PRIVATEER OVERVIEW

ABOUT
Privateer Holdings is the world’s leading private equity firm shaping the future of the legal cannabis industry. We are building a portfolio of responsible, mainstream companies managed by top-tier talent. Our team includes PhD research scientists, Ivy League MBAs, former law enforcement officials, and executives from world-leading brands.

GOAL
Pioneer the development of a well-regulated, transparent, professional and competitive industry that eliminates the illicit market.

CORE VALUES
Shine a light on a still shadowy industry
Bring a professional perspective to the industry
Become a trusted advisor
Develop a standard of care and excellence
Create a reliable, trusted product that is clean, tested, professionally packaged and branded
Enable legitimate patients to benefit from medical cannabis

PORTFOLIO COMPANIES

**LEAFLY**
*the world’s leading cannabis information resource for patients and consumers.*
Based in Seattle with 30 employees, the website and app receive more than five million visitors per month.

**TILRAY**
*federally licensed producer of medical cannabis serving thousands of Canadian patients from a state-of-the-art, 60,000 sq. ft., $25 million research and production facility employing 140 people on Vancouver Island in British Columbia.*

**MARLEY NATURAL**
*the world’s first global cannabis brand.*
Based in New York City with 10 employees. Products launching Fall 2015, including cannabis, infused topicals, and accessories.
PRIVATEER OVERVIEW

2011
Privateer Holdings is founded and becomes the first private equity firm in the cannabis space.

2012
First private equity firm in the cannabis space to close a multi-million dollar funding round

2013
Leafly is acquired, marking the first investment made in the cannabis industry by a private equity firm.

2014
Leafly becomes the first cannabis company to place a full-page print advertisement in The New York Times.

2015
Secured Founders Fund as the first major institutional investor in the legal cannabis industry.

2016
First private equity firm in the cannabis space to close a Series B funding round

HIRED DEA AGENT
Hired first U.S. Drug Enforcement Administration agent in the cannabis industry.

PATRICK MOEN
MANAGING DIRECTOR AND GENERAL COUNSEL

The New York Times
Leafly becomes the first cannabis company to place a full-page print advertisement in The New York Times.

TILRAY
First American company to operate a federally-licensed commercial cannabis production facility. (Tilray in Canada)

CLOSED SERIES A

LAZY OWL

MARLEY NATURAL
Launching the world's first global cannabis brand, Marley Natural, in partnership with Bob Marley's family.

CLOSED SERIES B
Cooley ranked first and third across various Corporate Scorecard categories for volume of US IPO’s and other non-IPO equity offerings.

Named **Top-Tier Firm** in 12 practice categories — including capital markets, corporate, patent litigation, technology and trademark law — in latest ranking

54 Cooley Attorneys were recognized in 22 practice areas nationwide — including Intellectual Property, Investment Funds: Private Equity: Fund Formation, Investment Funds: Venture Capital (Ranked #1) Projects: Renewables & Alternative Energy

Ranked 2nd in number of VC-backed IPOs since 2000

Named one of the U.S. law firms that attorneys would least like to face in litigation according to a survey of 240 corporate counsel

Cooley completed 100 IPOs in 2014, more than any other law firm in the US, making it the #1 law firm for technology and life sciences IPOs as well as venture-backed company IPOs
DOMESTIC SALES & MARKET SIZE

2013 SALES (DOMESTIC): $1.5B
2014 SALES (DOMESTIC): $2.7B
EST. TOTAL DOMESTIC MARKET (INCL. BLACK MARKET): $50B
EST. TOTAL GLOBAL MARKET (INCL. BLACK MARKET): $150B
1. Controlled Substances Act, 21 USC 801 et seq.

2. Drug scheduling

3. Money laundering, 18 USC 1956, 1957

4. August 2013, Cole memorandum

5. February 2014, DOJ and FinCEN memos – banking

6. Tax issues – IRC 280E

7. Consolidated and Further Continuing Appropriations Act, 2015, sec. 538

8. Pending legislation – CARERS Act, etc.

9. CBD and Hemp
   a. Is CBD a controlled substance?
   b. Impact of 2014 Farm Bill (7 USC 5940)
OVERVIEW OF INVESTMENT/CAPITAL

1. “Bubble” has burst, but still frothy

2. Too much money, too few deals

3. Industry is immature, fragmented, unsophisticated, but rapidly professionalizing
1. Primarily microcap via RTO
2. Lack of independent data
3. May 2014, SEC and FINRA investor alerts
4. Share registration
5. Canada
   a. September 2014, CSA investor alert
   b. Repatriation
RAISING MONEY – PRIVATE OFFERINGS

1. Exemptions
2. Disclosure obligations
3. Risk factors
4. Impact of regulation on specific investment opportunity
1. Primary vs. ancillary
2. Corporate formation and tax structure
3. Financial arrangements
4. Books and records
5. Management team
6. Investigations and compliance
7. Security and diversion control
8. Product liability
9. Contingency plans
10. Contractual issues
   a. Void as against public policy?
   b. Reps and warranties
11. Economic/market conditions
    a. Supply chain
    b. Distribution
    c. Supply and demand; commoditization
    d. Branding & Licensing
ADVISING CANNABIS BUSINESSES

1. Bar associations/ethical rules

2. Internal firm rules/policies

3. Evaluating clients