

EARLY WARNING REPORT

FILED PURSUANT TO NATIONAL INSTRUMENT 62-103 – THE EARLY WARNING SYSTEM AND RELATED TAKE-OVER BID AND INSIDER REPORTING ISSUES

1. Security and Reporting Issuer

- 1.1 *Designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.*

This report relates to class A subordinate voting shares (the “**Subordinate Voting Shares**”) and the class C multiple voting shares (the “**Multiple Voting Shares**”) of Acreage Holdings, Inc. (the “**Issuer**”). The Issuer’s registered office is located at Suite 2800, Park Place, 666 Burrard Street, Vancouver, British Columbia and the head office of the Issuer is located at 366 Madison Avenue, New York, New York 10017.

- 1.2 *Name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.*

In connection with the business combination (the “**Business Combination**”) completed on November 14, 2018 among certain parties, including the Issuer and High Street Capital Partners, LLC (d/b/a Acreage Holdings) (“**Acreage Holdings**”), Mr. Kevin Murphy (the “**Acquiror**”) acquired ownership of certain securities of the Issuer. The acquisition of securities by the Acquiror upon the consummation of the Business Combination triggered the requirement to file this report.

2. Identity of the Acquiror

- 2.1 *State the name and address of the Acquiror.*

Mr. Kevin Murphy
c/o High Street Capital Partners, LLC (d/b/a Acreage Holdings)
366 Madison Avenue
New York, New York 10017

- 2.2 *Date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence*

On November 14, 2018. Pursuant to the Business Combination, the security holders of Acreage Holdings completed a reverse takeover of the Issuer and, in connection with the exchange of securities of Acreage Holdings for securities of the Issuer, the Acquiror acquired ownership, control or direction over 168,000 Multiple Voting Shares, 113,102 class B proportionate voting shares (the “**Proportionate Voting Shares**”). Further, in connection with the Business Combination, the 15,957,908 units of Acreage Holdings (“**Convertible Units**”) that the Acquiror holds are convertible into 15,957,908 Subordinate Voting Shares. Upon completion of the Business Combination, Mr. Murphy also received 540,000 options (the “**Options**”), each of which entitles him to acquire one Subordinate Voting Share.

- 2.3 *State the names of any joint actors*

Not applicable.

3. Interest in Securities of the Reporting Issuer

3.1 *Designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquirer's security holding percentage in the class of securities.*

After giving effect to the Business Combination, the Acquiror, now owns or controls, directly or indirectly, (i) 168,000 Multiple Voting Shares, representing 100% of the issued and outstanding Multiple Voting Shares, (ii) 113,102 Proportionate Voting Shares, (iii) 15,957,908 Convertible Units, and (iv) 540,000 Options. The Multiple Voting Shares, Proportionate Voting Shares, Convertible Units and Options represent, on an as-converted to Subordinate Voting Share-basis (converting only the shares and securities that the Acquiror owns or exercises control and direction over), ownership of an aggregate of approximately 49.7% of outstanding Subordinate Voting Shares. 16,250 Proportionate Voting Shares over which the Acquiror exercises control are held by Murphy Capital LLC and 96,852 Proportionate Voting Shares over which the Acquiror exercises control are held by The Kevin Murphy 2018 Annuity Trust.

3.2 *State whether the Acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.*

See Items 2.2 above.

3.3 *If the transaction involved a securities lending arrangement, state that fact.*

Not applicable.

3.4 *State the designation and number or principal amount of securities and the Acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report*

Immediately prior to the Business Combination, the Acquiror did not own any securities of the Issuer. The Acquiror, now owns or controls, directly or indirectly, (i) 168,000 Multiple Voting Shares, representing 100% of the issued and outstanding Multiple Voting Shares, (ii) 113,102 Proportionate Voting Shares, and (iii) 15,957,908 Convertible Units, and (iv) 540,000 Options. The Multiple Voting Shares, Proportionate Voting Shares, Convertible Units and Options represent, on an as-converted to Subordinate Voting Share-basis (converting only the shares and securities that the Acquiror owns or exercises control and direction over), ownership of an aggregate of approximately 49.7% of outstanding Subordinate Voting Shares.

3.5 *Designation and number or principal amount of securities and the Acquiror's security holding percentage in the class of securities referred to in Item 3.4 over which*

(a) *the Acquiror, either alone or together with any joint actors, has ownership and control;*

See Item 3.1 above.

(b) *the Acquiror, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the Acquiror, or any joint actor; and*

Not applicable.

(c) *the Acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.*

Not applicable.

- 3.6 *If the Acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the Acquiror's securityholdings.*

Not applicable.

- 3.7 *If the Acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement. State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.*

Not applicable.

- 3.8 *If the Acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.*

Not applicable.

4. Consideration Paid

- 4.1 *The value, in Canadian dollars, or any consideration paid or received per security and in total.*

The consideration paid for the Multiple Voting Shares and Proportionate Voting Shares over which the Acquiror exercises control and direction consisted of units in Acreage Holdings valued at CDN\$5,929,280 (US\$4,480,000) and CDN\$149,690,497 (US\$113,102,000), respectively.

- 4.2 *In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or required by the Acquiror.*

See Item 4.1 above.

- 4.3 *If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.*

See Item 2.2 above.

5. Purpose of the Transaction

State the purpose or purposes of the Acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer.

The securities acquired by the Acquiror pursuant to the Business Combination are held for investment purposes and the Acquiror may increase or decrease his beneficial ownership or control over the shares of the Issuer or the Convertible Units, which he may do, from time to time, depending on market or other conditions and to the extent deemed advisable in light of his general investment strategy. The Multiple Voting Shares held by the Acquiror are designed to ensure that the Acquiror has voting control at meetings of shareholders of the Issuer and the existing share structure is subject to the provisions of the coattail agreement between the Issuer, the Acquiror and the Issuer's transfer agent (the "**Coattail Agreement**"), as described in the Issuer's listing statement dated November 14, 2018 posted and filed under the Issuer's profile on www.sedar.com.

Describe any plans or future intentions which the Acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) *The acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;*

The Acquiror may, subject to market conditions, seek to acquire additional securities of the Issuer in accordance with applicable securities laws, and may increase or decrease its investment, directly or indirectly in the Issuer through the market, privately or otherwise, depending on market conditions or any other relevant factors.

- (b) *a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;*

Not applicable.

- (c) *a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;*

Not applicable.

- (d) *a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;*

Not applicable.

- (e) *a material change in the present capitalization or dividend policy of the reporting issuer;*

Not applicable.

- (f) *a material change in the reporting issuer's business or corporate structure;*

Not applicable.

- (g) *a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;*

Not applicable.

- (h) *a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;*

Not applicable.

- (i) *the Issuer ceasing to be a reporting issuer in any jurisdiction of Canada;*

Not applicable.

- (j) *a solicitation of proxies from securityholders; and*

Not applicable.

- (k) *an action similar to any of those enumerated above.*

Not applicable.

6. Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the Acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

The Multiple Voting Shares held by the Acquiror are designed to ensure that the Acquiror has voting control at meetings of shareholders of the Issuer and the existing share structure is subject to the provisions of the Coattail Agreement, as described in the Issuer's listing statement dated November 14, 2018 posted and filed under the Issuer's profile on www.sedar.com.

7. Change in Material Fact

Description of any change in a material fact set out in a previous report filed by the Acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not applicable.

8. Exemption

If the Acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

9. Certification

I, Kevin Murphy, as the Acquiror, certify that the statements made in this report are true and complete in every respect.

DATED this 15th day of November, 2018.

(signed) "Kevin Murphy"

Kevin Murphy