

Silo Wellness Wins Amendment to Proposed Land Use Ordinance for Oregon Psychedelic Ranch; Corporate Update: Shareholder FAQs

Springfield, Oregon--(Newsfile Corp. - November 17, 2022) - [Silo Wellness](#) Inc. (CSE: SILO) (OTCQB: SILFF) (FSE: 3K7A) ("Silo Wellness" or the "Company") is pleased to announce that the Jackson County Planning Commission recommended to the elected commissioners the adoption of an amended land use ordinance that would allow Oregon psilocybin therapy service centers in a nature retreat setting in rural Jackson County. "This is a minor victory for Silo Wellness and for potential patients across the nation," said Silo Wellness founder and CEO Mike Arnold, an Oregon attorney. "As previously drafted, service centers would have been relegated to urban areas. Highway noise and sirens aren't exactly the best setting for psychedelic therapy. But there's still one more vote to go."

Jackson County recently voted 52.7% against a psilocybin "opt out." Next up in the saga is the land use hearing before the Jackson County Commissioners next Wednesday, November 23rd at 1:30 p.m. They can choose to accept the ordinance or amend it in any fashion, including adopting its original form, which continues to be a risk factor of the Company's Jackson County plans. Advocates are invited to testify remotely or in person: <https://jacksoncountyor.zoom.us/j/89523141457>.

Psilocybin Home Occupations?

The new proposed ordinance, which can be [downloaded](#) here, would not only allow Oregon psilocybin therapy retreats at existing lodging locations, such as New Frontier Ranch, with whom Silo has an LOI, but also in enclosed outbuildings on residential farmland under statutory "home occupation" exemptions. "At the hearing I advocated that the county shouldn't just allow for commercial lodging locations for companies like us but should also allow for home occupations," stated Arnold. "This is a matter of fairness for Jackson County entrepreneurs but also is a matter of patient access. The more options for care and the more competition, the lower the price and the better the quality of services. A rising tide lifts all ships. Let's hope the commissioners agree."

What happens if the Oregon psychedelic ranch LOI is terminated due to next week's vote?

"I have been in Oregon for 24 years and a trial lawyer for most of my time here," stated Arnold. "Consequently, our network runs deep and so do our legal options."

"I chose New Frontier Ranch for several reasons. First, the property is amazing. Second, the property owner is a dear friend whom I trust. Third, the likely capital expenditures are low due to the potential joint venture. Fourth, it is already operating in a commercial capacity with lodging and event hosting. However, it's the court judgment that makes this property one of a kind because of the pre-code grandfather rights there. If the commissioners revert back to 'general commercial' zoning only for psilocybin, we will confer with the county for an exemption under the prior judgment. If they do not acquiesce, we intend to litigate."

"That would push out any potential launch down there for a longer period of time, if at all, due to the adversarial process but could potentially make us the only psilocybin service center in rural Jackson County. In the meantime, I will simply plan to move on to my second or third property options and begin to negotiate terms there."

"We remain undeterred in our plans to be a market leader in Oregon. I founded Silo in 2018, anticipating filing an Oregon license application in 2023. It's been a long road. To get to this point, we had to first cultivate mushrooms in Jamaica, then operate retreats there, but also raise capital and complete a public listing. But now here we are on the cusp of what we believe to be the last chance to be first to market in the plant medicine space. It's a very exciting time."

Other Corporate Updates - Shareholder/Investor FAQs

Silo Wellness receives many investor relations questions. Given the frequency of some of these questions, Silo Wellness will update its [Investor FAQ page](#) as follows:

How do retreats scale? Do you lease or own the locations where retreats are located?

In Jamaica, we neither own nor lease the space. As mentioned in previous MD&As, the Company uses agreements with third-party resorts. These agreements are non-material.

Booking different locations as we went along initially allowed the Company to build out the business model without having the capital risk associated with purchasing, running, and operating a resort. By not leasing the resorts, we do not take on the long-term risk of vacancies.

This booking model was very efficient during COVID when the supply of vacancies far exceeded demand for Jamaica resorts. However, with the rise of digital nomadism and increased tourism abroad, quality locations with the proper setting for psychedelics are rarer. Additionally, the previous model still had risk by booking an entire resort per retreat: If bookings don't meet the breakeven threshold, then a retreat could be operated at a loss.

This is a great deal for the resort but not so much for the Company. Yes, we get some economies of scale through discounts by booking an entire resort or block of rooms. However, those aren't the sort of collaborators we are looking for in the space. We are looking for friends and partners, not looking to be someone's customer. The resorts received all of the publicity of being associated with their customer (Silo) in a cutting-edge sector and thus received all of the earned media coverage that being a pubco and early mover leveraged. They also received the other marketing - with none of the cost. Then, the resort could turn around and market their resort to other psychedelic operators who would come to them thanks to us raising their profile. Exclusivity was not negotiated by previous leadership, nor was it even likely to be granted without considerable financial commitments by us given our smaller scale at that time. Essentially the Company was a glorified booking/marketing agency for the resorts with none of the risks shared by the resorts.

Property Collaborations. Consequently, since June 2022, under the new Silo Wellness leadership, the Company embarked to leverage relationships on the island to minimize risk by collaborating with other operators. On August 22, 2022, the [Company announced](#) the first of those collaborations involving Go Natural Jamaica. In that collaboration we book as we go with the risk shared by the operator. This is a fair deal for the resort in that they get the momentum of the psilocybin industry with the Silo Wellness psychedelic brand and risk mitigation process that invokes trust and safety. Additionally, they can still fill up their resorts with non-psychedelic customers when we are not hosting and thus do not have to share that revenue with us.

There are two things that clients are looking for when booking a retreat: cost and safety. They are afraid that they might break their brain. That's a horrible mindset to have when trying psychedelics for the first time. Most people are coming to fight fear (fear of the future and fear of what happens due to the regrets of the past), so introducing a new form of fear due to the medicine itself or the providers of the medicine is not necessarily very helpful.

We mitigate that fear by focusing on client safety. Clients come to us knowing that we have the intake team, protocols, and procedures in place to keep them safe.

Clients also know that we are a US and Canada-based company and not some perceived fly-by-night foreign operator. They have read the [testimonials](#) and watched [TV interviews](#) of past participants, and have seen the third-party validation from independent journalists ([CNN](#), [Outside Magazine](#), [Bloomberg](#), [Forbes](#), [Fodor's Travel](#), [Men's Health](#), [Evening Standard](#), [Washington Post](#), etc.). There's also the feeling of safety by booking with a Company that has the regulations and transparency that surround a publicly traded company. That's another layer of trust. They know that the buck stops somewhere.

We market, intake, prepare clients, administer the medicine, risk mitigate the ceremonies, and integrate clients. The resort operators do what they do best: run the hospitality side of resort accommodations (transportation to/from the airport, lodging, food, etc.).

The Hilton Hotel Model. This of course is all a short-term model. As we grow, this model scales similar to the hotel industry. If someone wants to book a stay anywhere in the world, they can always trust a minimum level of care by booking with someone like Hilton. The brand invokes trust and consistency of lodging and services. The local entrepreneurs and property owners can focus on the on-site client care and get the economies of scale that come with booking, protocols, procedures, etc. that the brand brings to the table.

So that begs the question: If psychedelic medicine is potentially a hotel-type model, then why isn't Hilton branding psychedelic retreats? Because it's federally illegal in the United States and traditional banks can't touch the space for now. This means capital is scarce and this is why the psychedelic industry (the cannabis industry before it) was funded by speculative private investors. They get the greater potential returns that come with a successful revenue-generating business that banks can't finance, but they can exit at any time due to having invested in a public stock. This may slightly cover their downside if they are good at predicting the future.

The long-term vision of Silo Wellness is to scale and enter markets one molecule and one jurisdiction at a time. The bigger you are, the easier it is to negotiate favorable contracts.

We started out with one person with a dream and a vision. That led to relationships with others who share the vision. That led to collaborations. This vision led to revenue. Competition leads to slim margins. New collaborators may see the upside with a recognized and experienced brand and terms may get better over time; and the cycle continues. The more you can offer a property owner or operator, the better the terms get. This is a long game for sure with a lot of risk, but the model was built out on an island off the coast of the greatest market and the greatest country on earth. Persistence, preserving capital, smart collaborations, and keeping the eye on revenue is the key.

Oregon Real Estate. The Company intends to scale where it is legal and where capital and relationships permit. Oregon differs from Jamaica in that the barrier to entry is the license which must be associated with a given location. We can't just bounce around to different resorts depending on terms. That makes the relationships or the capital (which of course come from relationships) ever more important. It also creates a lot of risk in the short term as local jurisdictions come up with their land use regulations. See the previous press releases relating to Oregon property risks.

Future Markets. The Company expects that legislation of similar design may be introduced in other jurisdictions in the coming years, such as Colorado, as well as additional ballot measures similar to Measure 109. The Company cannot comment on the regulatory framework in any such jurisdiction as it has not been created. The Company will assess its options to conduct legal business in such jurisdictions when State or Provincial, as applicable, and Federal regulations are established and may seek any required licenses or approvals at that time.

What happens to the retreat industry if the FDA reschedules and approves psychedelics such as psilocybin for prescriptions?

In the end, we contend that this is still a services industry, not a products industry. For the healing, you have to put in the work, and consumers are still going to want safety in a psychedelic experience. We believe that the brand that is in Oregon, Jamaica, Colorado, and wherever is next will be able to have some insurance coverage once it is rescheduled and will be immediately able to expand nationwide with the existing brand, processes, protocols, people and procedures. This has been our vision since 2018 and the voters haven't let us down yet.

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 on the Canadian (CSE: SILO) and Frankfurt (FSE: 3K7A) exchanges and listed 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. For more information about Silo's recent acquisition, Dyscovry Science, visit www.Dyscovry.com.

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