM 110, which decriminalized hard drugs such as cocaine, meth and heroin. "Since Oregon has been slow to implement the treatment that was promised in that ballot measure, many rural Oregonians believe they have suffered from increased crime resulting from the now more open and notorious use of hard drugs in their communities," stated Arnold. "They often believe that the increased demand resulting from the decrease in legal risk from consumption has led to an increase in supply and the criminal consequences of that trade. The increased supply to meet this increased demand has to come from somewhere and it isn't some bucolic farm - it's from drug dealers with organized crime connections.

"Fortunately, these fears are not applicable to BM 109. First of all, this is a services industry not a product industry. The mushroom cultivation will be small and indoors with no smell, marginal water consumption, and no impact on the neighbors. Furthermore, there's no incentive for black market growers to seek a license since it would draw unwanted attention to them. You can already grow undetected in a closet in a rented apartment. Contrast this to cannabis grows which require lots of space, lots of water, lots of staff, and lots of sunshine or electricity. Also, black market operators using Oregon's cannabis law as cover were sending surplus or chemically tainted product out the backdoor to the black market. This simply is not a feasible business model for BM 109.

"Additionally, our experience operating legal retreats in Jamacia is that these have about as much community impact as a yoga or quilting retreat. They are centered around introspection through meditation, self-reflection, journaling, and group integration. The community impact is just not comparable to the effects of cannabis."

### **Urban Dilemmas: Set and Setting**

Urban areas for psychedelic therapy can be a problem for two reasons. First, properties are expensive with dense commercial locations meaning you often can't get the beautiful expensive property as a tenant since it is mortgaged by the bank that cannot do Schedule I controlled substance business. Oregon is just a typical property-owning framework where real property is often leveraged. This means you have to own the property free of bank financing or lease the property from someone in that situation.

The second issue with urban areas is that the best practice for psychedelic therapy is set (mind set) and setting (location). Silo Wellness believes that the main differentiators for psychedelic retreats are price, experience, and location (setting). "Our market research from speaking to actual clients leads us to conclude that there's not a lot of people who can afford to travel to Oregon for therapy that are going to be staying at a Motel 6 and commuting to three sessions in a white walled doctor's office to take mushrooms," explained Arnold. "You couldn't pay me to do that. That sounds horrible. These are fully immersive experiences that are life changing and deserve to be done in the beauty of nature.

"Have you ever been on a vacation locked in a hotel room in downtown Random City that was life changing, where you were considering buying a vacation spot? Most people's experience in lifechanging trips involve beautiful locations close to nature (beaches, mountains, rivers, lakes, etc.). They sell timeshares to those folks because their mindset has changed due to their setting. This is even more so for psychedelics where the connection to nature is an essential part of the experience."

In order to make retreats affordable, the Silo hopes to leverage the ranch's campground as well as sponsor sliding scale rates with the margins subsidizing those in need or a scholarship model.

### **A Primer on Oregon's Land Use Laws and the Scarcity of Rural Retreat Properties**

"The working assumption for the last few thousand years is that psychedelics are done in nature," stated

Arnold. "And we are talking deep dives here: The transformational trips that people pay to travel to the only legal places in the US."

"Oregon has some of the nation's best (or worse, depending on your point of view) land use laws. First, we have urban growth boundaries that prohibit urban expansion. Any time in the last fifty years if you flew into an airport, the farmland nearby is still mostly farmland. Oregon's Willamette Valley (where 70% of the state lives) is some of the best farmland on planet earth due to a geographical freak accident in the last few ice ages. The Willamette Valley stole a lot of its topsoil from Idaho and eastern Washington when ancient glacial Lake Missoula's ice dam broke. During the ice ages, glaciers blocked the Rocky Mountains and periodically the dam broke scouring the bad lands in Idaho and ripping down the Columbia River. The last ice age flood was so devastating that it filled the Willamette Valley with water hundreds of feet high (you can see the vegetation line at the top of Mary's Peak near Corvallis) and roared upstream (uphill) along with all the topsoil (and icebergs clad in Rocky Mountain basalt).

"When the water receded back to Portland and then on to the ocean, it left behind up to 200 feet of soil in places. Hence, we have some of the best soil with some of the best irrigation and disease- and weather-free growing seasons on the planet. Oregon state laws jealously protect this non-renewable natural resource.

"What this means is we don't pave over farmland in Oregon, and we can only grow communities upwards into the air or closer together (through densely packed mixed zoning residential/commercial urban zoning and multi-family dwellings) within the urban growth boundaries. This is why property prices grow and grow in Oregon, because there is no more substantial development without legislative change. And in Blue State Oregon, this likely is not going to happen."

### **Mushroom Cultivation: A services industry versus product industry**

Silo Wellness began legally harvesting mushrooms in Jamaica in 2019 and cultivating shortly thereafter. "We came to Jamaica to cultivate mushrooms out of necessity and then saw the writing on the wall regarding commoditization," explained Arnold. "We then taught a local family how to cultivate mushrooms and began partnering with other locals as they entered the space.

"I have heard a lot of entrepreneurs talking about their plans to be mushroom growers under Oregon law, which is concerning given how quickly this market may commoditize. The room you are in right now can almost grow enough mushrooms to dose an entire Oregon county. Five grams of dried biomass is often way too much for some people in a session and you can stack boxes or grow bags vertically. This will commoditize much faster than what it took for cannabis. That's a race to the bottom. You need a small room or outbuilding to grow enough mushrooms for an operation. Growing mushrooms is not the land grab issue like growing cannabis. You will not be seeing early-cannabis-like business valuations based on grow space square footage. This is about locations for the services, the team to safely conduct them, and the brand and marketing to attract clients."

### **Federal and State Government Property Rights**

"That leaves you with finding a property that consumers want to visit (hence the above analysis about setting). Here's the rub in Oregon: 53% of the state is owned by the fellas that print the money (the Federal Government) and can't be used for cannabis or mushroom operations (federal crimes and state law prohibition). However, much more of the wildlands and beautiful spots are owned by the feds. This is great for preserving the outdoors but not so great for commercial operators, unless you won the family lottery ticket of owning one of these properties for generations. Also, the coast is owned by the state of Oregon up to the highwater lines. Additionally, the rivers are often bordered by residential ag/forestry or the feds.

"This is why New Frontier Ranch is such a unique gem."

### **Silo Wellness Requests Other Oregon Property Owner Expressions of Interest for**

## Collaborating on Psilocybin Licensing

"Over the past months we have been touring properties with owners and realtors and have really turned up our search for properties that may be suitable for Oregon psilocybin as we await the final rules from the Oregon Health Authority and the outcome of the local opt-out elections," Arnold continued. "However, I also know that there are many property owners who may believe they are sitting on an ideal property for a facility with no interest in selling, but they may not have the legal expertise, network, or capital to make it happen. It is our goal to leverage our platform to help empower Oregonians who may each have a piece of the puzzle - facilitation experience, business experience, property, capital, or a passion for the medicine - and bring them together to help make this industry by Oregonians for Oregonians."

Parties who may be interested in entering the Oregon psilocybin industry are encouraged to contact Silo Wellness at [oregon@silowellness.com](mailto:oregon@silowellness.com).

### Terms of Agreement

The binding term sheet sets forth the intent of the parties for a potential joint venture between Silo Wellness and New Frontier. The parties intend to co-brand and market a resort/retreat location at the New Frontier Ranch, 16799 Hwy 66, Ashland, OR 97520 (the "Property"). The parties intend to finalize terms to potentially rebrand the Property or a portion of the Property to "New Frontier Ranch by Silo Wellness." The joint business plan is to market the Property or a portion of the Property being used for the "New Frontier Ranch by Silo Wellness" as the world's largest psychedelic ecotourism resort and retreat center for psychedelic therapy and the psychedelic curious. Additionally, the agreement sets forth that the parties may decide to pursue a purchase agreement, which would be dependent on financing. Additionally, binding terms include a "no shop, no solicit" clause and a prohibition against assignment.

### **ABOUT SILO WELLNESS**

Silo Wellness is a growth-oriented holding company focused on psychedelic opportunities that benefit from a unified ecosystem and exceptional leadership. Founded in 2018 in Oregon and headquartered in Toronto, Silo Wellness has a presence in both Jamaica and Oregon. Silo Wellness is a publicly traded company on the Canadian (CSE: SILO) and Frankfurt (FSE: 3K7A) exchanges and trading on the OTCQB Venture Market (OTCQB: SILFF).

For more information about Silo Wellness or to book a Jamaican psychedelic retreat, please visit [www.silowellness.com](http://www.silowellness.com). For more information about Silo's recent acquisition, Dyscovry Science, visit [www.Dyscovry.com](http://www.Dyscovry.com).

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Company to finalize definitive documents and close on this potential partnership or transaction; the Company's ability to satisfy the Oregon licensing requirements and achieve a license in Oregon; the Company's ability to successful launch an Oregon operation, including hiring of qualified staff and getting access to mushrooms to sustain operations; and the Company's ability to fund operations as well as the company's pre-existing capital requirements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, regulatory, political and social uncertainties and the potential impact of COVID-19. Such risks and uncertainties include, among others, the risk factors included in Silo Wellness's continuous disclosure documents available on [www.sedar.com](http://www.sedar.com). There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

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