

**Kalyx Development Inc. (Private; New York, NY) has agreed to merge with and into Atlantic Alliance Partnership Corp. (NASDAQ: AAPC; New York, NY)**

**Deal Value: Approximately \$60 million**

**Sandler O'Neill served as financial advisor to Kalyx Development Inc. in this transaction. This transaction represents Sandler O'Neill's 157<sup>th</sup> financial services transaction since January 1, 2015, more than any other investment bank during that time.<sup>1</sup>**

NEW YORK, NY, May 8, 2017 – Atlantic Alliance Partnership Corp. ("AAPC") (NASDAQ: AAPC) and Kalyx Development Inc., a private real estate investment trust focused on owning and operating commercial real estate facilities leased to cultivators, processors and/or distributors in the regulated U.S. cannabis industry ("Kalyx"), today announced that they have entered into a merger agreement under which, subject to certain closing conditions, Kalyx will merge with and into AAPC (the "Merger").

With the terms of the Merger, AAPC attributed the current, pre-transaction value of Kalyx at approximately \$60 million. Pursuant to the Merger, all shareholders of Kalyx will receive shares of KPI based on AAPC's aggregate pre-money equity valuation of Kalyx of approximately \$60 million, with the shares to be issued by KPI being valued at \$10 per share and holders of Kalyx warrants who do not elect to exchange such warrants for shares of Kalyx common stock (as described in the merger agreement) will have their warrants assumed by KPI (subject to a minimum threshold of such warrants being amended (as described in the merger agreement)). AAPC shareholders who do not elect to redeem their AAPC ordinary shares will receive a stock dividend immediately prior to the closing based on the difference between the trust liquidation value per share at the closing of the Merger and the \$10 per share price. AAPC's sponsor, AAP Sponsor (PTC) Corp, has agreed to forfeit a portion of the KPI shares that it would receive in the Merger for its founder shares. The surviving public company, which is expected to be organized as a Maryland corporation, will be re-named Kalyx Properties Inc. ("KPI").

Kalyx is a fully-integrated commercial real estate company which acquires and owns properties leased to, or currently occupied by, state-licensed operators of regulated cannabis businesses in states in which such activities are legal under state law. Based in New York and operating as a private real estate investment trust, Kalyx owns and operates nine commercial properties comprising an aggregate of 653,000 square feet located in Arizona, Colorado, Oregon and Washington State and is one of the leading multistate providers of commercial real estate to state-licensed operators in the regulated cannabis industry. Kalyx's management team combines commercial real estate experience, cannabis industry expertise and a knowledge and understanding of the relevant state and local regulatory requirements that it leverages to source and acquire new commercial properties consistent with its strategy.

"We are excited about merging into AAPC and believe the transaction will provide Kalyx with an efficient path to a public listing on a U.S. stock exchange," said George M. Stone, Kalyx's Chief Executive Officer. "Once this transaction is complete, we will have a stream-lined capital structure which will allow for regular access to public capital, thus enabling better-paced growth as well as the ability over time to attract institutional investors to strengthen and diversify KPI's shareholder base."

Iain H. Abrahams, Chief Executive Officer of AAPC, stated "Since meeting George Stone and the other members of the Kalyx management team, our team has been impressed with their grasp of the dynamics of the regulated U.S. cannabis industry and the needs of cannabis operator tenants. We believe that giving the Kalyx team the ability to access public capital is the right way to build out the business and help Kalyx achieve its full potential."

### About Kalyx Development Inc.:

Kalyx is a leading real estate investment trust in the regulated cannabis industry in the U.S. By retrofitting underutilized real estate assets, Kalyx accommodates the need of tenants in the cultivation, processing and/or distribution of cannabis and cannabis products. At the forefront of a new real estate vertical, Kalyx owns interests in nine properties totaling approximately 653,000 square feet in regulated cannabis markets within Colorado, Washington, Oregon and Arizona of which approximately 77% was occupied as of March 31, 2017. Among Kalyx's 23 tenants are many well established operators including Medicine Man, Dixie Brands, Golden Leaf, Health for Life and Strainwise. Kalyx is not a cannabis operator. It neither owns, nor does it intend to own, a financial interest in a cannabis business.

(1) Includes all geographies; includes minority transactions; excludes terminated transactions and self-advisory roles  
Source: SNL Financial; Company press release

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