



# Stereo Vision Entertainment's (OTC Pink: SVSN) \$50 million NYSE REIT to unlock stock's underlying value

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MIAMI, FLORIDA, USA, March 2, 2018 /EINPresswire.com/ -- EmergingGrowth.com Newswire - Stereo Vision Entertainment's (OTC: SVSN) bold foray into the lucrative medical [cannabis](#) space—a market projected to hit \$55.8 billion by 2025 according to a report by Grand View Research—is beginning to pay off.

The logo for EmergingGrowth.com, with the word 'EMERGING' in a bold, black, sans-serif font and 'Growth' in a large, elegant, red script font.

See the full story, with the Conclusion on EmergingGrowth.com - <http://emerginggrowth.com/stereo-vision-entertainments-otc-pink-svsn-50-million-nyse-reit-to-unlock-stocks-underlying-value/>

“

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*Jack Honour, CEO  
Stereovision Entertainment,  
Inc.*

SVSN, which also has interests in media, including a wholly owned 9 time Emmy Award winning production company (REZN8), has retained SEC counsel to file for a \$50 million Real Estate Investment Trust (REIT) with the SEC for listing on the New York Stock Exchange (NYSE).

Through the REIT, the Las Vegas based company will receive equity in the REIT and management fees and purchase irrigated farm land for long term favored nation leases to its majority owned subsidiary, CannaVision. Stereovision, Inc. (OTC Pink: SVSN) has a 70% stake in CannaVision, which has a fully funded SEC S-1 registration statement being filed with the SEC. This essentially means that CannaVision will be a fully reporting public company that issues periodic financial

and operational disclosures, boosting transparency and facilitating due diligence.

CannaVision has an innovative organic hemp farming model. Leasing land through the \$50 million REIT, instead of buying it upfront in the real estate market, will enable CannaVision to exponentially expand its acreage overnight without having to compromise its cash position or raise capital through debt and other dilutive equity financing strategies.

The REIT, which has already aroused sharp interest from Wall Street investors keen on venturing into

the legal cannabis space, will allow CannaVision to rapidly expand its footprint. This expansion, which will be explored in greater detail further in the article, will translate into growth for SVSN since it is a majority shareholder. This could unlock tremendous value in SVSN's stock, which could be considered to be grossly undervalued.

### Acreage is the Holy Grail

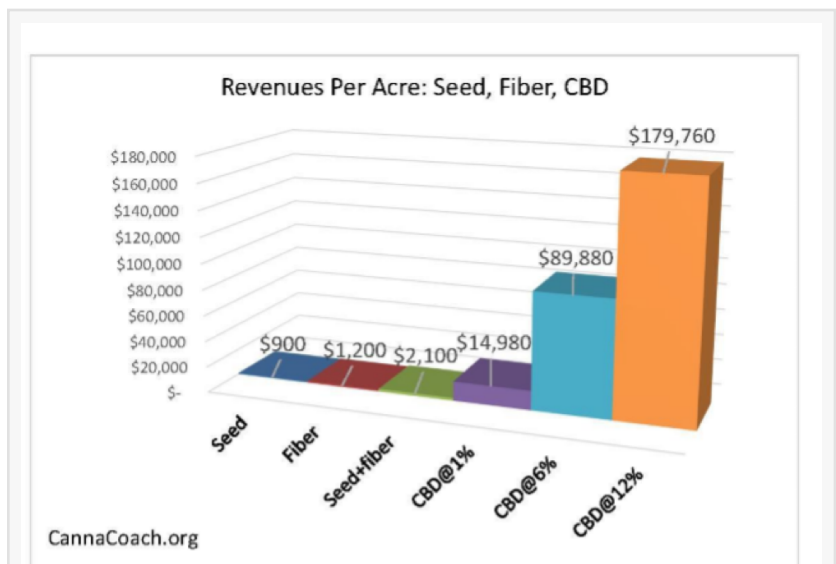
Among the many products from hemp, CBD can generate as much as \$180,000 (CAD)/\$140,000 (USD) per acre. This is according to research based on the Canadian market, which is more readily available due to the fact that the country has more progressive cannabis laws than the U.S. The chart below gives a detailed breakdown of the expected revenue from just one acre of industrial hemp.

<http://emerginggrowth.com/wp-content/uploads/2018/03/SVSN-Article-1-Pic-1.png>

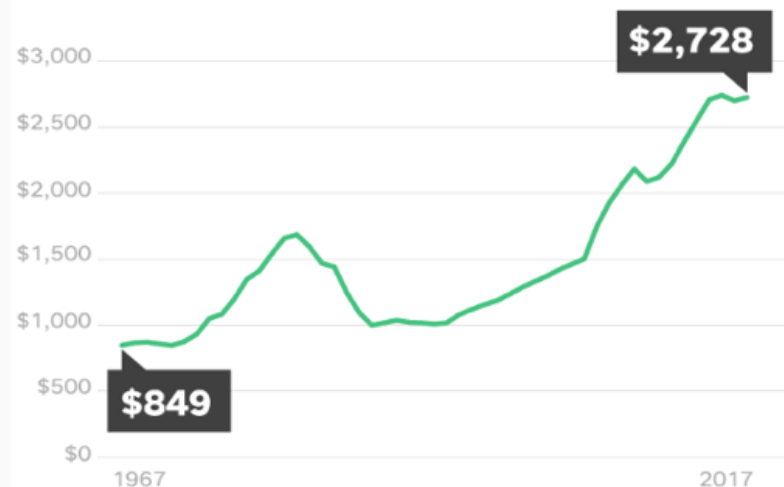
Evidently, acreage is the Holy Grail in hemp cultivation—revenues are a direct function of how many acres you grow. However, expanding acreage is easier said than done. Farmland is increasingly expensive in the U.S., with prices having increased consistently since the early 90s and even defying the 2008 financial crisis. This is according to analysis by The Motley Fool cited on USA TODAY.

The high cost of farmland presents a challenge to the vast majority of hemp cultivators as legal cannabis is still a development stage industry and the vast majority of companies in the space are currently not generating sufficient revenues or cash flows to purchase irrigated farm land.

<http://emerginggrowth.com/wp-content/uploads/2018/03/SVSN-Article-1-Pic-2.png>



### Farmland prices, inflation-adjusted: Price per acre, in 2009 dollars.



SOURCE USDA  
Alejandro Gonzalez/USA TODAY



U.S. farmland prices have increased consistently since early 90s

Moreover, despite sustained hype over progressive cannabis legislation in the U.S., most cannabis players are still operating legally ambiguous businesses as far as Federal Law is concerned. This introduces insurmountable challenges while seeking capital from Wall Street, commercial banks and other mainstream financial institutions.

As a result, some of the most hotly traded stocks in the space, such as Terra Tech Corp (OTCQX: TRTC), routinely dilute common stockholders through toxic debt in order to raise short-term capital. In our last analysis of the stock earlier in the year, we presented a blow-by-blow analysis of how the company has diluted stockholders through the years by increasing shares outstanding from 76.89 million in 2012 to 903.17 million as at December 11th 2017. TRTC has dropped 30% since our analysis.

Unlike its peers, SVSN has found a way to get the smart money into legal cannabis through an NYSE-listed REIT. As earlier stated, the REIT will allow its subsidiary—CannaVision—to gain inexpensive access to thousands of acres of irrigated farmland for hemp cultivation without resorting to shareholder-unfriendly financial acrobatics that peers such as TRTC have grown accustomed to.

SVSN's CEO, Jack Honour, spoke to Emerging Growth extensively on how SVSN's ingenious strategy has allowed it to leverage on conventional funding to preserve its cannabis subsidiary's cash flows and limit dilution arising from capital raising.

#### Legal business

"Many businesses keen on capitalizing on the green rush, cast their nets into the waters without first understanding cannabis's complex legal environment. This is a costly mistake that we deliberately avoided from the outset," said Honour.

"We have two divisions—hemp cultivation and medical cannabis clinics—which are fully legal at State and Federal levels. This means that we are fully insulated from the legal uncertainty that plagues the wider cannabis sector," continued Honour.

CannaVision's insulation from regulatory uncertainty is what allowed it to indirectly attract mainstream financing through a cannabis focused REIT. "From a Federal standpoint, we essentially fall under the Department of Agriculture, meaning that Wall Street firms can buy our cannabis focused REIT without fear that the REIT is associated with an illegal business," noted Honour.

This ingenious strategy, which will give Wall Street an initial entry point into the billion dollar legal cannabis space, is reflective of the quality of talent within CannaVision's management team.

"Our COO, Mr. Steven Previch, is a highly accomplished senior executive with over 20 years' experience in the financial securities industry. He understands Wall Street's assessment of risk and reward and how to get this equation right in order to attract necessary financing," observed Honour.

Only one company so far—Pacific Century Holdings—has successfully launched a cannabis focused REIT, demonstrating the difficulty of accessing cannabis funding on major exchanges while at the same time underlining the rare expertise of managers such as CannaVision's Previch.

"We are the second company to do so, but the first one in so far as our REIT will exclusively benefit our majority owned subsidiary," said Honour.

The average price of U.S. farmland is currently around \$2,728, according to the aforementioned analysis by The Motley Fool. Through the \$50 million REIT, CannaVision will ultimately be able to access up to 18,328 acres. This translates into an opportunity to rake in revenues of \$2.6 billion in the long-term. This is not a typo, but a calculation based on the average revenue per acre of hemp of at least \$140,000.

Moreover, leasing land instead of buying, will leave CannaVision with sufficient cash flow and high margins to fund operations internally, grow organically and become profitable without taking on unsustainable debt. Consequently, the company could end up becoming a solid acquisition target, signaling the possibility of a huge pay day for SVSN, which owns a 70% stake.

### Grossly undervalued

SVSN could be considered grossly undervalued in view of the potential in CannaVision. Even without the acreage and revenue that the NYSE-listed REIT will progressively unlock in the coming years, the current underlying value of CannaVision in terms of revenue potential still outstrips the market value of SVSN.

Currently trading at \$0.08, SVSN has a market cap of \$12.4 million based on outstanding shares of approximately 155 million. In contrast, CannaVision has an existing five-year lease on a 125 acre piece of farmland in Puerto Rico, which recently approved hemp cultivation. This represents potential revenue of at least \$18 million a year (125 acres multiplied by average revenue of \$140,000 per acre. It further presents an opportunity of grossing \$100 million for the five years of the lease's duration, assuming just one harvest per year instead of two or three.

Some of the popular stocks in the medical cannabis space, such as Medical Marijuana Inc. (OTC Pink Sheets: MJNA), currently have lofty valuations. Much of MJNA's potential has already been priced into the stock. The company, which has supply contracts with the Mexican government and is a darling due to its status as the first publicly held company in the cannabis space, has a price to sales ratio of 13.7x. This is much higher than the industry average of 2.2x and the S&P 500 average of 2.4x.

In contrast, SVSN has a market cap of \$12.4 million, despite having a 70% stake in a cannabis company that can conservatively rake in revenues of \$20 million to \$25 million in the first year—this is excluding sales after the REIT brings in acreage and also revenue from the operational medical marijuana clinics and sales from SVSN's highly successful media and production subsidiaries.

You do not need complex valuation models or windy computations to conclude—with a high degree of certainty—that SVSN, once once the REIT puts it on Wall Street's radar will become a grossly undervalued play whose value will be unlocked.

### Puerto Rico ready for cultivation

Cultivation of hemp on CannaVision's 125 acre piece of land in Puerto Rico is set to start as soon as the company receives a permit, something Honour says is imminent based on the company's track record in advocating for progressive marijuana laws in Puerto Rico.

"Although I am tempted to feign humility, the reality is that the progressive marijuana laws in Puerto Rico have been passed in large part because of our tireless lobbying. We appreciate the value of medical marijuana and are glad the state government does too," he said.

"Former Puerto Rico Governor Carlos Romero-Barcelo's son Andres Romero, a StereoVision Board

of Directors member has personally been engaging the state government, including individuals who have State Governor Rosselló's ear, and he has confirmed publicly that CannaVision will get the permit very soon, in line with indications in recent press releases," he added.

Senor Romero, has been a StereoVision Board of Director member for 10 years and has been successful in lobbying the current administration to institute progressive cannabis laws thanks to his ties with the current Governor, Governor Rosselló, and the party currently in power. Senor Romero's dad, the former Governor Carlos Romero-Barcelo, was actually StereoVision's Vice Chair from 2008 to 2015.

Part of the reason why CannaVision has been successful in getting favourable legislation in Puerto Rico is its strategic HR policy, which focuses on bringing in talent that directly addresses the business's most fundamental and immediate needs.

"One of CannaVision's directors is Judge Walter Marrero. The experienced litigator and seasoned full-service governmental relations expert was a municipal court judge and is presently a key lobbyist for international investment projects in the hemp, medical cannabis, green, and bio-products industries in Puerto Rico, Cuba, the Dominican Republic and other jurisdictions around the world," ventured Honour.

"Talent acquisition and retention is at the heart of CannaVision's strategy. While we love working with people who are genuinely passionate about the possibilities of medical cannabis, we put an even greater premium on skill and competence," continued Honour.

Going forward, the company plans to syndicate its industrial hemp farming business to Puerto Rico's farmers on a profit sharing basis. This will allow it to achieve more acreage and gain the goodwill of the local community, which is highly critical in any agricultural business.

Doing good while doing well

"The most interesting thing about our business is that, other than creating shareholder value, we are also benefiting the community. It is part of the emergent corporate philosophy of doing good while doing well," noted Honour.

In Puerto Rico, for instance, CannaVision will be installing solar fields at all its cultivation properties. The solar fields will generate enough electricity for the full operation of its facility as well as surplus that will be sold back into Puerto Rico's grid. "We have a 20 year power purchase agreement with the state run power authority. This will not only generate additional revenues for our farms, but also help address the chronic power undersupply in Puerto Rico," observed Honour.

In addition, CannaVision has a strategic alliance with Hemp Adobe—a home builder that uses hemp stalks to build affordable, sustainable and ecofriendly homes. CannaVision will supply hemp stalks to Hemp Adobe to enable the latter to manufacture sustainable building products in Puerto Rico.

"Approximately 3.5, 1200 square foot homes per acre of hemp can be manufactured. So with just the first harvest at our 125 acre farm in Puerto Rico, materials for approximately 450 Hemp Adobe ecofriendly homes can be delivered to the Puerto Rico home market, and the home kits are built in one week and out on the truck for approximately \$12,000 a piece.," noted Honour. "Although the impact of selling hemp stalk on the company's overall top line is marginal, our contribution to the Puerto Rican real estate market comes at a time when demand for affordable homes is high after Hurricane Maria destroyed about 70,000 homes in September 2017," he continued.

Nevertheless, none of CannaVision's operations bring more fulfilment to Honour than the company's medical marijuana division. The company has two clinics in Florida and plans to continue expanding by partnering with marijuana certified doctors through a revenue sharing model.

"Our core business is treating veterans with PTSD, opioid addiction, and cancer patients. Wherever medical marijuana is legal 25% of cancer patients use it and opioid deaths drop off by 25%. So no matter which side of the debate you are on, medical marijuana is adding to the quality of life for some of our most seriously ill friends and neighbors, but it is saving lives today. And no one has ever died from a marijuana overdose. This is a social contribution that cannot be downplayed," noted Honour, adding that PTSD and opioid addiction among veterans were two key issues the nation as a whole needed to urgently confront.

Although hemp cultivation will continue driving growth, Honour notes that the medical marijuana division is part of the reason why he is very passionate about the business. SVSN will leverage on its Emmy Award winning media subsidiaries to create increased awareness about the benefits of medical marijuana. "A new documentaries about vets getting off opioid and heroin addiction with medical marijuana is in the pipeline," noted Honour.

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