



Cresco Labs & Columbia Care Announce Planned Divestiture in Three Markets to Sean “Diddy” Combs, Creating the First Minority-Owned, Vertically Integrated Multi-State Cannabis Operator

November 4, 2022

Combs' Proposed Acquisition Will Create the Largest Black Owned Cannabis Company in The World and Affirms His Commitment to Economic Inclusion of Underrepresented Groups in Cannabis

Agreement to Sell New York, Illinois, and Massachusetts Assets Marks a Major Step Towards Closing Cresco Labs' Acquisition of Columbia Care

CHICAGO--(BUSINESS WIRE)--Nov. 4, 2022-- [Cresco Labs](#) (CSE:CL) (OTCQX:CRLBF) (“Cresco” or “the Company”), a vertically integrated multi-state operator and the No. 1 U.S. wholesaler of branded cannabis, and [Columbia Care](#) (NEO:CCHW) (CSE:CCHW) (OTCQX:CCHWF) (“Columbia Care”), today announced the signing of definitive agreements to divest certain New York, Illinois, and Massachusetts assets (the “Assets”) to an entity owned and controlled by Sean “Diddy” Combs (the “Transaction”). The divestiture of the Assets is required for Cresco to close its previously announced acquisition of Columbia Care (the “Columbia Care Acquisition”). The Transaction is expected to close concurrently with the closing of the Columbia Care Acquisition. Total consideration for the Transaction is an amount up to US\$185,000,000 (the “Purchase Price”).

This press release features multimedia. View the full release here: <https://www.businesswire.com/news/home/20221103005563/en/>



The proposed acquisition by Sean “Diddy” Combs will create the largest Black owned business in cannabis. (Photo Credit: Revolt Media)

The Transaction is Combs' first investment in cannabis, the fastest growing industry in the U.S., and upon closing, will create the country's first minority-owned and operated, vertically integrated multi-state operator. This industry-changing

transaction is rooted in Cresco's vision to develop the most responsible, respectable and robust industry possible, and advances Combs' mission to open new doors in emerging industries for Black entrepreneurs and other diverse founders who are underrepresented and underserved. Throughout his legendary career, Combs has solidified himself as one of the most successful business leaders and cultural icons. Establishing an unrivaled track record for breaking new ground and redefining industries, he has built a portfolio of leading global brands across music, entertainment, spirits, fashion, and media. Combs has also maintained a deep commitment to philanthropy, with a focus on empowerment through education and entrepreneurship, and community activism.

These vertically integrated New York, Illinois, and Massachusetts assets provide Combs the ability to grow and manufacture cannabis products; wholesale, and distribute those branded products to licensed dispensaries in major metropolitan areas like New York City, Boston, and Chicago; and operate retail stores in all three states.

“Today's announcement is bigger than the Transaction – and it couldn't come at a time of greater significance and momentum. We've seen executive power exercised to address matters of cannabis injustice, we're seeing bi-partisan support for elements of federal reform, and we're seeing some of the largest and most influential states in the country launch cannabis programs prioritizing social responsibility – this announcement adds to that momentum,” said Charles Bachtell, Cresco Labs' CEO. “For Cresco, the transaction is a major step towards closing the Columbia Care acquisition and our leadership position in one of the largest consumer products categories of the future. For an industry in need of greater diversity of leadership and perspective, the substantial presence of a minority-owned operator in some of the most influential markets in the country being led by one of the most prolific and impactful entrepreneurs of our time is momentous...and incredibly exciting. We're thrilled to welcome Sean and his team to the industry.”

“My mission has always been to create opportunities for Black entrepreneurs in industries where we've traditionally been denied access, and this acquisition provides the immediate scale and impact needed to create a more equitable future in cannabis,” said Sean “Diddy” Combs, Chairman and CEO Combs Enterprises. “Owning the entire process — from growing and manufacturing to marketing, retail, and wholesale distribution — is a historic win for the culture that will allow us to empower diverse leaders throughout the ecosystem and be bold advocates for inclusion.”

Columbia Care CEO and Co-founder, Nicholas Vita, added, “These assets offer the Combs' team significant market presence, enabling them to make the most impact on the industry as a whole. It's been clear to us that Sean has the right team to carry on the strong legacy of these Columbia Care and Cresco Labs facilities, and we can't wait to see how he helps shape the cannabis industry going forward through his entrepreneurial leadership and innovation.”

Terms of Transaction

The buyer entities will purchase certain Cresco and Columbia Care assets in New York, Illinois, and Massachusetts. A portion of the Purchase Price would be payable upon closing of the Transaction, subject to adjustments contained in the definitive agreements, and will be comprised of approximately US\$110,000,000 in cash and approximately US\$45,000,000 of seller notes. The remaining portion of the Purchase Price would be payable post-closing upon achievement of certain short-term, objective, and market-based milestones. The following combination of Cresco (“CL”) and Columbia Care (“CC”) assets will be divested in the Transaction:

- **New York:** Brooklyn (CC), Manhattan (CC), New Hartford (CL), and Rochester (CC) retail assets and Rochester (CC) production asset.
- **Massachusetts:** Greenfield (CC), Worcester (CL), and Leicester (CL) retail assets and Leicester (CL) production asset.
- **Illinois:** Chicago – Jefferson Park (CC) and Villa Park (CC) retail assets and Aurora (CC) production asset.

The closing of the Transaction is subject to certain closing conditions in the definitive agreements, including the receipt of all required regulatory approvals; clearance under the Hart-Scott-Rodino Antitrust Improvements Act; and the closing of the Columbia Care Acquisition.

Cresco and Columbia Care are in the process of divesting other assets to meet regulatory requirements ahead of closing the Columbia Care Acquisition. Additional announcements regarding those divestitures will be forthcoming. The Company is working through regulatory reviews and approvals to close the Columbia Care Acquisition as soon as possible which is now expected to be around the end of the first quarter of 2023.

Tarik Brooks, who serves on Cresco's Board of Directors (the "Board") and as the President of Combs Enterprises, recused himself from Cresco's review and approval of the Transaction. In accordance with the Company's policies, the Transaction was reviewed and approved by an independent committee of the Board as well as all disinterested Board members. The Board received certain financial advisory services from A.G.P./Alliance Global Partners in connection with its consideration of the Transaction. Columbia Care's Board of Directors also approved the Transaction.

Financial and Legal Advisors

Stoic Advisory Inc. and Solidum Capital Advisors are acting as financial advisor to Cresco Labs. Paul Hastings LLP is acting as US legal advisor to Cresco Labs.

ATB Capital Markets and Gramercy Capital Group, LLC (through INTE Securities LLC, member FINRA/SIPC), are acting as financial advisor to Columbia Care. Foley Hoag LLP is acting as US legal advisor to Columbia Care.

Evercore and Empowerment IP Capital are acting as financial advisor to Combs. Goodwin Procter is acting as US legal advisor to Combs.

Media Kit: <https://stashbox.crescolabs.com/s/f43hn3348pq8gjkfgcvn9mq>

Forward-Looking Statements

This press release contains "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995 (collectively, "forward-looking statements"). Such forward-looking statements are not representative of historical facts or information or current condition, but instead represent only the Company's and Columbia Care's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company's and Columbia Care's control. Generally, such forward-looking statements can be identified by the use of forward-looking terminology such as, 'may,' 'will,' 'should,' 'could,' 'would,' 'expects,' 'plans,' 'anticipates,' 'believes,' 'estimates,' 'projects,' 'predicts,' 'potential' or 'continue' or the negative of those forms or other comparable terms. The Company's forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including but not limited to those risks discussed under "Risk Factors" in the Company's Annual Information Form for the year ended December 31, 2021, filed on March 25, 2022, in Columbia Care's Form 10, filed on May 9, 2022, and other documents filed by the Company and Columbia Care with Canadian and U.S. securities regulatory authorities, as applicable; and other factors, many of which are beyond the control of the Company and Columbia Care. Readers are cautioned that the foregoing list of factors is not exhaustive. Because of these uncertainties, you should not place undue reliance on forward-looking statements. No assurances are given as to the future trading price or trading volumes of Cresco Labs' or Columbia Care shares, nor as to the Company's or Columbia Care's financial performance in future financial periods. The Company and Columbia Care do not intend to update any of these factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein, whether as a result of new information, any future event or otherwise. Except as otherwise indicated, this press release speaks as of the date hereof. The distribution of this press release does not imply that there has been no change in the affairs of the Company or Columbia Care after the date hereof or create any duty or commitment to update or supplement any information provided in this press release or otherwise.

About Cresco Labs Inc.

Cresco Labs is one of the largest vertically integrated multi-state cannabis operators in the United States, with a mission to normalize and professionalize the cannabis industry. Employing a consumer-packaged goods ("CPG") approach, Cresco Labs is the largest wholesaler of branded cannabis products in the U.S. Its brands are designed to meet the needs of all consumer segments and comprised of some of the most recognized and trusted national brands including Cresco, High Supply, Mindy's Edibles, Good News, Remedi, Wonder Wellness Co. and FloraCal Farms. Sunnyside, Cresco Labs' national dispensary brand, is a wellness-focused retailer created to build trust, education and convenience for both existing and new cannabis consumers. Recognizing that the cannabis industry is poised to become one of the leading job creators in the country, Cresco Labs operates the industry's largest Social Equity and Educational Development initiative, SEED, which was established to ensure that all members of society have the skills, knowledge and opportunity to work and own businesses in the cannabis industry. Learn more about Cresco Labs at www.crescolabs.com.

About Sean "Diddy" Combs

Sean Combs has cemented himself as one of the most successful entrepreneurs and cultural icons of all-time. As Chairman and CEO of Combs Enterprises, he has a diverse portfolio of business and investments covering the music, fashion, fragrance, beverage, marketing, film, television and media industries. And now, adding cannabis to his list of businesses with the acquisition of a vertically integrated planned divestiture from Cresco Labs and Columbia Care in three top markets. Starting in the 1990's, his Bad Boy Worldwide Entertainment Group successfully carved out a new niche within the hip-hop genre and this year he launched Love Records focusing on the R&B genre. Through a partnership with Diageo, Sean Combs' wildly popular Ciroc Vodka has become the standard for premium vodka, prompting the entrepreneur to acquire luxury tequila brand DeLeón and launch the fitness and wellness water brand AQUAhydrate. In 2013, Sean Combs launched his own music television network, REVOLT, which continues to be a driving force in music and culture, engaging more than 80 million young adults along a multitude of platforms. In 2021, Combs bought back Sean John, his award-winning luxury fashion and lifestyle brand, and he launched several initiatives to help the underserved which included a financial readiness platform called Our Fair Share, a global online Black marketplace Empower Global, and an internship program with WME called the Excellence Program. Sean Combs continues to apply the same drive and entrepreneurial spirit to his philanthropic work and political activism, most recently with his partnership and funding of Capital Preparatory Schools on the East Coast.

About Columbia Care Inc.

Columbia Care is one of the largest and most experienced cultivators, manufacturers and providers of cannabis products and related services, with licenses in 18 U.S. jurisdictions. Columbia Care operates 131 facilities including 99 dispensaries and 32 cultivation and manufacturing facilities, including those under development. Columbia Care is one of the original multi-state providers of medical cannabis in the U.S. and now delivers industry-leading products and services to both the medical and adult-use markets. In 2021, the company launched Cannabist, its new retail brand, creating a national dispensary network that leverages proprietary technology platforms. The company offers products spanning flower, edibles, oils and tablets, and manufactures popular brands including Seed & Strain, Triple Seven, Hedy, gLeaf, Classix, Press, Amber and Platinum Label CBD. For more information on Columbia Care, please visit www.columbia.care.

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