



On December 17, 2019, a short seller published a report on Trulieve that contained false, slanderous and misleading statements about Trulieve. Trulieve immediately [issued a press release](#) and commenced an investigation into Grizzly Research and the report.

Short selling occurs when an investor borrows a security and sells it on the open market, planning to buy it back at a later point for less money. Short sellers bet on, and profit from, a drop in the security's price. We believe this report was designed for that purpose—to create fear and heavy selling in the market based on false, misleading, and fabricated statements. Shortly after the report was published, a bevy of law firms that chase these price drops announced their intent to file class action lawsuits on behalf of Trulieve shareholders. One such suit has been filed, and Trulieve will vigorously defend this and any other frivolous suit brought against the company as a result of the Grizzly report.

Trulieve is taking legal recourse against Grizzly Research and any other person or entity responsible for the report's creation and publication. We look forward to disproving these fraudulent claims in court, hopefully deterring this firm from using slander to manipulate stock prices in the future. We will protect our brand by ensuring that the trust between Trulieve and its valued customers and shareholders is never called into question.

This Q&A is designed for the investment community and media to understand the situation. This is not an exhaustive list of every allegation but are questions that media and investors alike have asked. We encourage readers to also see third-party validation in the media in support of Trulieve from equity analysts, independent research, and investors who understand Grizzly's intent.

Short Report

Q. Why was Trulieve targeted by Grizzly for the short report?

A. We see this as an opportunistic and cynical attempt to capitalize on Trulieve's strong financial results and operational success by making untrue statements for their personal gain.

Q. Did the authors contact the company regarding the report?

A. No, we were not contacted by the authors. Persons associated with Grizzly illegally trespassed on Trulieve property in order to capture drone footage. The local sheriff was contacted regarding this offense and perpetrators were provided a warning against future trespassing.

- [See Gadsden County Sherriff's Office Call History Record dated 11/25/2019](#)

Facilities & Product

Q. Do you use hoop houses and produce inferior quality products?

A. Approximately 1.1M sq. ft of our approximately 1.7M sq. ft of cultivation facilities are greenhouses, where we produce biomass that is used for oil extraction, the extraction process removes any impurities that may be present.

- All smokable flower products are harvested from state-of-the-art, indoor cultivation facilities.
- Trulieve recently we won an award for "best flower" from the [Cannabis Business Awards 2019](#).

- We maintain a dominant market share for flower sales in the State of Florida and have done so since smokable flower became available in the state. [See OMMU Report](#)

Q. The report shows a photo of contaminated Trulieve product, can you comment on this?

- A. The report offers no proof that this photo depicts a Trulieve product, nor is there any indication that Grizzly tested any Trulieve product. Trulieve stands 100% behind the quality of our products. We have multiple quality control practices in place to help ensure consistently high customer satisfaction. Any customer concerns are taken very seriously, and we have a longstanding “no questions asked” return policy.
- All Trulieve products are tested -- not only in-house but by an independent laboratory. Items the laboratory tests flower products for include potency, pesticides, terpenes, microbiology, heavy metals, mycotoxins, water activity, filth & foreign material and pathogenic microbiology. Test results are available by product and batch number on our website. [See *Management Discussion & Analysis for Q3 2019 (“Q3 MD&A”)*, “Summary of Operating Business.” [Certificate of Analysis Example](#)

Financial

Q. The report makes several claims stating that Trulieve’s financials are not as strong as they reported, can you comment on the validity?

- A. We have consistently and accurately reported industry-leading financials. The Grizzly author does not understand—or intentionally misleads readers about—accounting for biological assets under IFRS.
- Our financial statements are audited by an independent public accounting firm, and all non-IFRS disclosures are clearly stated and referenced.
 - Reporting on biological assets is standard for agricultural companies, including cannabis cultivators, and in-line with the Canadian Securities Administrators staff notice 51-357, guidelines on reporting biological assets.
 - Trulieve provides non-IFRS disclosures to back out any distortion caused by the biological asset accounting. [See *our Consolidated Financial Statements for the Years Ended December 31, 2018 and 2017 (“2018 Annual Financials”)*, Note 2(a), (f) and (q) and Note 4; *Unaudited Condensed Consolidated Interim Financial Statements for the Three and Nine Months Ended September 30, 2019 and 2018 (Q3 2019 Financials”)*, Note 2(a) and Note 4; and [Earnings Press Release issued November 18, 2019.](#)]

Q. The report calls out several small, related party loans and questions why Trulieve took such loans when it is flush with cash?

- A. All related party loans have been appropriately disclosed and were made prior to our going public, as is common practice for many start-ups. All such loans are for immaterial amounts and Trulieve received interest rates that varied between 8% to 12%, all very favorable in the cannabis industry.
- See *Annual Information Form for the Year Ended December 31, 2018 (“2018 AIF”)*, “Financing Activities”; [2018 Annual Financials](#), Notes 7 and 8; and [Q3 2019 Financials Notes](#), 7 and 8.

Property

Q. Did Trulieve insiders make enormous profits off property sales prior to going public?

- A. This is another example of how the report is misleading by getting the facts wrong and omitting important facts. The property described in the report is located at 6749 Ben Bostic Road, Quincy, Florida 32351. The property was acquired by One More Wish LLC in April 2017 for \$1,200,000 from an unrelated third party. At acquisition by One More Wish, the property consisted of bare land and a shell warehouse. The property underwent significant improvement and was utilized as Trulieve’s sole cultivation and processing facility at the time. Trulieve initially rented the property and acquired the property in June 2018 for \$2,170,000. That price reflected the cost basis in the land as well as the cost of subsequent improvements between April 2017 and June 2018. See [6749 Ben Bostic Road Records](#)

Q. What about the sale leaseback of the property at a lower value?

- A. This reflects the carelessness of the report, as the property identified in the report is not the same parcel that was sold to IIPR. [See press release issued October 23, 2019](#)

FBI Investigation

Q. Is the CEO of Trulieve under investigation by the FBI?

- A. No, Kim Rivers is not under an FBI investigation. In 2015, Ms. Rivers was served with a subpoena which she timely complied with. She has not been charged with any crime and no information was requested of Ms. Rivers in her capacity as an officer, director or employee of Trulieve. Ms. Rivers promptly disclosed the subpoena to our Board and the Board met independently to consider the matter, the allegations raised thereunder and Ms. Rivers' response to the same. The board engaged independent counsel for an assessment of the investigation, and it was determined there was no connection to Trulieve.
- [See 2018 AIF](#), "Risk Factors – Community Redevelopment Agency Investigation"; and [Q3 MD&A](#) "Risk Factors – Community Redevelopment Agency Investigation."
 - [See 2018 AIF](#), "Risk Factors – Community Redevelopment Agency Investigation"; and [Q3 MD&A](#) "Risk Factors – Community Redevelopment Agency Investigation."

Related Transactions

Q. Why were there related party transactions to Burnette Construction?

- A. JT Burnette is a minority owner in the construction business. Trulieve has retained the services of Burnette Construction company, as well as other construction companies over time. These service providers are chosen because they are knowledgeable, experienced, and provide high-quality services at favorable terms. These business relationships are completely separate from the indictment case against J.T. Burnette.
- All transactions have been approved by independent board members and the value is provided in our public disclosure documents. They are arms-length and below market in cost to Trulieve.
 - [See 2018 Annual Financials, Note 13](#); and [Q3 2019 Financials, Note 14](#)

License

Q. Did Trulieve rig the political system to receive license approval in Florida?

- A. This is absolutely false and we consider these statements libelous. The State of Florida conducted a rigorous and highly competitive bidding process pursuant to state law and regulations.
- We won our license in the competitive bid process in accordance with the state mandated requirements. [See 2015 application process](#).
 - We had no control over any of the criteria established by the state, including the state's decision to limit applications to experienced nursery operators. All persons have the constitutional right to advocate to state representatives as to why they are a strong candidate and the company did nothing "shady" or "illegal" in regard to this process.

Acquisitions

Q. Did you overpay for your acquisitions? Were there any improper dealings?

- A. No; the report again got the facts wrong.
- In Massachusetts we paid \$4.4 million for three dispensary licenses and a production license, not just one dispensary license. The report also implies shady dealings between Life Essence and Holyoke Holdings. Holyoke Holdings is one of our subsidiaries, a single use real estate entity for the purchase and sale of the Holyoke building. The use of a single use entity is not uncommon for such purchases. [\[See Press Release](#)

[Issued July 29, 2019](#). *“Innovative Industrial Properties Acquires Massachusetts Property and Enters into New Tenant Relationship with Trulieve Cannabis Corp.”*]

- [See Press Release Issued December 13, 2018](#) *“Trulieve Completes Acquisition of Life Essence, Inc”*
- [See 2018 AIF](#), *“Business of the Corporation,” “Three Year History,” “Description of the Business,” and “Regulation of the Medical Cannabis Market in Massachusetts”*; and [Q3 MD&A](#) *“Business of Trulieve” and Regulation of the Medical Cannabis Market in Massachusetts.”*
- The purchase price for The Healing Corner was based on market valuation and trailing profitability and as with any acquisition price is based on numerous factors related to the specific market and assets. [See press release issued May 21, 2019](#) *“Trulieve Completes Acquisition of The Healing Corner”*
- We will continue to focus on our strategy to become a nation-wide operator through acquisitions with well-established partners.