The rise of Britain’s cannabis capitalists

In ten years the British marijuana market will be worth £13 billion – we already grow more ‘legal weed’ than any other country. Now young entrepreneurs are banking on the UK’s green rush. Rhys Blakely meets them.
The motivation is partly personal. In 2012, his mother, a doctor who never smoked, was diagnosed with stage 4 lung cancer. Eighteen months later, she died.

When the diagnosis arrived, he began to do some serious thinking. "You have heard the stories about cannabis. Someone's got a mate, who's got a mate, who's been cured with cannabis oil. So you google ‘cannabis’ and ‘cancer’, and that made me start reading an awful lot about it. It just becomes clear that somehow pot has quite a dark role to play there in the cancer world," he says.

A little later, in the name of being candid, he tells me that he could have got involved if he didn’t think that there was a serious amount of money to be made.

It’s a view he’ll often hear from Britain’s swelling ranks of cannabis entrepreneurs: that this country’s world-leading biotech industry has its hands tied back for the past 40 years, forlorn from exploring the potential of a weed whose properties have been wonder medicines for countless millennia.

It was the potential of cannabis that led Mahapatra to meet Mahapatra’s business partner, Gari (his wife agreed to look after their two young children) to think over the opportunity. "I sold my business for £53 million. Now I want to invest in cannabis."

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He and Mahapatra went on to acquire a licence as a pharmaceutical supplier to the Indian government. Meanwhile, Sathianathan had his US bank account frozen by financial inspectors, who were suspicious of all of the money his father was sending home. Mahapatra was invited to "a conference about cannabis" in Canada, where he met the World Economic Forum’s Sathyaraj Kandaswamy, a cannabis-focused investment fund that listed on the New York equity market in March. "I told my business a year and a half ago – £53 million, cash in pocket – and was looking for something else to do," he tells me.

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Britain’s attitudes have already shifted. Over the summer, the ordeal of Billy Caldwell, a 12-year-old boy with severe epilepsy, forced the government into a landmark concession. Billy’s seizures had been controlled when he was given a pharmaceutical-grade cannabis oil produced in Canada, but when his mother tried to bring the medicine into Britain, it was taken from her at Heathrow by the Home Office.

When the seizures restarted, Billy was hospitalised. Amid public outcry, Sajid Javid, the home secretary, issued the boy’s family with a 20-day licence for his medicine. A precedent had been set and on June 19 Javid announced a shift in policy. There was a pressing case for letting people who might benefit from cannabis treatments have them, he said.

A review should not be seen as a first step towards the legalisation of cannabis for recreational use, Javid insisted. But the creep of marijuana into the mainstream was already under way. One compound found in cannabis and in the closely related hemp plant, known as cannabidiol or CBD, can be bought on the high street as a health supplement. Shop assistants in Holland & Barrett will tell you that it’s one of their biggest sellers – at £22.49 for 10ml. The production cost is probably around £4. As of January this year, there were an estimated 250,000 CBD users in Britain – double the number reported in late 2016.

Another cannabis component, tetrahydrocannabinol or THC, which gets cannabis smokers high, is found in Sativex, a medicine prescribed to treat spasticity in multiple sclerosis, which is made by GW Pharmaceuticals, a British company.

Indeed, the International Narcotics Control Board, a monitoring organisation linked to the UN, has said that Britain is the world’s largest exporter of legal cannabis for medical products. In 2016, nearly 100 tonnes of legally grown weed were exported; the quantity has doubled as much as a year earlier and more than any other country.

In October, however, newly unveiled NHS guidelines on how cannabis medicines can be distributed provoked dismay from potential patients. Only hospital consultants can prescribe cannabis-based medicines and only when all other treatments have failed. A dozen families of severely epileptic children wrote to The Times to say that they faced the “cruel and ridiculous” prospect of being forced to travel abroad for treatment even though the drugs were now technically legal in the UK.

This was a reminder: there is a long way to go before cannabis delivers on the hype. Weed might have a positive effect on people suffering from conditions such as Parkinson’s and chronic pain. It might ease chemotherapy-induced nausea and be useful as a treatment for MS, glaucoma, irritable bowel syndrome, post-traumatic stress, sickle cell disease, Tonye syndrome and Crohn’s disease. But it has also been linked to mental health problems and there are quality issues with much of the scientific research on its positive effects. It’s still a Class B drug and possession can lead to a five-year prison sentence.

The tight NHS guidelines cast something of a shadow over the First Wednesday event that followed. Thomas, the CEO of Sativa, offered the jar-half-full view. “The current political changes are welcome, but we’ve got off on a slightly damp squib basis,” he said. “The door is now ajar; it needs people to provide education to allow the door to open completely.”

A lobbyist, who had drunk a beer or two, was less phlegmatic. Much of the country has been duped into thinking that there’s been a step change in “fair access to medical cannabis for people who need it”, he said. “But realistically that’s just not possible. Only hospital consultants can supply this class of medicine, and none of them has ever studied it. None of them knows anything about it.

“You and I know how hard it is to see your doctors? And where does cannabis sit in those curricula? There are a handful of practitioners and doctors in Europe who have invested the time to learn about this stuff, but not enough.”

Germany voted to legalise medicinal pot last year. “But only 2 per cent of doctors in Germany will prescribe it. Having a well-regulated framework is a necessity, but in itself it’s an insufficient step.”

Where the business partners agree is that the risks are outweighed by the potential payoffs, both financial and therapeutic. And this, it seems to me, hints at how something really has changed. For years it appeared that the real argument against cannabis was moral – if it was banned on health grounds, why permit alcohol and tobacco?

The stigma, it seems, has now lifted. During his long walk through Spain, Sathianathan says that he dismissed the chance of “reputational risk” on the first day.

Mahapatra agrees. A blue-chip background might still set him apart in the world of weed, but nobody’s pulled him aside. “Not a single person has come up to me and said that, reputationally, this is not the wisest move. I have not had that discussion yet.

Everybody appreciates the size of the opportunity. Nobody has questioned whether we’re crazy or not.”

The government needs to think about distribution, regulation and security. He’s aghast at “horror stories” that have emerged from Colorado, where cannabis has been recommended by dispensaries to pregnant women for their morning sickness.

“It could easily be the case that we find something in cannabis that causes cancer,” he says. “In which case, I think the world needs to know that. It’s not just research to push forward benefits. It’s research to find out what on earth is going on.

“I think the medical arguments are overwhelming or, at least, have the potential to be overwhelming. The recreational argument? I’m 50/50 on it.”

Sathianathan is less sanguine. “The first step is always the hardest, but this is not working for anyone right now. My view on the regulations is that they’re not fit for purpose. Things need to change,” he says.

“Fundamentally, this is about a lack of education in the mainstream establishment about the consequences of cannabis.

“But the question is, who educates the educated? Who is developing courses for our doctors? And where does cannabis sit in those curricula? There are a handful of practitioners and doctors in Europe who have invested the time to learn about this stuff, but not enough.”

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